Family Owned Business in Anambra State: Issues, Problems and Prospect

K. Nnabuife, Ezimma1*, Okoli, Ifeanyi Emmanuel2, Moneme, Chigozie Patrick3 and Ewah-Bassey Evelyn4

1Department of Business Administration, Nnamdi Azikiwe University Awka, Anambra State, Nigeria.
2Department of Business Management, Godfrey Okoye University Enugu, Enugu State, Nigeria.
3Department of Port Management, Maritime University Okerenkoko, Delta State, Nigeria.
4Department of Accounting, Godfrey Okoye University Enugu, Enugu State Nigeria.

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ABSTRACT

The roles of Family Owned Businesses (FOBs) cannot be overemphasized in providing employment and contributing immensely to the economic growth of Nigeria. Anambra state known for its entrepreneurial exploits enjoys its fair share of family businesses as all over the states; there are a great number of them. However, the majority of these businesses do not survive up to the next generation and no more than a few get to the third generation, therefore making them unable to leave up to their expectation of economic contribution to the state and the nation at large. Therefore, this study sought to examine the challenges faced by these businesses, to explore the rationale for starting this form of business, to look at the problems of this form of business in the economy and to proffer possible solutions to the problems. The study found that some of the major problems they face are lack of planning, problem of access to finance, professionalization challenges, family dispute, infrastructural issues unstable and multiple taxation. The study recommended among other things that government policies that favour FOBs should be consistent, improvement in infrastructure, increased access to finance and harmonizing taxes paid by these businesses.

*Corresponding author: E-mail: ezimmannabuife@gmail.com;
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1. INTRODUCTION

1.1 Background of the Study

Anambra State is one of the five South Eastern States in Nigeria. The people of Anambra state are known for their entrepreneurial power as business are spread all around the state. There are numerous numbers of Small and Medium Scale Enterprises (SMEs) which have been observed to be critical to the growth and development of various countries. Small businesses help in improving the leaving standard of people, provide revenue for the government in form of payment of tax and contribute to employment generation. Capturing the role of these SMEs, Fabayo (2009) opines that the importance of SMEs to the citizens’ standard of living and the nation’s general growth cannot be overemphasised [1]. Similarly, Agwu and Emeti explicate that SMEs are generally regarded as the engine of economic growth and equitable development in developing economies like Nigeria [2]. They further posit that SMEs are also perceived as the key to Nigeria’s economic growth, poverty alleviation and employment generation.

This role of SMEs is not only recognised locally by individual countries like Nigeria but has also been recognised globally as their contribution to the global economy is enormous. Emerole (2015) avers that the importance of SMEs in creating jobs and economic wealth is globally recognised [3]. A significant part of SMEs is Family Owned Businesses (FOBs) as having been observed by extant literature. Corroborating this, Osemeke states that FOBs are within the category of micro, small and medium enterprises (MSMEs) globally whether in USA, South America, Europe, Asia and Africa [4].

FOBs are the oldest form of businesses ownership in history. Throughout history, families and businesses have always existed to a large extent in tandem (Morck & Yeung) [5]. Laying credence to this assertion, Naude opine that FOB is one of the oldest forms of business organisation [6]. Also, De Alwis posits that FOB represents the oldest and most prevalent type of business organisations worldwide [7]. FOBs are not just old, they also play important roles in the macro economic development of nations.

FOBs have played a crucial role in society both on global and national levels for long (Tikkakoski) [8]. They play a significant role in both the stability and health of the new global economy (Adedayo, Olanipekun & Ojo) [9]. The economic landscape of most nations remains dominated by FOBs which constitute a greater percentage of the private sector (Klein) [10]. It is estimated that the total economic impact of FOBs to global GDP is over 70% (Osemeke) [4]. Specifically, it is estimated that 90 percent of all businesses in the US, Canada and Europe are family owned and operated (Ibrahim, Jean & Soufani) [11].

The Institute of Family Business in 2011 point out that there were just under 3 million family businesses operating in the UK, representing 66% of the private sector total. In terms of distribution by size, 75% (2.2 million) of these firms were micro businesses with no employees, with a further 639,000 (or 22%) family businesses employing between one and nine employees. Using the British SME size definitions of small, medium and large, family businesses made up the balance of the sector with 3.1%, 0.5% and 0.3% respectively (Osemeke) [4]. In India, Confederation of Indian Industry (CII) in 2011 reports that the gross output of these family run businesses accounts for 90% of India’s industrial output, 79% of organised private sector employment and 27% of overall employment superseded only by the government and public sector undertakings, companies in which the government own the majority of shares (Confederation of Indian Industry Report) [12]. The proportion of family businesses occupy in several of the important economies are as follows: Brazil has FOB at percentage of 90%, USA has FOB at percentage of 96%, Belgium has FOB at percentage of 79%, Finland has FOB at percentage of 80%, France has FOB at percentage of 60%, Germany has FOB at percentage of 60%, Netherlands has FOB at percentage of 74%, Poland has FOB at percentage of 80%, Portugal has FOB at percentage of 70%, Spain has FOB at percentage of 79%, United Kingdom has FOB at percentage of 70% and Australia has FOB at percentage of 75% Timmons & Spinelli, [13]. These statistics underscore the dominance of family businesses in most economies (Onuoha) [14].

The figures and percentage contributions of FOBs in Nigeria are sketchy as it is with most statistics in Nigeria and in Anambra State. Esuh,
Mohd and Adebayo state that figures of FOBs in Nigeria could not be easily determined, due to the paucity of data [15]. However, a recent study from Nigeria revealed that 51.5 percent of the 200 largest listed companies are family-controlled (Economic Intelligence Unit,). This figure is however for big companies that are registered and therefore, their data are available. This statistics is however important as it brings to the fore that all family owned and controlled businesses are not small business. Some are very big and global brands.

1.2 Statement of the Problem

A vast majority of FOBs do not survive for long most of them die within the first generation. Many notable FOBs have gone under in the past in the state. It has been estimated that, internationally, only 30% of FOBs survive to the second generation, while fewer than 14% make it beyond the third generation (Bjuggren & Sund) [16]. Report from the Family Business Consulting indicates that only about 30% of FOBs survive into the second generation, 12% are still viable into the third generation and only about 3% of all FOBs operate into the fourth generation and beyond. This has greatly affected not just the families but also the economy at large. Succinctly capturing this, Central Bank of Nigeria [17] states that the gross under-performance of small businesses like FOBs have undermined their contributions to the nation’s economic growth and development. This unimpressive record of SMEs and FOBs, in particular, has over the years captured the attention of researchers, scholars and business owners. Agwu & Emeti (2014) opine that the unimpressive performance of FOBs in nation building in recent years has generated a lot of research interests on their challenges and prospects [2]. This situation was also observed in Anambra state as many family businesses which were in existence a few decades ago are no longer functioning prompting the need to carry out this study.

1.3 Objectives of the Study

The objectives this study set out to achieve are to:

a) Examine the challenges facing FOBs in Anambra State.

b) Explore the impact of FOBs in economic development.

c) Proffer possible solutions to the impediments bedevilling FOBs in Anambra State.

2. REVIEW OF RELATED LITERATURE

2.1 Conceptualisation of Family Owned Businesses (FOB)

Just like many concepts in management, there appear to be a lack of consensus as to the definition of FOB. Adedayo, Olanipekun & Ojo (2016) captures it thus, unlike "entrepreneurship", there appears to be no standard definition of FOBs [9]. These shortcomings notwithstanding, there are characteristics or criteria that are considered necessary to any family businesses. These criteria include voting control, percentage of ownership, power over strategic direction, the involvement of multiple generations, and active management by family members. Thus, for a business to be described as a family business, a higher percentage of the business must be owned and managed by a member or members of a family. Aligning to this view, Cabrera-Suarez aver that FOB is seen as a business in which the family has influence or control over both the ownership and management operations [18].

FOBs could have various and varying combinations of family members. It could be owned and managed by a husband or wife for the family, it could be owned and management by the children alone or a combination of parents and children. The extended family could also be brought into the mix of FOBs ownership and management, experts from outside or shareholders could also be involved in the ownership and or management provided the criteria for FOBs are met. Succinctly capturing this, Lannarelli and Bianco explicate that FOBs might contain different arrangement, including husbands and wives, children and parents, expand families, two or more generations in the forms of the workforce, stock holders, advisors, partners, board members, etc [19]. Similarly, Dyer suggests two versions of FOBs [20]. The first is subjective, here; FOB is seen as one whose management is controlled by the family members who own it. In this version of the definition, outsiders either in form of employees or shareholders are not involved. However, in the second version which is more objective, a business is considered a FOB if certain criteria
such as the family’s ownership percentage or the number of family members holding directorships or filling key management posts are met. It is worthy of note here however that in most developing countries, including Nigeria, ownership and membership of family enterprises are limited to nuclear and sometimes, the extended family (Onuoha) [21].

The ownership of higher percentage of the business by family members is sacrosanct in the definition of FOBs and it reflects in almost all its definitions. Onuoha (2012) states that FOBs are business that concern members of a nuclear or extended families which are the major shareholdings in them [21]. Allouche and Amann opine that an FOB is a business in which one or some families significantly control its growth from beginning to end ownership of its resources, placing the accent on family ties by means of regard to the process of selecting business directors, whether they are family members or workers recruited outwardly, and expressing a desire to broadcast the business to the subsequently generation while knowing the significance of the business for the interests and goals of the family [22].

FOB is a type of enterprise where members of the same family control activities or work and actively participate in the management and maintain a strong relationship between the family and the enterprise (Tchankam) [23]. It is a business in which two or more members of a family are involved and the majority of ownership and control lies within the family (Osemeke) [4].

2.2 Reasons for Forming FOB’s

Many reasons have been adduced by many family business owners for going into business. Some of such reasons are as follows:

a) Need for investment: Some people may have inherited fortunes from their family or from the sale of family properties; other may be looking for a way to invest their life savings or retirement benefit. One of the ways to make such an investment is to establish family businesses.

b) Crave for independence: Some people are averse to working for people or working under a boss. So family business offers an escape route where someone will be a boss of his own.

c) Ambition: There are people who are nursing the ambition of being successful entrepreneurs. What other easier way is there to try it out than to establish an FOB?

d) Bandwagon Effect: The stories of successful family businesses are bound and many people are going into it regular. So for fear of being left out of the list of those that own and run a family business, people may establish their own businesses to emulate neighbours or friends.

e) Improvement of Standard of living: FOB offers the opportunity of moving out of poverty and improvement in the standard of living if managed properly with a regular stream of income it promises.

f) Wealth Creation: Wealth can be created by going into businesses that is family owned and managed. A lot of families have grown out of poverty by creating enormous wealth by indulging in the family business and this could be a genuine reason to go into it.

2.3 Characteristics/Features of Family Owned Businesses

Some scholars have over time observed some of the characteristics of FOBs across the world and in Nigeria in particular. Onuoha opines that the characteristics of FOB are as follows [21]:

i. Entrenched core value system

ii. Matchless fidelity and devotion of family members to the enterprise

iii. Anticipation of present and future wealth, eminence, ego identification with the business

iv. Fulfilling work environments

v. Proneness to integrity and ethical conduct in managements.

Other major characteristics as compiled from the propositions of scholars, researchers, authors and personal observations are:

1) Owned and managed by family members

2) Single product

3) Informal organizational structures at the formative stage

4) Appointing family members as CEOs

5) Un-incorporated

6) Not quoted in second-tier security markets

7) Mostly first and second generation enterprise

8) Lack of adequate training

9) Poor financial standing
2.4 Challenges Facing FOBs in Nigeria

According to the Nigerian Family Business Barometer the major challenges facing FOBs in comparison to other climes [24] are presented in the Table 1.

2.5 Impact of FOB in an Economy

There has been evident as to the starling role FOBs and other SMEs play in economic development of advanced and growing nations. Statistics are bound as to percentage contribution of FOBs to the GDP growth of a nation. Corroborating this statement, Alaye-Ogan, opine that FOBs and small businesses irrefutably remain critical to the development of any nation's economy as they are an excellent source of employment generation, help in the development of local technology, and develop indigenous entrepreneurs [25]. They have been an integral part of the international economy for centuries and have continued to play an important role (Osemeke) [4].

FOBs are driving force for economic growth, job creation, and poverty reduction in developing countries. They have been the means through which accelerated economic growth and rapid industrialisation have been achieved (Harris, Hoelscher and Sorenson, Sauser,) [26,27]. Furthermore, small scale business has been recognised as a feeder service to large-scale industries (Fabayo) [1]. They carry the weight of economic wealth and job creation in most economies. They breed in relation to 79% jobs and account for two-third of GDP in India (Bernard,). It creates a propos of 85% employment and accounts for about 50% of the GDP in Brazil (Family Firm Institute). In the same vein, family businesses in Nigeria contribute 46.54% to GDP (SMEDAN,). In the US, Canada and Slovenia, etc., they account for about 80 to 90 percent of the business enterprises and about 50 percent of employment and GNP (Okpukpara) [28]. They also play great roles in alleviating poverty and improving equality of lives (Okpukpara; Ayyagari, Demirguc-Kunt & Maksimovic) [28,29]. They are recognised as a crucial element in the effort to lift countries out of poverty (Wolfenson) [30].

The importance of FOBs to the citizens’ standard of living and the nation’s general growth cannot be emphasised enough as even the existence of large-scale industries is seen as dependent on healthy activities of small businesses (Fabayo,) [1]. FOBs are very important since they hold the connection for social and economic wealth, creation of communities, states, nations and maintenance of regions and competition across the globe (Onuoha) [21]. Hence, Nigeria's quest to be one of the biggest twenty economies in the World by the year 2020 cannot be realised without the contributions of small-to-medium scale enterprises (SMEs), majority of which are family businesses Onuoha [21]. In summary, family businesses play a great role in the following areas: they are great engine for economic development, they play a significant part in employment generation, they assist in the improvement of the standard of living of people, the can also be a source of reduction in rural-urban drifts, excellence source of revenue for the government in form of tax generation, stimulation of indigenous entrepreneurship could also be triggered by FOBs, they act as link between the various sectors and sub-sectors of the economy, they contribute immensely to the gross domestic product of a state and the act as part of a nation’s foreign exchange earner.

Table 1. Concerns of FOB’s

<table>
<thead>
<tr>
<th>Concerns</th>
<th>Nigeria</th>
<th>Africa</th>
<th>Europe</th>
</tr>
</thead>
<tbody>
<tr>
<td>Limited Access to Finance</td>
<td>47%</td>
<td>27%</td>
<td>37%</td>
</tr>
<tr>
<td>Fluctuating Exchange rate</td>
<td>42%</td>
<td>32%</td>
<td>28%</td>
</tr>
<tr>
<td>Declining Profitability</td>
<td>27%</td>
<td>24%</td>
<td>33%</td>
</tr>
<tr>
<td>Political uncertainty</td>
<td>26%</td>
<td>37%</td>
<td>37%</td>
</tr>
<tr>
<td>War for Talent/recruiting Skilled staff</td>
<td>23%</td>
<td>22%</td>
<td>37%</td>
</tr>
<tr>
<td>Increased Competition</td>
<td>21%</td>
<td>23%</td>
<td>36%</td>
</tr>
<tr>
<td>Changes in regulation</td>
<td>6%</td>
<td>11%</td>
<td>21%</td>
</tr>
</tbody>
</table>

2.6 Empirical Review

Some of the studies carried out in Nigeria on FOBs and SMEs are as follows:

Adisa, Abdulraheem & Mordi investigated the characteristics and challenges of small businesses in Nigeria [31]. An in-depth interview of 152 small businesses in Nigeria and the data set comprised of responses from these business owners were used in the study. The findings showed that small businesses in Nigeria are characterized by the unemployed citizenry who opt for small business as last hope. The finding also revealed the five major challenges confronting small businesses in Nigeria which are inadequate funding, poor record keeping and information management, inability to distinguish business capital from personal money, lack of crucial infrastructural facilities and lack of proper business and management skills/knowledge.

Adedayo & Ojo presents the factors that are creating problems and how they affect the sustainability of family businesses [32]. The study adopted a survey design with a population of study limited to the family business owners who are members of the National Association of Small and Medium Scale Enterprises (NASME). A stratified sampling technique was used to select the family businesses, from where a random sample of 327 was selected. Pearson’s Product Moment Correlation and Multiple Regression were used to analyse the data. The results revealed that there was a strong positive correlation between family conflict and firm’s sustainability, with an r value of correlation coefficient of 0.86 and a significant level of P<0.05 @ 0.000. The study recommended that issues that can create conflicts should be avoided like appointing an incompetent successor, while the successor should be made to come into the family business early enough to gain the confidence and respect of other family and non-family workers. Also, those potential entrepreneurs should be educated on the dangers inherent in polygamous marriages as this can affect business succession plans.

Nkam, Sena & Ndamsa carried out a study of factors affecting the sustainability of FOBs in the Northwest and Southwest Regions of Cameroon [33]. A survey-based approach was used through the purposive sampling technique and thirty family businesses were studied using questionnaires and interviews. Both quantitative and qualitative research methods were in data analysis. The results expressed that most of the family trades’ initiators do not consider the sustainability of the businesses after they die and hence do not prepare for progression.

Emerole analyzed the factors affecting FOBs in Abia state, Nigeria. Random sampling technique was adopted in the selection of location and 100 respondents from whom data and information were elicited using pretested and well-structured questionnaire [3]. Multiple regressions model and the Pearson’s correlation coefficient were used in analysing the data collected. The analysis revealed that some of the factors affecting performance of FOBs are area, Age, Education, Line of business, Years of Experience, Household Size and Annual income. It was also revealed that there is an existence of a strong positive relationship between the annual income of family business operators and the profitability of the family owned venture. The study recommended that there is a need for effective policies and programmes to support the development and sustainability of FOBs by the government.

Ogbechie & Anetor did an appraisal of succession planning in family-owned businesses in Lagos State, Nigeria [34]. The study adopted a purposive sampling technique to select 80 participants (owners/founders of family businesses) from the population. Data were collected from a questionnaire administered to founders/owners of family enterprises. The analyses were done using descriptive and factor analysis. It was revealed that the deficiency of a succession arrangement is not the significant parameter accountable for the dilemma of succession regardless of the fact that the majority of family enterprises lack a succession plan.

3. METHODOLOGY

The work adopted a survey research design because of the characteristics of the study. The study made use of questionnaire to collect data from sampled respondents that were used in the analysis; hence a survey research design suits this research. The population to be investigated consists of one hundred and sixteen (116) small scale family owned business with not more than five (5) employees and most have been in operation for more than 2 years. These FOBs where judgementally selected based on their size (small scale), their location (from the three senatorial zones in the state) for spread and
ease of data collection. One hundred and two copies (102) of the questionnaire were analysed because ten (10) copies could not be retrieved while four (4) copies were not properly filled and thus invalidated. The data were analysed using descriptive statistics, percentages and chi-square. The level of significance used for the study is .05 while the threshold for acceptance of mean is 2.5 given that it is a 4 point questionnaire.

Table 2 shows the biographic data of the respondents. From the table, it shows that there are more FOBs that have operated between 2-5years with 76% of the respondents. It shows that 20 percent of the respondent FOBs have operated between 6-9 years, 4% between 10-13years while 2% have operated for more than 13 years. The figures from the table also reveal that more of the businesses were formed by the fathers with 66% of the FOBs, 15% of the businesses were formed by the mothers, 17% by the children while 2% were formed by a combined effort. In running the businesses, the statistic from the table indicates that 47 of the businesses are being run by the fathers, 25 by the mothers, 23 by the combined effort of the father, mother and kids while 7 are run by hired employees. A greater percentage of the businesses are in sales/distribution sector with 45%, 38% are into manufacturing while 17% engage in provision of services. On how they sourced their initial finance to start up the business 58% said they started with their personal savings, 22% borrowed from different sources, 9% said they had to sale some properties to start, 2% said they got grant from the government while 9% indicated other sources of funds.

Table 3 shows the distribution of responses of the studied FOB’s in Anambra state. From the analysis of the questionnaire as shown in the table, the respondents are of the opinion that money to expand their businesses is a challenge because the mean (3.37) obtained is greater than the threshold of 2.5. The respondents also concurred that power supply is a major challenge with a mean of 3.20. They, however, rejected that family internal issues constitute a challenge with a mean of 1.69.Similarly, they rejected that inability to attract skilled employees as a major challenge with a mean of 2.37 which is lesser than 2.5.On whether too many taxation from government constitute a challenge, the respondents overwhelmingly agreed with a mean of 3.62. They however slightly disagreed that poor road network presents a challenge to them with a mean of 2.47. They, however, pointed low patronage from customers as issue they contend with a mean of 2.59. They were however almost unanimous in rejecting the notion that lack of

<table>
<thead>
<tr>
<th>N</th>
<th>Biographic</th>
<th>Options</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Years of Existence</td>
<td>2-5</td>
</tr>
<tr>
<td></td>
<td>Frequency</td>
<td>76</td>
</tr>
<tr>
<td></td>
<td>Percentage</td>
<td>74%</td>
</tr>
<tr>
<td>2</td>
<td>Who formed the Business</td>
<td>Father</td>
</tr>
<tr>
<td></td>
<td>Frequency</td>
<td>68</td>
</tr>
<tr>
<td></td>
<td>Percentage</td>
<td>66%</td>
</tr>
<tr>
<td>3</td>
<td>Who is running the business</td>
<td>Father</td>
</tr>
<tr>
<td></td>
<td>Frequency</td>
<td>47</td>
</tr>
<tr>
<td></td>
<td>Percentage</td>
<td>46%</td>
</tr>
<tr>
<td>4</td>
<td>Type of business</td>
<td>Sales/Distribution</td>
</tr>
<tr>
<td></td>
<td>Frequency</td>
<td>46</td>
</tr>
<tr>
<td></td>
<td>Percentage</td>
<td>45%</td>
</tr>
<tr>
<td>5</td>
<td>How were the initial funds raised</td>
<td>Personal Savings</td>
</tr>
<tr>
<td></td>
<td>Frequency</td>
<td>59</td>
</tr>
<tr>
<td></td>
<td>Percentage</td>
<td>58%</td>
</tr>
</tbody>
</table>

Source: Field Survey (2018)
Table 3. Challenges FOBs face in Anambra State

<table>
<thead>
<tr>
<th>S/N</th>
<th>Questionnaire items</th>
<th>GEx</th>
<th>MEx</th>
<th>LEx</th>
<th>NEx</th>
<th>Mean (x)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Money to expand our business.</td>
<td>64</td>
<td>17</td>
<td>16</td>
<td>5</td>
<td>3.37</td>
</tr>
<tr>
<td>2</td>
<td>Power supply.</td>
<td>50</td>
<td>37</td>
<td>15</td>
<td>-</td>
<td>3.20</td>
</tr>
<tr>
<td>3</td>
<td>Problems within the family.</td>
<td>-</td>
<td>29</td>
<td>12</td>
<td>61</td>
<td>1.69</td>
</tr>
<tr>
<td>4</td>
<td>Inability to attract skilled employees.</td>
<td>7</td>
<td>39</td>
<td>40</td>
<td>16</td>
<td>2.37</td>
</tr>
<tr>
<td>5</td>
<td>Multiplicity of taxation from government.</td>
<td>81</td>
<td>12</td>
<td>9</td>
<td>-</td>
<td>3.62</td>
</tr>
<tr>
<td>6</td>
<td>Poor road network.</td>
<td>12</td>
<td>37</td>
<td>40</td>
<td>13</td>
<td>2.47</td>
</tr>
<tr>
<td>7</td>
<td>Low patronage from customers.</td>
<td>21</td>
<td>39</td>
<td>21</td>
<td>21</td>
<td>2.59</td>
</tr>
<tr>
<td>8</td>
<td>Lack of skill in management of the business.</td>
<td>-</td>
<td>29</td>
<td>40</td>
<td>33</td>
<td>1.96</td>
</tr>
<tr>
<td>9</td>
<td>Lack of interest from family members in the business.</td>
<td>29</td>
<td>19</td>
<td>38</td>
<td>16</td>
<td>2.60</td>
</tr>
<tr>
<td>10</td>
<td>Lack of future plan for the business.</td>
<td>16</td>
<td>19</td>
<td>40</td>
<td>27</td>
<td>2.24</td>
</tr>
</tbody>
</table>

Source: Field survey, 2018

Table 4. Chi-Square output

<table>
<thead>
<tr>
<th>Chi-Square tests</th>
<th>Value</th>
<th>df</th>
<th>Asymp. Sig. (2-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>502.798*</td>
<td>27</td>
<td>.000</td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>533.648</td>
<td>27</td>
<td>.000</td>
</tr>
<tr>
<td>Linear-by-Linear Association</td>
<td>57.132</td>
<td>1</td>
<td>.000</td>
</tr>
<tr>
<td>N of Valid Cases</td>
<td>1020</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 19.20

Source: Field survey, 2018
Computation: SPSS Ver. 20

skill in the management of their business constitute an issue with a mean of 1.96. They also rejected the lack of a future plan for the business as a challenge with a mean of 2.24. However, they accepted that lack of interest from family members in the business present an issue they face as a challenge with a mean of 2.60.

Table 4 shows the output of the chi-square test of the effect the challenges facing FOBs in Anambra. Looking at the result, the Pearson Chi-Square Coefficient is 502.798 and the asymptomatic significance is 0.000 which is less than 0.050 significance levels. This shows that the challenges witnessed by the FOBs in Anambra State have a statistically large effect on them.

Table 4. Chi-Square output

<table>
<thead>
<tr>
<th>Chi-Square tests</th>
<th>Value</th>
<th>df</th>
<th>Asymp. Sig. (2-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>502.798*</td>
<td>27</td>
<td>.000</td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>533.648</td>
<td>27</td>
<td>.000</td>
</tr>
<tr>
<td>Linear-by-Linear Association</td>
<td>57.132</td>
<td>1</td>
<td>.000</td>
</tr>
<tr>
<td>N of Valid Cases</td>
<td>1020</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 19.20

Source: Field survey, 2018
Computation: SPSS Ver. 20

Cramer's V coefficient as shown in the table, at .702 (70%), this indicates that cumulatively, the effect of the challenges on FOB is high on the FOB's in Anambra State.

4. SUMMARY OF FINDINGS

The findings of the work revealed the major and minor challenges facing FOBs in Anambra state as shown in Table 3. The result also revealed that these challenges have their statistically major outcome on the FOBs in Anambra State (Chi-Square = 502.798, N = 1020, DF = 27). This is amplified by the test of effect size using Cramer's V at .702 (70%).

5. DISCUSSION AND CONCLUSION

This study concludes that FOBs are a veritable tool for economic growth and development as exemplified by their percentage contribution to the GDP of nations. Their contributions, however, seem to be more pronounced in developed nations than in developing nations like Nigeria and in Anambra State in particular. This is as a result of huge bottlenecks and impediments they are facing on a daily basis which hinders them from accomplishing their huge potentials and prospect as observed in Anambra state.
6. RECOMMENDATIONS

The study recommends the following:

a) More consistency in the policies of government that will favour FOBs.

b) Improvement in the infrastructural development of the state like electricity and road network to aid the sustainability of FOBs.

c) Reducing bureaucratic bottlenecks in accessing loans from banks and other agencies.

d) Tackling the issue of taxes they pay in order to improve profitability.

COMPETING INTERESTS

Authors have declared that no competing interests exist.

REFERENCES


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