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FACTORS AFFECTING THE PERFORMANCE OF SMALL AND MEDIUM SCALE ENTERPRISES IN BAKASSI LOCAL GOVERNMENT AREA OF CROSS RIVER STATE, NIGERIA

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Abstract

Since 2002 when Nigerian government handed over the Bakassi peninsula to The Republic of Cameroon, Bakassi Local Government have attracted both local and international attention. The indigenous people of this community who decided to remain with Nigeria are known as Bakassi Local Government In Cross River State Nigeria. A study of "The Factors Affecting the Performance of Micro Small and Medium scale Enterprises in the area has become a major focus among scholars in the fields of Economics and Development studies in order to cushion the effect of displacement and engender economic growth and development amongst the people of this Local Government. To achieve this the researcher intends to use both quantitative and qualitative techniques to achieve his results. The quantitative method shall be accomplished through a well designed questionnaire to elicit data from respondent through the use of an enclosed method consisting of 24 questions divided into three parts using a 4 point likert scale. The so collated shall be analyzed using the Pearson Product moment correlation coefficient statistical method to evaluate the relationship between the variables. The study reveals a significant correlation between credit facilities, technology, human resource development, and economic growth in the Bakassi Local Government Area of Cross River State, Nigeria. This research examines recommended alternative funding modes for small and medium-sized enterprises (SMEs) within the Bakassi Local Government Area. It underscores the importance of collaboration between the government and the private sector to address the challenges SMEs face when trying to access funds. It also takes into consideration the unique nature of the problems encountered within this local government area.

Key Word: Bakassi, Micro, Small, Medium, Scale, Enterprises, Economic Growth, Technology and Development

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Introduction

Nigeria, despite playing a significant role as a major global oil producer, has recently been classified as one of the nations with low socio-economic status. The World Bank (2000) reported a significant increase in poverty rates, indicating that 65 percent of the population lived in poverty, compared to 43 percent in 1992. Nigeria has experienced a significant decline in socio-economic conditions, making it unparalleled among African nations. Over the past five years, approximately half of the population has lived below the poverty line, as reported by the World Bank in 2000. The socio-economic conditions of the nation have exerted a substantial influence on the development and advancement of particular sectors. To mitigate the declining socio-economic status of Nigeria, a range of strategies and measures, including the substantial augmentation of agricultural programs, have been recently implemented. Universities, research institutes, and private sector enterprises are the primary institutions that play a crucial role in technological entrepreneurship, a significant driver of economic revenue, influence, and job creation in developed countries. Regrettably, Nigeria's capacity to cultivate, foster, and support domestic enterprises is impeded by the absence of a robust industrial and commercial sector, deficiencies in infrastructure, and the prevalence of multinational corporations headquartered abroad.

Governments around the world, both in developed and developing countries, are showing more concerned about recognizing and supporting entrepreneurial efforts. For developing countries like Nigeria, the main aim of their public policies is to encourage entrepreneurship, especially in creating micro and small-scale businesses that can advance technology (Litvak, 2002). However, these countries, Nigeria included, have been criticized for not focusing enough on boosting economic growth or leveraging the innovative and entrepreneurial capabilities of their people (Anamekwe, 2001). Critics argue that these countries rely too much on foreign technology, which may not be suitable for their local environments. Historically, Nigeria's exports have been mainly raw materials and semi-manufactured goods, with the petroleum sector being particularly dominant. However, exports of knowledge-intensive goods and services account for less than 5% of the total (Akeredolu-Ale, 1975). During the 1980s and early 1990s, these issues became more severe due to stagnant industrial production, falling crude oil prices, and increased discussions about achieving industrialization through domestic technology advancements. As a result, the Nigerian government began to emphasize these issues in their development plans, national budgets, and reform programs, especially within the National Economic Empowerment and Development Strategy (NEEDS) (Sule, 1986). The key idea behind these policies is to prioritize small businesses in Nigeria's economic recovery efforts. Research has shown that small-scale industries can have a major impact by encouraging local entrepreneurship, improving the efficiency of capital investment, and advancing domestic technology in various countries (Nils-Henrik & Morch, 1995). Furthermore, recent research on small-scale businesses has shown that small-scale forest-based processing firms make up a significant portion of total employment in the forest products processing industry (FAO, 1995).

In the Nigeria context, literature have shown that over 90% of businesses in the industrial sector are small-scale enterprises. These firms, typically employing between 10 and 50 people, are responsible for roughly 70% of the country's total industrial employment. They also generate about 10% of Nigeria's manufacturing output. However, in 2001, their contribution to Nigeria's Gross Domestic Product (GDP) was only about 1%, which is low (Ajayi, 2002). The Nigeria Investment Promotion Commission (2003) acknowledges the substantial contribution of these enterprises to economic growth, especially in creating jobs and fostering sustainable livelihoods. Despite their crucial role, these businesses face numerous challenges that limit their growth potential. A study by the International Labour Organisation (ILO) in 1994 highlighted that a lack of entrepreneurial skills is one of the main obstacles to the growth of small-scale manufacturing and processing enterprises. Small-scale enterprises thrive best with a robust domestic entrepreneurship base, while large-scale companies can rely more on foreign capital (Enamhe & Eba, 2018). Other factors obstructing the growth of small businesses include the lack of technological adoption, insufficient entrepreneurial skills among operators, and the absence of effective management strategies. Conversations by scholars on the impact of technological advances on Nigerian industries have primarily focused on multi-national corporations, especially those in high-tech and capital-intensive sectors. In contrast, the technology transformation among small-scale businesses has received less attention. These smaller enterprises tend to focus more on well-established industries with low entry barriers, minimal production requirements, and a significant labour force.

The ongoing technological revolution in the sector has had a significant impact on traditional industries (Adubifa, 1990). Research from Hanshom (1992) and McCormick (1998) indicates that small businesses in Africa often struggle with disorganized manufacturing operations. This lack of organization, combined with insufficient capital investment in goods and the absence of a division of labor in the manufacturing sector, results in many businesses being unprofitable. Many small and medium-sized enterprises have closed down due to a lack of financial support from government bodies and local communities. Mills (1990) argues that today's emerging nations are primarily focused on improving the social, economic, and political status of their citizens. According to Uma (1974), this focus includes improving living conditions for a significant portion of low-income individuals, while also ensuring the sustainability of these improvements. To enhance the quality of life for individuals, it is essential to strategically allocate and utilize existing resources. Many recent programs aimed at improving women's economic positions have failed to enhance their working and living situations in certain rural areas, for example. Many writers have highlighted the negative consequences of technical and socioeconomic advancements on women as part of the development process (Dey, 1975; Zeidenstein, 1975; Palmer, 1978; Whitehead, 1985; Stevens 1985). In the development process, some rural entrepreneurs have not received adequate consideration or provisions. Many of these entrepreneurs are shut out of government programs aimed at helping them grow their businesses.

The current economic crisis in Nigeria has led to a surprising shift, causing an increase in demand for locally made products. For instance, Aso oke, a traditional Nigerian fabric, is now widely popular in contemporary social gatherings and the fashion industry. This unique attire, typically handcrafted in small-scale, home-based businesses, has seen a surge in interest. In rural areas, people are turning to locally made "water pots," which are known for their cooling effects on drinking water. With the rising cost of refrigerators, these water pots have become a practical solution for many. Moreover, there is a rising trend of using home-produced soap, commonly referred to as ose dudu or black soap. However, the production of these goods faces significant challenges due to the shortage of essential resources. These include capital, labour, land, infrastructure, and advanced technology. Despite these barriers, this situation raises several intriguing research questions, which could provide valuable insights into this evolving scenario. The research questions are as follows:

1. In what ways does the country's socioeconomic environment affect the growth of small-scale business?
2. What technology methods and other resources are required for potential small-scale businesses?
3. In what ways will small businesses contribute to economic growth?

4. How to motivate individuals (both men and women) to minimize or eliminate some hidden constraints that stifle the growth of small businesses.

The Problem:

There are several issues that this study aims to address. It is agreed by various experiences that the incapacity of small-scale business management to identify causes of failure may have resulted in unproductive outcomes. Furthermore, it is believed that management's incapacity to adopt policies to address the problem of small-scale firms has lowered their profitability. Nothing hurts a company more than when management has a bad attitude about employee training.

Practical experiences have shown that, small-scale businesses' prospects of survival may have been harmed by the government's weak approach toward creating a business-friendly climate. As history has demonstrated, workers' incapacity to adopt management policies may have resulted in low productivity. Poor financial management tactics may have exacerbated the problem, much as management's apparent failure to hire qualified staff may have resulted in unproductivity. As history has shown, the majority of firms' weak marketing techniques may not have improved problems. This study explored the factors that affect the performance of micro, small, and medium-sized businesses in the Bakassi Area of Cross River State, Nigeria.

The Literature

Every society typically crafts its own understanding of what constitutes a small-scale enterprise. This is influenced by the expected contribution of such businesses to the national economy and the initiatives in place to support them in achieving their objectives. In 2001, Anamekwe pointed out that variations in industrial organization across different areas within a country and different stages of economic development can lead to unique definitions of small-scale businesses. Sule, in 1986, stated that businesses seen as micro or small in economically advanced countries, like the USA, UK, or Japan, might be classified as medium or even large in developing countries like Nigeria. This change in classification is due to the higher capital investment and advanced technology of these businesses. The evolution in definitions is caused by changes in prices, technology advancements, among other factors. The Small Business Administration (SBA) in the USA, as of 2003, provides several definitions of small enterprises based on the industry. These include manufacturing and mining businesses with less than 500 employees, and wholesale trade companies with fewer than 100 workers. Businesses in sectors like retail and construction are classified based on their annual income. Meanwhile, the Ministry of Industries in Ghana uses a detailed definition that includes various factors such as turnover, fixed assets, and the size of the workforce. The influence of managerial effectiveness and efficiency on factors like turnover and production volume is significant and varies across different sectors (Ajayi, 2002).

The growth of small-scale enterprises (SSEs) in Nigeria has been shaped by a variety of factors, including fluctuating economic circumstances and the existence of several institutions that back small and medium enterprises (SMEs). Prior to 1992, multiple Nigerian entities applied diverse definitions to identify small businesses. These entities include the Central Bank of Nigeria (CBN), the Nigerian Bank of Commerce and Industry (NBCI), the Centre for Industrial Research and Development (CIRD), the Nigerian Association of Small-Scale Industrialists (NASSI), the Federal Ministry of Industry (FMI), and the National Economic Reconstruction and Development Fund (NERDF), also known as NERFUND.

The term "small-scale enterprise" lacks a standard definition, varying from country to country, industry to industry, and even within the same nation. Some people define such enterprises as businesses that employ fewer than a specific number of workers, such as 5 or 10. Others view small businesses as those confined to a limited geographic area, serving only local markets. Businesses are frequently labeled as small based on the nature of their activities, such as local retail stores, clothing retailers, or standalone shoemakers. Public opinion commonly holds that enterprises like the Bottling Company, UAC Group of Companies, and Nigeria Breweries Plc are small-scale, while nearby beer parlours and provision stores are seen as larger ventures. The debate over where to draw the line between large and small businesses is ongoing.

Cole (1971) defined a small-scale business as a venture owned, managed, and controlled by one or two individuals. It is typically characterised by a strong influence in decision-making, a simple organizational structure, a minor market share, and a workforce of fewer than 50 employees. According to the Small Business Act of 1953 in the United States, a small business is an independently owned and operated establishment that is not dominant in its field (Broom and Long Recker, 1986:11). The Committee for Economic Development of the United States (Broom and Longrecker, 1986:12) classifies a business as small if it meets two or more of specific criteria, which the text unfortunately doesn't list:

1. Management is self-contained. Managers are frequently also proprietors.
2. An individual or a small group provides the capital, and ownership is kept by them.
3. The target market is mostly local employees and business owners who live in the same house or neighborhood. Markets were not always local.

A small-scale firm in Nigeria is defined by the Nigerian Bank for Commerce and Industry (NBCI) as one with a total capital of less than N750,000, excluding land costs but including working capital. Only one phrase appears in all of the definitions above: “number of workers.” While other industrialized country definitions stress “annual turnover” as a measure of earned income, the Nigerian definition emphasizes “capital invested.” This demonstrates the government’s propensity in Nigeria to make just money or finance available to small-scale enterprises at the expense of other critical environmental elements.

The Framework:

Economic Theory of Entrepreneurship

According to Mark Casson's economic theory, the existence of entrepreneurship is significantly affected by positive economic circumstances. These include factors such as tax regulations that incentivize businesses, industry policies that are supportive, the availability of products in the market, easy access to financial resources, reliable market intelligence data, and a robust technological and infrastructural setup (Marshall, 1936).

Entrepreneurship and economic growth, according to Kirzener (1973), will occur in settings where certain economic conditions are most conducive. As a result, alongside land, labor, and capital, entrepreneurship is regarded as the fourth component of production.

Taxation rules, industrial policies, sources of money and raw materials, infrastructure availability, investment and marketing possibilities are all considered to be important motivators for entrepreneurial activity. Furthermore, when economic conditions are good, entrepreneurship and economic growth occur. The supply of entrepreneurship, according to mainstream economics, is very elastic.

Attachment theory

Attachment theory suggests that emotional bonds, or "attachments," form between individuals. This idea was first introduced by psychologist John Bowlby, who described attachment as a lasting psychological closeness between people. According to Bowlby, the first attachments that children form with their primary caregivers have a profound, lasting effect on their development and well-being throughout life. The role of attachment, he argued, is to promote closeness between a newborn and their mother, increasing the child's chances of survival. The basic tenet of attachment theory is that when mothers are both physically and emotionally available to fulfill their infants' needs, their children develop a sense of security. The child views their caregiver as reliable, forming a secure base that allows the child to confidently explore their surroundings. Psychologist Mary Ainsworth built on Bowlby's initial research in the 1970s. Her influential "Strange Situation" study revealed the deep impact of attachment on human behavior. The study observed how infants between 12 to 18 months old reacted to brief separations and reunions with their mothers. By analyzing the infants' responses, Ainsworth identified three key attachment styles: secure attachment, ambivalent insecure attachment, and avoidant insecure attachment. Later, in 1986, Main and Solomon introduced a fourth style, "disorganised insecure attachment," based on further research. Since Ainsworth's initial proposal, numerous studies have supported her theories on attachment, indicating that different attachment styles can greatly influence future behaviour.

As a result, small enterprises must collaborate with larger organizations in order to profit from improved technologies and supply chains for material supply. Over 50 years ago, the concept of social networks, as well as the concepts of sociometry and sociograms, were introduced. Barnes (1954) is credited with coining the term “social networks” as a result of his early 1950s research on a Norwegian island parish. The study of how the social structure of interactions around a person, group, or organization impacts beliefs or behaviors is known as “network analysis” (social network theory). The social structure contains causal forces. Instead of focusing on individual traits, network analysis focuses on the interactions between individuals. These connections could involve personal relationships, the sharing of information, or even physical exchanges of goods and money. Using network analysis helps us visually identify both obvious and less formal communication patterns within an organization. We can then compare these patterns to the existing official communication structures. Recently, there is been a growing interest among researchers in understanding what factors lead to the creation of communication networks and what the impacts of these networks are (Monge & Contractor, 2003).

Importance of Small and Micro Enterprises

Numerous studies have been conducted to understand the impact of small and medium-sized enterprises (SMEs) on employment rates and the growth of the gross domestic product (GDP). The economic importance of SMEs varies. For instance, research by Ayyagari et al. (2003) that analyzed data from 76 countries from 1990 to 1999 showed that SMEs were responsible for significant percentages of employment and GDP contributions. Specifically, SMEs made up over 17% of total employment in low-income countries, 36% in medium-income countries, and 57% in high-income countries. Moreover, these businesses contributed over 15%, 39%, and 51% to the GDP in low-, medium-, and high-income countries, respectively. When both formal and informal SME sectors were considered, they contributed between 65% to 70% to the GDP across all countries. Several factors positively influenced SMEs' development, such as increased levels of education, reduced inflation rates, and improved financial intermediary development. However, economies with more open markets and significant policy distortions had negative effects on SME growth. Several measures were identified to boost SMEs' development, including reducing startup costs, implementing efficient insolvency procedures, reducing contract enforcement costs, and enforcing strict labor market regulations. Broadly, SMEs perform better when they have strong institutional, legal, and financial support and when corruption levels are low. Klapper et al. (2002)

conducted another study, focusing on Central and Eastern Europe, which showed that SMEs, making up 82% of their sample, play a crucial role in driving regional growth. They found that, on average, SMEs comprise about 30% of each country's total workforce and maintain an average workforce of 35 employees. There's a correlation between the size of the SME sector and its growth rate. Interactions between SMEs and large enterprises can have two potential outcomes. In one scenario, SMEs supply a large volume of goods and services to big businesses. In the other, the SME sector drives economic growth independently.

Beck et al. (2003) used data from 76 developed and developing countries from 1990 to 2000 to understand the role of SMEs in GDP growth and poverty reduction. Although developed countries have a strong SME sector, studies have not confirmed that SMEs contribute to rapid economic growth or poverty alleviation. A competitive business environment is key to economic expansion and poverty reduction, regardless of the enterprise's size. Beck and Demirguc-Kunt (2005) highlighted the obstacles to SME growth and offered policy solutions. They noted that SMEs should operate on a smaller scale in the absence of strong institutions. Without improvements in institutional capacity, the growth of the SME sector would be challenging. They suggested that leasing and factoring could be beneficial financing mechanisms for SMEs. The perception is that the SME sector plays a critical role in job creation, poverty reduction, innovation stimulation, and competition enhancement. Moreover, SMEs are considered adaptable to economic shocks, with their ability to respond swiftly and at lower costs. However, as Biggs (2002) noted, while SMEs create more jobs, larger enterprises offer more stable jobs, better salaries, benefits, and working conditions. This highlights a need for a balanced view of the impact of SMEs.

Small and medium-sized enterprises (SMEs) are known to create more jobs than large corporations because they typically have more employees. This is mainly because SMEs tend to employ labor-intensive strategies, which involve a large part of their operating expenses being varied rather than fixed (Voordeckers & Steijvers, 2008). This helps mitigate the impact of sales changes on profits and reduces loan repayment risks. However, Biggs (2002) argued that business size does not necessarily correlate with labour intensity. He asserts that SMEs often produce more innovative ideas that spur their growth, whereas larger firms innovate to boost efficiency and performance. SMEs, however, often struggle to develop skills in areas like technology transfer, human resources, and finance due to market dominance by large corporations and government policies. As such, these enterprises require institutional support in the form of legal, financial, and organizational assistance, among other initiatives. This can range from educational programs and startup promotions to tax reform and technological advancements. Such assistance could boost entrepreneurial activities and improve the business environment for SMEs. Dallago (2003) noted that enhancing SMEs' competitiveness through increased investment activity, fostering both vertical and horizontal integration with other firms, both domestically and internationally. Governmental measures like macroeconomic stabilization, expanding the financial market, and providing labor market flexibility are also necessary. However, financial constraints often impede such enhancements, particularly during financial crises. To mitigate this, institutional aid such as direct microloans from state-owned financial institutions or interest subsidies from commercial banks can be provided.

Debates around the importance of SMEs within the wider economy are ongoing, but it is universally acknowledged that these businesses play a crucial role in job creation and displacement. Although SMEs are frequently touted as innovative, it is important to recognize that most are "livelihood" businesses with only a few focusing on growth and innovation. Therefore, policy interventions are necessary to foster economic growth, especially in transitioning economies. Subsidies based solely on business size can impact economic efficiency, so it is important to also consider a project's added value. Access to capital may be challenging for SMEs, thus necessitating targeted government interventions that address specific issues rather than offering indiscriminate financial support. Government support should not be limited to financial aid; it should also include regulatory, infrastructural, and human resource assistance. This is particularly crucial for small businesses that serve as a financial safety net for families. Failure to provide adequate support can perpetuate poverty. Despite the challenges, many successful large enterprises started as small ventures and were able to overcome limitations through innovation or grant assistance. Several studies advocate for the important role of SMEs. However, the prevalent foreign ownership in the banking sector is often cited as a reason for their inadequate funding. This research, therefore, investigates the issue of loan restrictions in foreign-owned banks and their impact on SMEs. During the economic crisis, the decision to raise the optimal interest rate resulted in higher refinancing costs and reduced credit availability. Consequently, governments and affiliated organizations have initiated a variety of support measures. It is important to remember, though, that support for SMEs should not just be politically motivated, but should also aim to address systemic challenges.

The Empirical Review

A successful manager is aware of both his internal and external company environments. He or she is not only aware of the situation, but also prepared, equipped, and ready to deal with it. Competitors, suppliers, clients, government agencies, labor groups, and financial institutions, for example, all fall under this category. Certo and Peter (1993; Hisrich et al., 2010). The magnitude of the difficulties confronting owner-managers, which they must personally address, makes MSE management tough. He is responsible for strategy and implementation, production, personnel resources (staff recruitment and termination), marketing, and financing in his multi-functional job as a manager (Stokes, 1995; Stokes and Wilson, 2010). All of these things are vying for his attention at the same time, and in most circumstances, he or she chooses to focus on the most pressing issue first, which may mean missing a less visible but vital issue.

Despite the many responsibilities and obstacles they face, it's clear that a large number of owner-managers in the Micro and Small Enterprises (MSE) sector are either poorly trained or lacking in necessary skills across different areas. This lack of proper training was highlighted in a 1997 training needs assessment carried out by the Kenyan Government. The assessment revealed that the owner-manager of Jua Kali, a business within the MSE sector, showed weaknesses in both financial management and in their ability to recruit appropriate staff and make effective decisions. Bullock et al. (2004) observed that MSE output development is considerably hampered by informal management structures and owner managers’ personal influence over strategic and operational choices. MSEs with a less formal structure and those that were more inventive grew at a faster rate, especially when their owners had received formal training. Orser (2000) discovered a link between excellent managerial abilities and good performance.

Financing is required for all company initiatives, regardless of size, from the start to the finish. If all other conditions remain constant, the amount invested affects the size of the initiative, which in turn influences the business’s early survival. To establish a firm as well as run and manage it, the entrepreneur will need startup cash. According to Orser (2000), the incapacity of SMEs to assess funding possibilities is one of the primary issues that they face. In a study conducted by Mambula (2002), it was found that limited access to capital presents a significant barrier to the expansion of micro and small enterprises (MSEs). This finding was further supported by the research of Florida et al (1996) and Livard Pang (2006), who noted that lack of startup capital restricts entry into various entrepreneurial activities. Pang's (2006) study went a step further, revealing that 80% of the participants pointed to capital shortage as the most pressing hurdle when starting a new business.

A market is created when a product is in high demand. The market will become lively if the demand is large. It is also true in reverse. A market that is diminishing due to a drop in demand is possible. Depending on the nature of their connection, whether complementary or substitutive, demand for different items will impact demand for other products. If the two products are complementary, a rise in demand for one will lead to an increase in demand for the other. If they are replacements, a rise in one produces a drop in the other. Imported premade garments and secondhand (mitumba) clothing, which are replacements for tailoring, pose a significant threat to tailoring firms (Kamau and Munandi, 2009).

Tailoring and dressmaking businesses, for example, are extremely competitive and, despite their modest size, require effective marketing techniques to survive and develop. Stauart H. Britt (n.d.) had similar sentiments: “It’s like winking at a girl in the dark if you don’t advertise (read marketing). Nobody else understands what you’re doing but you. “ The modern goal of marketing has significantly evolved. It has shifted from a "hunting" strategy, where the ideal product is sought after for a specific customer group, to a "gardening" approach (Kotler, 2003; Morgan, 19991). Now, the focus is on identifying the right audience for a particular product. This shift emphasizes the importance of innovation and creativity, especially in industries like tailoring where success is heavily dependent on these attributes. Effective marketing, according to Mogano (1991), is critical to a company’s future growth and that everyone who wants to improve the company’s performance must improve their marketing skills.

Nigeria has been suffering from economic strangulation since independence, which has resulted in the country and its people becoming destitute over time. The Centre for Gender and Social Policy Studies (CGSPS) stated in a communiqué issued in early 1999 that Nigeria’s general socio-economic status has deteriorated over time, resulting in a rise in poverty. Nigeria has been classified as a low-income country, and poverty is widespread and severe. It also stated that there are many unrecognized impoverished people in Nigeria today, particularly in rural regions (which, of course, include some riverine fishing villages), who have not benefited economically from government agricultural development plans.

According to a report published in the Vanguard newspaper on May 15, 1997 (page 6), a considerable number of households in Nigeria are currently struggling to meet the basic needs of their family members. These needs include providing enough food, suitable housing, comfortable living conditions, appropriate clothing, and adequate healthcare. In certain circumstances, the breadwinner is unemployed, whether he or she is a father or a mother. In numerous other circumstances, both the father and mother, as well as the children, work, but their wages are insufficient due to inflation and rising living costs. People die from hunger and famine as a result of a lack of funds to purchase food and medications. Because of their inability to pay home rent, people in rural communities (particularly in riverine areas) live in shacks and houses with leaking roofs. According to the same survey, Nigerian households’ poverty rate increased to almost 75% in 1997. In these rural communities, polygamous marriages were common, as were large family sizes, which led to poverty.

In 1995, Nigeria had a population of 111.7 million people. The average household size was 5.0 persons. Nigeria experienced a population growth rate of 2.83 percent during this time. The rural population made up 64 percent of the total population, while the urban population accounted for 36 percent. The urban areas of Nigeria experienced a growth rate of 6.2 percent. In addition, the average age of marriage for individuals in Nigeria was 16.9 years. This trend was particularly prevalent in rural areas, where young girls and teenage women faced limited access to suitable educational opportunities and/or educational institutions, which disproportionately affected them. Total fertility in the United States is 6.0 percent on average. Females aged 15–49 account for 25.2 million people, while males aged 15–49 account for 22.9 million people. As a result, individuals (such as riverine women) have significant socioeconomic potential in small-scale businesses. The desire and efforts of individuals to become entrepreneurs are influenced by several factors, including age, gender, and personal history, which includes education and previous job experience (Kristiansen, et al., 2003). The researchers found that human capital, which includes factors like age, gender, education, and experience, has a significant influence on people's inclination to start their own businesses.

Methodology

The study used an expo facto design. This design involves examining the existing state of a situation without the researcher having direct control over the independent variables. In other words, the independent variables being studied were not manipulated by the researcher. By using a survey research design, the researchers were able to select a specific group of individuals from the population and draw conclusions that could be generalized to the larger population.

In view of the above, the researcher did not manipulate any of the variables but surveyed what is already in existence by descriptive means through questionnaires as a method of data collection. The population of the study consists of all micro, small and medium business operators in Bakassi Local Government Area. Information from Micro and Enterprise Development Agency revealed that there are a total of 1594 micro, small and medium scale business operating in Bakassi Local Government Area.

The Sample and Sampling Procedure

To select the representative sample of the study stratified random technique was used. Firstly, the local government area was stratified into political ward. From each of the political ward twenty business operators were selected and used for the study. By this two hundred business operator were selected and used for the study.

The Study Area

The study area is Bakassi Local Government Area, Cross River State, Nigeria. It was created in 1996 when it was separated from the Akpabuyo Local Government Area during General Abacha's regime. Bakassi is located at the far end of the Gulf of Guinea and is divided into two distinct sections. The larger portion, covering 60 percent of the area, consists of level forested land with agricultural fields, while the remaining 40 percent is closer to rivers. The Bakassi region's coordinates range from 8022’30’’E to 8042’15’’E longitude and 40 410 00’’N to 5001’00’’N latitude. It shares its eastern boundary with the Republic of Cameroon, and its southern boundary is the territorial waters of Akwa Ibom State, about 1000 meters away from the nearest island. Akpabuyo borders it to the north, and the Qua River and adjacent creeks of Akpabuyo and Calabar South Local Government Areas define its western boundary, all within Cross River State.

Historically, before Cameroon's occupation, the Bakassi Peninsula was an extension of the Calabar Territory, extending into the Atlantic Ocean. The Efik Kingdom of Calabar, located in Nigeria, became part of the British Empire in 1884 through a Treaty of Protection with Queen Victoria. This included the Bakassi Peninsula. However, a dispute between Nigeria and Cameroon over the Bakassi Peninsula lasted until October 10, 2002, when the International Court of Justice

(ICJ) ruled that Nigeria should cede control of the territory to Cameroon. The ICJ based its decision on the Anglo-German agreement, which recognized Cameroon's sovereignty over Bakassi. This ruling resulted in the displacement of the indigenous population from their ancestral homes, and the Bakassi Local Government was relocated to the Ikang area, which was previously part of Akpabuyo Local Government. After the displacement, the Bakassi region was established in 2008, with Ikang as its administrative center. Ikang was carved out from the Akpabuyo Local Government Area and is characterized by flat forested land with agricultural fields, which is a significant contrast to the fish-rich Bakassi Peninsula spanning approximately 3,000 kilometers. However, the promise by both International Community and Nigeria Government to conclude resettlement in line with international conventions seems a mirage as the people are known to have re-located without being re-settled.

Bakassi Local Government Area comprises of an administrative political council, 10 Council wards and 66 villages. The LGA is administered by the Chairman of Council, assisted by the Vice Chairman, Supervisors (who head the various Departments - Health, Education, Budget/Planning, Agriculture, Environments, Works/Public utilities and Finance / Supplies) and the Legislative Council comprising 10 Councilors (one for each Council ward

The economy of Bakassi LGA is largely agrarian, with about half of the population engaged in crop cultivation, while the other half is engaged in fishing. Crop cultivation is fairly new to Bakassi many people who were principally in fishing while at the Peninsula. Growing capacity for crop cultivation among Bakassi people at this new location is a major policy issue at present. Agricultural products commonly found in Bakassi LGA include cassava, cocoyam, water yam, coconuts, palm fruits, bush mango, plantain. Crops mentioned above constitute about 25 percent of the food requirement of the people. There are two large markets – Ekpri Ikang and Ikang markets where the main food crops e.g., palm oil, garri, palm fruits, crayfish, plantain, and fresh and dry fish are sold. The two markets are highly patronized by traders from other States such as Abia, Ebonyi, and Akwa Ibom. The market tolls and levies constitute a major source of Internally Generated Revenue (IGR) for the LGA. The two markets operate on specific days of the week. Trading on basic articles and consumables however takes place in smaller market centres that exist in nearly all communities. The Bakassi region is known for its dense and flat mangrove forest. It is surrounded by a network of creeks and rivers that eventually connect with nearby rivers and the Atlantic Ocean. This makes the area ideal for fishing.

The weather of Bakassi is conditioned by convectional rainfall during the wet season, which tends to last longer than the dry season. These favours growing of a wide variety of tree/food crops and enhances the luxuriant greenness of the area. However, the rains often come down in heavy downpours, leading to leaching and erosion of the soil. In the wet season temperature ranges from 21˚C to 23˚C, and in the normal dry season, it ranges between 27˚C and 24˚C. Excessive rainfall has adverse implications for soil fertility and fishery yield.

The Method of Data Collection and Instrumentation: (Quantitative method)

This involved the use of the questionnaire. The questionnaire was carefully developed to gather information from respondents about the study’s factors. The survey was not open-ended. There were 24 questions in all, divided into three categories (A, B, and C). The demographic features of respondents are detailed in Section “A.” The other portions (B and C) were based on the study’s sub-variables. Items in sections “B” and “C” were created on a 4-point Likert scale, with “SA” denoting strongly agree, “A” denoting agree, “D” denoting disagree, and “SD” denoting severely disagree. The responders must select one of the four response options to indicate how much they agree or disagree with the items. A coding key was developed to aid the identification of the copies of questionnaire administered. The items on the questionnaire were sorted out according to the variables they were meant to measure. In section A of the instrument, each item was coded according to the number of response options provided. For instance, item No.1 of the instrument is gender and is categorized into two response options (male and female); male was assigned a nominal value of 1 while female was assigned a nominal value of 2. This continued with other items in the section. In Section ‘B’ of the instrument, all the response options were scored as follows:

The Validity and reliability of the instrument

To assess the validity of the instrument, experts in the fields of Measurement and Evaluation were consulted. Their expertise was sought to determine if the items in the instrument were relevant to the hypotheses being tested. Based on their feedback, some items were modified, while others were deemed irrelevant and replaced with new ones. To evaluate the instrument's consistency in measuring the intended construct, a trial study was conducted. A survey was administered to a sample of 30 participants residing in two different political wards within the Bakassi Local Government Area. These wards were purposively selected as they were not part of the wards included in the primary investigation. The survey was conducted once with the participants, who completed the questionnaire. The collected questionnaires were then evaluated for scoring purposes. The items on the questionnaire were divided into two equal parts based on whether their item numbers were even or odd. The two halves of the questionnaire were subjected to a reliability analysis using the split-half method and the Pearson correlation analytical procedure. The correlation coefficients obtained from the analysis were transformed into reliability coefficients using the Spearman-Brown prophecy formula. The resulting reliability coefficients ranged from 0.79 to 0.94.

The Data Presentation

The data presented in Table 1 provides information about the respondents of the study. Out of the total participants, 125 individuals (62.5%) identified themselves as males, while 75 individuals (37.5%) identified as females. Regarding age distribution, the study found that 56 respondents (28% of the sample) were 25 years old or younger. Additionally, 45 respondents (22.5% of the sample) fell within the age range of 26-30 years. Furthermore, 38 respondents (19% of the sample) were between 31-35 years old. Moreover, 21 respondents (10.5% of the sample) were aged between 36-40 years. Additionally, 23 respondents (11.5% of the sample) were in the age range of 41-45 years. Lastly, 17 respondents (8.5% of the sample) were 46 years old or above.

On the level education 5 (27%) had completed primary education, 132 (66%) had completed secondary education while 14 (7%) had completed tertiary education. Marital status shows that 56 (28%) were single, 112 (56%) were married, 14 (7%) had divorce from their marriage while 18 (9%) were widowed. Finally, 175(87.5%) were Christians while 25 (12.5%) were traditional worshipers

Table 1 ***Demographic indices of respondents***

Sex:	Frequency	Percentage
Male	125	62.5
Female	75	37.5
Total	200	100
Age:		0

25 years and below	56	28
26-30 years	45	22.5
31-35 years	38	19
36-40 years	21	10.5
41-45 years	23	11.5
46 years and above	17	8.5
Total	200	100
Level of education:		0
Primary	54	27
Secondary	132	66
Tertiary	14	7
Total	200	100
Marital status:		0
Single	56	28
Married	112	56
Divorce	14	7
Widow	18	9
Total	200	100
Religion:		0
Christianity	175	87.5
Tradition	25	12.5
Total	200	100

Source: Authors Field survey, 2023

Test of hypotheses (Hypothesis I)

There is no significant relationship between availability of finance and the growth of micro, small and medium scale enterprises in Bakassi LGA. Pearson Product Moment Correlation Coefficient statistical technique was used to test this hypothesis. The result is presented in Table 2

Table 2 ***Pearson product moment correlation coefficient statistical analysis of the relationship between availability of finance and the growth of micro, small and medium enterprises (MSMEs).***

Table 2 Test of hypothesis I

Variable	$\sum x$	$\sum x^2$		
	$\sum y$	$\sum y^2$	$\sum xy$	r-cal
Availability of finance	3678	69864	64946	0.31
Growth of MSMEs	3501	62757		

Source: Author's Field work 2023

*$p<0.05$, d.f =198, critical r-0.196

The result in Table 2 revealed that the calculated r-value of 0.31 was found to be greater than the critical r-value of 0.196 needed for significance at 0.05 level of significance with 198 degrees of freedom. With this result, the null hypothesis is rejected. It therefore means that there exist a significant relationship between availability of finance and growth of MSMEs in Bakassi Local Government Area,

Hypothesis II

There is no significant relationship between technology and the growth of MSMEs in Bakassi LGA .Pearson product moment correlation coefficient statistical technique was used to test this hypothesis. The result is presented in Table 3

Table 3: ***Pearson product moment correlation coefficient statistical analysis of the relationship between availability of technology and the growth of micro, small and medium enterprises (MSMEs).***

Variable	$\sum x$	$\sum x^2$		
	$\sum y$	$\sum y^2$	$\sum xy$	r-cal
Availability of finance	3620	67900	62960	0.43
Growth of MSMEs	3501	62757		

Source: Author's Field work 2023

*$p<0.05$, d.f =198, critical r-0.196

The result in Table 3 revealed that the calculated r-value of 0.43 was found to be greater than the critical r-value of 0.196 needed for significance at 0.05 level of significance with 198 degrees of freedom. With this result, the null hypothesis is rejected. It therefore means that there exist a significant relationship between technology and growth of MSMEs in Bakassi Local Government Area,

Hypothesis III

There is no significant relationship between availability of human resource and the growth of MSMEs in Bakassi LGA of CRS. Pearson product moment correlation coefficient statistical technique was used to test this hypothesis. The result in presented in

Table 4: ***Pearson product moment correlation coefficient statistical analysis of the relationship between availability human resource and growth of micro, small and medium enterprises (MSMEs)***.

Variable	$\sum x$	$\sum x^2$		
	$\sum y$	$\sum y^2$	$\sum xy$	r-cal
Availability of finance	3574	66014	62170	0.46
Growth of MSMEs	3501	62757		

Source: Author's Field work.2023

*$p<0.05$, d.f =198, critical r-0.196

The result in Table 4 revealed that the calculated r-value of 0.46 was found to be greater than the critical r-value of 0.196 needed for significance at 0.05 level of significance with 198 degrees of freedom. With this result, the null hypothesis is rejected. It therefore means that there exist a significant relationship between availability of human resources and growth of MSMEs in Bakassi Local Government Area,

Discussion of Findings

The study shows that there is a meaningful relationship between the availability of money and the growth of small to medium-sized businesses, known as MSMEs, in the Bakassi area of Cross River State. These findings echo those from a study done by Hisrich and his team in 2010. They found that having enough capital plays a crucial role in helping these types of businesses grow. This conclusion is consistent with Wilson (2010), who discovered a link between the availability of finance and the expansion of micro and small businesses. According to the author, financial resources are critical for expanding current firms and acquiring new ones. This study found an important relationship between the use of technology and the growth of Micro, Small, and Medium Enterprises (MSMEs) in the Bakassi area of Cross River State. This means that as technology use increases, there is an associated growth in these enterprises, indicating that technology plays a significant role in the development of these businesses.

However, a study by Bullock et al. (2004) showed that a non-formal management structure and excessive control by the owner or manager over strategic and operational decisions can actually hinder the growth of these businesses, specifically micro and small enterprises (MSEs). The owner's excessive control can stifle innovation and flexibility, and the lack of formal structure can lead to inefficiency and confusion, which ultimately limit the growth and output of the business. Therefore, while technology is an important factor, effective management practices also significantly affect the success and growth of these businesses. He also discovered that MSEs with a less formal structure and those that were more inventive grew at a faster rate, particularly when their entrepreneurs had received formal training. Orser (2000) discovered a link between high levels of managerial ability and high levels of performance. Orser (2000) claimed that one of the primary challenges confronting SMEs is a lack of information about alternative sources of funding and the incapacity of SMEs to evaluate financing choices. Mambula (2002) conducted a research indicating that the primary hindrance to the expansion of micro and small enterprises (MSEs) was a lack of sufficient capital. This conclusion is consistent with earlier studies by Florida et al. (1996) and a later study by Livard Pang (2006), both of which pointed to a dearth of startup capital as a significant barrier to entering various forms of entrepreneurship. Furthermore, Pang's (2006) study revealed that a substantial 80% of participants cited the lack of capital as the most pressing challenge they faced when launching a business.

The findings of this study also show that there is a substantial link between human resource availability and the expansion of MSMEs in the Bakassi local government region. This conclusion is consistent with Kamau and Munandi’s (2009) findings, which indicated a substantial link between human resource availability and MSMEs’ development. The authors claim that tailoring and dressmaking businesses, for example, are very competitive and, despite their modest size, require effective marketing techniques to survive and develop. Stauart H. Britt (n.d.) reiterated these sentiments, saying: “It’s like winking at a girl in the dark if you don’t advertise (read: market). Nobody else understands what you’re doing, but you do. “In recent years, marketing has evolved from “hunting” to “gardening” in recent years (Kotler, 2003; Morgan, 1991). At its core, the goal of marketing is not about finding the right customers for a product. Instead, it's about finding the perfect product for the customers. This stresses the importance of innovation and creativity for success in the tailoring industry. Mogano (1991) highlighted the crucial role of effective marketing when it comes to a business's potential growth. Moreover, Mogano stressed that those who aim to improve their companies' performance should focus on upgrading their marketing skills.

The Summary

This study was conducted to find out factors that influence the growth of micro, small and medium enterprises in Bakassi Local Government Area, Cross River State. Three hypotheses were formulated to guide the study. Some related literature was reviewed with the objective of obtaining ideas from different authors as regards the variables of the study. The instrument used was the questionnaire, administered to two hundred respondents selected from the study area. The data collected was tested using the Pearson product moment correlation formula. Based on the analysis, the following results were obtained:

1. There is a significant relationship between the availability of finance and the growth of MSMEs in the Bakassi local government area.
2. There is a significant relationship between technology and the growth of MSMEs in the Bakassi local government area.
3. In Bakassi Local Government, there is a significant relationship between the availability of human resources and the growth of MSMEs.

The Conclusion

Based on the result of the study, the following is deducted as its conclusion. There is a significant relationship between availability of finance and the growth of MSMEs in Bakassi local government area. That is without available funds businesses could not expand the existing ones or acquired new one. Also the availability of new technology significantly influence technology and the growth of MSMEs in Bakassi local government area. There exist a significant relationship between availability of human resources and the growth of MSMEs in Bakassi Local government area.

The Recommendation

Based on the study's findings, the following suggestions were made:
Due to the difficulties that SMEs have in obtaining credit, an alternate strategy for funding SMEs is required. The study discovered a new approach for financing SMEs, which is outlined below:

1. To address the challenges that the SME sector has in terms of accessing funding, the federal government must collaborate with private-sector financial services providers. The usefulness of government subsidies in addressing SMEs' access to financing issues is a contentious topic that requires empirical investigation. As a result, it's critical to examine the efficacy of policy proposals in the Nigerian literature as well as track progress toward boosting SMEs' access to capital.
2. SME owners must network or create partnerships, pool financial resources, and occasionally collaborate on initiatives. A fund like this might assist these companies in making this move. This is because they will be able to find shared areas of strategic cooperation and collaboration when they connect. Second, such a fund would enable SMEs to have access to cash with little or no conditions attached, and at no or minimal cost of capital. Again, compared to loans from commercial banks or other lenders with no security, they would be under less pressure to repay without interest.
3. As a corporate monitoring mechanism, the government should offer group training and counseling as well as peer-to-peer checks.
4. Because credible information is the core of functioning markets, there should be a good conduit for information about sources of credit for SMEs and their advisers.

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