

## Research Article

# Contribution and Performance of Small and Medium Scale Businesses on Socio Economic Development in Damaturu Yobe State

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**Abstract**— The goal of the study is to evaluate small and medium-sized enterprises' performance and contribution to the socioeconomic development of Damaturu, Yobe State. Additionally, the purpose of the study is to determine the contribution of small and medium-sized businesses to socioeconomic development in Damaturu, Yobe State, as well as to evaluate how well these businesses are performing in this regard. The investigation was guided by both classical and current notions. The research design used in the study was descriptive. The SMEs in Damaturu are the research's target population. A questionnaire was employed in the study as a data gathering tool. Using a straightforward random sampling method, eighty (80) SMEs were chosen from this population pool. The data are examined using the table and percentages way of presentation analysis, and the researcher uses the statistical tool chi-square to examine and assess the study's hypothesis. The study found that small and medium-sized business performance and socioeconomic development are significantly correlated, which is therefore acknowledged. It also found that small and medium-sized businesses specifically contribute to Yobe State's socioeconomic development. The study makes several recommendations, including that the federal government should work harder to ensure that banks established to support the revival of the SME sector—like NIRSAL—are always operating as expected in order to achieve the desired outcome; business organizations, particularly SMEs, should work toward registering their companies; maintaining proper records and developing strong business plans are also necessary in order to be eligible for government grants and aid.

**Keywords**— Contribution, Performance, Small and Medium Scale, Businesses, Socio Economic Development.

## 1. Introduction

Small and Medium Enterprises (SMES) are essential to a country's economic development. In both developed and developing nations, such as Nigeria, SMES actively participate in the industrialization and economic growth processes. In addition to boosting output and per capita income, SMEs also foster the efficient use of resources, which is seen to be essential for fostering economic development and expansion, and they generate job possibilities [9]. Therefore, small and medium-sized businesses' existence is highly inevitable due to their impact and potential contribution on a wide range of bases, as well as their accelerated effect in achieving macroeconomic objectives pertaining to full employment, income distribution, and the development of local technology. Therefore, it is impossible to overstate the significance of small and medium-sized companies in particular to the overall economic development of any country, especially one that is still developing like Nigeria, notably in Damaturu, Yobe state [16].

As a result of the significant contribution this subsector makes to economic growth, researchers, policy makers, and entrepreneurs are becoming increasingly interested in the development of Small and Medium Enterprises (SMEs) through efficient financing choices. Such industrial development and expansion are mostly driven by Small and Medium Scale Enterprises (SMES). This is primarily because of their enormous capacity to guarantee both the achievement of the fundamental goals of development and the diversification and extension of industrial production. SMES contribute to the achievement of self-reliance by utilizing local technologies and raw materials. Additionally, governments at all levels—local, state, and federal—have in one way or another concentrated on the ability of small and medium-sized businesses to generate revenue. Others concentrated on helping SMEs grow through soft loans and other fiscal incentives in order to enhance the socio-economic development of the economy, such as reducing poverty, creating jobs, enhancing human development, and improving social welfare of the populace [6]. While some governments had formulated policies aimed at facilitating and empowering the growth and development and performance of the SMEs.

[12] contends that in both industrialized and developing nations, small and medium-sized businesses are acknowledged as the primary driver of economic growth and as a key element in fostering private sector collaboration and development.

[18], they also aid in the creation of jobs and are frequently regarded as being crucial to the expansion and invention of dynamic economy on the socioeconomic development of the entire nation. As a result, small and medium-sized businesses are making an increasing contribution to both national and global economies. [2] enumerated the benefits that small and medium-sized businesses bring to an economy, particularly developing ones: increased use of raw materials, creation of jobs, promotion of rural development, entrepreneurship, mobilization of local savings, connections with larger industries, maintenance of regional balance through more evenly distributed investment, opportunity for self-employment, and opportunity for managers and semi-skilled workers to receive training.

### Statement of the Problem

The contribution of small and medium-sized enterprises to Yobe State Damaturu's economic development and growth. Small and medium-sized businesses are the main drivers of economic growth in many nations. According to [1], SMEs have accounted for over 70% of exports from countries like Malaysia, Thailand, China, and India, which explains why these nations have been expanding rapidly. Many obstacles face SMEs in Nigeria, which has a significant impact on their development.

Even though Nigeria has a large number of small and medium-sized businesses, especially in Damaturu, socioeconomic growth is typically a challenging goal to achieve. This leads to the project's tendency to evaluate small- and medium-sized enterprises' contributions to socioeconomic growth [11].

### Objectives of the Study

This study's primary goal is to evaluate the contribution of small and medium-sized enterprises to the socioeconomic development of Damaturu, Yobe State. The study's other particular goals are to:

i. Determine how small and medium-sized businesses have contributed to the socioeconomic growth of Damaturu, Yobe State.

ii. Assess the contribution of small and medium-sized enterprises to the socioeconomic advancement of Damaturu, Yobe State.

### Research Questions

The following Research Questions were put out in the study:

i. In what ways do small and medium-sized enterprises advance socioeconomic development?

ii. What impact has small and medium-sized enterprises had recently on the socioeconomic growth of Damaturu, Yobe State?

### Hypothesis of the Study

According to Baza (2016), a research hypothesis is a factual assertion concerning two or more variables that have not yet been evaluated. The null hypothesis chosen for this investigation is as follows.

**Ho1:** Damaturu, Yobe State's socioeconomic development is not aided by small and medium-sized enterprises.

**Ho2:** The performance of small and medium-sized enterprises and socioeconomic growth do not significantly correlate.

## 2. Related Work

In order to gain a more comprehensive understanding of what has already been documented by various writers regarding the impact of small and medium-sized business performance on the socioeconomic development of communities, as well as limiting factors on SME growth and strategies that have been put in place to promote the growth and development of SMEs, including the theoretical framework adapted by various researchers on the research topic, the researcher reviewed the relevant literature in this section of the study [15].

Nigeria still has a lot of promise, but it also has a lot of development reluctance. The nation is endowed with a vast amount of undeveloped solid mineral resources, petroleum, gas, and agricultural labor [8]. The nation has seen decades of political instability since gaining independence from British domination in 1960. This has resulted in a socially tensioned environment and an unstable business environment. Investors who had previously viewed the nation as a sizable and expanding market have been turned off by the subsequent violent takeover of government through military coup and the indigenization strategy in the late 1970s. Because of this administration, there is a perception of corruption, policy instability, inadequate infrastructure development, and a lack of public accountability. Nigeria was deemed a paradox by the World Bank due to these reasons [4]. Given that industrial production has decreased or stalled over the previous ten years, this is also true for the majority of sub-Saharan African nations [19].

Since gaining independence, the Nigerian government has reportedly spent enormous sums of money on programs to support small businesses and entrepreneurship that are funded by external funding institutions. These programs, however, have typically resulted in poor outcomes due to bureaucratic bottlenecks and end up in the pockets of public office holders. Notwithstanding these setbacks, it is impossible to overlook the importance of middle-class Nigerians' small businesses, which they founded with their own money, gifts, loans, and occasionally revenue. The important role SMEs play in development is acknowledged, per [12]. He read from the work of [20], who observed that SMEs continue to play a significant part in the economy of developed nations like the USA, where large cooperation is the norm. Additionally, as per the report of the Indian working group on science and

technology for small and medium-sized firms, SMEs hold a significant position in all countries, accounting for up to 90% of all enterprises. Globally, small and medium-sized enterprises (SMEs) are the main engine of innovation and support the domestic economy by generating jobs, investing, and exporting [6].

### Empirical Review

Conducted research on Nigeria's Small and Medium-Sized Enterprises: The Issues and Future Prospects [14]. The study's goal was to investigate how Nigerian small and medium-sized enterprises (SMEs) function in relation to issues that hinder their ability to grow and reach their full potential as well as opportunities for improvement and development that could lead to the creation of jobs, economic expansion, and national development. The study used a descriptive research design, wherein a structured questionnaire was given to a sample selected from the study population. Chi-square ( $X^2$ ) was used to examine the gathered data. It was discovered that, if handled correctly and attentively, small and medium-sized businesses play a critical part in the socioeconomic wellness of the populace. Based on the results, the research believes that reviving SMEs with a more resolute commitment to economic reform would be a game-changer in aiding Nigeria's economy's recovery and its overall development [7]. A study on the effects of small and medium-sized enterprises (SMEs) on Nigeria's socioeconomic development was carried out by [2]. Finding out how Nigeria's economy is impacted by small and medium-sized enterprises (SMEs) was the main goal. The study used a survey research approach, giving the sample selected from the study population access to a standardized questionnaire. The chi-square ( $X^2$ ) analysis of the data revealed that small and medium-sized enterprises (SMEs) play a significant role in stimulating the nation's economy. As a result, policies supporting the expansion and survival of SMEs have been implemented at all levels of government at various points in time. This suggests that small-scale industry orientation is ingrained in Nigerian history. There is ample proof in the villages regarding the achievements our great grandparents achieved with their own trading businesses, yam barns, cottage industries, and similar ventures [16].

A study on the effects of small and medium-sized businesses on the economy was carried out by [12]. The purpose of the study was to ascertain how small and medium-sized businesses affect the overall economy. The study used a survey research design, giving the sample selected from the study population access to a questionnaire. Chi-square ( $X^2$ ) was used to examine the gathered data. It was discovered that small businesses improve people's quality of life and create jobs for people, therefore their benefits to the economy cannot be overstated. Consequently, it is concluded that all tiers of government ought to support small businesses by means of loan advances and public awareness campaigns aimed at promoting entrepreneurship [9].

### 3. Theory/Calculation

The pertinent hypotheses related to the study are the main topic of this subsection. Two theories—the classical and the

modern theories—dominate the literature when it comes to discussing the effects of small and medium-sized enterprises. Among other publications, the foundational essays by [3], [18], and [17] are sometimes categorized as the "classical" ideas on the growth of SMEs. According to "classical" ideas, while economic development is characterized by rising incomes, big enterprises (Les) will eventually overtake SMEs in terms of advantages. According to "modern" views, MSMEs must fulfill two crucial tasks at once: to decrease poverty by increasing employment and income generation as a result of their created output growth, and to quicken economic growth by increasing their output contributions to the GDP. Through their growth linking effects, SMEs have indirect effects on economic growth and poverty reduction in addition to these direct ones. Through three key linkages—production (forward and backward), investment, and consumption—increases in MSME output and employment contribute to increases in output and employment in the rest of the economy [4]. In keeping with the arguments of the "modern" paradigm about the significance of SMEs in the economy, the World Bank provides three main justifications for helping SMEs in least-developed countries (LDCs) [9]. First, SMEs foster entrepreneurship and competition, which benefits the economy as a whole in terms of efficiency, innovation, and growth in overall productivity. Second, SMEs are typically more productive than Les, but their growth is hampered by the financial sector, other institutional flaws, and an unfavorable macroeconomic climate. Third, because SMEs require more labor than LEs do, their expansion increases employment more than LEs' growth. To put it another way, the World Bank thinks that direct government assistance to SMEs in least developed countries (LDCs) enables these nations to take advantage of the social advantages that result from their increased entrepreneurship and competition, and that MSMEs can spur economic growth and development [16]. The aforementioned considerations do not, however, imply that MSMEs can completely replace LEs in the economy or that LEs are not necessary. Even many authors express skepticism over the World Bank's pro-MSME agenda. Some writers highlight Les' benefits and cast doubt on the presumptions that underpin this pro-MSME strategy. In particular, LEs may benefit from economies of scale and more readily bear the fixed costs of research and development (R&D), which will increase productivity. The modern theory paradigm is used in this study [1].

Most governments around the world, particularly those in emerging nations like Nigeria, continue to place a high priority on the need to expand the industrial sector. It is anticipated that the Nigerian economy will have the capacity to compete on the world stage with the expansion of SMEs [16] and [6]. In Nigeria, successive administrations have persisted in expressing policy in recognition of these potential responsibilities of SMES. Recognizing the importance of SMEs to the Nigerian economy, the government included policies and efforts to support SME development in most of its plans for economic development in order to encourage the sector's continued expansion. [7] states that, despite the formidable obstacles these organizations face, a clear route for quickening the growth of SMEs has been established

through the creation of organizations like DFRRI, NDE, NAPEI, etc. The discovery theory's premise about the nature of possibilities directly informs its premise about the characteristics of entrepreneurs. Given that opportunities arise from external events inside an industry or market and are objective, observable in theory, all parties involved in that industry or market ought to be aware of them. The theory is predicated on three key tenets: (1) opportunities exist independently of entrepreneurs; (2) there are notable distinctions between entrepreneurs and non-entrepreneurs; and (3) the setting of decision-making is extremely risky. The discovery theory operates under the broad premise that opportunities are created and exploited by entrepreneurs [2].

pointed out that a number of events, including those related to politics, regulations, technology, societal changes, and demographic shifts, have the potential to upset the competitive balance in a market or industry and create new opportunities.

The foundation of the discovery hypothesis is the realist premise of science philosophy, which holds that opportunities, like mountains, exist as genuine, objective things that are unaffected by human behavior. Thus, discovery theory must inevitably assume that entrepreneurs who discover opportunities are significantly different from others in their ability to either see opportunities or, once they are seen, to exploit these opportunities in order to explain why entrepreneurs associated with an industry or market are willing and able to exploit opportunities while non-entrepreneurs are not [18],[25].

The nature of opportunities, according to creation theory, does not exist independently of entrepreneurs, in contrast to discovery theory. Depending on one's mental capacity. Furthermore, there is a great deal of uncertainty in the decision-making context and an inherent uncertainty in the nature of entrepreneurs compared to non-entrepreneurs. Accordingly, it maintains that opportunities do not always arise from markets or sectors that already exist [15].

According to "modern" theories, small and medium-sized enterprises (SMEs) have two crucial roles to play at the same time: they must reduce poverty by creating jobs and income through the growth in their output contributions to the GDP, which will accelerate economic growth. Theoretically, SME's "growth-linkage" effects have additional indirect benefits on poverty alleviation and economic growth in addition to these direct ones. Production (forward and backward), investment, and consumption are the three key linkages via which gains in SME output and employment lead to growth in output and employment in the rest of the economy [22].

The articles by Anderson [23], [19], [15], and others support the classical views. According to conventional ideas on the development of small and medium-sized businesses, the benefits of SMEs will gradually wane and giant businesses will eventually take the lead throughout the period of economic expansion characterised by an increase in revenue. They contend that big businesses, which have a better future than small and medium-sized businesses, should receive the

required assistance. However, contemporary ideas place a strong emphasis on the contribution that small and medium-sized businesses provide to economic development and growth. The works of [8] and [19] in East Asian nations that are just beginning to industrialize, such as Taiwan and South Korea, as well as the literature on flexible specialization thesis based on numerous experiences from SMEs in Western European nations, all support this.

### **Measurement Contribution and Performance of Small and Medium Scale Enterprise, The Contribution and Performance of Small and Medium Scale Enterprise**

Small and medium-sized businesses continue to be essential to a country's economic development, especially in emerging nations like Nigeria. Based on empirical research, it has been demonstrated that small and medium-sized companies play a crucial role in driving economic growth in both developed and developing nations. This is because these industries tend to support both stable industrial structures and equitable capital distribution for industrial expansions. SMEs are crucial to the economic development of emerging nations like Nigeria [5].

Since SMEs serve as a breeding ground for local entrepreneurs and skill sets as well as channels for local savings, they should be prioritized in state development objectives. This will ensure a more equitable distribution of income and slow the movement of labor from rural to urban areas. They are also the answer to reducing poverty and generating wealth for the underprivileged. [10]. Without a question, small and medium-sized businesses are the primary drivers of economic growth and development as well as a key factor in fostering collaboration and development in the private sector [12]. He goes on to say that the main obstacle to Nigeria's recent industrial development has been the lack of a robust, dynamic, and virulent small- and medium-sized business subsector, despite the fact that 40% of the industrial labor force in the USA, 50% in Germany, and 80% in Japan make up this sector. The national income of the nation is around 39% derived from small and medium-sized businesses [11].

[2] contend that the unfavorable effects of SMEs on the Nigerian economy, which has had record-low growth and a declining future as measured by the country's literate populace, which has greater access to better jobs and health care, housing, food, and other necessities of life, but low per capita income. It has also been bemoaned that the metrics typically employed to assess the performance of small and medium-sized enterprises (SMEs) comprise the percentage of the working population that SMEs employ in a given economy, the percentage that SMEs contribute to the GDP of the nation by developing managerial and technical capacity, and the percentage that SMEs' employees generate locally generated revenue for the government [21].

## Measurement of Businesses & Economic Growth and Development

### Businesses & Economic Growth and Development

The Nigerian government paid more attention to SME activity in an attempt to diversify the country's economy. The Nigerian government was forced to order banks to open branches in the nation's rural areas in the mid-1980s due to the over-reliance on oil revenue, thereby providing residents with access to financial services [9], [14]. The Nigerian government's audacious policy gives a lot of individuals, particularly rural entrepreneurs, the chance to acquire bank loans for money. According to research, SMEs make up the majority of all business sectors in the global economy [12], [6]. He went on to say that SMEs promote faster employment growth than larger companies. Instead, Nigeria has drawn a lot of attention for its potential for growth and development, particularly in the agricultural sector, where small-scale independent contractors engage in agro-allied processing operations, demonstrating the nation's inclination toward agriculture. Furthermore, according to OECD [19], SMEs make up more than 90% of all businesses outside of the agriculture industry, provide a sizable amount of jobs, and produce a sizable amount of revenue both domestically and internationally. For this reason, it is a vital tool in the fight against poverty in both rich and developing nations, such as Nigeria. Additionally, SMEs support the development of rural infrastructure, raise the standard of living for rural residents, make better use of local resources, expand output, transform indigenous technology, produce intermediary goods, and generate more revenue for the government [11], [7], & [5].

argued that while petroleum oil is seen as having a significant impact on Nigeria's position, around 70% of Nigerians are employed in profitable jobs by SMEs. According to the available data, the agriculture industry contributes between 35 and 40 percent of the GDP of the country. The majority of those involved in the agricultural sector are self-employed small-scale farmers who also work in handicrafts, fisheries, agroforestry, and raising animals. The government is saved in areas of economic diversification by these SMEs' efforts.

According to [18], [8], [23], and [7], SMEs play a significant role in promoting the creation of jobs, technological invention and innovation, the growth of entrepreneurial skills, the equitable distribution of income and resources, the emergence of more competitive industries, and an overall improvement in the standard of living for residents of an economic region. Furthermore, an empirical study on "The role of Entrepreneurship in Economic Development: The Nigeria perspective" by [5], [13] demonstrates the important role that SMEs play in the expansion and development of Nigeria. The study involved the random selection of 100 SMEs from a cross-section of all small and medium-sized enterprises in several states of Nigeria. This presents SMEs as a system or driving force behind national economic progress. [3] disclosed a school of thinking that concluded SMEs are the key to the development and expansion of the economies of the majority of emerging nations. This claim is supported by [1], which states that the establishment of SMEs is a

significant catalyst and a crucial factor in the development and survival of the Nigerian economy. [3] further states that numerous business and government organizations view the expansion of SMEs as a vital component of economic growth and development.

## 4. Experimental Method/Procedure/Design

This section aims to describe the many approaches and tactics used to complete this research project. The research design, study population, sample size and procedure, data collection tool, data analysis method, operationalization, and variable measurement are all presented in this chapter. The data are supported by facts that help the researcher highlight how small- and medium-sized firm performance affects socioeconomic growth.

The researcher tests and analyzes the study's hypothesis using the statistical tool chi-square after collecting the data and presenting it using a table and percentages technique. The researcher will use this statistical method to determine whether to accept or reject the hypothesis.

The chi-square formula is presented as:

$$X^2 = \sum \frac{(O - E)^2}{E}$$

**Where:**  $x^2$  = Subject of chi – square  
 O = Observed frequency  
 E = Expected frequency

The degree of freedom is calculated based on the formula stated below:

$$DOF = (R - 1) (C - 1)$$

**Where:** R = Number of Rows  
 C = Number Columns

## 5. Results and Discussion

Using the available data, the chapter examined the impact that small and medium-sized businesses' performance had on Yobe State's socioeconomic development. Thus, the chapter also has the opportunity to confirm the veracity of the theory that was first presented in chapter one. The chapter includes an overview of the research findings as well as the presentation, analysis, and interpretation of the data. Seventy of the eighty surveys that the researcher sent to respondents were correctly completed and returned. And 87% of the questionnaire is made up of this, which is enough to allow the researcher to present and analyze the data. For the sake of clarity and sorting out, the chapter is divided into two categories: biographical information about the responders and thematic information.

### Test of Hypothesis

The process of determining whether to accept or reject the hypotheses is known as the test of hypotheses. There were null and alternate hypotheses for each hypothesis. At the 5% level of significance, the hypotheses were tested

using chi-square (X<sup>2</sup>). The following is the formula for computing chi-square (x<sup>2</sup>), per Hamburg (1979):

$$X^2 = \frac{\sum(O - E)^2}{E}$$

Where: x<sup>2</sup> = Subject of chi-square  
 O = Observed frequency  
 E = Expected frequency  
 Σ = Summation Sign

The degree of freedom is calculated based on the formula stated below:

$$DF = (R - 1) (C - 1)$$

Where: R = Number of Rows  
 C = Number Columns

A comparison was performed between the significance table and the computed X<sup>2</sup> value. Decision Rule: If the computed X<sup>2</sup> value is smaller than the critical or table value, accept the null hypothesis (H<sub>0</sub>); if not, reject it.

**Hypothesis I**

**H<sub>0</sub>:** Small and medium-sized enterprises don't advance the socioeconomic advancement of Yobe State's Damaturu.

**H<sub>a</sub>:** Damaturu, Yobe State's socioeconomic development is aided by small and medium-sized enterprises.

But in order to test the hypothesis, the values from the responses in tables 4.6, 4.7, and 4.8 will be used as values for the contingency table.

**Table 5.4: Contingency table for testing hypothesis (I)**

Variables	SA	A	UN	DA	SD	Total
Table 4.9	36	20	2	6	6	70
Table 4.10	20	6	2	6	36	70
Table 4.11	40	6	4	8	12	70
<b>Total</b>	<b>96</b>	<b>32</b>	<b>8</b>	<b>20</b>	<b>54</b>	<b>210</b>

**Expected Frequency**

The expected frequency is computed as follows:

$$Fe = \frac{C \times R}{N}$$

Where: C = Column Total  
 R = Row Total  
 N = Grand Total

From the observed and expected frequencies, chi-square (X<sup>2</sup>) is calculated thus:

$$X^2 = \frac{\sum(Fo - Fe)^2}{Fe}$$

Where: Fo = frequency observed  
 Fe = frequency expected  
 X<sup>2</sup> = Chi-square  
 Σ = Summation  
 n = Number of sample

**Table 5.5: Computation of the Chi-square from the Contingency Table**

Fo	Fe	(Fo-fe)	(Fo-fe) <sup>2</sup>	Σ(Fo-Fe) <sup>2</sup> /Fe
47	39	8	64	1.641
9	15	-6	36	2.4
3	4	-1	1	0.25
6	6	0	0	0
5	4	1	1	0.25
20	39	-19	361	9.256
38	15	23	529	35.267
2	4	-2	4	1
6	6	0	0	0
4	4	0	0	0
49	39	10	100	2.564
7	15	-8	64	4.267
6	4	2	4	1
6	6	0	0	0
2	4	-2	4	1
<b>Total</b>				<b>58.895</b>

Consequently, 58.895 is the computed chi-square (X<sup>2</sup>) value. Calculating the degree of freedom (DF) is necessary in order to get the chi-square table value.

Therefore the degree of freedom = (r - 1) (c - 1)

Where r = number of rows in the contingency table

c = number of columns in the contingency table

$$DF = (3 - 1) (5 - 1)$$

$$= (2) (4)$$

$$= 8$$

The table value is 16.5073 with a degree of freedom of 8 and a significance level of 5% (0.05).

The computed or calculated number of 58.895 is greater than the table value of 16.5073. The null hypothesis is rejected in light of the aforementioned. Thus, it can be said that "small and medium-sized businesses contribute to Damaturu, Yobe State's socioeconomic development."

**Decision Rule**

The computed chi-square value of 58.895 from the above computation is higher than the chi-square value of 16.5073 from the table. The null hypothesis should be rejected and the alternate hypothesis should be accepted in light of the above-mentioned figures. Thus, it can be said that "small and medium-sized businesses contribute to Damaturu Yobe State's socioeconomic development."

**Hypothesis II**

**H<sub>0</sub>:** The socioeconomic development and the performance of small and medium-sized firms do not significantly correlate.

**H<sub>a</sub>:** The success of small and medium-sized enterprises and socioeconomic development are significantly correlated. But in order to test the hypothesis, the values from the responses in tables 4.6, 4.7, and 4.8 will be used as values for the contingency table.

**Table 5.1: Contingency table for testing hypothesis (I)**

Variables	SA	A	UN	DA	SD	Total
Table 4.6	36	20	2	6	6	70
Table 4.7	40	10	0	14	6	70
Table 4.8	38	8	4	4	16	70
<b>Total</b>	<b>114</b>	<b>38</b>	<b>6</b>	<b>24</b>	<b>28</b>	<b>210</b>

**Expected Frequency**

The expected frequency is computed as follows:

$$Fe = \frac{C \times R}{N}$$

Where: C = Column Total  
R = Row Total

N = Grand Total

From the observed and expected frequencies, chi-square (X<sup>2</sup>) is calculated thus:

$$X^2 = \sum \frac{(Fo - Fe)^2}{Fe}$$

Where: Fo = frequency observed  
Fe = frequency expected  
X<sup>2</sup> = Chi-square  
∑ = Summation  
n = Number of sample

**Table 5.2: Computation of the Chi-square from the Contingency Table**

Fo	Fe	(Fo-fe)	(Fo-fe) <sup>2</sup>	∑(Fo-Fe) <sup>2</sup> /Fe
36	38	-2	4	0.105
20	13	7	49	3.769
2	2	0	0	0
6	8	-2	4	0.5
6	9	-3	9	1
40	38	2	4	0.105
10	13	-3	9	0.692
0	2	0	0	0
14	8	6	36	4.5
6	9	-3	9	1
38	38	0	0	0
8	13	-5	25	1.923
4	2	2	4	2
4	8	-4	16	2
16	9	7	49	5.444
<b>Total</b>				<b>23.038</b>

As a result, 23.038 is the computed chi-square (X<sup>2</sup>) value. Calculating the degree of freedom (DF) is necessary in order to get the chi-square table value.

Therefore the degree of freedom = (r - 1) (c - 1)  
Where r = number of rows in the contingency table  
c = number of columns in the contingency table  
DF = (3 - 1) (5 - 1)  
(2) (4)  
= 8

With eight degrees of freedom and a significance threshold of 5% (0.05), the table value comes out to be 16.5073. The computed or calculated number of 23.038 is greater than

the table value of 16.5073. The null hypothesis is rejected in light of the aforementioned. Therefore, it can be said that "the performance of small and medium-sized businesses and socioeconomic development are significantly correlated."

**Decision Rule**

The computed chi-square value of 23.038 from the above computation is higher than the chi-square value of 16.5073 from the table. In light of the foregoing, the null hypothesis should be rejected and the alternative hypothesis accepted. Thus, it can be said that "the performance of small and medium-sized businesses and socioeconomic development are significantly correlated."

**Results and discussion**

Based on the hypothesis tests conducted in this chapter thus far, it can be stated that socioeconomic development and small- and medium-sized firm success are significantly correlated. Because Yobe State's Damaturu Local Government Area's socioeconomic growth is positively impacted by the successful operation of small and medium-sized businesses. This result is consistent with research conducted by [9] on the subject of Small and Medium Scale Enterprises in Nigeria: The Issues and Future Prospects. The study used a descriptive research design, wherein a structured questionnaire was given to a sample selected from the study population. Chi-square (X<sup>2</sup>) was used to examine the gathered data. It was discovered that, when handled correctly and cautiously, small and medium-sized businesses are crucial to the socioeconomic well-being of the populace. The study draws the conclusion that reviving Small and Medium-Sized Enterprises (SMEs) with a stronger commitment to economic reform will be a turning point in aiding Nigeria's economy and national development based on the findings. The results of the second hypothesis test indicate that small and medium-sized enterprises contribute to Yobe State's socioeconomic development in a particular way. This study showed that there are several options for small and medium-sized businesses to enhance the socioeconomic growth of the Damaturu Local Government Area. These results are consistent with a study on the effects of SMEs on Nigeria's socioeconomic development that was carried out by [13]. The study used a survey research approach, giving the sample selected from the study population access to a standardized questionnaire. The chi-square (X<sup>2</sup>) analysis of the data revealed that small and medium-sized enterprises (SMEs) play a significant role in stimulating the nation's economy. As a result, policies supporting the expansion and survival of SMEs have been implemented at all levels of government at various points in time. This suggests that small-scale industry orientation is ingrained in Nigerian history. In the communities, there is much proof of the achievements our great grandparents achieved with their individual trading businesses, yam barns, cottage industries, and similar ventures.

**6. Conclusion and Future Scope**

The results of the study showed that the socioeconomic development of Yobe State's Damaturu Local Government

Area is greatly influenced by small and medium-sized businesses, and that one of the biggest obstacles to the growth of these businesses in the Local Government and the State as a whole has been the availability of capital [3], [9]. The study looks into how Yobe State's Damaturu Local Government Area's economic development is impacted by small and medium-sized businesses. Small and medium-sized businesses are undoubtedly one of the tools employed in any society to promote socioeconomic growth. The study's findings unequivocally confirmed that the number of small and medium-sized enterprises has grown and that they are contributing to the local government's efforts to reduce poverty.

Similarly, the study demonstrated that Yobe State's Damaturu Local Government Area has benefited greatly from the presence of small and medium-sized businesses in terms of job creation, and that the government's efforts to reduce poverty have also contributed to the development of the local economy. Small and medium-sized businesses have also made significant contributions to Yobe State's Damaturu Local Government Area's economic development. An important shortcoming in Nigeria's recent industrial growth process has been the lack of a robust SME subsector. Regrettably, SMEs have not contributed as much to Nigeria's economic development and progress as was anticipated of them. Motivated by the study's conclusions, SMEs in Damaturu still have a long way to go before they can be sufficiently productive and fulfill the crucial function that they are supposed to in terms of fostering the expansion and development of Nigeria's economy. The difficulties and issues facing Damaturu's small and medium-sized enterprises (SMEs) are multifaceted and require a coordinated effort from all relevant parties, including the federal, state, and local governments, banks, regulatory agencies, SMEs (owners and management), staff, and other donor organizations. Thus, this study comes to the conclusion that Yobe State's socioeconomic development is significantly influenced by small and medium-sized businesses. The primary cause for SMEs' exceeding expectations in respect to our environment is their performance. This covers, among other things, our culture, the way the government is run, the way policies are formulated, and how well they are carried out. In conclusion, in order to see greater socioeconomic growth and development in local government, small and medium-sized businesses should receive special attention from the State government through encouragement and promotion of the sector.

### Recommendations

The conclusions led to the following suggestions being made:

1. To improve the performance of their businesses, Nigerian small- and medium-sized business owners should receive training.
2. In order to lower the unemployment rate in Nigeria, the government should give more capital funding to young people who have viable business ideas; Nigerian banks should support the growth of small and medium-sized businesses by lowering interest rates and other loan fees.

### Suggested Areas for Further Research

Hereby, the research fields listed below are suggested.

- i. From 2022 to 2023, a particular group of Nigerian SMEs were the exclusive subject of the study. As a result, further investigations in Nigeria that involve many banks and cover a longer period of time are necessary.
- ii. Researchers in this area have the chance to carry out comparable studies using other non-financial performance measures as their dependent variables. With regard to providing appropriate e-service quality that optimizes a bank's worth, this endeavor can help provide accurate recommendations to the Nigerian banking sector. This is especially important because most of the evidence used in previous studies came from other countries.
- iii. It is imperative that this study's scope be expanded to include more geographical areas of Nigeria in subsequent investigations. Given that the present survey was only carried out in the Nigerian state of Bauchi, this expansion will enhance our understanding.

### Contribution to Knowledge

The findings of the study have consequences for managerial, policy, theoretical, and practical areas. The noteworthy and significant effects of the study's components provide bank executives and managers with an opportunity to make well-informed decisions, enabling them to create better strategic strategies. Practitioners and stakeholders will also make use of the research's insights to communicate the benefits of bank credit, which will improve non-financial performance and customer service.

### Conflict of Interest

This unique replica is not being considered for publishing anywhere and has not been disseminated. There are no conflicts of interest to declare as a result.

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There was no external funding for this study.

### Author Contributions

Each author made an equal contribution to this research project. They all looked over and verified the original manuscript's final draft.

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