**EFFECT OF ORGANIZATIONAL CHALLENGES FACING OWNERS OF SMALL AND MEDIUM SCALE ENTERPRISES IN A RECESSIVE BUSINESS ENVIRONMENT IN ENUGU METROPOLIS**

**BY**

**OKOLIE U. STEPHEN**

**U13/MSS/MAN/023**

**DEPARTMENT OF BUSINESS MANAGEMENT**

**FACULTY OF MANAGEMENT SCIENCES**

**GODFREY OKOYE UNIVERSITY ENUGU, THINKERS CORNER**

**JULY, 2017**

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**IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF BACHELOR OF SCIENCE (B.Sc) DGREEE IN BUSINESS MANAGEMENT**

**SUPERVISOR: PROF. JOHNNY ELUKA**

**JULY, 2017**

**CERTIFICATION**

This is to certify that the project work on “Effect of Organizational Challenges Facing Owners of Medium Enterprises in a Recessive Business Environment in Enugu Metropolis” by OKOLIE U. STEPHEN with registration number: U13/MSS/MAN/023 is adequate both in scope and quality and has met requirement for the award of Bachelor of Science (B.sc) degree in Bus Management.

…………………………… ……………………………

Prof. Johnny Eluka Date

(Project supervisor)

……………………………. …………………………………. Assoc. Prof Nick Igwe

(Head of department) Date

………………………………. ……………………………..

Sr, Prof. M.G. Njoku Date

(Dean, FMSS)

…………………………………. …………………………………

External Invigilator Date

**DEDICATION**

This research work is specially dedicated to Almighty God for His infinite mercy, love and amazing grace for seeing me through the up and down in the tertiary institution.

To my beloved Daddy late Chief Engr. S. C. Okolie (Ochiriozuo 1 of Awgu) and my irreplaceable and lovable mother Dr.Mrs, Virginia Okolie; whom through their efforts my success of becoming a graduate was made possible.

**ACKNOWLEDGEMENTS**

I am indeed grateful to God Almighty for his wisdom and protection to complete this work.

I acknowledge the effort of my supervisor Prof. Johnny Eluka for his ability to painstakingly read through all the various write-up.

My indebtedness to the, the HOD of Business management department, Associate Prof. Nick Igwe and to all the lecturers in Business management.

I acknowledge also the effort of my mother Dr. Mrs. Virginia Okolie for her wonderful support and parental advice through my days in the University, My Aunty Mrs. Edith Justus for her often advice towards my academics, may God grant your heart desires.

Okolie Uche Stephen

**ABSTRACT**

*This study, the effect of organizational challenges facing owners of medium enterprises in a recessive business environment in Enugu metropolis. The effect of organizational challenges were carefully examine and the aim of the study is to assess the organizational challenges facing owners of the medium scale enterprises in a recessive business environment. The survey research design was adopted and a sample size of 270 (two hundred and seventy) was gotten using Yamene 1964 formula out of the population of 828 (eight hundred and twenty eight) employees in Enugu metropolis. In determining the number of questionnaire administered to the respondents, stratified random sampling and the kumar proportionate were adopted. The data for the study was gathered with a four point likert scale questionnaire. The study revealed that power supply, skills, raw materials and low capital base constitute a major challenge facing owners of medium scale owners of medium scale enterprises in Enugu metropolis. The study concludes that medium scale enterprises can excel in productivity, financially and otherwise if all these challenges enumerated are taken care of. The study recommends that planned efforts should be made ahead of time to facilitate successful and timely implementation of a sound and uninterrupted power supply which can be done through an understanding synergy between owners of medium scale enterprises and government of the federal Republic of Nigeria.*

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**CHAPTER ONE**

**INTRODUCTION**

**1.1 Background of the Study**

It has been a contemporary issue in the recent studies on the challenges usually faced by the owners of medium scale enterprises mainly during the time of economic recession. It is obvious that the contributions of the medium scale enterprises towards the growth of the Nigeria economy cannot by any sight of imagination be over emphasize. Medium scale enterprises are usually regarded as the engine of the economic growth and equitable development in a developing economy.

Medium scale enterprises (MSE) have been recognized as indispensable components of natural development in both developed and developing economies. This subsector of the economy is globally acknowledged to contribute substantially in enhancing employment creation or generation, poverty alleviation, equitable distribution of resources, income redistribution, technical and technological innovation, entrepreneurial skills development, more uniform industrial and economic region? Moreover, they have been touted strategic in ensuring food security and encouraging rapid industrialization andreversal of rural-urban migration.

Consequently, both the federal, state governments and local governments recently have stepped up efforts to promote the development of medium scale enterprises through increased incentive scheme, including enhanced budgetary allocations for technical assistance programmes. New lending schemes and credit institutions such as the National Economic Reconstruction found (NERFUND), World Bank-assisted medium-scale enterprises loan scheme (MES), Nigeria Export and Import Bank (NEXIM) and the Community Bank have also emerged at both the national and local levels to boost the flow of development finance of small and medium scale enterprises which have so far depended largely on personal funds and credit from informal sources for both their investments and working capital.

**1.2 Statement of the Problems**

Notwithstanding the immeasurable contribution of the medium scale enterprises towards the economic growth in Nigeria, there are numerous organizational challenges facing this active sector over the years without solution. It is tradition in Nigeria that most medium scale enterprises in Nigeria die within their first five years of existence.The growth and development ofmedium scale enterprises in Nigeria have been slow and in somecases even stunted, due to a number of problems and challenges confrontingthis important sector of the economy. Some of the problems highlightedinclude: deplorableinfrastructural facilities funding and financing challenges; inadequatemanagerial and entrepreneurial skills; corruption and lack of transparencyarising from government regulations and regulators; poor power supply, low capital base, inadequate market research, lack of succession plan; inexperience, lack of proper book keeping; inability to separate business and family or personal finances, lack of business strategies, inability to distinguish between revenue and profit, inability to procure the right plant and machinery, inability to engage or employ the right caliber of staff and cut-throat competition among others.

Beckman (2002) contends that most of the problems of MEs are external to it. Among them are those related to capital shortage, taxation and regulations, product liability patent and franchising abuses. The internal problems of MEs in Nigeria include: inadequate working capital, stiff competition from larger companies, difficulties in sourcing raw materials, low capacity utilization, lack of management strategies, poor educational background of operators, and huge financial problems while the external problems include: policy inconsistencies and so many others. This study then aims at looking at ways these impediments could be rectified to enable business in Nigeria, especially Enugu metropolis, flourish.

**1.3 Objectives of the Study**

As a central objective, this study seeks to assess the organizational challenges facing owners of the medium scale enterprises in a recessive business environment. The specific objectives are to:

1. To determine if power supply is a major challenge facing owners of medium scale enterprises in Enugu metropolis.
2. To examine the effect of low capital base on the performance of medium scale enterprises.
3. To determine whether business skills constitute a major challenge in the performance of medium scale enterprises.
4. To ascertain the effect of raw materials on the organizational performance.

**1.4 Research Questions**

From the aforementioned research objectives, the following research questions were formulated

1. What is the extent of power supply availability on the performance of small and medium scale enterprises in Enugu Metropolis?
2. How does capital base constitute a major challenge to owners of small and medium scale enterprises?
3. What skills are needed by owners of small and medium scale enterprises for success in Enugu metropolis?
4. Does raw material constitute as a major challenge facing owners of medium scale enterprises in Enugu metropolis?

**1.5 Research Hypotheses**

Based on the above research questions, the following hypothesis were formulated

1. Ho: power supply does not constitute a major challenge facing owners of medium scale enterprises in Enugu metropolis.
2. Ho: Low capital base does not constitute a major challenge facing owners of medium scale enterprises in Enugu metropolis.
3. Ho: Business skill does not constitute a major challenge facing owners of medium scale enterprises in Enugu metropolis.
4. Ho: Raw material does not constitute a major challenge facing owners of medium scale enterprises in Enugu metropolis.

**1.6 Significance of the Study**

This study is significant in that it attempts to pinpoint some of challenges facing owners of medium scale enterprise in Enugu metropolis. It has both theoretical and practical significance. Theoretically, the finding of the study will be useful to both students and scholars who wish to advance their knowledge on the challenges facing owners of medium scale business enterprises in Enugu and Nigeria at large. On the other hand, the findings will be of practical significance to the management of Innonson Technical and Industrial Company Limited, and other medium scale business organizations, employees and the government, as it will help them improve their inability to manage those challenges facing them in the organization.

Significantly, the findings are expected to make the sole proprietor to see the need to improve staff strength through employment and development of skilled manpower. This will help them to plan adequately and suggest the need to organize seminars to the general public on the danger of the aforementioned challenges, Adding to the above, it will specifically create an awareness on how the challenges facing the owners of the medium scale enterprises can be managed.

**1.7 Scope of the Study**

The research work covered the challenges facing the owners of medium scale business enterprises in Enugu Metropolis with special concern to Innonson Technical and Industrial company Limited. Nevertheless, it focused generally on enumerating the challenges and tested ways of averting/managing it.

**1.8 Limitations of the Study**

The study was limited by the fact that it relied solely on one enterprise and some of the personnel did not volunteer the necessary information. Finally, time available for me was limited when compared to other activities I need to engage myself in the school.

**Definition of Terms**

**1. Medium Enterprise:** Company with total cost including working capitalbut excluding cost of land is above hundred million naira (100,000,000)and a staff strength of between seventy-one (71) and two hundred (200)full time workers and with an annual turnover of more than twentymillion naira (20,000,000).

**2. Small scale Enterprise:** An enterprise whose total cost including workingcapital but excluding cost of land is between ten million naira(10,000,000) and one hundred million naira (100,000,000) and workforcebetween eleven (11) and seventy (70) full time staff and a turnover of notmore than ten million naira (10,000,000) in a year.

**3. Large Enterprise:** Any enterprise whose total cost including workingcapital but excluding cost of land is above three hundred million naira(300,000,000) and a labour force of over two hundred (200) workforceand an annual turnover of more than twenty million naira (20,000,000).

**4. Micro Enterprise:** A firm, whose total cost including working capital butexcluding cost of land is not more than ten million naira (10,000,000)and/or with a labour size of not more than thirty (30) full time workersand/or a turnover of less than two million naira (2,000,000).

**5. Economic Growth:** This means the enhancement of profit generated bythe designed economic resources of a nation or individual.

**6. Investor:** This is a person who commits fund into business undertakenwith a view of financial return.

**7. Business Firm:** This means a business organization in which anindividual or group of individuals organizes and operates to have profit inreturn.

**8. Financial Institution:** This is a financial system of any country’sset of institutional and other arrangements put in place for the transferof savings from those who generate them to those who ultimately usethem for investment or consumption.

**CHAPTER TWO**

**2.0 REVIEW OF RELATED LITERATURE**

**Introduction**

The review of related literature focused on three areas namely:

Conceptual framework

Theoretical framework

Empirical review

**2.1.1 Concept of Small and Medium Scale Business**

Prior to the introduction of the structural adjustment programme in Nigeria, small and medium scale industries were virtually neglected in all the development plans of the country. However, since the advent of democratic government in 1999, there have been significant changes in attitude to small and medium scale industries and entrepreneurship among policy makers and managers of Nigeria economy. (Ukaegbu, 2004), This change in orientation, as rightly observed by Leon (2009) to an acknowledgment of the continuous importance of the sector in terms of the number of such enterprises, job creation and the promotion of its contribution to the Gross National Product (GNP). Oyedijo (2008) opines that the definition of small and medium industries should reflect the level of technology within the economy, the development needs or objectives of the economy and such other facts that are dictated by the social and cultural value of the economy. These considerations he asserts, suggest that there is no universally accepted definition of small and medium scale industries, the world over.

It is however important to realize that there is need for a standard definition of small and medium scale industry within an economy. This need is paramount in the context of providing a frame of reference for the various agencies responsible for policy formulation and implementation in respect of small and medium scale industries. Adidu & Olannye (2006), states that different countries have different basis of defining small and medium scale enterprises, some on capital investment, while others define it on the basis of management structure. There are many definitions on small and medium scale enterprises (SMEs) as there are experts on the subject. The Nigerian industrial policy describes SMEs as those whose total investment is between N100, 000 and N2million exclusive of land but including working capital.

SMEs as those business whose capital investment do not exceed #5 million (including land and working capital) or whose turnover are not more than N25million annually. The Small Business Administration SBA in the USA measures SME as one which posses at least two of the following criteria.

**2.1.2 Theoretical Framework**

Small and Medium business constitute the very foundation upon which the large businesses were built, however, small and medium have been identified differently by various individuals and organization such that an enterprise that is considered small and medium in one place is seen differently in another place. Even within a country, the definition changes over time. Some common indicators employed in the various definitions include total assets, size of labour employed, values of annual turnover and capital investment (Baenol, 1994).

The small scale industries of Federal Ministry of Industries defined small scale as” enterprises having capital (investment in land, building, machinery and equipment and working capital) up to N60,000.00 and employing not more than 50 person” as far back as 1979. The Central Bank’s monetary and credit guidelines, small-scale industries were regarded as establishment whose annual turnover is less than N6million and capital not exceeding NI0million. According to Browon, Medott and Ilamitton (1990), Many Small firms are created as a last resort rather than as first choice and have therefore invited growth potential.

Although, the pro-SME view argues that small firms are more innovative than large firms the micro economic evidence is at best inconclusive. Examining US firms, Andretch (1987) find small firms have higher innovation rates in high technology, capital intensive industries. For a sample, Schiuardi (2001) study on European industries show a larger average firm size is associated with faster innovation rates.

In developing countries, there is little R & D activity such that technology transfer from abroad and initiative drive productivity, improvement Rosenberg (1976). Thus. rom a developing countries perspective, the firm level evidence does not favour SME subsidization as a mechanism for boosting innovation and productivity growth. Consistent with theoretical argument outlined, emerging empirical evidence supports the view that firm size responds to National characteristic.

Maksimonie (2002) find that financially, more developed countries tend to have larger firms. This suggest that financial development ease financial constraints on successful firms and allow them to grow. Kumar, Rajan and Zingales (2001) show that countries with better institutions as measured by judicial system tend to have larger firms. Furthermore, Agbonifor (1998) noted that SMEs is a crucial factor in economic development. They indicated that it is a means by which productive activities indigenously owned and controlled and it is a means by which productive resources and talents that might not otherwise be put into productive uses. This will at least reduce the unemployment, menace which Nufakho (1998) said have reached an alarming proportion.

Brian (1993) explained that the study of entrepreneurship has relevance today, not only because it helps small business or entrepreneurs better fulfill their personal needs, but also because of the economic contribution of the new ventures. Brian (1993) therefore sees SMEs as a positive force in Economic growth and development. He stresses further by summarizing the importance of SMEs to include ensuring rapid development, increased utilization of local resources and provision of a training ground for indigenous managers and semiskilled workers, reduction of the rural-urban drift, development of indigenous technology and raising the living standard of rural dwellers and so on. In fact, SMEs accounts for the economic development in most developed economies of the World today. It has helped in the balance of payment position of countries; it reduces over dependence on inputs relative to their capital investment. Sequel to the aforementioned benefits, the Federal Government of Nigeria has made several attempts via the introduction of various policies at developing SMEs in Nigeria. Notable amongst these policies are; Small and Medium Enterprises Development Agency of Nigeria (SMEDAN),

National Economic Reconstruction Funds (NERFUND), National Poverty Eradication Programme (NAPEP). National Economic and Empowerment Development Strategy (NEEDS), Small and Medium Industry Equities Investment Scheme (SMIEIS) and so on. Despite the huge amounts spent on the development of these policies for SMEs growth, Sagagi (2006) noted that not much changes and improvements have been achieved. The reason for this as he indicated was attributed to limited financing and support, as well as inadequate infrastructure, insecurity and lack of training and vocational facilities.

* + - 1. **Categories of small and medium scale enterprises**

Deanac (2006) believes that business that fall under small scale as follow in small scale enterprise, packaging of food items, meat retailing, plantain production, restaurant service, small scale poultry raising, rabbit raising, organizing labour squad, operating a nursery for children, home service, arranging food for parties and host of others. While business grouped under medium scale according to Deanac are: soap production, aqua culture/fish farming, chalk making, foam production, nylon production, concrete block production, hair/body cream productions, chemical production, commercial poultry, professional practice claw, accountancy, education, food and beverage production among others.

* + - 1. **Roles of Small and Medium Enterprise in Enugu Metropolis in Job Creation and Poverty Eradications.**

Statistics in Enugu metropolis shows that small and medium scale enterprises has a positive correlation with the growth and development in Enugu metropolis.These core variables are acknowledged in industrialized countries as drivers of economic growth, employment and business development. They constitute a vital element of the development process and their contribution in terms of production, employment and income in both industrialized and developing countries is widely recognized. Many regard as a key rationale for supporting the small and medium enterprise (SME) sector its potential to generate output, employment and income. The entrepreneurial character of the sector is seen as central to innovation, economic growth and job creation. Small scale enterprises are generally mere flexible, thereby making it easier for them to adopt to rapidly changing global economy and the political pressure for raising unemployment.

Solomon (2015) opines that the contribution of small and medium scale enterprises can be grouped as follows…

1. Equitable growth across regions and between men and women.
2. Mobilization of savings and financial resources for productive enterprise activities
3. Job creation, especially through self employment, as well as when the enterprise owner beings to employ others.
4. Provision of products, such as garment, food products, handicraft etc.
5. Provision of services for example, catering repairs, transportation.
6. Linkages with larger firms for example, through sub-contracting
   * + 1. **Prospects of small and Medium Enterprises in Enugu metropolis**

In spite of the operational problems of small and medium enterprise in Enugu, the enterprise still has bright prospects for further growth and success. In his analysis of growth potentials of small Businesses in Nigeria Morgan (1999) points out the fact that the there are lots of potential for growth of the number of small and medium enterprise. The room for growth in all goods and service in every town is enormous. In particular, he states thatthe growth of small and medium enterprise is commendable, attributing this to the relatively low amount of finance required to set it up and the low level of skill required to manage it. He expresses that small and medium enterprise in Enugu metropolis ventures has growth potential. In Nigeria given the population of the country which he states will always provide adequate patronage or market for the service and products. Besides, he notes that the increasing number of school leavers and young graduates has a factor that promises growth prospects for small and medium enterprises.

**2.1.3.4 Problems of Small Scale Enterprises In Nigeria**

In spite of all the efforts and supports of governments and multilateral institutions such as WorldBank, SMEs have not been able to make the desire impact on the Nigeria economy. Thistherefore, underscores the fact that there exist fundamental issues confronting small scaleenterprises that have not been adequately addressed.

From personal interviews of some small scale entrepreneurs in Igabi Local Government ofKaduna State and observation of their business activities; it is evident that SMEs are bedeviled by financial, management and technical problems.The financial problem of these enterprises is multifaceted. It ranges from lack of sufficient startupcapital to inadequate working capital. These are in addition to poor record keeping culture bythese SMSEs.

Other problems that have constrained the role of SMSES and make the realisation of the benefitsof their existence farfetched include:

1. Lack of knowledge on how to package appropriate bankable business proposals.
2. Weak demand for products arising low and dwindling consumer purchasing power and aggravated by preference for foreign products at the expense of locally produced goods.
3. High incidence of multiplicity of regulating agencies, taxes and levies that result in high cost of doing business and discourage entrepreneurship. This is due to the absence of a harmonised tax regime which would enable business owners to build in recognised and approved levies.

**2.1.3.5 Financing Small and Medium Scale Enterprises (SMEs) ByCommercial Banks**

UNCTAD (2004), opines that well functioning and sustainablemechanisms for small and medium scale enterprises (SMEs) financing requiresinstitution building and a market approach. Lending institutions are thenrequired to improve their ability to provide financial services to small andmedium scale enterprises (SMEs) through commercial mechanisms that lowercost and minimize their risk exposure. Only in this way will financialinstitutions find small and medium scale enterprises (SMEs) lending to be moreprofitable, and thus be encouraged to construct lending programmes targetedas small and medium scale enterprises (SMEs). There are also a number oftrends in the financing services industry that are facing banks to have a closerlook at the small and medium scale enterprises (SMEs) markets.

Equally, Globalization trends are increasing competition especially forthe servicing of large corporate customers and driving down margins nod fees.The improving liquidity of securities markets in many countries is increasinglyproviding large corporations direct access to the capital markets and allowingthem to buy-pass financial intermediaries. Therefore, banks are underincreasing pressure to expand their business towards small and medium scaleenterprises (SMEs) customers and to develop mechanisms to improve theprofitability of lending to small and medium scale enterprises (SMEs).Aladekomo (2003), stipulates that in recent years, banks in developedcountries have launched a number of initiative that both improve theprofitability of lending to small and medium scale enterprises (SMEs) and alsoprovides small and medium scale enterprises (SMEs) with better access tofinance and to financial products that are better tailored to their needs. Anumber leading bank has demonstrated that providing financial services tosmall and medium scale enterprises (SMEs) can be turned into a highlyprofitability business. Although, the business environment in developingcountries and developed countries differ in many respects, the problems ofservicing small and medium scale enterprises (SMEs) customers are similarnamely high perceived risk, problems with information and high administrativecosts. Therefore, recent innovations in developed countries to improve smalland medium scale enterprises (SMEs) access to credit can provide valuableinsights for developing country banks to become more small and medium scaleenterprises (SMEs) oriented and to increase the volume and the quality of theirservices to this sector.

* 1. **Empirical Review**

Alfred (1967) writes that the world’s view of the United state of America as a “land of industrial giant” A nation of big operations are all misconceptions of all manufacturing, industries in USA, 89% employees (Petrol 1996). It is important remark that the so called big or large scale industries started a small scale business roganizations before they grew to their present status. In Nigeria small and medium scale enterprise sprang up as a result of the evolution of entrepreneurship.

Olis (2000) quotes the federal ministry of industry as saying that, “small scale and medium business is any manufacturing concerned with a capital not exceeding an hundred and fifty thousand naira in machinery and equipment, and employing not more than fifty”. Olise further say “The Nigeria bank for commerce and industry defines small scale business enterprises as firms or companies with assets (including working capital but excluding land) not exceeding seven hundred and fifty thousand naira, and paid employment up to fifty person. Such an establishment must be wholly Nigeria owned.

Ekwuribe (2008) believes that there is more of short term loans and shortage of long term loans which is what the enterprises need to grow. He emphasized that long term patient capital are needed by the small and medium enterprises. The lack of ventures capital financing in Nigeria has also aggravated the situation as venture capital financing in Nigeria has also aggravated the situation as venture capital financing in Nigeria has also aggravated the situation as venture capital provides long term patient capital which allows a small business to grow as is the case in Ghana and some developed economies Aryeetey (1992).

Wortman (1976) the Small Business Act of (1853) USA define a small business in broad terms by saying that such a business is independently owned and operated and it is not dominant in its field of operation. According to him, he said that small and medium scale enterprise the helping in mobilization of resources in the development of the economy of a country. They provide the required raw material inputs of large industries.

Essien [2001] says that small scale industry with total capital employed of over #1.50 million but not more than #50.00 million including working capital however excluding cost of and pr a labour size of 11-100 workers. Anyanwu [2001] holds that small scale industries help to mobilizes saving for investment and promotes the use of local raw materials. He identifies small and medium Enterprise (SME) as typically small holdings largely limited to financial resources. Consequently in the operation of small scale business there is feasibility in decision making and prevalence of largely informal employer employee relationship. Given their intensive use of local raw materials they are widely dispersed in any given economy.

Onyenwaka and Fabiyi [1991] opines that small and medium Enterprises [SMES] are financed by informal sources. These include owners savings/retained earnings, friends, and relations, inheritance fund, clubs, “esusu” or Isusu (revolving funds) local money lenders and cooperatives societies. These groups provide enormous funds in the financial of SMES. They can be reached with ease, and their activities are not seriously bureaucratized and their funds are readily available at low operating cost.

Loan disbursement form the informal sources of financing small and medium enterprise (SMEs) are usually timely. They also have their shortcomings. The amount of capital that can be mobilized from these source is usually very small and inadequate when compares to the needs of small and medium enterprise (SMEs). Often, condition attached to their funds are very exploitative most especially, those from money lenders, whose interest rates are computed on compound bases. As a result of the exploitative tendencies of this financing source, the government is making serious efforts in trying to ensure the establishment of macro-finance institution in the country. Such programs will assists small scale entrepreneurs to increase their income and to improve theirliving standard. It is believed that these programs are veritable tools for redistributing sources, which would lead to the maximization for the wealth small and medium scale entrepreneurs.

**CHAPTER THREE**

**RESEARCH METHODOLOGY**

**3.1 Introduction**

This chapter discusses research design, sources of data collection, tools for data collection, the population of the study, sample and sampling techniques, instrumentation, reliability and validity of data and test instruments and data analysis techniques

**3.2 Research Design**

Design simply means the plan or blue-print on how to go about datacollection and analysis, all aimed at providing solutions to the problem underinvestigation. Broadly speaking, it entails the specification of procedures thatwould be deployed in the field work (Chukwuemeka, 2002). The specificpurpose of research design is to obtain data that will enable the researcher totest the pre-set hypotheses or answer research questions of the study (Asika,1991). In particular, research design seeks to answer the questions about thewhat, where, when, how and by what means data would be generated toprovide the solutions under investigation (Eboh, 2009).

Owing to the nature and requirement of the topic under study whichbothers and examining current opinion on this note, samples were drawn fromthe different population representing the interest groups relevant to the study.

The researcher used a carefully selected sample from population for intensiveexamination and classification were such a manner as to determine findingsfrom the sample population.

**3.3 Sources of Data Collection**

Onodugo (2010) simply defines data as facts and figures. That it is themajor pillar of research work. It is what differentiates research from guesswork, imagination, myths and other sources of knowledge. Data can beobtained from two major sources, viz: primary and secondary. Both areextensively used in this work, for the purpose of drawing an empiricalconclusion or analysis of the study so as to come up with fairly objectivefindings.

**3.3.1 Primary Source of Data**

These are original data collected basically for the purposes of theproblem under investigation. According to Uzoagulu (1998), it contains thedata originally assembled by the person who actually observed thephenomenon. Primary data mainly come from direct observation of event,manipulation of variables, contrivance of research situations includingperformance experiments and responses to questionnaire. Therefore, in thisstudy data were obtained through distributed questionnaires designed for this purpose. In addition, oral interview were conducted briefly to supplement theinformation derived from the questionnaire. This is aimed at reducing therigidity associated with the designed questionnaire and also to give therespondents the opportunity of supplying those informations that thestructured questionnaire did not accommodate.

**3.4.2 Secondary Source of Data**

These comprise sources of data which, though needed for the currentstudy, were collected primarily for another study. Data from these sources werenot original to the researcher; they were assembled by another person. In thisstudy secondary data collected include: University Library, textbooks, journals,newspapers, magazines, encyclopedias, other people’s project reports, websitesin the internet (electronic sources).

**3.4 Tools for Data Collection**

The generic tools for data collection are questionnaires, interviews anddocumentary or publications. A brief description of each shall be madehereunder as follows:

(a) **Questionnaire:** A Questionnaire is a list of question designed to elicitinformation from specified target respondents. This, they do, by filling inanswers in spaces provided for that purpose. This is the most widelyused tool especially for surveys covering a wide range of samplepopulation. This is a set of questions relating to the aims and objectivesof the research study to which the respondents are required to answer bywriting in their responses. It is usually used when factual information isdesired about the past, present and anticipated event and also theprevailing conditions and practices.

Questionnaire were designed into dichotomized multiple choicequestions that gave the respondent the opportunity to answereither “yes”,“No”, undecided or to choosing from a range of answers, (Nwadozie and Akuezuilo, 2003). Questionnaire were channeled to owners of small and mediumenterprises in Enugu, lending institutions like banks, oil and gas sector and some government bodies, investors and individual bodies.

(b) **Oral interviews:** This is a question and answer situation between theresearcher and the respondent with a view to eliciting relevant data forthe study being carried out. Interviews could be done between theinterviewer and the interviewee on one-on-one basis. It could also takeplace between the interviewer and a group of respondents. In this study,the structural interview was prepared for the SME owners, SMEoperators, investors and all the SME interest group who are directlyinvolved in the growth of SME.

(c) **Documentary Research:** This involves the location and examination ofavailable data relevance to the research study. The research employedthis method in locating information from libraries, journals lecture notes,and some were sources from publication in the internet.

**3.5 Population of the Study**

One simple way to capture the concept of population is from the perspective of demography. In thissense, population comprises all the elements of particular group.The population used for this study is based on the number of registered small and medium scale enterprises in Enugu metropolis. However, there are828 registered small and medium scale enterprises (SMES) in Enugumetropolis Onwuka (2013).

**3.6 Sample and Sampling Techniques**

Sampling enables us to be cost effective and cost efficient in our research, that is spending less in terms of time, money, energy and other resources (Nnayelugo 2001) A simple randomly sampling techniques may be used in different Strata to select actual respondent. And this is to enable every member of staff in Innoson to have equal chance of being selected.

A scientific means or statistical tools where used to determine the sample size of the study. Taro Yamane (1964) used this formula for finite population as



Where: n= Desired sample size

N= the entire population

e= level of significance or limit of tolerable error assumed to be 5% or 0.05

I= unit, constant figure

Therefore

N=

n= 

n= 

n= 269.7

n= 270

**3.6 Instrument for Data Collection**

The instrument used in conducting this research is the questionnaire. Copies of questionnaire were shared among respondents to collect reliable information useful for the study.

Out of two hundred and twenty eight (270) questionnaires distributed a total of two hundred (250) where correctly filled and returned. However, giving the figures obtained in percentage model, it will appear as follows:

Total of questionnaire distributed = 270

Total of questionnaire returned = 250





=92.59%

Percentage of returned questionnaire out of the total questionnaires distributed is 93%.

Therefore the percentage of the returned questionnaire was 93%.

**3.8 RELIABILITY AND VALIDITY OF DATA AND TEST INSTRUMENTS**

To ensure reliability, five respondents were selected and questionnaires were shared among them after which the researcher collected the results for proper assessments.

The instrument used is reliable because it was dually accessed and vetted by the research supervisor who is a professional.

**3.9 DATA ANALYSIS TECHNIQUES**

The t- test was employed in analysis of data gathered for the study of the effect of organizational challenges facing owners of medium enterprises in a recessive business environment in Enugu metropolis

The test statistic is given by the formula

T=∑d

# N∑d**2**– (∑d)**2**

# N-1

D= Difference between each paired observation

d**2**= the square of difference between each paired observation

N= the number of paired observation

∑= the usual stigma notation

N-1 = the degree of freedom

**DECISION RULE**

If the probability (or significant) of the t-calculated is less than 0.05, we accept the alternative hypothesis but if otherwise, we then should accept the null hypothesis

**CHAPTER FOUR**

**PRESENTATION AND ANALYSIS OF DATA**

* 1. **INTRODUCTION**

In this chapter, the researcher intends to present, analyze and interpret data gathered in the course of this research. The researcher observed respondent’s answer and try to organize it for the purpose of analysis.

Data collected are presented in table showing the comparison of various results so as to give effect to the hypothesis being tested using T-test method.

* 1. **ANALYSIS OF DATA**

Descriptive statistics was used to summarize the demographic information and the research question in this study while the hypothesis was tested using t-test analysis

Total of questionnaire distributed = 270

Total of questionnaire returned = 250





=92.59%

Percentage of returned questionnaire out of the total questionnaires distributed is 93%.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **UNITS** | **NUMBER OF QUESTIONNAIRE** | **PROPERLY FILLED** | **WRONGLY FILLED** | **% OF PROPERLY FILLED** |
| Administrative department | 70 | 65 | 5 | 26% |
| Human resource management | 58 | 48 | 10 | 19.2% |
| Production department | 78 | 76 | 2 | 30.4% |
| Marketing and sales department | 64 | 61 | 3 | 24.4% |
| Total | 270 | 250 | 20 | 100 |

**Source: questionnaire administered 2016**

Table 4.2.1 shows that out of 270 questionnaire administered, 250 was properly filled and returned which recorded 93 percentage.

Table 4.2.2

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Gender** | | | | | |
|  | | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | male | 172 | 68.8 | 68.8 | 68.8 |
| female | 78 | 31.2 | 31.2 | 100.0 |
| Total | 250 | 100.0 | 100.0 |  |

Table 4.2.2 which is descriptive table of values showing the age distribution of the respondents, from the result, it can be ascertain that 172 (68.8%) of the respondents are male, while 78 (31.2%) of the respondents are female. Hence we conclude that majority of the respondents are male.

Table 4.2.3

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Organization** | | | | | |
|  | | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | urban | 192 | 76.8 | 76.8 | 76.8 |
| rural | 58 | 23.2 | 23.2 | 100.0 |
| Total | 250 | 100.0 | 100.0 |  |

From the table 4.2.3 above, the result shows that, out of 250 respondents, 192 (76.8%) of the respondents came from the urban region while 58 (23.2%) of the respondents came from the rural region. Hence we conclude that the majority of the respondents came from the urban region.

Table 4.2.4

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Do you agree that power supply constitute a major challenge to the owners medium scale enterprises?** | | | | | |
|  | | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | very great extent | 111 | 44.4 | 44.4 | 44.4 |
| great extent | 38 | 15.2 | 15.2 | 59.6 |
| little extent | 35 | 14.0 | 14.0 | 73.6 |
| very little extent | 66 | 26.4 | 26.4 | 100.0 |
| Total | 250 | 100.0 | 100.0 |  |

Table 4.2.4 shows that 111 (44.4%) asserts very great extent, 38 (15.2%) great extent, 35 (14%) asserts little extent while 66 (26.4%) asserts very little extent, so we firmly conclude that majority of the respondents agree to a very great extent that power supply constitute a major challenge to the owners of medium scale enterprises.

Table 4.2.5

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Do you agree that power supply constitute the major factor leading to increase in cost of production?** | | | | | |
|  | | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | very great extent | 94 | 37.6 | 37.6 | 37.6 |
| great extent | 43 | 17.2 | 17.2 | 54.8 |
| little extent | 49 | 19.6 | 19.6 | 74.4 |
| very little extent | 64 | 25.6 | 25.6 | 100.0 |
| Total | 250 | 100.0 | 100.0 |  |

From the result of the descriptive table above, we can see that 94 (37.6%) asserts very great extent, 43 (17.2%) asserts great extent, while 49 (19.6%) asserts little extent, 64 (25.6%) asserts very little extent. So we can firmly conclude that majority of the respondents to a very great extent agree that power supply constitute a major factor leading to increase in cost of production.

Table 4.2.6

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Do you agree that medium scale enterprises can improved through power supply?** | | | | | |
|  | | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | very great extent | 110 | 44.4 | 44.4 | 44.4 |
| great extent | 63 | 24.8 | 24.8 | 69.2 |
| little extent | 32 | 12.8 | 12.8 | 82.0 |
| very little extent | 45 | 18.0 | 18.0 | 100.0 |
| Total | 250 | 100.0 | 100.0 |  |

From the descriptive statistics above, we can see that 110 (44.4%) of the respondents asserts very great extent, 63 (24.8%) asserts great extent, 32 (12.8%) asserts little extents, 45 (18%) asserts very little extent. Thus we conclude that majority of the respondents are to a very great extent agree that medium scale enterprises can improve through power supply.

Table 4.2.7

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Do you think owners of medium scale enterprises can produce more when there is constant power supply?** | | | | | |
|  | | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | very great extent | 94 | 37.6 | 37.6 | 37.6 |
| great extent | 52 | 20.8 | 20.8 | 58.4 |
| little extent | 52 | 20.8 | 20.8 | 79.2 |
| very little extent | 52 | 20.8 | 20.8 | 100.0 |
| Total | 250 | 100.0 | 100.0 |  |

The result of the descriptive statistics shows that 94 (37.6%) asserts very great extent, while 52 (20.8%) asserts great extent, 52 (20.8%) asserts little extent and finally 52 (20.8) asserts very little extent. Hence we conclude firmly that majority of the respondents agree to very great extent that owners of medium scale enterprises can produce more when there is constant power supply.

Table 4.2.8

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Do you think using of alternative power supply can solve the problem of high cost of production?** | | | | | |
|  | | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | very great extent | 123 | 49.2 | 49.2 | 49.2 |
| great extent | 50 | 20.0 | 20.0 | 69.2 |
| little extent | 32 | 12.8 | 12.8 | 82.0 |
| very little extent | 45 | 18.0 | 18.0 | 100.0 |
| Total | 250 | 100.0 | 100.0 |  |

Table 4.2.8 which is a descriptive result shows that 123 (49.2%) asserts very great extent, 50 (20%) asserts great extent while 32 (12.8%) asserts little extent, finally 45 (18.0) asserts very little extent, so we conclude that majority of the respondents agree to very great extent that using alternative power supply can solve the problem of high cost f production.

Table 4.2.9

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Do you think federal government can solve the problems of power supply?** | | | | | |
|  | | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | very great extent | 134 | 53.6 | 53.6 | 53.6 |
| great extent | 39 | 15.6 | 15.6 | 69.2 |
| little extent | 37 | 14.8 | 14.8 | 84.0 |
| very little extent | 40 | 16.0 | 16.0 | 100.0 |
| Total | 250 | 100.0 | 100.0 |  |

Analyzing the result of the above table, 134 (53.6%) of the respondents asserts very great extent, 39 (15.6%) asserts great extent, 37 (14.8%) of the respondents asserts little extent while 40 (16.0%) asserts very little extent, hence we asserts that majority of the respondents agree to a very great extent that federal government can solve the problem of power supply.

Table 4.2.10

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Do you think that the problem of medium scale enterprises is the problem of power supply?** | | | | | |
|  | | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | very great extent | 123 | 49.2 | 49.2 | 49.2 |
| great extent | 50 | 20.0 | 20.0 | 69.2 |
| little extent | 49 | 19.6 | 19.6 | 88.8 |
| very little extent | 28 | 11.2 | 11.2 | 100.0 |
| Total | 250 | 100.0 | 100.0 |  |

From the result of the above descriptive statistics, we can see that 123 (49.2%) of the respondents asserts very great extent, 50 (20.0%) asserts great extent, 49 (19.5%) asserts little extents while 28 (11.2%) asserts very little extent, hence we conclude that majority of the respondents agree to a very great extent that the problem of medium scale enterprises is the problem of power

Table 4.2.11

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Do you think that low capital base constitute a major challenge facing owners of medium** | | | | | |
|  | | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | very great extent | 116 | 46.4 | 46.4 | 46.4 |
| great extent | 57 | 22.8 | 22.8 | 69.2 |
| little extent | 28 | 11.2 | 11.2 | 80.4 |
| very little extent | 49 | 19.6 | 19.6 | 100.0 |
| Total | 250 | 100.0 | 100.0 |  |

Table 4.2.11 affirms that out of 250 respondents, 116 (46.4%) of the respondent asserts to a very great extent, 57 (22.8%) asserts great extent, 28 (11.2) asserts little extent and finally 49 (19.6%) asserts very little extent. Hence we conclude that majority of the respondents agree to a very great extent that low capital base constitute a major challenge facing owners of medium scale enterprises.

Table 4.2.12

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Do you agree that giving out loans to potential medium scale enterprises can increase the productivity?** | | | | | |
|  | | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | very great extent | 123 | 49.2 | 49.2 | 49.2 |
| great extent | 50 | 20.0 | 20.0 | 69.2 |
| little extent | 32 | 12.8 | 12.8 | 82.0 |
| very little extent | 45 | 18.0 | 18.0 | 100.0 |
| Total | 250 | 100.0 | 100.0 |  |

Table 4.2.12 affirms that out of 250 respondents, 123 (49.2%) asserts very great extent, 50 (20%) asserts great extent, 32 (12.8%) asserts little extent and finally 45 (18%) asserts very great extent. Hence we conclude that majority of the respondents agree to very great extent that giving out loans to potential medium scale enterprises can increase the productivity.

Table 4.2.13

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Do you agree that mismanagement of funds is also the curse of low capital base in the medium scale enterprises?** | | | | | |
|  | | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | very great extent | 112 | 44.8 | 44.8 | 44.8 |
| great extent | 61 | 24.4 | 24.4 | 69.2 |
| little extent | 17 | 6.8 | 6.8 | 76.0 |
| very little extent | 60 | 24.0 | 24.0 | 100.0 |
| Total | 250 | 100.0 | 100.0 |  |

Table 4.2.13 affirms that out of 250 respondents, 112 (44.8%) asserts very great extent, 61 (24.4%) asserts great extent, 17 (6.8%) asserts little extents and finally 60 (24.0%) asserts very little extent. Hence we conclude that majority of the respondents agree to a very great extent that mismanagement of funds is also the curse of low capital base in the medium scale enterprises.

Table 4.2.14

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Do you agree that cost of production is increased in the absence of board of director during the time of recession?** | | | | | |
|  | | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | very great extent | 116 | 46.4 | 46.4 | 46.4 |
| great extent | 57 | 22.8 | 22.8 | 69.2 |
| little extent | 21 | 8.4 | 8.4 | 77.6 |
| very little extent | 56 | 22.4 | 22.4 | 100.0 |
| Total | 250 | 100.0 | 100.0 |  |

Table 4.2.14 affirms that out of 250 respondents, 116 (46.4%) of the respondents asserts very great extent, 57 (22.8%) asserts great extent, 21 (8.4%) little extent while 56 922.4%) asserts very little extent hence we conclude that majority of the respondents agree to a very great extent that cost of production is increased in the absence of board of director during the time of recession.

Table 4.2.15

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Do you agree that the scope of production can be increased through increase in the capital base of the medium scale enterprises?** | | | | | |
|  | | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | very great extent | 123 | 49.2 | 49.2 | 49.2 |
| great extent | 50 | 20.0 | 20.0 | 69.2 |
| little extent | 30 | 12.0 | 12.0 | 81.2 |
| very little extent | 47 | 18.8 | 18.8 | 100.0 |
| Total | 250 | 100.0 | 100.0 |  |

Table 4.2.15 affirms that out of 250 respondents, 123 (49.2%) of the respondents asserts very great extent, 50 (20%) asserts great extent, 30 (12%) asserts little extent while 47 (18.8%) asserts very little extent, hence we conclude that majority of the respondents agree to a very great extent that the scope of production can be increased through increase in the capital base of the medium scale enterprises.

Table 4.2.16

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Do you agree that stringent conditionality laid down by most commercial banks are the major curse low capital?** | | | | | |
|  | | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | very great extent | 94 | 37.6 | 37.6 | 37.6 |
| great extent | 43 | 17.2 | 17.2 | 54.8 |
| little extent | 49 | 19.6 | 19.6 | 74.4 |
| very little extent | 64 | 25.6 | 25.6 | 100.0 |
| Total | 250 | 100.0 | 100.0 |  |

Table 4.2.16 affirms that out of 250 respondents, 94 (37.6%) asserts very great extent, 43 (17.2%) asserts great extent, 49 (19.6%) asserts little extents while 64 (25.6%) asserts very little extent, hence we can firmly conclude that majority of the respondents agree to a very great that stringent conditionality laid down down by most of commercial banks are the major curse of low capital

Table 4.2.17

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Do you agree that solving the problem of low capital base can solve the problem of medium scale enterprises?** | | | | | |
|  | | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | very great extent | 94 | 37.6 | 37.6 | 37.6 |
| great extent | 43 | 17.2 | 17.2 | 54.8 |
| little extent | 49 | 19.6 | 19.6 | 74.4 |
| very little extent | 64 | 25.6 | 25.6 | 100.0 |
| Total | 250 | 100.0 | 100.0 |  |

Table 4.2.16 affirms that out of 250 respondents, 94 (37.6%) asserts very great extent, 43 (17.2%) asserts great extent, 49 (19.6%) asserts little extents while 64 (25.6%) asserts very little extent, hence we can firmly conclude that majority of the respondents agree to a very great that stringent conditionality laid down down by most of commercial banks are the major curse of low capital

Table 4.2.18

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Do you agree that business skill stand as a major challenge facing medium scale enterprises?** | | | | | |
|  | | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | very great extent | 111 | 44.4 | 44.4 | 44.4 |
| great extent | 38 | 15.2 | 15.2 | 59.6 |
| little extent | 26 | 10.4 | 10.4 | 70.0 |
| very little extent | 75 | 30.0 | 30.0 | 100.0 |
| Total | 250 | 100.0 | 100.0 |  |

Table 4.2.18 affirms that out of 250 respondents, 111 (44.4%) asserts very great extent, 38 (15.2%) asserts great extent, 26 (10.4%) asserts little extent while 75 (30%) asserts very little extent, hence we conclude that majority of the respondents agree to very great extent that business skill stand as a major challenge facing medium scale enterprises

Table 4.2.19

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Do you agree that improvement in the skills of the workers can increase the productivity of the medium scale enterprises?** | | | | | |
|  | | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | very great extent | 116 | 46.4 | 46.4 | 46.4 |
| great extent | 33 | 13.2 | 13.2 | 59.6 |
| little extent | 35 | 14.0 | 14.0 | 73.6 |
| very little extent | 66 | 26.4 | 26.4 | 100.0 |
| Total | 250 | 100.0 | 100.0 |  |

Table 4.2.19 affirms that out of 250 respondents, 116 (46.4%) respondents asserts very great extent, 33 (13.2%) asserts great extent, 35 (14%) asserts little extent while 66 (26.4%) asserts very little extent hence we conclude that majority of the respondents agree to a very great extent that improvement in the skills of the workers can increase the productivity of the medium scale enterprises

Table 4.2.20

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Do you agree that the organization has adequate trained members?** | | | | | |
|  | | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | very great extent | 115 | 46.0 | 46.0 | 46.0 |
| great extent | 34 | 13.6 | 13.6 | 59.6 |
| little extent | 38 | 15.2 | 15.2 | 74.8 |
| very little extent | 63 | 25.2 | 25.2 | 100.0 |
| Total | 250 | 100.0 | 100.0 |  |

Table 4.2.20 affirms that out of 250 respondents, 115 (46%) of the respondents asserts very great extent, 34 (13.6%) asserts great extent, 38 (15.2%) asserts little extent, 63 9 (25.2%) asserts very little extent hence we conclude that majority of the respondents agree that the organization has adequate trained members

Table 4.2.21

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Do you agree that raw material constitute a major challenge facing owners of medium scale enterprises in Enugu metropolis?** | | | | | |
|  | | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | very great extent | 106 | 42.4 | 42.4 | 42.4 |
| great extent | 43 | 17.2 | 17.2 | 59.6 |
| little extent | 40 | 16.0 | 16.0 | 75.6 |
| very little extent | 61 | 24.4 | 24.4 | 100.0 |
| Total | 250 | 100.0 | 100.0 |  |

Table 4.2.21 affirms that out of 250 respondents, 106 (42.4%) respondents asserts very great extent, 43 (17.2%) asserts great extent, 40 (16%) asserts little extent while 61 (24.4%) asserts very little extent hence we conclude that majority of the respondents agree to very great extent that raw material constitute a major challenge facing owners of medium scale enterprises in Enugu metropolis

Table 4.2.22

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Do you agree that improvement in the raw materials can improve the quality of medium scale production?** | | | | | |
|  | | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | very great extent | 122 | 48.8 | 48.8 | 48.8 |
| great extent | 27 | 10.8 | 10.8 | 59.6 |
| little extent | 35 | 14.0 | 14.0 | 73.6 |
| very little extent | 66 | 26.4 | 26.4 | 100.0 |
| Total | 250 | 100.0 | 100.0 |  |

Table 4.2.22 affirms that out of 250 respondents, 122 (48.8%) asserts very great extent, 27 (10.8%) asserts great extent, 35 (14%) asserts little extent and 66 (26.4%) asserts very little extent, hence we conclude that majority of the respondents agree to very great extent that improvement in the raw materials can improve the quality of medium scale production.

Table 4.2.23

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Do you agree that the owners of medium scale enterprises are currently doing something to improve the qualities of raw materials?** | | | | | |
|  | | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | very great extent | 111 | 44.4 | 44.4 | 44.4 |
| great extent | 38 | 15.2 | 15.2 | 59.6 |
| little extent | 37 | 14.8 | 14.8 | 74.4 |
| very little extent | 64 | 25.6 | 25.6 | 100.0 |
| Total | 250 | 100.0 | 100.0 |  |

Table 4.2.23 affirms that out of 250 respondents, 111 (44.4%) asserts very great extent, 38 (15.2%) asserts great extent, 37 (14.8%) asserts little extent while 64 (25.6%) asserts very little extents, hence we conclude firmly that majority of the respondents agree to a very great extent that owners of medium scale enterprises are currently doing something to improve the qualities of raw materials.

Table 4.2.24

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Do you think that fake raw material is the major reason for low production?** | | | | | |
|  | | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | very great extent | 115 | 46.0 | 46.0 | 46.0 |
| great extent | 34 | 13.6 | 13.6 | 59.6 |
| little extent | 40 | 16.0 | 16.0 | 75.6 |
| very little extent | 61 | 24.4 | 24.4 | 100.0 |
| Total | 250 | 100.0 | 100.0 |  |

Table 4.2.24 affirms that out of 250 respondents, 115 (46%) asserts very great extent, 34 (13.6%) asserts great extent, 40 (16%) asserts little extent while 61 (24.4%) asserts very little extent 61 (24.4%) hence we conclude that majority of the respondents agree to very great extent that fake raw material is the major reason for low production.

**4.3 COMPUTATION OF MEAN AND STANDARD DEVIATION FOR THE RESEARCH OBJECTIVES.**

The computation of mean and standard deviation was done with the help of statistical package for social sciences (SPSS).

**Research question 1**

**Does power supply constitute the major challenge facing owners of medium scale enterprises in Enugu metropolis?**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **S/NO** | **POWER SUPPLY AS THE PROBLEM** | **mean** | **Standard**  **deviation** | **Decision** |
| **1.** | Do you agree that power supply constitute a major challenge to the owners medium scale enterprises? | **3.2240** | **1.26341** | **Accept** |
| **2.** | Do you agree that power supply constitute the major factor leading to increase in cost of production? | **3.3320** | **1.22137** | **Accept** |
| **3** | Do you agree that medium scale enterprises can improved through power supply? | **3.0440** | **1.13809** | **Accept** |
| **4.** | Do you think owners of medium scale enterprises can produce more when there is constant power supply? | **3.2480** | **1.16616** | **Accept** |
| **5.** | Do you think using of alternative power supply can solve the problem of high cost of production? | **2.9960** | **1.15990** | **Accept** |
| **6.** | Do you think federal government can solve the problems of power supply? | **2.9320** | **1.15095** | **Accept** |
| **7** | Do you think that the problem of medium scale enterprises is the problem of power supply? | **2.9280** | **1.06553** | **Accept** |
| **Grand**  **mean** |  | **3.1** | **1.06** | **Accept** |

.(see appendix 2 for details of analysis)

**Decision**

Seven questionnaire items were used to answer research question one. All the items had mean ratings above 2.5.the grand mean rating was 3.1 which is also above the criterion mean. Based on this, we conclude that power supply constitute the major challenge facing owners of medium scale enterprises in Enugu metropolis. And our standard Deviation of 1.06 shows that there is no much dispersion in the opinion of our respondents.

**Research Question 2**

. **Does low capital base constitute a major challenge facing owners of medium scale enterprises in Enugu metropolis?**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **S/NO** | **LOW CAPITAL BASE** | **Mean** | **Standard**  **deviation** | **Decision** |
| **8** | Do you think that low capital base constitute a major challenge facing owners of medium scale enterprises? | **3.4231** | **1.34262** | **Accept** |
| **9** | Do you agree that giving out loans to potential medium scale enterprises can increase the productivity? | **2.9752** | **1.00962** | **Accept** |
| **10** | Do you agree that mismanagement of funds is also the curse of low capital base in the medium scale enterprises? | **3.5363** | **1.26373** | **Reject** |
| **11** | Do you agree that cost of production is increased in the absence of board of director during the time of recession? | **2.8725** | **0.91131** | **Accept** |
| **12** | Do you agree that the scope of production can be increased through increase in the capital base of the medium scale enterprises? | **2.2653** | **1.83621** | **Accept** |
| **13** | Do you agree that stringent conditionality laid down by most commercial banks are the major curse low capital? | **3.7262** | **1.53643** | **Accept** |
| **14** | Do you agree that solving the problem of low capital base can solve the problem of medium scale enterprises? | **2.1722** | **0.98722** | **Accept** |
| **Grand**  **mean** |  | **2.99** | **0.9** | **Accept** |

(See appendix 2 for the details of analysis)

**Decision :**

Seven questionnaire items were used to answer research question two. All the items had mean ratings above 2.5. The grand mean rating was 2.99 which is also above the criterion mean. Based on this, we conclude that low capital base constitute a major challenge facing owners of medium scale enterprises in Enugu metropolis And our standard Deviation of 0.9 shows that there is no much dispersion in the opinion of our respondents.

**Research Question 3**

**Does business skill stand as a major challenge facing medium scale enterprises?**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **S/NO** | **BUSINESS SKILL AS THE PROBLEM** | **Mean** | **Standard**  **Deviation** | **Decision** |
| **15** | Do you agree that business skill stand as a major challenge facing medium scale enterprises? | **3.00821** | **0.87621** | **Accept** |
| **16** | Do you agree that improvement in the skills of the workers can increase the productivity of the medium scale enterprises? | **2.12653** | **0.76322** | **Reject** |
| **17** | Do you agree that the organization has adequate trained members? | **3.76242** | **1.10081** | **Accept** |
| **Grand mean** |  | **2.96** | **1.1** | **Accept** |

(See appendix 2 for details)

Three questionnaire items were used to answer research question one. All the items had mean ratings above 2.5 except questionnaire 16 which has a mean of **2.12653**. The grand mean rating was 2.96 which is also above the criterion mean. Based on this, we conclude that business skill stand as a major challenge facing medium scale enterprises. And our standard Deviation of 1.19 shows that there is no much dispersion in the opinion of our respondents.

**Research Question 4**

**Does raw material constitute as a major challenge facing owners of medium scale enterprises in Enugu metropolis?**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **S/NO** | **RAW MATERIAL AS THE PROBLEM** | **Mean** | **Standard**  **Deviation** | **Decision** |
| **18** | Do you agree that raw material constitute a major challenge facing owners of medium scale enterprises in Enugu metropolis? | **2.1623** | **1.1325** | **Reject** |
| **19** | Do you agree that improvement in the raw materials can improve the quality of medium scale production? | **2.7835** | **0.9853** | **Accept** |
| **20** | Do you agree that the owners of medium scale enterprises are currently doing something to improve the qualities of raw materials? | **2.9863** | **0.9736** | **Accept** |
| **21** | Do you think that fake raw material is the major reason for low production? | **3.4231** | **1.3211** | **Accept** |
| **Grand mean** |  | **2.84** | **1.32** | **Accept** |

(See appendix 2 for details)

Four questionnaire items were used to answer research question one. All the items had mean ratings above 2.5 except research question 18 which had a mean rating of **2.1623**. The grand mean rating was 2.84 which is also above the criterion mean. Based on this, we conclude that raw material constitute as a major challenge facing owners of medium scale enterprises in Enugu metropolis. And our standard Deviation of 1.32 shows that there is no much dispersion in the opinion of our respondents.

**4.3 TEST OF HYPOTHESES**

This section is concerned with the testing of hypotheses earlier stated. In doing this, t-test was used. A test of hypotheses help to decide which of the contradictory claims is correct. It acts as guide through the research work in order to draw a logical or empirical conclusion.

**Decision Rule**

If the calculated value is greater than the critical value, we reject the null hypothesis or Accept the null hypothesis if the calculated value is less than the critical value.

**HYPOTHESES ONE**

Ho: power supply does not constitute a major challenge facing owners of medium scale enterprises in Enugu metropolis. Therefore to test the above hypothesis 1 question 1 and response in table 4.3.1 above will be used to make a valid conclusion.

Table 4.3.1 Contingency Table 11

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **One-Sample Test** | | | | | | |
|  | Test Value = 0 | | | | | |
| t | df | Sig. (2-tailed) | Mean Difference | 95% Confidence Interval of the Difference | |
| Lower | Upper |
| power supply does not constitute a major challenge facing owners of medium scale enterprises in Enugu metropolis. | 27.833 | 249 | .000 | 2.22400 | 2.0666 | 2.3814 |

**Sources: Field survey 2017 [SPSS COMPUTATION]**

**Decision Rule**

Since the calculated value (27.833) is greater than the critical value (1.960), we reject the null hypothesis which states that power supply does not constitute a major challenge facing owners of medium scale enterprises in Enugu metropolis and accept the alternate hypothesis H1, power supply constitute a major challenge facing owners of medium scale enterprises in Enugu metropolis.

**HYPOTHESES TWO**

Ho: Low capital base does not constitute a major challenge facing owners of medium scale enterprises in Enugu metropolis

Therefore to test the above hypothesis 2 question 2 and response in table 4.1.8 above will be used to make a valid conclusion

Table 4.3.2 Contingency

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **One-Sample Test** | | | | | | |
|  | Test Value = 0 | | | | | |
| t | df | Sig. (2-tailed) | Mean Difference | 95% Confidence Interval of the Difference | |
| Lower | Upper |
| Low capital base does not constitute a major challenge facing owners of medium scale enterprises in Enugu metropolis | 30.189 | 249 | .000 | 2.33200 | 2.1799 | 2.4841 |

**Sources: Field survey 2017 [SPSS COMPUTATION]**

**Decision Rule**

Since the calculated value (30.189) is greater than the critical value (1.960), we reject the null hypothesis which states that low capital base does not constitute a major challenge facing owners of medium scale enterprises in Enugu metropolis and accept the alternate hypothesis H1, which state that low capital base constitute a major challenge facing owners of medium scale enterprises in Enugu metropolis.

**HYPOTHESES THREE**

Ho: Business skill does not constitute a major challenge facing owners of medium scale enterprises in Enugu metropolis.Therefore to test the above hypothesis 3 question 3 and response in table 4.1.9 above will be used to make valid conclusion.

Table 4.3.3 Contingency

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **One-Sample Test** | | | | | | |
|  | Test Value = 0 | | | | | |
| t | df | Sig. (2-tailed) | Mean Difference | 95% Confidence Interval of the Difference | |
| Lower | Upper |
| Business skill does not constitute a major challenge facing owners of medium scale enterprises in Enugu metropolis. | 28.397 | 249 | .000 | 2.04400 | 1.9022 | 2.1858 |

**Sources: Field survey 2017 [SPSS COMPUTATION]**

**Decision Rule**

Since the calculated value (28.397) is greater than the critical value (1.960), we accept the alternate hypothesis and reject the null hypothesis, hence we conclude that business skill constitute a major challenge facing owners of medium scale enterprises in Enugu metropolis.

**HYPOTHESES FOUR**

1. Ho: Raw material does not constitute a major challenge facing owners of medium scale enterprises in Enugu metropolis.Therefore to test the above hypothesis 4 question 4 and response in table 4.1.10 above will be used to make valid conclusion.

Table 4.3.4 Contingency

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **One-Sample Test** | | | | | | |
|  | Test Value = 0 | | | | | |
| t | df | Sig. (2-tailed) | Mean Difference | 95% Confidence Interval of the Difference | |
| Lower | Upper |
| Raw material does not constitute a major challenge facing owners of medium scale enterprises in Enugu metropolis | 30.479 | 249 | .000 | 2.24800 | 2.1027 | 2.3933 |

**Decision Rule**

Since the calculated value (30.479) is greater than the critical value (1.960), we accept the alternate hypothesis and reject the null hypothesis, hence we conclude that raw material constitute a major challenge facing owners of medium scale enterprises in Enugu metropolis.

**4.4 DISCUSSION OF RESULTS**

From the analysis it could be summarized power supply constitute a major challenge facing owners of medium scale enterprises in Enugu metropolis. Secondly, that low capital base also constitute a major challenge facing owners of medium scale enterprises in Enugu metropolis. Thirdly business skill constitute a major challenge facing owners of medium scale enterprises in Enugu metropolis. Finally, raw material constitute a major challenge facing owners of medium scale enterprises in Enugu metropolis.

**CHAPTER FIVE**

**SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS**

**5.1 Introduction**

This chapter is aimed at summing up the findings of this study as well as to draw the conclusion from the research work. Secondly the researcher gives recommendations based on the findings of the study.

**5.2 Summary of Findings**

From the study, one could summarize more evidently that power supply constitute a major challenge facing owners of medium scale enterprises in Enugu metropolis.From the study conducted, it was discovered thatpower supply is a fundamental problem facing owners of medium scale enterprises and needs urgent intervention.

It was also discovered, that low capital base also constitute a major challenge facing owners of medium scale enterprises in Enugu metropolis. from the result of the result, low capital base pre-supposes low production and increase in per unit cost of production.

From the result, business skill constitute a major challenge facing owners of medium scale enterprises in Enugu metropolis. It was discovered that majority of the workers in medium scale enterprises are not skilled and need to be trained.

Finally, it was discoveredthat raw material constitute a major challenge facing owners of medium scale enterprises in Enugu metropolis. The scarcity of raw material is one of the major problem facing owners of medium scale enterprises.

* 1. **Conclusion**

The research conducted has vividly opined to a reasonably extent that for any medium scale enterprise to excel financially and otherwise all these challenges enumurated need to be taken care of. The failure to correctall these problems nay lead to failure on the side of owners of medium scale enterprises more especially in Enugu metropolis. Thus these challengesare concluded to be the major challenge of the owners of medium scale enterprises in Enugu metropolis.

* 1. **RECOMMENDATIONS**

Having conducted this research and analysed the field data, the researcher recommends the following points, which if adhered to will positively drive Medium Scale Enterprises in Enugu Metropolis towards achieving their set goals.

1. Since power supply is one of the major challenges facing owners of medium scale enterprises, planned efforts should be made ahead of time to facilitate successful and timely implementation of a sound and uninterrupted power supply; this can be done through an understanding synergy between owners of medium scale enterprises and government sector.
2. Furthermore, since low capital base stand as an impediment towards the success of medium scale enterprises, commercial banks and other non financial institution should lower their interest rates and unending demands of collateral so as to encourage potential investors in medium scale enterprises to invest.
3. That all executive heads should empower medium scale enterprise as one of the vital tools for economic growth and development.
4. Concerted effort should be employed between the technical skill development program (TSDP), industrial training fund (ITF) and the owners of medium scale enterprises so as harness and improve the manpower development of our youths for improved productivity.
5. Having descovered that the success of any medium scale enterprise depends mostly on righful decisions with much respect to accounting information, then medium scale enterprises should put in their best resources to ensure that experts in the field of accounting are employed for optimal, timely and sound service delivery.
   1. **AREA FOR FURTHER RESEARCH**

The following areas are suggested for further research:

1. The effects of poor attitude of governments towards medium scale enterprises in Enugu metropolis.
2. A similar study of cross-sectional nature could be conducted among medium scale industries in Nigeria.

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**APPENDIX 1**

Department of Business Management

Godfrey Okoye University,

Thinkers Corner,

Enugu State,

Nigeria.

May, 2017.

**RESEARCH QUESTIONNAIRE**

Dear Respondent,

I am an undergraduate student of the above named institution and currently undertaking a research project on the topic: The effect of organizational challenges facing owners of medium enterprises in a recessive business environment in Enugu metropolis.

Please answer the questions as objectively as you can. This research is meant for academic purposes only. All information voluntered will be treated with utmost confidence.

Thanks for your cooperation.

Yours sincerely

............................................

***Research Student.***