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Article

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The pertinence of infrastructural facilities in rejuvenation of small scale enterprises in Ikare Akoko , Ondo State, Nigeria

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Abstract: The potency of small scale industries in socio economic transformation is awe-inspiring; while inadequate infrastructure poses a gargantuan limitation and a major clog in the wheel of socio- economic revamping. The paper underscores the relevance of infrastructural facilities in rejuvenation of small scale industries, using Ikare Akoko as a case study. The paper adopts a total sampling method; on the whole One hundred and fifteen questionnaires were administered to the proprietors of the small scale enterprises. The paper has reveals a grossly inadequate power supply, which is also regarded as the most germane and influencing infrastructure in the performance of the small scale industries. With the exception of telecommunication, the paper has found out a negative relationship between water supply, effective transportation system, adequate health facilities and the small scale industries. The correlation analysis carried out to test the effectiveness of the infrastructural facilities and the socio economic performance of the small scale industries reveals a non-significant value of 0.799 at 0.005 levels. It was vivid from the research that government has an infinitesimal contribution to infrastructure development of Ikare Akoko. The research reveals the consequences of the unsatisfactory level of infrastructural development such as, low productivity, socio-economic malaise as well as discouragement and lowering the morale of the small scale proprietors. The paper therefore, suggests an integrated approach to infrastructural development at the local, state and federal level. The private sector participation would also contribute to the alleviation of this major bane to the thriving and development of the small scale enterprises.

Keywords: Infrastructural facilities, Small scale industries, Socio-economic performance, Ikare Akoko

JEL codes: I21, I23

1. Introduction

The quality of infrastructure existing in a region has a significant impact on the technological attainment, standard of living and socio-economic wellbeing of the habitants. The critical role of

infrastructure in the industrial development of any nation cannot be over emphasized. That is why; many developed countries in the world thrive on the provision of necessary infrastructure to drive their economies. Hence the development of a society depends on availability of infrastructure at homes or industries. Infrastructure is generally defined as the physical framework of facilities through which goods and services are provided to the public. Its linkages to the economy are multiple and complex, because it affects production and consumption directly, creates positive and negative spillover effects and involves large inflow of expenditure.

Infrastructural facilities typically refer to the technical structures such as roads, bridges, water supply, sewers, electrical grids, telecommunications, and so forth. It is the physical components of interrelated systems providing commodities and services which essentially sustain the development of small scale industries. Nevertheless, infrastructure provision enhances the production and distribution network of key sectors in the economy and promotes overall economic growth. In the process they also tend to affect the cost structure and productivity in these sectors, thereby promoting growth and development in each of these sectors.

The state of infrastructures in Nigeria has remained a matter of concern given the importance of infrastructures in the economic wellbeing of the populace and the growth and development process of the small scale businesses. Unfortunately, various performance indicators in respect of these infrastructural facilities point to the fact that their performance remained unsatisfactory. Regrettably, the poor state of infrastructural facilities has been the malaise of Nigeria's economic development. The near collapse of public infrastructure in the country is occasioned by many years of neglect by the government as well as lack of maintenance culture and effective planning. For example, real, meaningful infrastructure investment and development in public electricity (power generation and supply) dates back to the 1970s and 1980s. Infrastructure investment and development are of key strategic importance and constitute the bedrock and catalyst for sustained economic growth and development. This is because infrastructure development creates the enabling environment to stimulate business and industrial activities, thereby enhancing productivity, reduced operational cost, job creation, income generation, wealth creation, poverty reduction, new ventures and business opportunities.

Small scale industries is recognized as an integral component of economic development and a driving force for economic growth, job creation and poverty reduction in developing

countries. It however offers productive outlet for the enterprising and independent minded people and it is believed that through the promotion of small scale manufacturing enterprises; it will be possible to generate substantial indigenous entrepreneurship and facilitate effective mobilization of local resources such as land, labour and capital. The problem of regional disparities, brain drain and rural-urban migration could be solved by small scale firms. Despite the numerous small scale industries in Nigeria, its contribution to diversification of our economic structure has been insignificant. This paper therefore posits that the performance of small scale enterprises could be understood from the perspective of infrastructural facilities, using Ikare Akoko as a case study.

2. Conceptual Issues/ Literature Review

There has been an understanding among scholars that infrastructure affects development of a society (Abosedra et al., 2009; Mandel, 2008; Frischmann 2007). Attesting to the plights of Nigerians, (Oshaghae, 2007) ’’argued that the states has not played the role expected of it’’. This raises some questions such as the mismatch between policy and practice and the rationale behind state failure in discharging its responsibilities including provision of adequate infrastructure.

Obateru (2003) elaborated on the meaning and scope of infrastructures, which according to him is “synonymous with public utilities, community facilities and services”. Public utilities include Water supply, Electricity supply, Gas supply, Sewerage, Storm water drainage and Telephone service. Social (community) facilities include Educational facilities, Health facilities, Post Office and Postal agencies, shopping areas, Recreational areas and facilities, Religious buildings, Cultural facilities like Libraries, Art galleries and Museum. Social (community) services are Police protection, Fire protection, Street cleaning and maintenance, Street lighting, and Garbage and Refuse collection and disposal.

World Development Report (1994, 1996), Ahluwalia (1991), and others have identified infrastructure problems as a main factor threatening the sustainability of economic recovery. Such bottlenecks create significant impediments to the expansion of industrial output. Small scale industries has a multiplier effects on the economy of a region, hence the role of small scale industries as catalyst and a booster of socio-economic development are immense (Fagbohunka, A. 2014). They have been the means through which accelerated economic growth and rapid

industrialization have been achieved (Ibrahim, T.A, 2010, Cook and Henry 2007). It is also a feeder service to large scale industries (Baselm, L. 2008).

Akinbinu (2001) observed that existing industries have to provide their own water by digging boreholes, generate their own power through the provision of stand-by generators for electricity supply. For new investments projects cost has to include the cost of providing these utilities in the new factory site. CBN (2008) while investigating how infrastructural constraints affect the performance of the small scale industries in Nigeria submitted that the performance of some of the key infrastructural facilities has been very poor.

3. The Study Area and Methods

Ikare Akoko lies between latitudes 70 31' and 70 32' North of the equator and longitudes 50 44' and 50 46' East. Relatively, Ikare Akoko is bounded by settlements like Ogbagi-Akoko in the west, Ugbe- Akoko in the east, "Arigidi- Akoko in the north and Akungba -Akoko in the south. Ikare-Akoko being among the major town in Ondo state has fast becoming an important commercial center because of its nodal position.

Ikare-Akoko occupied an area of about 180sq km, and the population according to the 1963 census was 61,669; this grew up to 76,876 in 1991 census. In recent years, the influx of people to Ikare Akoko made the population to increase due to the various opportunities and in the 2006 population census it was given as 126,625 (FBS 2007). Currently Ikare Akoko is growing at a faster rate and the population characteristics include increase in birth rate, high migration rate, which has greatly resulted to an increase in human activities such as commercial banking, business centers emergence of shopping complex and small scale industries like block industries, bakery (bread baking industries) Garri processing industries, oil palm processing. These acts not only increase the population of Ikare Akoko but have led to a high generation of solid and other waste products. The city is a trading point of production of cocoa, palm kernel, Kola nut, and also food crops and vegetables.

Total sampling method was adopted in the questionnaire administration which was carried out in six wards that constitute Ikare Akoko. Forty eight questionnaire was administered in Ilepa, Twenty four in Ikado, Twenty one in Iyo meta, Nineteen in Orun, Sixteen in Oyinmo

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and Twenty three in Aruwa. This makes a total of one hundred and fifty-one questionnaires which was administered. The paper also employed data from secondary sources.

4. Findings

Table 1. Demographic Characteristic of the Proprietors of the Small Scale Enterprises

1.	Sex	Number	Percentages
	Male	99	65.6
	Female	52	34.4
2.	Age (in years)		
	Less than 20	06	4.0
	21-30	26	17
	31-40	32	21
	41-50	36	24
	51 – 60	23	15
	Above 60	28	19
3.	Duration of Business (in years)		
	Less than 10	63	42
	10-20	72	48
	21-30	11	7.0
	Above 30	05	3.0
4.	Level of Education		
	No Formal education	19	13
	Primary education	46	30
	Secondary Education	51	34
	Tertiary Education	35	23
5.	Marital Status		
	Married	103	68.2
	Single	32	21.2
	Divorced	05	03.3
	Separated	11	07.3

Source: Author's analysis, 2015.

Table 1 depicts the socio-economic variables of the proprietors of the small scale business. Ninety-nine (65.5%) are males, while 62 (34.4%) are females. The respondents ages vary; 6 (4.0) are less than 20years, whereas 36(24%) are between 41 and 50 years. Seventy-two (48%) attested to have been in business between 10 and 20 years, while the business duration of 5(3%) respondents were above 30 years. The level of education reveals a no formal education amongst 19(13%) respondents, whereas 51 (34%) have a secondary education. The marital status shows that 103(68.2) are married as compared to 32 (21.2%) that are single.

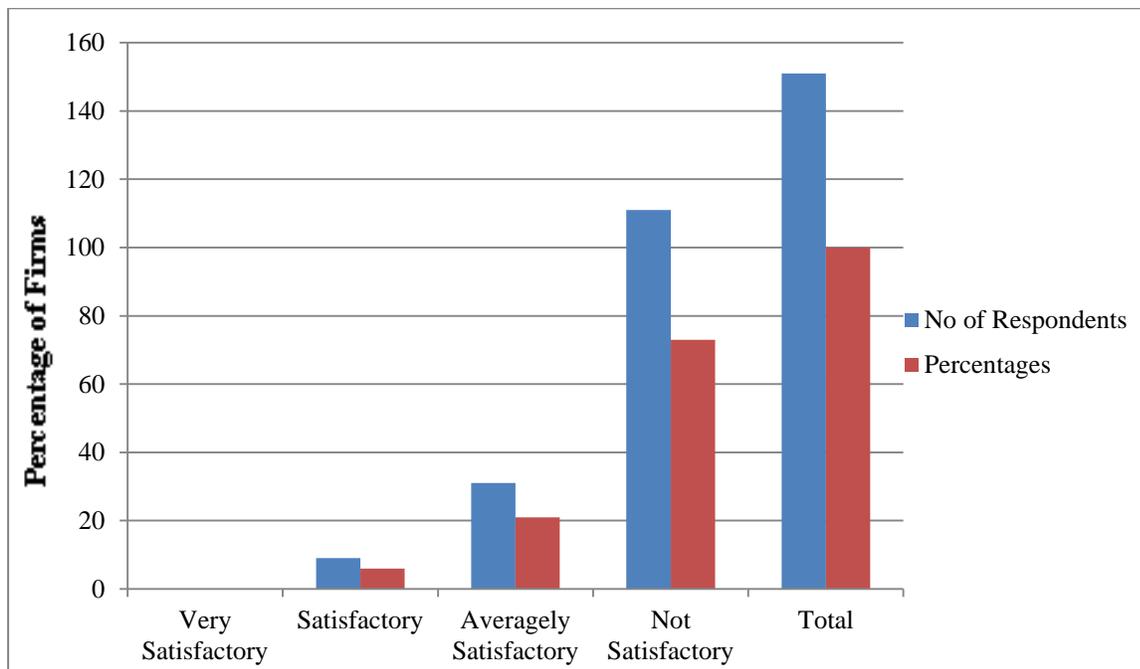
Table 2. The relevance of Power supply in Rejuvenation of Small Scale Enterprises

The Relevance of Power supply	No of respondents	Percentage
Adequate	-	
Inadequate	45	30
Grossly Inadequate	106	70
Nil	-	
Total	151	100

Source: Author’s analysis, 2015.

Table 2 reveals the relevance of power supply in revamping the small scale enterprises. One hundred and six respondents (70%) agreed a grossly inadequate power supply, while 45(30%) opined inadequate power supply.

Figure 1. The Place of Water Supply in the thriving of Small Scale Business



Source: Author’s analysis, 2015.

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Fig. 1 shows the place of water supply in the thriving of the small scale business. Out of 151(100%) respondents, 9(6%) believed a satisfactory state of water supply, whereas 111(73%) agreed that water supply has not been satisfactory.

Table 3. Transportation System and the Enhancements of the Small Scale Enterprises

The Place of Water supply	No of respondents	Percentage
Very Effective	-	-
Effective	19	12.6
Averagely Effective	36	23.8
Ineffective	96	63.6
Total	151	100

Source: Author's analysis, 2015.

Table 3 depicts the transportation system and the enhancements of small scale enterprises. Nineteen (12.6%) respondents attested to the effectiveness of transportation system, whereas 96 (63.6%) certified the ineffectiveness of the transportation system.

Table 4. The Significance of Health Facilities in curtailing health Challenges amongst the Small Scale Business workers.

Significance of Health Facilities	No of respondents	Percentage
Very Significant	11	7.3
Significant	47	31.1
Insignificant	72	47.7
Nil	21	13.9
Total	151	100

Source: Author's analysis, 2015.

Table 4 shows the significance of health facilities in curtailing health challenges among the small scale business workers. Eleven (7.3%) respondents opined very significant, whereas 72(47.7%) agreed an insignificant contribution of health facilities in alleviating the health challenges of workers.

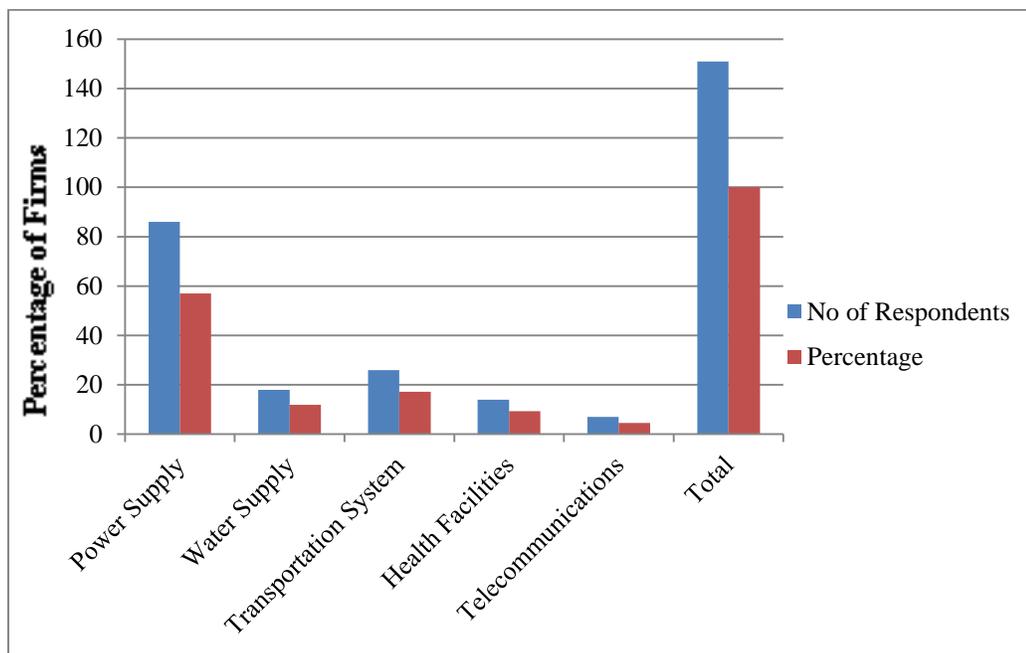
Table 5. The Influence of Telecommunications in the thriving of Small Scale Business

Influence of Telecommunications	No of respondents	Percentage
Positive	142	94
Negative	-	-
Nil	09	06
Total	151	100

Source: Author’s analysis, 2015.

Table 5 reveals the influence of telecommunication in the thriving of small scale business. Out of 151(100%) respondents, 142 (94%) attested to positive contribution, while 9(6%) opined nil.

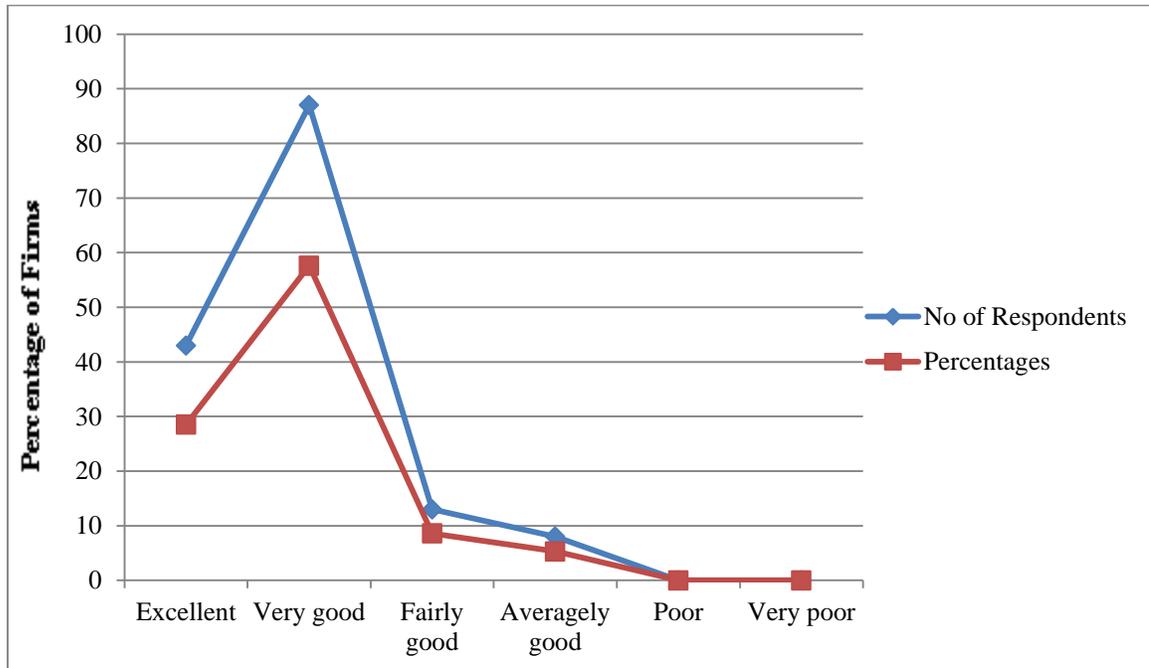
Figure 2. The Dominant Infrastructure amongst the Small Scale Enterprises



Source: Author’s analysis, 2015.

Fig. 1 shows the dominant infrastructure amongst the small scale enterprises. Eighty -six (57%) respondents believed power supply is the most dominant, while 26 (17.2%) opined transportation system. However, telecommunication was the least as agreed by 7 (4.6) respondents.

Figure 3. The Proprietors view about the Socio- Economic Performance of the Small Scale Enterprise



Source: Author's analysis, 2015.

It is apparent from Fig. 3 that, 43 (28.5%) respondents agreed an excellent performance of small scale enterprises socio – economically, whereas 87 (57.6%) agreed a very good performance. Eight (5.3%) opined an average performance.

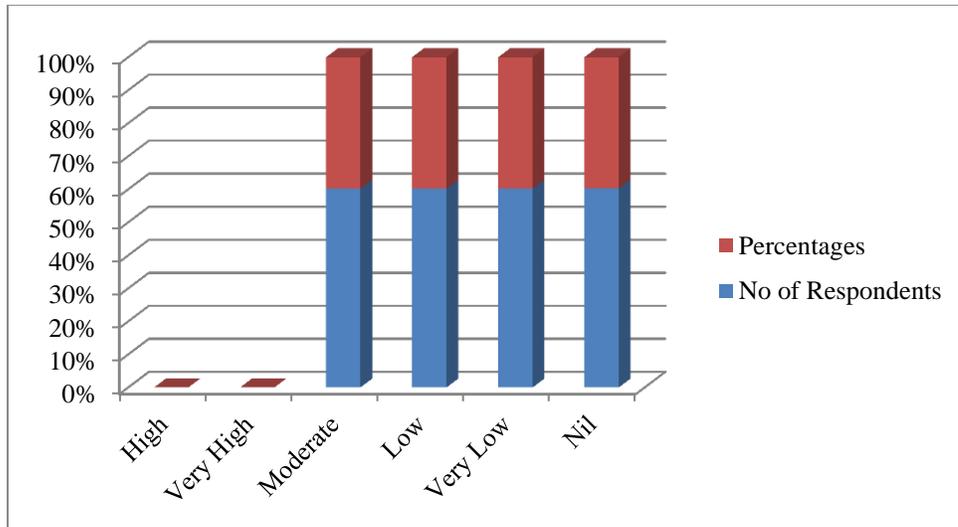
Table 6. Analysis of the Correlation of the Effectiveness of Infrastructural Facilities and the Socio-Economic Performance of the Small Scale industries**Correlations**

		Effectiveness of Infrastructure	Socio-Economic Performance
Effectiveness of Infrastructure	Pearson Correlation	1	.799
	Insig. (2-tailed)		.043
	N	11	11
Socio-Economic Performance	Pearson Correlation	.799	1
	Insig. (2-tailed)	.043	
	N	11	11

Source: Author's analysis, 2015.

The analysis of Pearson Moment correlation carried out to test the effectiveness of infrastructural facilities and the socio- economic performance of the small scale enterprises is depicted in table 6. The dependent variable is the infrastructural facilities, while the independent variable is socio-economic performance. A correlation analysis between the infrastructural facilities and socio-economic performance resulted in a value of 0.799 which is not significant at the 5% level. This implies that the infrastructural facility is not significantly related to the socio- economic performance, hence the infrastructural facilities has an insignificant contribution to socio-economic performance of the small scale business.

Figure 4. Level of Infrastructural Development in Ikare Akoko



Source: Author’s analysis, 2015.

It was vivid from Fig.3 that, 74(49%) respondents rated the level of infrastructural development very low, while 56(37.1%) rated it low. Sixteen (10.6%) rated the level of development as moderate, whereas 5(3.3%) opined nil.

Table 7. Inadequate Infrastructure and its Consequences on the Small Scale Business Proprietors

Consequences of Inadequate Infrastructure	No of respondents	Percentage
Low Productivity	88	58.3
Socio-Economic Malaise	21	13.9
Low morale	42	27.8
Total	151	100

Source: Author’s analysis, 2015.

Table 7 has shown the consequences of inadequate infrastructure as reported by the respondents. This ranges from low productivity 88(58.3%), socio-economic malaise 21(13.9%) to low morale 42(27.8%).

Table 8. Government contribution to the Alleviation of Infrastructural Facilities Problem

Government Contribution	No of respondents	Percentage
Very Satisfactory	-	-
Satisfactory	18	11.9
Averagely Satisfactory	24	15.9
Not Satisfactory	109	72.2
Total	151	100

Source: Author’s analysis, 2015.

Table 8 shows government contribution in alleviating the infrastructural facilities problem; one hundred and nine (72.2%) respondents believed it is not satisfactory, whereas 18 (11.9%) agreed satisfactory.

5. Summary and Conclusion

The paper has examined the relevance of infrastructural facilities in the revamping of small scale enterprises. The paper has found out a grossly inadequate power supply, which is the most dominant infrastructure in the small scale business. It must be noted that the epileptic power supply constitutes a major frustration to industrial enterprise in the African countries, especially Nigeria. Incessant power supply has led to constant closure of many industrial organizations which could have significantly helped to boost the local economy. The research further reveals unsatisfactory water supply and ineffective transportation. The inadequate transportation has a serious consequence on the economy, because the consumers have to bear the burden in form of increased prices of goods and commodities. The paper also reveals an insignificant contribution of health facilities in curtailing the health challenges of the workers of the small scale business.

It was vivid from the research that telecommunication has a tremendous influence on the thriving of the small scale enterprises. Telecommunication was the least dominant of the entire

infrastructure. The Proprietors opined a very good socio- economic performance of the Small Scale Enterprises. A correlation analysis between the infrastructural facilities and socio-economic performance resulted in a value of 0.799 which is not significant. This implies that the infrastructural facilities have an insignificant contribution to socio- economic performance of the small scale business. The level of infrastructural development was however, rated very low by the small scale business proprietors, while the consequences of the inadequate infrastructural facilities ranges from low productivity, socio-economic malaise to low morale. The research reveals that government contribution in alleviating the infrastructural facilities problem has not been satisfactory.

Small scale business is an important sector which is capable of generating a multiplier effect and boosts the local economy of a region; it could lead to socio-economic transformation and sustenance. The paper therefore, recommends an integrated approach to infrastructural development at the local, state and federal level. The private sector participation would also contribute to the alleviation of this major bane to the thriving and development of the small scale enterprises.

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*Istota obiektów infrastrukturalnych w ożywieniu małych przedsiębiorstw
w Ikare Akoko , Ondo State, w Nigerii*

Streszczenie

Siła małych przedsiębiorstw przemysłowych podczas transformacji budzi podziw, natomiast nieodpowiednia infrastruktura tworzy ogromne bariery i stanowi główną blokadę w społeczno-ekonomicznej reorganizacji. Niniejszy artykuł podkreśla znaczenie obiektów infrastrukturalnych w ożywianiu małych przedsiębiorstw przemysłowych, bazując na studium przypadku Ikare Akoko. W tekście przyjęto łączną metodę doboru próby – 115 kwestionariuszy ankietowych skierowano do właścicieli małych przedsiębiorstw. Na podstawie wyników badań stwierdzono, że ma miejsce wyjątkowo niedopasowana do potrzeb podaż energii, zaś infrastruktura energetyczna została uznana za najistotniejszą z punktu widzenia działalności małych przedsiębiorstw. Za wyjątkiem telekomunikacji, istnieje negatywna zależność pomiędzy zaopatrzeniem w wodę, efektywnym systemem transportowym, odpowiednią służbą zdrowia a małymi przedsiębiorstwami przemysłowymi. Analiza korelacji, przeprowadzona w celu przetestowania efektywności obiektów infrastrukturalnych oraz społeczno-ekonomicznej kondycji badanych przedsiębiorstw, wykazała nieistotną wartość 0,799 na poziomie 0,005. Zobrazowało to badanie, zgodnie z którym rząd w nikłym stopniu przyczynia się do rozwoju infrastruktury w Ikare Akoko. Wyniki ukazały konsekwencje niezadowolającego poziomu rozwoju infrastruktury, do których należały niska produktywność, marazm społeczno-gospodarczy, a także zniechęcenie i obniżenie morale małych przedsiębiorstw. W artykule zasugerowano w związku z tym zintegrowane podejście do rozwoju infrastruktury na poziomie lokalnym, państwowym i federalnym. Udział sektora prywatnego mógłby przyczynić się do złagodzenia tej głównej bariery dla dobrego prosperowania i rozwoju małych przedsiębiorstw przemysłowych.

Słowa kluczowe: obiekty infrastrukturalne, małe przedsiębiorstwa przemysłowe, kondycja społeczno-ekonomiczna, Ikare Akoko.