

Co-Operative Societies and the Development of Small-Scale Furniture and Tailoring Enterprises: Evidence from Delta State, Nigeria

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Abstract: In order to examine the role of co-operative societies in small-scale enterprises development, 420 SSEs, including 231 dress-making and 189 furniture-making enterprises were randomly selected with the aid of structured questionnaires in 9 major towns in Delta State, Nigeria. The results showed that co-operative societies play a statistically significant role in the growth and development of SSEs. Although, there was a positive correlation between workforce and co-operative loan, the result was not statistically significant. Also, co-operative societies did not enhance the acquisition of entrepreneurial skills in the small-scale informal sector. Average income per year was found to increase with firm size, while labour productivity decreased with size. Firms employing 1-3 persons had the highest income per worker of ₦44,000.00 per annum. Personal savings, savings and rotating credit groups, and co-operative societies were the major sources of financing SSEs. Lack of access to finance and high cost of materials and equipment were found to be the principal constraints to the operations of SSEs in Delta State, Nigeria. Therefore in order to boost output in the small-scale enterprises' sector, the authors recommend the establishment of Skills Acquisition Centres for the youths, as well as the local fabrication of needed tools and equipment.

Key words: Small-scale tailoring and furniture enterprises, co-operative financing, entrepreneurial skills acquisition, employment generation, delta state, Nigeria

INTRODUCTION

There is no universally accepted definition of Small-Scale Enterprises (SSEs). Thus, SSEs tend to differ in definition among individuals in various countries. This differences in definition is due to differences in the organization of business in countries at different levels of economic development or even regional differences in industrial development within the same country. In spite of the above difficulty, basically SSEs have mainly been defined based on the level of turnover, investment capital and the size of employees. According to Central Bank of Nigeria^[1], small-scale enterprises are establishments whose annual turnover does not exceed ₦500,000.00. In the same year, the Federal Ministry of Industries in Nigeria, defined SSEs as enterprises having investment capital (investment in land, building, machinery and

equipment and working capital) of up to N 60,000.00 and employing no more than 50 persons. This definition thus looks at SSEs on the basis of both investment capital and number of employees. The Nigerian Bank for Commerce and Industries^[2] also categorized enterprises investing not more than ₦500,000.00, excluding the cost of land as small-scale enterprises.

However, Steel and Webster^[3] and Gauthier^[4] defined small-scale enterprises on the basis of the number of workers. Enterprises that employ between 4 and 29 employees irrespective of their capital investment are considered SSEs.

Small-scale enterprises have a lot of contributions to make to the economy of Nigeria, and to that of Delta State in particular. Therefore, their establishment and operation should be promoted. Small-scale enterprises in Nigeria can bring about the following;

- Provide managerial and technical training for the majority of unskilled and semi-skilled workers engaged in SSEs.
- Promote effective domestic resources utilization.
- Reduction of rural-urban migration.
- Production of intermediate goods for use in larger enterprises.

Apart from the above, SSEs also provide employment opportunities for a large number of the population. Besides they can form the foundation for the development of indigenous industries in Nigeria. The dynamic role of small-scale enterprises in developing countries as engines through which the growth objectives of such countries can be achieved has long been recognized^[5]. This is because during the early stages of economic development SSEs help to create employment and wealth, particularly in low income countries.

Although, there are no recent statistics to show the number of existing micro and small-scale enterprises in Delta State, a preliminary survey reveals a large presence of Tailoring and Furniture making enterprises in major towns in the State. The growing interest in custom-made clothes is one of the reasons why tailoring enterprises are thriving in the area, coupled with the fact that low capital investment in space and equipment are needed. Besides, there appears to be more sewing mistresses than men in this segment of the SSEs. The rapidly changing fashion styles of women is another factor that may have contributed to the growth and development of tailoring enterprises in the study area. Women clothes go quickly out of fashion and there is a stronger desire to make new designs among the women folk. However, most of the tailoring outfits are informal businesses.

Furniture making enterprises in Delta State invest more in space and equipment. This is because relatively larger space area is needed for their production and marketing. Although, they are not expanding as fast as tailoring enterprises, average size of employees is higher. A situation that may be due to the greater number of apprentices observed. The rising cost of raw materials, wood, foams, polishes and equipment has greatly raised the price of a piece of furniture in Nigeria. The objective of the study therefore is to examine the socio-economic characteristics of small-scale entrepreneurs in the study area; investigate the role of co-operatives in financing SSEs, as well as the effect of co-operatives in employment creation and skill acquisition in the area of study.

The following hypotheses will be tested in the study:

- H_0 : Co-operative societies do not play a significant role in the growth and development of SSEs.
- H_0 : Loans from co-operative societies do not generate employment in SSEs.
- H_0 : Activities of co-operative societies do not enhance the development of entrepreneurial skills in SSEs.

The role of small-scale enterprises in economic development: Small-scale enterprises are reputed to be behind most of the socio-economic transformation in South East Asia and they play a significant role in the development of sub-Saharan Africa countries^[6]. This is so because, during the early stages of economic development, SSEs provide great opportunities for creating employment and wealth. Thus SSEs have been noted as vital instruments for poverty alleviation^[7].

In the period after independence, many African countries, including Nigeria attempted to leap directly to a modern industrial structure through public investment in large-scale industries. The Federal Government often took the lead for lack of a strong indigenous entrepreneurial class and to avoid dependence on foreign investors. But inadequate attention to economic viability and market prospects resulted in substantial excess capacity, with many large public firms unable to survive without heavy protection or subsidies. Many enterprises were squeezed first, by economic crises and, subsequently by Structural Adjustment Policies (SAP) that reduced protection, cut back subsidies, restrained demand, and changed relative prices. Given budgetary restraints and a policy shift away from direct ownership of productive enterprises, governments have had to look increasingly to the private sector to take the lead in future industrialisation process.

According to Anderson^[8] industrialisation process normally involves initial rapid growth of production in small-scale enterprises, some of which may expand into medium and large-scale firms or survive in market niches even as large-scale industries gradually come to dominate the size distribution. This has been the thrust of the Nigerian government since the economic reform of the 1980s (SAP). According to Inang and Ukpong^[9], SSE have the potentials for developing domestic linkages for rapid and sustainable industrial development. Besides their production relying heavily on local raw materials, they are in a better position to boost urban employment due to the wide spread nature of their activities. SSE particularly in the urban informal sector have been seen to absorb a growing labour force, especially in situations where the formal sectors are not expanding enough to match the alarming numbers of the unemployed.

Since economic development is about improving the living standard of the populace, SSEs through their spread are more able to create wealth for the benefit of the rural and urban poor, by improving their income-generating abilities. SSEs, particularly in the informal sector have a high absorptive capacity. According to ILO^[10] it was estimated that employment growth in the sector was 5.6% per annum in Uganda compared to less than 1% per annum in the formal sector. It was projected that the informal sector would absorb 20% of annual increase in the urban labour force.

Small-scale enterprises and employment creation:

Small-scale rural and urban enterprises have been an area of major concern to policy makers in an attempt to accelerate the rate of growth in developing countries. According to Kayanula and Quartey^[5] SSEs have been recognized as the engines through which the growth objectives of developing countries can be achieved. SSEs are potential sources of employment creation and it is estimated that SSEs employ 22% of the adult population in developing countries^[9].

Although, the role of SSEs in job creation is very well known, the lack of statistics makes it difficult to really quantify their impact. Small businesses have advantages over their large-scale counterparts. Due to their flexibility, SSEs are able to withstand adverse economic conditions. Small businesses are more labour intensive than larger firms and thus, have lower capital costs associated with job creation.

In Delta State, Nigeria, Tailoring and Furniture enterprises are many and new ones are opening monthly. The labour intensive nature of these businesses make them successful in urban centres where they slow down the migration of unemployed persons to large cities. Although, there are no reliable statistics on the number of people employed in the aforementioned SSEs in the study area, the fact that a sizeable number of persons earn their livelihood from the mentioned SSEs is not in doubt.

Small-scale businesses can create employment in two major ways. Firstly, by self-employment of the owners of the enterprises and secondly, through paid workers employed to work in small-scale, firms. In Delta State, majority of jobs created by small firms are self-employment of the proprietors. Only a small proportion of workers work full-time while others are apprentices. It should be noted however, that apprenticeship is another medium by which SSEs create employment in rural and urban areas. This is so because, the trainees later set up their own small businesses practicing their trade at the expiration of their period of apprenticeship.

In a study in Cameroon, Gauthier^[4] found that employment rose by 44% among SSEs between 1987-1997 while it declined by 9 percent among large scale enterprises. This was attributed to the inability of large enterprises to adjust to the deregulated economic environment which led to poor sales. SSEs on the other hand, were able to adjust their mode of operation owing to their flexibility and this raised employment. Similar findings were reported by Steel and Webster^[3] in a study of SSEs in Ghana.

Furthermore, SSEs make better use of scarce resources than large scale firms. Reports from many developing countries have shown that capital productivity is higher in SSEs than larger firms. This is because, smaller businesses are labour intensive and use very small amount of capital. Hence, Steel and Webster^[3] argued that promoting SSEs in developing countries will create more employment opportunities, lead to a more equitable distribution of income and will ensure increased productivity with better technology.

MATERIALS AND METHODS

Area of study: Delta State, which is one of the nine states in the Niger Delta region of Nigeria is the location of the study. Delta State is located approximately between longitude 5°00' and 6°45' east and latitude 5°00' and 6°30' north of the equator and bounded in the south by Bayelsa State, in north by Edo State, in the east by Anambra State and in the west by the Bight of Benin. The State is made up of 25 local government areas with Asaba as its capital. It occupies a total land area of 17,698 square kilometres with a population of 2,570,181 people. Delta State is the largest producer of crude oil in Nigeria. Also a great number of SSEs are operating in the State particularly, in the urban areas where a greater proportion of the population is concentrated.

Sampling method and data collection: A combination of structured and non-structured questionnaires were administered randomly to 420 small-scale Tailoring and Furniture enterprises in 9 major towns in Delta State, Nigeria in order to obtain data for the study. The towns included Asaba, Agbor and Ogwash-Uku in the north; Effurun, Sapele and Ughelli in the central and Oleh, Ozoro, and Warri in the southern industrial zones. Owing to lack of reliable data on the total number of small-scale Tailoring and Furniture enterprises in the study area, it was difficult to select respondents for the study. However, a reliable list of Furniture and Tailoring SSEs was obtained from a list of operators who paid their

annual operating rate to the 9 local government councils in the year, 2004. Therefore, from a sample frame of 1219 of the aforementioned enterprises, 420 SSEs including 231 tailoring and 189 furniture-making enterprises, were selected randomly using multi-stage sampling technique. Firstly, 9 towns with a high concentration of the chosen SSEs were purposely selected after stratifying the State into three industrial zones. Secondly, 48 SSEs made up of 24 dress-making and 24 furniture makers were chosen randomly from each town to make a total sample of 432 respondents for the study.

Data for the study were collected as primary data from a cross section of Tailoring and Furniture enterprises and they included socio-economic characteristics of the business owners, performance of the SSEs, problems of small-scale enterprises in the study area as well as information on financing. Data on equipment and labour utilisation as well as output were also obtained. Apart from the questionnaires, the entrepreneurs were also interviewed in some cases. However, due to non-response and inadequate information, 12 copies of the questionnaires were discarded, and data from only 420 respondents were used for analysis.

Data analysis: Information got from the field survey, was analysed using percentages and frequency distribution. Simple tables were also used to present results of the research. The statistical analysis of the result was carried out using the chi-square test. This was done in order to test the hypotheses earlier stated.

The chi-square test was used to measure differences between observed and expected frequencies, and it is calculated as follows:

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

where,

χ^2 is chi – square statistic

F_o = observed frequency

F_e = expected frequency

Σ = summation notation

but F_e is calculated as : $\frac{R \times C}{N}$

where R is row total

C is column total

N is sample size

When

$$\lambda^2 > 0$$

it means that observed and expected frequencies do not agree. And the larger, the value of chi-square, the greater the difference between the two frequencies^[11].

RESULTS AND DISCUSSION

The information obtained from the field survey through the questionnaires and personal interview are presented, analysed and their implications discussed. Simple percentages were used in presenting the data in tabular form for easy understanding while statistical tests of hypotheses were carried out using chi-square test and Pearson coefficient of correlation.

Social characteristics of respondents: Information on sex of respondents, age, marital status, educational level as well as the size of their household are presented and discussed.

Sex distribution of respondents: Table 1 shows the sex distribution of respondents among the different types of SSEs studied. 269 of the small-scale entrepreneurs representing 64% of the total respondents were men while 151 of them were women. It should be noted however that all the women are concentrated in Tailoring and not even a single woman is in a partnership in the Furniture enterprises. Also, there are more women in Tailoring than men. In fact, women made up more than 65% of the tailors sampled.

The results of the survey are quite understandable. Tailoring is one of the major informal vocation for women in the study area. This may be due to the short period of apprenticeship which ranges between 2-3 years and the fact that it is linked to their domestic activities in the home. Iheduru^[12], Robertson^[13] and Spring^[14] reported similar findings in their study in South and West Africa, respectively.

Furniture making, on the other hand requires longer period of training and a very difficult vocation to combine with domestic activities on the part of women. This may be why women are not involved in it. Unlike Tailoring, more capital is needed to invest in the furniture business, and since majority of women cannot raise the capital, they see it as a male vocation. Inability of women to obtain credit and loans according to Spring^[15], limit their investment in commercial activities.

Table 1: Sex distribution of respondents according to enterprises

Sex	Type of SSE		
	Tailoring	Furniture	Total
Female	151(40)	-	151(35.95)*
Male	80(20)	189(40)	269(64.05)
Total	231(60)	189(40)	420(100)

*Figures in brackets are percentages of total SSEs source: Computed from survey data, 2005

Table 2: Age distribution of respondents across enterprises

Age	Type of SSE		
	Tailoring	Furniture	Total
26-35	79	45	124(29.52)
36-45	90	88	178(42.38)
46-55	41	39	80(19.05)
56-66	12	13	25(5.95)
66-75	9	4	13(3.10)
Total respondents		420(100)	

*Figures in brackets are percentages of total respondents source: Computed from survey data, 2005

Age distribution of respondents: The ages of respondents in the study ranged from 26 to 75 years with a mean age of 42 across the SSEs Table 2. From the table, it could be seen that majority of the small-scale business owners are between the ages of 26-45 years. In fact, 178 of the respondents constituting 71.9% of the sample are within this age bracket. The result also show that most of the entrepreneurs are middle-aged men and women, and they make up 61.4% of all the respondents in the study.

Furniture making and tailoring are very labour intensive businesses and they require a great deal of energy to cope with the pressure of the vocation. This may explain why there are only 38 old people, between the ages of 56-75 years found in the study.

Marital status of respondents: Majority of the business owners sampled are married with only few of them unmarried. In fact, 301 of the respondents making up 71.67% of the total number are married while 95 of them are single Table 3. That majority of the entrepreneurs are married may be due to their range of ages as shown in Table 2. People between the ages of 26-75 are expected to be married as found in the study. The time period of training before raising enough capital to set up a Tailoring or a Furniture business could be quite long. In fact, spouses help to raise fund to establish some of such businesses.

On the whole, 14 of the respondents were divorced while 10 were widow/widower. According to Conquery-Vidrovitch^[16] husbands are known to support

Table 3: Marital status of respondent according to enterprises

Marital status	Type of SSE		
	Tailoring	Furniture	Total
Single	43	52	95(22.62)*
Divorced	5	9	14(3.33)
Widow/widower	6	4	10(2.38)
Married	177	124	301(71.67)
Total respondents			420(100)

* Figures in brackets are percentages of total SSEs sampled Source: Computed from survey data, 2005

Table 4: Educational background of respondents

Level of education	Type of SSE		
	Tailoring	Furniture	Total
No school	-	-	-
Primary school	68	53	121(28.81)*
Secondary sch.	108	89	197(46.9)
Polytechnic	31	37	68(16.19)
University	24	10	34(8.1)
Total respondents	231	189	420(100)

*Figures in brackets are percentages of total respondents source: Computed from survey data, 2005

the businesses of their wives in different parts of Africa by providing little start-up capital so that they can have their own finances.

Educational background of respondents: The results of the survey show that all operators of SSEs in Delta State, Nigeria acquired some level of formal education. In fact, 46.9% of the entrepreneurs had secondary education, 28.81% attained primary education while 8.1.1cent had university education. These results are shown in Table 4.

One striking feature of the study was that all of the respondents had some form of formal education. The results are thus different from that of Spring and McDade^[17] who reported that low level of educational qualification is characteristic of the informal sector activity.

Performance of small-scale enterprises and employment creation: The results of the survey enabled us to see how SSEs in Delta State have performed in the year 2004 and how they have also helped to create employment. As shown in Table 5, a total of 2,340 persons were engaged in the 420 enterprises used for the study.

Of this total number, 1,389 of them amounting to 59.36% of total employees were in Tailoring while the rest 951 worked in Furniture enterprises. Furthermore, out of the total workforce, 811 of them were full-time employees

Table 5: Number of employees and apprentices engaged in SSEs

SSE	Fulltime workers	Apprentices	Workforce	Average workforce
Tailoring	458	931	1389	6
Furniture	353	598	951	5
Total workforce	811(34.66)	1529(65.34)*	2.340	

* Figures in brackets are percentages of workforce source: Computed from survey data, 2005

Table 6: Distribution of respondents by duration in business

SSE	Years in business				
	1-3	4-6	7-9	10-12	>12
Tailoring	24	51	78	53	25
Furniture	17	41	49	62	20
Totals	41(9.76)*	92(21.9)	127(30.24)	115(27.38)	45(10.71)

* Figures in brackets are percentages of the 420 SSEs sampled source: Computed from survey data, 2005

Table 7: Firm size and enterprise performance in the selected SSEs

Performance indicator	Workforce			
	1-3	4-6	7-9	10-12
Average income/year (₦'000)*	132 (81)	185 (242)	208 (63)	400 (34)
Productivity (annual income/worker, '000)	44	36	26	36

* Figures in brackets are of firms in each category source: Computed from survey data, 2005. USD\$ 1.00 is equivalent to 135.00 (Nigerian Naira)

while 1,529 were apprentices. On the average, there were 6 and 5 workers per enterprise respectively in Tailoring and Furniture making. Thus one can say that SSEs in Delta State have helped to boost employment among the low income groups in the area. Also with an average of 4 apprentice per enterprise, one can say that SSEs have contributed towards acquisition of vocational skills in Delta State, Nigeria.

The study also considered the duration of time entrepreneurs have spent in the business and the distribution of the workforce. As shown in Table 6, 57.62% of all the firms are between 7-12 years old, 21.9% of them have been operating for 4-6 years, while 10.71% of the SSEs have been in the business for more than 12years. The result indicates a high rate of entry of people into small-scale Tailoring and Furniture business.

In order to examine the level of performance of SSEs in the study area, two summary statistics of performance in terms of firm sizes were computed. These are the average income per year and labour productivity. As shown in Table 7, larger firms recorded higher income than the smaller firms. In fact, annual income increased proportionately with the size of the workforce and vice versa. However, in terms of productivity, small-scale enterprises with fewer workers performed better. Firms of

1-3 persons had a labour productivity of ₦44,000.00 while it was ₦26,000.00 for those employing 7-9 individuals. Labour productivity seemed to decrease as firm size increases.

Statistical test of hypotheses: Data collected were used to test the hypotheses earlier formulated for the study.

Test of hypothesis (1): Co-operative societies do not play a significant role in the growth and development of SSEs.

The data collected from respondents are used to draw up a contingency table Table 8 in order to test hypothesis number one.

Calculation of degree of freedom (d.f) and critical value of χ^2 : Degree of freedom (d.f) = (R-1)(C-1) = (2-1)(2-1) = 1

The chi-square value at the 5% level of significance is;

$$\chi^2_{(0.95,1)} = 3.84$$

From the computation in Table 9, the calculated chi-square was 16.94. Since the calculated chi-square value is greater than the critical value, that is 16.94 > 3.84 at the 5% level of significance, then we reject the null Hypothesis (H_0) and accept the alternative Hypothesis (H_1). It can be concluded therefore, that co-operative societies play a significant role in the growth and development of small-scale Tailoring and Furniture enterprises in Delta State, Nigeria.

Test of hypothesis (2): Loans from co-operative societies do not generate employment in SSEs.

In order to test the above hypothesis, the correlation coefficient between workforce and amount of loans borrowed by members from co-operative societies was calculated. This was based on data from 204 respondents who obtained loans from co-operative societies. The correlation coefficient of 0.30 show that there is a positive relationship between co-operative loan and workforce. Therefore, co-operative loans helped to create employment as more workers and apprentices are engaged in SSEs in Delta State as more fund became available for additional investment. However, the relationship between loans granted to members and employment creation was not statistically significant. The result can be attributed to

Table 8: Contingency table for hypothesis 1

Respondents	Yes	No	Total
Co-operative members	192	84	276
Non-members	48	96	144
Total	240	180	420

Source: Computed from survey data, 2005

Table 9: Computation of chi-square statistic for hypothesis 1

F _o	F _e	F _o - F _e	(F _o - F _e) ²	(F _o - F _e) ² / F _e
64	52.57	11.45	32.73	2.48
28	39.44	-11.44	32.73	3.33
16	27.44	-11.45	32.73	4.76
32	20.57	11.45	32.73	6.37

Source: Computed from survey data, 2005

Table 10: Contingency table for hypothesis 3

Respondents	Yes	No	Total
Tailoring	120	48	168
Furniture	84	24	108
Total	204	72	276

Source: Computed from survey data, 2005

the increasing use of apprentices labour in Tailoring and Furniture enterprises in the study area. Because, apprentices are not paid for their labour, entrepreneur prefer to engage as many of them as possible and less of full time workers. Furthermore, all the respondents in the study were sole proprietors who in most cases do not wish to expand their businesses to such a scale that they cannot control fully. Therefore, instead of opening more outfits and workshops they preferred to invest in replacing equipment. Except there is a nearby space to expand to, they would rather remain and operate in the limited location they are.

Test of hypothesis (3): Activities of co-operative societies do not enhance the development of entrepreneurial skills in SSEs.

In order to test the above hypothesis, a contingency table Table 10 was drawn up from the data supplied by the respondents:

To calculate the degree of freedom (d.f) and the critical value of chi-square,

$$\begin{aligned}
 \text{d.f} &= (R - 1)(C - 1) \\
 &= (2 - 1)(2 - 1) \\
 &= 1
 \end{aligned}$$

critical value of chi-square at 5% level of significance is;

The calculated value of the chi-square is 0.457 Table 11. Since this value is less than the critical value of 3.84, we accept the null Hypothesis (H₀) and conclude that co-operative societies do not enhance the development of entrepreneurial skills in small-scale enterprises in Delta State Nigeria.

Table 11: Computation of chi-square statistic for hypothesis 3

F _o	F _e	F _o - F _e	(F _o - F _e) ²	(F _o - F _e) ² / F _e
40	41.39	-1.39	1.932	0.0467
16	14.61	1.39	1.932	0.1322
28	26.61	1.39	1.932	0.0726
8	9.39	-1.39	1.932	0.2058

Source: Computed from survey data, 2005

Table 12: Sources of finance for tailoring and furniture enterprises in delta state, Nigeria

Source of Finance	Type of SSE		
	Tailoring	Furniture	Total
Personal savings	240	168	408(97.14)*
Relatives and friends	96	60	156(37.14)
Savings and credit group	144	156	300(71.43)
Money lenders	-	-	-
Co-operative societies	120	108	228(54.29)
Commercial banks	-	-	-

*Figures in brackets show the percentages of the 420 SSEs that obtained finance from each source. Source: Computed from survey data, 2005

Most of the operators of SSEs had acquired their skill before setting up their businesses and this may be the reason why the result is not statistically significant. Although funding by co-operative societies may help their operations, it may not significantly lead to the acquisition of entrepreneurial skills.

Sources of finance for sses in delta state, Nigeria: The study found that there were four main sources of finance open to SSEs in the study area. They include:

- Personal savings
- Relatives and friends
- Savings and credit groups
- Co-operative societies

As shown in Table 12, personal savings is the major source of capital open to SSEs. 97.14% of the respondents got their capital requirement from own savings and 37.14% got their financing from funds from relations.

The results are similar to those found by Aryeetey *et al.*^[18] in a study of SSEs in Ghana. Kimuyu and Omiti^[9] in a similar study in Kenya reported that the most important sources of capital, both initial and additional, are own funds and family sources. They said given the very low income and savings rate of operators of SSEs, the findings suggest that SSEs fall back on these sources for lack of alternatives and out of desperation. Alternative sources of fund are either too costly or out of reach for the majority of these enterprises. Levy^[19] reported also that own savings accounted for 95% of the sources of finance for Furniture SSEs in Tanzania.

Apart from personal savings, loan from co-operative societies is the third most patronised source of finance amongst SSEs in Nigeria. In fact, 204 proprietors got

loans out of the 420 sampled, to finance their operations. Chukwuji *et al.*^[20], found co-operative societies to be an important source of financing commercial livestock production in Delta State. Savings and rotating credit groups was another source of finance found in the study. 71.43% of respondents got funding in this way for their businesses. The role of rotating savings groups in SSEs financing have been reported by Von Pischke^[21].

Benefits of co-operative loans to entrepreneurs:

Although co-operatives were a source of finance for SSEs in the study area, it was important to know how such funding benefited the businesses. Table 13 shows the benefits derived by borrowers of co-operative loans. 82.35% of the respondents used their loans to buy equipment for their operations while 47.06 percent of them, who were mainly tailors used their loans to buy power generators. There have been irregular power supply in most parts of Nigeria, thus most business owners try frantically to generate their own power so that their operations will not be disrupted. This is why a sizeable number of the respondents use their loans to buy generators.

Problems of small-scale tailoring and furniture enterprises in delta state, Nigeria:

Although small-scale Tailoring and Furniture enterprises have great potentials as shown by the results of this study, proprietors face a number of problems. Respondents to the survey identified lack of access to finance, high cost of materials and high cost of equipment as their major operating problems. 91.43% of the proprietors reported lack of access to finance as their main problem, while 74.29% said it was high cost of materials that limited their operations.

Scarcity of competent workers was another problem of SSEs in the study area. As consumers demand for good quality furniture and clothes, the need for competent hands rises. And with the increasing number of operators in the small-scale sector, competent workers are therefore very scarce. The response of entrepreneurs to the constraints they face in the course of their operations are shown in Table 14.

Table 13: Benefits of co-operative loans to borrowers

Benefit	Type of SSE		
	Tailoring	Furniture	% response
To buy wood	-	36	17.65*
To buy equipment	84	84	82.35
To buy generator	96	-	47.06
To buy cloth	48	-	23.53
To expand the business	24	48	35.29

*Percentage of respondents to each benefit. Respondents ticked as many benefits as they obtained. Total loan beneficiaries were 204. Source: Computed from survey data, 2005

Table 14: Problems of small-scale furniture and tailoring enterprises in delta state, Nigeria

Problems	Type of SSE		
	Tailoring	Furniture	%response
Lack of access to finance	216	168	91.43
Lack of access to wood	-	96	22.86
Scarcity of competent workers	72	84	37.14
High competition for customers	72	-	17.14
High cost of materials	156	156	74.29
High cost of equipment	144	132	65.71

NB: The 420 respondents were asked to tick all problems they face. Therefore, the responses are to specified constraints. Source: Calculated from survey data, 2005

CONCLUSION

The role of SSEs as the bed rock of industrial development is very well known. Therefore, efforts should be made by government and the organised private sector to support their continued operation in the Nigerian economy.

Since small-scale enterprises are known to patronise co-operatives as reliable sources of financing for their operations, business owners should be encouraged to form co-operative societies, so that they can pull their financial resources together for their own benefit.

Informal finance should also be encouraged because SSEs operators patronise them more than every other sources of finance, since they do not have the collateral securities demanded by formal financial institutions.

However, the issue of needed equipment and high cost of materials must be addressed, if SSEs must continue to play their role in employment generation, skill acquisition and income generation among the low income groups in urban and rural areas of Delta State, Nigeria.

Having considered the role of cooperative societies in the growth and development of SSEs and their potential in overall economic growth and development, the following recommendations are made.

- Government and other development agencies should establish and run Skill Acquisition Centres in local government headquarters in Delta State so that the youths can acquire vocational skills.
- Government, through the Ministry of Commerce and Industry should embark on mass co-operative education of the citizenry, so that they would be aware of the need to pull their resources together in co-operative societies and the benefits they stand to gain.
- Tools and equipment needed by SSEs could and should be fabricated locally in order to reduce the high cost of such materials and boost output in the sector.

- All tiers of government should support the establishment of a financial institution that is target at the financing needs of small and medium scale enterprises in the economy.

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