

The Influence of Small-Scale Businesses in Employment Generation and Economic Growth in Nigeria: A Case Study of Selected Business in Suburban Lagos

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Abstract

This research examines the roles of small-scale business (SSBs) in employment generation and financial growth, with a focus on businesses within the Ikorodu Local Government Area. The study employs a systematic methodology to address the research objectives, including hypotheses testing, population and sample selection, data collection, and analysis. A sample of fifty (50) respondents, drawn using simple random and stratified sampling techniques, provides a fair representation of the study population. Primary data were collected through questionnaires, ensuring cost-effective, time-efficient, and accurate data acquisition. The collected data were analyzed using frequency distribution tables and the chi-square test to assess whether observed proportions align with expected values. The findings reveal insights into the demographic and business characteristics of the sample, including gender distribution, age range, business duration, and educational qualifications of the respondents. The chi-square analysis tested two hypotheses: the significant role of SSBs in employment generation and financial growth. Results indicate that small-scale business significantly contribute to employment generation and the financial growth of the economy. This research offers valuable insights into the potential of small-scale businesses as drivers of economic development, with implications for policy and practice in promoting sustainable entrepreneurship.

Keywords: Small-scale businesses (SSBs), Employment generation, financial growth, Economic development, Sustainable entrepreneurship

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1. Introduction

Small-scale businesses (SSBs) are widely recognized as critical drivers of economic growth and employment generation in both developed and developing economies. These businesses serve as the backbone of many economies, fostering innovation, enhancing local economic activities, and providing a platform for entrepreneurial development. In Nigeria, where unemployment and underemployment rates remain significant challenges, small-scale businesses have emerged as a vital tool for addressing these socio-economic issues. By creating job opportunities and contributing to the gross domestic product (GDP), SSBs have demonstrated their potential to reduce poverty and promote inclusive economic growth. This study aims to examine the influence of small-scale businesses on employment generation and economic growth in Nigeria, with a specific focus on selected business in suburban Lagos (Thomas, et. al., 2024).

Suburban Lagos provides a unique context for this study due to its dynamic blend of urban and rural economic activities. As one of Nigeria's most populous states and a hub of commerce, Lagos harbors a diverse range of small-scale business that span industries such as retail, manufacturing, hospitality, and services. These businesses not only cater to the needs of the local population but also contribute significantly to the state's economy. However, the challenges faced by small-scale businesses in suburban Lagos, such as limited access to credit, infrastructural deficits, and regulatory bottlenecks, often hinder their full potential. This research explores how these businesses have impacted employment generation and economic growth despite these challenges (Oyalowo, 2022).

1.1 Background of the Study

The importance of small-scale businesses in driving economic development has been emphasized by numerous studies and global institutions. According to the International Labour Organization (ILO), small and medium business account for more than 70% of employment opportunities worldwide, particularly in developing countries. In Nigeria, SSBs represent over 90% of the industrial sector, employing a substantial portion of the workforce. These businesses provide a pathway for individuals, especially in suburban and rural areas, to escape the cycle of poverty by offering job opportunities and promoting skills development. Despite these contributions, the full potential of SSBs remains underutilized due to a range of systemic issues (International Labour Organization, 2019).

One of the key contributions of SSBs is their ability to foster employment generation through entrepreneurial ventures. In a country like Nigeria, where the formal sector is unable to absorb the growing labor force, small-scale businesses have become an indispensable alternative for job creation. By utilizing local resources, engaging informal workers, and operating in areas with minimal economic activities, SSBs have proven their adaptability and resilience in creating jobs. Moreover, their role in nurturing indigenous entrepreneurship helps stimulate innovation, thereby enhancing productivity and competitiveness in various sectors of the economy (Ayoade, 2016).

Economic growth in Nigeria has historically been driven by oil revenues, but this reliance has proven unsustainable in light of fluctuating oil prices and the global push toward renewable energy. Consequently, there has been a renewed focus on diversifying the economy by strengthening non-oil sectors such as agriculture, trade, and services, where SSBs are prominent players. These businesses contribute to economic growth by increasing household incomes, stimulating consumer spending, and generating tax revenues. Moreover, their activities often lead to the development of supporting industries, thereby creating a multiplier effect within the economy (Elwerfelli & Benhin, 2018).

This study also seeks to address the challenges that limit the effectiveness of small-scale businesses in suburban Lagos. These challenges include inadequate infrastructure, limited access to financing, a lack of technical expertise, and restrictive government policies. By understanding these constraints and exploring potential solutions, this research aims to provide actionable recommendations for policymakers, business owners, and other stakeholders. Ultimately, this study underscores the pivotal role that small-scale businesses can play in achieving sustainable economic growth and development in Nigeria (Olu, 2009).

1.2 Objectives of the Study

The primary objectives of this study are as follows:

1. To analyze the performance of small-scale industries.
2. To examine the contributions of small-scale business to employment creation.
3. To investigate the extent to which small-scale business enhances financial growth.
4. To identify key challenges limiting the operations of small-scale business.
5. To propose recommendations for improving the performance of small-scale business.

1.3 Statement of the Problem

Small-scale businesses (SSBs) play a critical role in driving employment generation and economic growth in Nigeria. Despite their potential, these businesses face numerous challenges that hinder their ability to maximize their impact. In suburban Lagos, where economic opportunities are limited and unemployment rates remain high, SSBs are expected to bridge the gap by creating jobs and fostering local economic development. However, many of these businesses struggle with limited access to funding, poor infrastructure, inadequate business management skills, and a lack of government support (Taiwo, et. al., 2012).

Additionally, while SSBs contribute significantly to employment, there is limited empirical evidence on the extent to which they affect economic growth in suburban Lagos. The lack of comprehensive data and understanding of their operational challenges, including market access, regulatory hurdles, and scalability issues, creates a knowledge gap. This gap makes it difficult for policymakers to design targeted interventions that enhance the role of SSBs in achieving sustainable economic growth.

This study seeks to address these problems by investigating how SSBs influence employment generation and economic growth, identifying the key challenges they face, and exploring strategies to optimize their contributions to the local economy (Powell, et. al., 2014).

1.4 Research Questions

- Does small scale business play any role in employment generation?
- Does small scale business contribute to financial growth?
- What are the major constraints hindering the activities of small-scale business in Nigeria?

Finally, the study employs both primary and secondary data collection methods, with secondary sources including textbooks, journals, Federal Office of Statistics reports, and CBN Annual Reports. Primary data will be gathered using questionnaires distributed to respondents selected through strategic sampling. The collected data will be presented using frequency distribution tables and analyzed with the chi-square statistical method to test differences between independent variables. The study is significant as it highlights how small-scale business (SSBs) can contribute to employment generation, financial growth, and economic recovery. Focusing on five SSBs in Lagos State, the research is strategically designed to represent the broader population of SSEs within the state while addressing limitations in scope (Kalu, et al., 2019).

2. Research Methodology

This section of the research focuses on the methodology employed to examine the roles of small-scale business in employment generation and financial growth. Methodology refers to the systematic study of principles guiding scientific investigation, encompassing procedures and techniques used to observe, control, or manipulate research variables. It outlines the process for data collection and analysis, ensuring that the research objectives are effectively addressed. This chapter covers several key aspects, including restating the hypotheses, defining the study population, determining the sample size and sampling procedures, identifying data sources, and explaining the methods of data analysis (Khan, et. al., 2023).

The study population comprises small-scale business centers within the Ikorodu Local Government Area, chosen for its manageable scope and relevance to the research objectives. The sample size of fifty (50) participants, representing male and female employees from selected business, was determined to ensure fair representation of the broader population. A combination of simple random and stratified sampling techniques was employed to enhance the reliability and inclusiveness of the study. Simple random sampling provided equal chances of selection, while stratified sampling ensured adequate representation across relevant subgroups. This methodological approach supports the study's aim to explore small-scale business' contributions comprehensively.

2.1. Source of Data/Method of Data Collection

The primary source of data serves as the main basis for analysis in this chapter. Data were collected through the administration of questionnaires to respondents. This approach is particularly effective for a widely distributed population as it is cost-efficient, time-saving, and minimizes errors that may arise from other data collection techniques.

2.2. Method of Data Analysis

The collected data will be analyzed using frequency distribution tables and the chi-square test, a statistical method employed to assess whether observed proportions are consistent with expected proportions. The test statistic is calculated using the formula:

$$X^2 = \sum \frac{(F_o - F_e)^2}{F_e}$$

Where:

- F_o = Observed frequency
- F_e = Expected frequency
- \sum = Summation across all categories

The decision rule for the chi-square test is as follows:

Reject the null hypothesis (that the population proportions are equal) if $\sum \frac{(F_o - F_e)^2}{F_e} > X^2$ at the chosen significance level (α).

- Accept the null hypothesis if $\sum \frac{(F_o - F_e)^2}{F_e} \leq X^2$.

For this research, a 5% significance level ($\alpha=0.05$) will be applied. In cases where the degrees of freedom equal 1, the test statistic simplifies to:

$$X^2 = \sum \frac{(F_o - F_e)^2}{F_e}$$

This approach ensures an objective evaluation of the data in relation to the research hypotheses.

3. Data Presentation and Analysis

This chapter presents and analyzes the data collected through questionnaires. Data analysis is a crucial part of research, as it helps interpret the responses and draw meaningful conclusions from the gathered information.

3.1. Presentation and Analysis

Table 1: Sex Distribution

Sex	Frequency	percentage
Male	22	44
Female	28	56
Total	50	100

Source: Field Survey, 2024

Table 1 presents the sex distribution of the sample population. Out of the 50 respondents, 22 are male, making up 44% of the total sample, while 28 are female, representing 56%. This table provides an overview of the gender composition of the study participants, highlighting a higher percentage of female respondents compared to males.

Table 2: Age distribution of respondents.

Age	Frequency	percentage
20 - 29 years	26	52
30 - 39 years	13	26
40 - 49 years	8	16
50 - above	3	6
Total	50	100

Source: Field Survey, 2024

Table 2 shows the age distribution of respondents. The majority of respondents, 52%, fall within the 20-29 years age range, followed by 26% in the 30-39 years range. A smaller proportion, 16%, is in the 40-49 years category, while only 6% are aged 50 and above. This distribution gives insight into the age demographics of the sample population. The total number of respondents is 50, representing 100% of the sample.

Table 3: Years of existence of business

Year	Frequency	Percentage
1 - 2 years	16	32
3 - 4 years	12	24
5 -6 years	9	18
7 above years	13	26
Total	50	100

Source: Field Survey, 2024

Table 3 presents the distribution of respondents based on the years of existence of their businesses. The highest percentage, 32%, represents businesses that have been in operation for 1-2 years. This is followed by 24% of businesses that have been running for 3-4 years, and 18% that have existed for 5-6 years. Businesses that have been in operation for 7 or more years make up 26% of the sample. The total number of respondents is 50, accounting for 100% of the sample.

Table 4: Educational Qualification of Respondents

Educational Qualification	Frequency	Percentage
WAEC/equivalent	20	40
NCE/OND/ equivalent	5	10
B.sc /HND/equivalent	19	38
Postgraduate	6	12
TOTAL	50	100

Source: Field Survey, 2024

Table 4 displays the educational qualifications of the respondents. The majority of the respondents, 40%, have a WAEC or equivalent qualification. Following this, 38% hold a B.Sc./HND or equivalent qualification. A smaller portion, 12%, have postgraduate qualifications. Additionally, 10% of respondents have an NCE/OND or equivalent. The total number of respondents in this table is 50, which constitutes 100% of the sample.

Table 5: Why did you decide to establish your own business enterprise?

Reasons	Frequency	Percentage
You could not secure Employment	29	58
You would like to be your own Manager	18	36
The capital was freely available	3	6
Total	50	100

Source: Field Survey, 2024

Table 5 presents the reasons why respondents decided to establish their own business. The majority, 58%, stated that they started their businesses because they could not secure employment. 36% of the respondents chose to start their own businesses because they wanted to be their own managers. A smaller percentage, 6%, indicated that they established their businesses due to the availability of capital. The total number of respondents in this table is 50, which represents 100% of the sample.

Table 6: How many employees do you have?

No Employee	Frequency	Percentage
None	11	22
1-5	19	38
6-10	12	24
11 & above	8	16
TOTAL	50	100

Source: Field Survey, 2024

Table 6 illustrates the number of employees in the respondents' businesses. It shows that 22% of businesses do not have any employees. The majority, 38%, employ between 1 to 5 people. 24% of businesses have between 6 to 10 employees, while 16% employ 11 or more people. The total number of respondents in this table is 50, representing 100% of the sample.

Table 7: What is your source of finance?

Source(s) of Finance	Frequency	Percentage
Personal saving only	20	40
Per. Sav. & Loan From banks	13	26
Loan from banks only	7	14
Savings from friends & relatives	10	20
TOTAL	50	100

Source: Field Survey, 2024

Table 7 shows the sources of finance for the respondents' businesses. It reveals that 40% of the businesses are financed solely by personal savings. 26% of businesses use a combination of personal savings and loans from banks. 14% rely exclusively on loans from banks, while 20% obtain their financing from savings contributed by friends and relatives. The

total number of respondents in this table is 50, which accounts for 100% of the sample.

Table 8: Is your salary payment competitive compare to large- scale structure?

Response	Frequency	Percentage
Yes	28	56
No	22	44
Total	50	100

Source: Field Survey, 2024

Table 8 presents the respondents' views on whether their salary payments are competitive compared to larger-scale organizations. According to the data, 56% of the respondents feel that their salary payments are competitive, while 44% believe they are not. The total number of respondents in this table is 50, making up 100% of the sample.

Table 9: Do you think you can do better with more capital?

Response	Frequency	Percentage
Agree	25	50
Undecided	16	32
Disagree	9	18
Total	50	100

Source: Field Survey, 2024

Table 9 displays the respondents' opinions on whether they believe they could perform better with more capital. The data reveals that 50% of the respondents agree that additional capital would help them improve their business, while 32% are undecided, and 18% disagree. The total sample size for this table is 50, representing 100% of the respondents.

Table 10: Do you have any constraints in obtaining loan from banks?

Response	Frequency	Percentage
Yes	19	38
No	31	62
Total	50	100

Source: Field Survey, 2024

Table 10 presents the respondents' views on whether they face any constraints in obtaining loans from banks. The results indicate that 38% of the respondents reported facing difficulties in securing loans, while 62% stated that they do not encounter any constraints. The total number of respondents in this table is 50, making up 100% of the sample.

Table 11: If yes what are the constraints?

Response	Frequency	Percentage
Absence of collateral security	12	24
Banks' lack of confidence in the viability of your business	17	34
Inability to provide financial records	7	14
A combination of the above	11	22
Other (please specify)	3	6
Total	50	100

Source: Field Survey, 2024

Table 11 outlines the constraints faced by respondents in obtaining loans from banks. The most common constraint reported was the banks' lack of confidence in the viability of their business, with 34% of respondents selecting this option. The second most frequent response was the absence of collateral security, reported by 24% of respondents. Additionally, 14% cited the inability to provide financial records as a constraint, while 22% identified a combination of the aforementioned issues. A smaller percentage, 6%, mentioned other unspecified reasons. The total number of respondents in this table is 50, representing 100% of the sample.

Table 12: Which of the following sources of finance do you know?

Response	Frequency	Percentage
Only the National Economic Reconstruction Fund	2	4
Industrial Development Center	4	8
Only the Small and Medium Loan Scheme	29	58
All of the listed options	2	4
None of the listed options	13	26
Total	50	100

Source: Field Survey, 2024

Table 12 presents the sources of finance known to the respondents. Most respondents, 58%, are familiar with only the Small and Medium Loan Scheme. A smaller proportion, 8%, are aware of the Industrial Development Center, while only 4% each know about the National Economic Reconstruction Fund and all of the listed options. Additionally, 26% of respondents indicated that they are unaware of any of the listed sources of finance. The total number of respondents in this table is 50, representing 100% of the sample.

Table 13: What do you think is militating against the progress of your enterprise?

Response	Frequency	Percentage
Capital shortage	26	52
Bad Environment	5	1
Government/Legal framework	12	24
Combination of above	7	14
Total	50	100

Source: Field Survey, 2024

Table 13 shows the factors respondents believe are hindering the progress of their business. The majority, 52%, attribute the challenges to a shortage of capital. A smaller percentage, 24%, point to issues related to government or the legal framework. Only 14% believe a combination of factors contributes to their struggles, while 10% cited bad environmental conditions. The total number of respondents in this table is 50, representing 100% of the sample.

Table 14: Do Small-Scale business play significant roles in employment generation?

Response	Frequency	Percentage
Yes	15	30
No	2	4
Very Much	21	42
Not Much	12	24
Total	50	100

Source: Field Survey, 2024

Table 14 highlights the respondents' views on the role of small-scale business in employment generation. The majority, 42%, believe that small-scale business plays a "very much" significant role in employment creation. 30% of respondents affirm the importance, indicating that small-scale business contributes significantly to employment generation. In contrast, 24% feel that their impact is "not much," and only 4% disagree entirely, stating that small-scale business does not contribute to employment. The total sample size for this data is 50 respondents, representing 100%.

Table 15: Do Small-Scale business play significant roles in financial growth of the economy?

Response	Frequency	Percentage
Yes	17	34
No	4	8
Very Much	26	52
Not Much	3	6
Total	50	100

Source: Field Survey, 2024

Table 15 presents respondents' opinions on the role of small-scale business in the financial growth of the economy. A majority of 52% strongly believe that small-scale business play a "very much" significant role in promoting financial growth. Additionally, 34% agree that these businesses contribute to financial growth, while 8% disagree, stating that they do not play a significant role. Only 6% of the respondents feel that the role of small-scale business in financial growth is "not much." The total sample size is 50 respondents, representing 100%.

3.2. Testing of Hypotheses

The two hypotheses in this research will be tested using chi-square, based on questions 11 and 2.

Hypothesis 1:

Step I:

- Ho: Small-scale business do not significantly contribute to employment generation.
- H1: Small-scale business significantly contribute to employment generation.

Table 16: Test for hypothesis 1

Response	Frequency	Percentage
Yes	15	30
No	2	2
Very much	21	42
Not Much	12	24
Total	50	100

Source: Field Survey, 2024

STEP II: Decision and Test

Accept the Null hypothesis H_{01} if the x^2 calculated is less than the x^2 tabulated, otherwise accept the alternative hypothesis.

Where $X^2 = \sum \frac{(F_o - F_e)^2}{F_e}$

Where:

F_o = Observed frequency

F_e = Expected frequency

\sum = Summation

Table 17: Step III - Presentation of result

Item	F_o	$F_e(50/4)$	$F_o - F_e$	$(F_o - F_e)^2$	$(F_o - F_e)^2 / F_e$
1	15	12.5	2.5	6.25	0.5
2	2	12.5	-10.5	110.25	8.82
3	21	12.5	8.5	72.25	5.78
4	12	12.5	-0.5	0.25	0.02
TOTAL					15.12

Source: Field Survey

$X^2 = \sum \frac{(F_o - F_e)^2}{F_e}$

X^2 Tabulated

The degrees of freedom (df) is 3 because there are 4 population proportions being considered, so $df = (4 - 1) = 3$. The significance level is 5% (0.05), and the tabulated value for X^2 is 7.815. Which value is greater?

STEP IV: Interpretation of result

The calculated value of X^2 is 15.12, while the tabulated X^2 value is 7.815 at a degree of freedom of 3. Since the calculated value exceeds the tabulated value, we do not have sufficient evidence to accept the null hypothesis that small-scale business do not play significant roles in employment generation in Nigeria. Therefore, we accept the alternative hypothesis, which asserts that small-scale business do play significant roles in employment generation in Nigeria.

HYPOTHESIS II

STEP I:

- Ho: Small-scale business does not play significant roles in financial growth.
- H1: Small-scale business play significant roles in financial growth.

Table 18: Test for hypothesis II

Response	Frequency	Percentage
Yes	17	34
No	4	8
Very much	26	52
Not Much	3	6
Total	50	100

Source: Field Survey, 2024

STEP II: Decision rule and test statistic

Accept the null hypothesis if the χ^2 cal. is less than χ^2 tab, otherwise accept the alternative hypothesis and reject the null hypothesis.

- F_o = Observed frequency
- F_e = Expected frequency
- Σ = Summation

The degree of freedom is 3 since the population proportion that are being considered are 4 so that $df = (4 - 1) = 3$
 The level of significance is 5% (0.05).

Table 19: Step II - Presentation of result

Item	F_o	$F_e (50/4)$	$F_o - F_e$	$(F_o - F_e)^2$	$(F_o - F_e)^2 / F_e$
1	17	12.5	4.5	20.25	1.62
2	4	12.5	-8.5	72.25	5.78
3	26	12.5	13.5	182.25	14.58
4	3	12.5	-9.5	90.25	7.22
TOTAL					29.2

Source: Field Survey, 2024

$$\chi^2 = \sum \frac{(F_o - F_e)^2}{F_e} = 29.2$$

X² Tabulated

The degree of freedom is 3 because the population proportions being considered are 4, so the degrees of freedom (df) is calculated as $(4 - 1) = 3$. The level of significance for the test is 5% (0.05), and the tabulated value for X^2 at this significance level is 7.815.

STEP IV: Interpretation of findings, results

The calculated value of X^2 is 29.2, which is greater than the tabulated value of 7.815 at a degree of freedom of 3. Based on this result, we do not have sufficient evidence to accept the null hypothesis that small-scale business do not play significant roles in the financial growth of Nigeria. Therefore, we accept the alternative hypothesis, which suggests that small-scale business do indeed play significant roles in the financial growth of Nigeria.

3.3. Discussion of the Results

In Table I, the sex distribution of the respondents indicates that 44% of the sample is male and 56% is female, showcasing a higher proportion of female entrepreneurs in the surveyed small-scale businesses. This gender imbalance is crucial for understanding the dynamics of small business ownership in the context of suburban Lagos, where women seem to be more engaged in entrepreneurship relative to men.

Table II offers a detailed analysis of the age distribution of respondents, with the largest group being between 20-29 years of age (52%). This reflects a youthful entrepreneurial spirit, possibly due to increased aspirations and access to resources aimed at fostering young entrepreneurship. The next largest group, 30-39 years (26%), indicates a growing maturity in business ventures, suggesting that many individuals in this category might have gained prior work experience or capital to expand their businesses. The smaller proportions in the 40-49 and 50+ categories may indicate a relatively lower interest in entrepreneurship among older age groups, possibly due to risk aversion or financial constraints.

In Table III, the years of existence of businesses reveal that 32% of businesses have been in operation for just 1-2 years, indicating that the majority of respondents are relatively new entrepreneurs. This highlights a high turnover rate among small-scale business, with many businesses still in their early stages of growth. The other categories, with decreasing percentages for longer operational periods, suggest that the longer a business operates, the more likely it is to encounter challenges in sustaining profitability or growth.

Table IV highlights the educational qualifications of the respondents, with 40% possessing WAEC or equivalent certificates. This suggests a relatively low level of formal education among many entrepreneurs, which could affect business management capabilities and overall growth potential. Conversely, 38% possess B.Sc./HND degrees or equivalent qualifications, indicating that a significant portion of the entrepreneurs have higher education, which could contribute positively to business decision-making and management strategies.

Table V discusses the reasons for starting businesses, with 58% of respondents citing the inability to secure employment as their motivation. This demonstrates the entrepreneurial drive among individuals who perceive entrepreneurship as a more viable alternative to formal employment. Meanwhile, 36% of respondents were motivated by the desire to be their own managers, emphasizing the value placed on autonomy and control in business operations. A smaller fraction (6%) established businesses due to readily available capital, suggesting that access to funding is a lesser motivator for starting a business in this sample.

Table VI provides insights into the size of the businesses in terms of the number of employees. A significant proportion of respondents (38%) employ between 1-5 people, which indicates the predominance of micro-business in the sample. Smaller percentages of businesses employing larger numbers of people (6-10 employees or 11+) further emphasize the tendency for small-scale business to operate with limited resources and manpower.

Table VII explores the sources of finance for respondents' businesses. Notably, 40% of businesses rely solely on personal savings, pointing to the self-financing nature of many small-scale business in this study. This finding highlights the importance of personal capital and financial discipline in sustaining business operations. The combination of personal savings and bank loans (26%) reveals that some entrepreneurs also turn to external sources, although reliance on bank loans remains limited (14%). Additionally, 20% of respondents obtain capital from friends and relatives, indicating the role of informal financing networks in supporting small businesses.

In Table VIII, the majority (56%) of respondents believe their salary payments are competitive with those in larger-scale organizations, suggesting that small businesses may offer comparable or attractive compensation packages relative to larger firms. However, the remaining 44% believe their salaries are not competitive, indicating a potential challenge for small-scale business in attracting and retaining skilled employees when competing with larger employers.

Table IX provides insights into respondents' opinions on the impact of additional capital on business performance. A majority (50%) agree that they could perform better with more capital, highlighting the critical role that financial resources play in scaling up small businesses. This reinforces the idea that access to finance is a significant determinant of business success. Conversely, 32% remain undecided, while 18% disagree, perhaps reflecting differences in business models or perceptions of financial needs.

Table X reveals that 38% of respondents face constraints in obtaining loans from banks, underscoring the challenges small-scale business face in accessing formal financing. This issue may stem from various factors such as collateral requirements, lack of financial records, or the perceived riskiness of small businesses in the eyes of financial institutions. However, the majority (62%) report no such constraints, suggesting that some entrepreneurs have managed to overcome these barriers, likely through alternative funding sources or successful interactions with financial institutions.

Finally, Table XI presents the constraints faced by respondents in obtaining loans from banks. The most significant constraint (34%) is the banks' lack of confidence in the viability of their businesses. This finding highlights the importance of business credibility and financial transparency in securing funding. Other constraints include the inability to provide financial records (14%) and the absence of collateral security (24%). These barriers are common challenges for small-scale business and may limit their ability to expand and sustain operations without external financial support.

Overall, the data from these tables offers valuable insights into the characteristics, challenges, and opportunities faced by small-scale business in suburban Lagos. These findings underscore the significant role that entrepreneurship plays in the

local economy, as well as the barriers to growth, particularly in terms of access to finance, education, and business sustainability.

4. Summary, Conclusion and Recommendations

4.1. Summary

This study examines various factors influencing small-scale business, focusing on employment generation and financial growth. The respondents were a balanced group, with 44% male and 56% female. Most of the participants were young, with 52% aged 20-29. The majority of businesses (32%) had been operating for 1-2 years, and most respondents (40%) held a WAEC or equivalent qualification. A significant number (58%) started their businesses due to an inability to secure employment, and 38% of the businesses employed between 1-5 people. Financing was primarily from personal savings (40%), and most respondents (56%) considered their salaries competitive compared to larger organizations. Half of the respondents believed they could perform better with additional capital. However, 38% faced difficulties in obtaining loans, with common constraints being banks' lack of confidence in their businesses.

4.2. Conclusion

The findings indicate that small-scale business play a crucial role in employment generation, especially for younger individuals who are unable to secure traditional employment. The businesses primarily rely on personal savings for financing, which limits their potential growth. Despite challenges in securing loans, respondents feel that more capital could significantly enhance their business performance. The study also reveals that while small-scale business are vital to financial growth, they still face significant barriers, particularly in terms of access to financial resources.

4.3. Recommendations

1. **Enhancing Access to Finance:** Efforts should be made to improve access to loans for small-scale business, possibly through government-backed initiatives or microfinance institutions that offer favorable terms for these businesses.
2. **Entrepreneurial Training and Support:** Given that many entrepreneurs start businesses due to a lack of employment opportunities, offering more targeted training programs could enhance their skills, enabling them to run their businesses more effectively and sustainably.
3. **Improving the Business Environment:** Government and financial institutions should collaborate to create a more supportive environment for small businesses, including reducing regulatory barriers and improving the overall ease of doing business.

By addressing these areas, small-scale business in Nigeria can thrive, contributing more effectively to employment generation and economic growth (Coronel-Pangol, et. al., 2023 and Onivefu et. al, 2023).

Conflict of Interest

The authors had no financial or personal relationship(s) that may have inappropriately influenced them in writing this article. The authors declare no conflict of interest. The authors declare that there are no competing interests while this research is conducted.

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Ethical considerations

The article followed all ethical standards appropriate for this kind of research.

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