

Research Article

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

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Abstract— The research aims to evaluate the impact and effectiveness of small and medium-sized enterprises (SMEs) on the socio-economic development of Damaturu, Yobe State. It investigates the performance of SMEs in this context and their contribution to socio-economic development. The study draws on both classical and modern theories as frameworks. Using a descriptive research design, it targets SMEs in Damaturu, employing a questionnaire for data collection. Through simple random sampling, 80 SMEs are selected from the population. Data analysis utilizes tables, percentages, and the chi-square statistical tool to test hypotheses. Results indicate a significant relationship between SME performance and socio-economic development. Additionally, the study identifies specific ways in which SMEs contribute to Yobe State's socio-economic development. Recommendations include government agencies gathering comprehensive SME data, ensuring the effectiveness of support mechanisms like NIRSAL, and emphasizing business registration, record-keeping, and robust business planning among SMEs to attract governmental aid and grants.

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

1. Introduction

Small and Medium Enterprises (SMEs) play a vital role in the economic growth of a nation. For both developed and developing countries like Nigeria, SMEs play active roles in the process of industrialization and economic growth. Apart from increasing per capita income and output, SMEs create employment opportunities and promote effective resource utilization, which is considered critical to engineering economic development and growth [9]. Hence, the impact and potential contribution of small and medium-scale businesses on a broad and diverse base, as well as their accelerated effect in achieving macroeconomic objectives pertaining to full employment, income distribution, and the development of local technology, make their existence most inevitable. Therefore, the importance of small and medium-scale industries, in particular, to the general economic development of any nation, especially a developing one like Nigeria, particularly in Damaturu, Yobe State, cannot be overemphasized [16].

The development of Small and Medium Enterprises (SMEs) via effective financing options has stirred debate and growing

interest among researchers, policymakers, and entrepreneurs, recognizing the immense contribution of the subsector to economic growth. Small and Medium Scale Enterprises (SMEs) constitute the driving force of such industrial growth and development. This is basically due to their great potential in ensuring the diversification and expansion of industrial production, as well as the attainment of the basic objectives of development. SMEs utilize local raw materials and technology, thereby aiding the realization of the goal of self-reliance. Also, governments at various levels (local, state, and federal levels) have, in one way or the other, focused on the performance of Small and Medium Scale Enterprises for economic gains. While some governments have formulated policies aimed at facilitating and empowering the growth and development and performance of the SMEs, others have focused on assisting the SMEs to grow through soft loans and other fiscal incentives in order to enhance the socio-economic development of the economy, like alleviating poverty, generating employment, enhancing human development, and improving the social welfare of the people [6].

[12] argues that Small and medium-scale industries are recognized as the main source of economic growth and a

major factor in promoting private sector development and partnership, in developed and developing countries. [18] It also helps to create employment and is often seen as very important for the growth and innovation of dynamic economics on socio-economic development of the whole country. Thus Small and Medium-Scale industries contribute more and more to the national and international economies of the world. [2] summarized the contribution of small and medium businesses to an economy, especially developing ones, as: greater utilization of raw materials, employment generation, encouragement of rural development, development of entrepreneurship, mobilization of local savings, linkages with bigger industries, provision of regional balance by spreading investments more evenly, provision of an avenue for self-employment, and provision of opportunities for training managers and semi-skilled workers.

Statement of the Problem

The performance of Small and Medium Scale Businesses as instruments of economic growth and development in Yobe State, particularly in Damaturu, is crucial. In many societies, small and medium-scale enterprises serve as the engine of growth. Especially in countries such as Malaysia, Thailand, China, and India, SMEs have been responsible for more than 70 percent of exports, which is why these countries, according to [1], have been growing in leaps and bounds. In Nigeria, SMEs are beset with a myriad of challenges that are significantly affecting their growth. Despite the abundance of small and medium-scale businesses in Nigeria, particularly in Damaturu, achieving socio-economic development tends to be a difficult feat. As a result, this project aims to assess the performance of small and medium-scale businesses on socio-economic development [11].

Objectives of the Study

The main objective of this study is to ascertain the performance of Small and Medium Scale Businesses on socio-economic development in Damaturu, Yobe State. Other specific objectives of the study are to:

1. Examine the performance of small and medium-scale businesses on socio-economic development in Damaturu, Yobe State.
2. Ascertain the role of Small and Medium Scale Businesses on socio-economic development.

Research Questions

The study posed the following research questions:

1. How has the performance of small and medium scale businesses on socio-economic development in Damaturu, Yobe State been in recent times?
2. In what ways are small and medium-scale businesses helping in socio-economic development of Damaturu, Yobe State?

Hypothesis of the Study

The research hypothesis is a statement of facts about two or more variables that are yet to be tested (Baza, 2016). The null hypotheses adopted for this study are as follows:

H₀₁: There is no significant relationship between the performance of small and medium-scale businesses and socio-economic development.

H₀₂: There is no specific way small and medium-scale businesses help in socio-economic development of Yobe State.

2. Related Work

In this section, the researcher reviewed the available literature relevant to the study to obtain a broader understanding of what has already been documented by different writers regarding the impact of the performance of small and medium-scale businesses on socio-economic development of communities, limiting factors on SME growth, and strategies that have been implemented to promote the growth and development of SMEs, including the theoretical frameworks adapted by different researchers on the research topic [15].

Nigeria remains a country with very high potential but an equally high inertia to develop. The country is blessed with an abundant supply of enormous human agricultural, petroleum, gas, and large untapped solid mineral resources [8]. Since its independence from British rule in 1960, the country has gone through decades of political instability, bringing with it a climate of social tension and an unpredictable market for business. The successive forceful takeovers of government by military coups and the indigenization policy in the late 70s have deterred investors who previously saw the country as a large and growing market. Due to the nature of this government, there is perceived corruption, policy instability, poor infrastructural development, and a lack of accountability of public funds. For these reasons, the World Bank described Nigeria as a paradox [4]. This is also true for most sub-Saharan African countries as industrial production has declined or stagnated over the past decade [19].

According to [3], since its independence, the Nigerian Government has been spending an immense amount of money obtained from external funding institutions for entrepreneurial and small business development programs, which have generally yielded poor results due to bureaucratic bottlenecks and often end up in the accounts of public office holders.

Despite these setbacks, the role of small businesses owned by middle-class Nigerians set up by individuals' savings, gifts, loans, and sometimes sustained by profit cannot be ignored. According to [12], the significant role SMEs play in development is acknowledged worldwide. He cited the work of [20], who noted that in developed countries such as the USA, where big corporations are dominant, SMEs still play an enormous role in the country's economy. Also, according to the report of the Indian working group on science and technology for small and medium-scale enterprises, SMEs occupy an important place in all countries, constituting as high as 90% of enterprises in most countries worldwide. SMEs are the driving force behind a large number of innovations and contribute to the national economy through employment creation, investment, and export [6].

Empirical Review

[14] Conducted a study on Small and Medium Scale Enterprises in Nigeria: The Problems and Prospects. The objective of the study was to examine the role of Small and Medium Scale Enterprises in Nigeria in relation to the challenges that affect SMEs, hindering their capacity to realize their full potential, as well as the prospects for improvement and development for employment generation, economic growth, and national development. The study employed a descriptive research design, where structured questionnaires were administered to the sample drawn from the population of the study. The data collected were analyzed using Chi-square (X²). It was revealed that small and medium-scale enterprises play a pivotal role in the socio-economic well-being of the citizenry if properly and carefully managed. From the findings, the study therefore concludes that invigorating Small and Medium Scale Enterprises (SMEs) with strengthened commitment to economic reform would offer a turning point in facilitating the recovery of Nigeria's economy and national development [7].

[2] Conducted a study on the implications of Small and Medium Scale Enterprises (SMEs) on socio-economic development in Nigeria. The objective was to determine the effect of Small and Medium Scale Enterprises (SMEs) on the Nigerian economy. The study employed a survey research design, where structured questionnaires were administered to the sample drawn from the population of the study. The data collected were analyzed with chi-square (X²), and it was found that Small and Medium Scale Enterprises (SMEs) assist in promoting the growth of the country's economy. Hence, all levels of government at different times have implemented policies to promote the growth and sustenance of SMEs. Therefore, the study concludes that small-scale industry orientation is part of Nigerian history, evidenced by the successes of our great grandparents in their respective trading concerns, yam barns, cottage industries, and the like [16].

[12] Conducted a study on the Impact of Small and Medium-Scale Enterprises on the Economy. The study aimed to determine the impact of small and medium-scale enterprises on the economy. It employed a survey research design, where questionnaires were administered to the sample drawn from the population of the study. The data collected were analyzed using Chi-square (X²). It was found that the contributions of small-scale enterprises to the economy cannot be over-emphasized because they provide job employment for the people and enhance their standard of living. Therefore, the study concludes that governments at all levels should provide support to small-scale enterprises by advancing loans and implementing sensitization programs to encourage entrepreneurs [9].

3. Theory/Calculation

This subsection focuses on the relevant theories pertaining to the study. In discussing the impact of small and medium-scale enterprises, two theories are predominant in the literature: the classical and the modern theories. The seminal articles by [3],

[18], and [17], among others, are often classified as the 'classical' theories on SMEs' development. The 'classical' theories predict that the advantages of SMEs will diminish over time and large enterprises (LEs) will eventually predominate in the course of economic development marked by an increase in income. From the 'modern' theories perspective, MSMEs have two important roles to play simultaneously: to accelerate economic growth through the growth of their output contributions to gross domestic product (GDP), and to reduce poverty through employment creation and income generation effects of their generated output growth. In addition to these direct effects, SMEs also have indirect effects on economic growth and poverty reduction through their growth linkage effects. Output and employment increases in MSME lead output and employment to increase in the rest of the economy through three main linkages: production (forward and backward), investment, and consumption [4]. The World Bank gives three core arguments in supporting SMEs in least-developed countries (LDCs), which is in line with the arguments of the 'modern' paradigm on the importance of SMEs in the economy [9]. First, SMEs enhance competition and entrepreneurship and hence have external benefits on economy-wide efficiency, innovation, and aggregate productivity growth. Second, SMEs are generally more productive than LEs but financial market and other institutional failures and not-conducive macroeconomic environment impede SME development. Third, SMEs expansion boosts employment more than LEs growth because SMEs are more labor-intensive. In other words, the World Bank believes that direct government support for SMEs in LDCs helps these countries exploit the social benefits from their greater competition and entrepreneurship, and their MSMEs can boost economic growth and development [16]. The above arguments do not mean, however, that LEs are not important, or MSMEs can fully substitute the role of LEs in the economy. Even, there are skeptical views from many authors about this World Bank's pro-MSME policy. Some authors stress the advantages of LEs and challenge the assumptions underlying this pro-MSME policy. Specifically, LEs may exploit economies of scale and more easily undertake the fixed costs associated with research and development (R&D) with positive productivity effects. This study adopts the modern theory paradigm [1].

The need to promote the industrial sector has continued to be a major concern of most governments worldwide, especially developing countries like Nigeria. With the growth of SMEs [16] and [6], believed that the Nigerian economy will have the potential of being competitive in the global market. In recognition of these potential roles of SMEs, Successive governments in Nigeria have continued to express policy measures and programs to achieve industrial growth and development. In recognition of SMEs' contribution to the Nigerian economy, the strategies and initiatives to promote SME development featured prominently in most of the government's economic development plans with a view to nurturing further growth of the sector, According to [7], a clear path for accelerating the development of SMEs has been charted through the establishment of agencies Such as DFRRRI, NDE, NAPEI, etc., although the challenges before

these establishments are daunting. The assumption made by the discovery theory concerning the nature of entrepreneurs follows directly from its assumption about the nature of opportunities. Since opportunities are created by exogenous events in an industry or market and since these opportunities are objective and thus, in principle, observable, then everyone associated with that industry or market should be aware of the opportunities [9]. The theory is premised on three important assumptions: (1) Opportunities axis independent of the entrepreneurs, (2) that the nature of entrepreneurs differs in some important ways from non-entrepreneurs and (3) the nature or the decision-making context is very risky. The general assumption of the discovery theory is that the goal of entrepreneurs is to form and exploit opportunities [2]. [3], noted that technological changes, political and regulatory changes, and social and demographic changes are the example of kinds of events that can disrupt the competitive equilibrium that exists in a market or industry, thereby forming opportunities. The discovery theory is based on realist assumption in the philosophy of science which assumed that opportunities, like mountains, exist as real and objective phenomena, independent of the action or perceptions of entrepreneurs, just waiting to be discovered and exploit [21], thus to explain why entrepreneurs associated with an industry or market are willing and able to exploit opportunities while non-entrepreneurs are not, discovery theory must necessarily 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 [18],[25]. However, unlike discovery theory, creation theory believes that the nature of opportunities does not exist independently of entrepreneurs. It depends on the level of thinking. More so, the nature of entrepreneurs may or may not differ from non-entrepreneurs and that the decision-making context is highly uncertain. Thus, it holds that opportunities do not necessarily evolve out of pre-existing industries or markets [15]. From the 'modern' theories perspective, SMEs have two important roles to play simultaneously: to accelerate economic growth through the growth of their output contributions to gross domestic product (GDP), and to reduce poverty through employment creation and income generation effects of their generated output growth. In addition to these direct effects, theoretically, SMEs have also indirect effects on economic growth and poverty reduction through their 'growth-linkage' effects. Output and employment increases in SME lead output and employment to increase in the rest of the economy through three main linkages: production (forward and backward), investment, and consumption [22]. The classical theories are backed by articles written by Anderson [23], [19], [15], and others. The classical theories on small and medium-sized enterprises development predict that advantages of SMEs will diminish over time and large enterprises will eventually predominate in the course of economic development marked by the increase in income. They advocate that the necessary support should be used to develop large enterprises which have a brighter future compared to small and medium enterprises. On the other hand, the modern theories emphasize the importance of small and medium-sized enterprises to economic growth and

development. This is supported by the works of [8] and [19] in the newly industrializing countries in East Asia like Taiwan and South Korea, and the literature on flexible specialization thesis based on many experiences from SMEs in Western European countries.

Measurement Role and Performance of Small and Medium Scale Enterprise

The Role and Performance of Small and Medium Scale Enterprise

Small and medium enterprises still play a vital role in the economic growth and development of a nation, particularly Nigeria, being a developing country. Empirical studies have shown that both in developed and developing nations, small and medium-scale industries are vital instruments in generating economic growth, as these industries tend to promote not only a stable industrial structure but also a balanced distribution of capital in industrial developments. SMEs play a significant role in the economic growth of developing countries like Nigeria [5]. Therefore, the development of SMEs should form part of the priority of state development objectives. This is because they serve as the training ground for local skills and entrepreneurs and as channels for local savings, ensuring a more equitable distribution of income and reducing the migration of manpower from rural to urban areas. In addition, they are the panacea for poverty alleviation and wealth creation for the underprivileged [10]. Small and medium enterprises have indeed been recognized as the main engines of economic growth and development and as major variables for promoting private sector development and partnership [12]. He further states that the major drawback in Nigeria's quest for industrial development over the past years has been the absence of a strong, vibrant, and virile small and medium enterprises sub-sector. 80% of the total industrial labor force in Japan, 50% in Germany, and 40% in the USA is in small and medium enterprises, contributing nearly 39% of the country's national income [11]. [2] argues that poor budget implementation over the years accounts for the unsavory impact of SMEs on the Nigerian economy, which has recorded sluggish growth and declining future despite the increasing literacy rates, better access to healthcare, shelter, food, and other necessities of life, and better-paying jobs, but low per capita income. It has also been lamented that the parameters usually used to measure the performance of SMEs include the percentage of the working population employed by the SMEs in a given economy, the percentage contribution of the country's GDP, managerial and technical capacity building, and the percentage of locally generated revenue of government from SMEs' employees [21].

Measurement of Businesses & Economic Growth and Development

Businesses & Economic Growth and Development

SMEs activities received closer attention from the Nigerian government with an effort to diversify the economy. The over-dependence of the government on oil necessitated the Nigerian government in the mid-1980s to mandate banks to set up branches in the rural areas of the country to allow dwellers to have access to financial services [9], [14]. This

bold policy of the Nigerian government provided opportunities for many people, especially entrepreneurs in rural areas, to have access to money in banks as loans. Researchers have shown that SMEs are the largest business sector in the world economy [12], [6]. They added that SMEs encourage a higher growth rate of employment than larger firms. In light of that, Nigeria has attracted much growth and development potential, especially in the agricultural sector, where small-scale self-employed people partake in agro-allied processing activities, given that the country is agriculturally inclined. Additionally, the OECD [19] found that SMEs account for more than 90% of all firms outside the agricultural sector, representing a significant level of employment and generating major domestic and export earnings. This, therefore, constitutes a major key instrument in poverty reduction and alleviation in both developed and developing economies like Nigeria. Furthermore, SMEs assist in fostering rural infrastructure development, improving the living standard of rural dwellers, utilizing local resources, expanding output, transforming indigenous technology, producing intermediary goods, and increasing revenue generation for the government [11], [7] & [5].

[2] contends that petroleum oil is considered to contribute highly to Nigeria's status, but SMEs provide gainful employment for about 70% of the Nigerian population. Available reports suggest that the agricultural sector accounts for close to 35% to 40% of the nation's GDP. Most actors in the agricultural sector are small-scale self-employed individuals engaged in activities ranging from farming, handcraft, fishing, agroforestry, and livestock rearing. These SME activities rescue the government in areas of economic diversification.

[18], [8], [23] & [7] state that SMEs contribute substantially to encouraging job creation, invention and innovation in technology, the development of entrepreneurial skills, equal distribution of income and resources, emergence of more competitive industries, and general improvement in the living standard of the people within an economic region. Additionally, an empirical research conducted by [5], [13] on "The role of Entrepreneurship in Economic Development: The Nigeria perspective", where a total of 100 SMEs were randomly selected from a cross-section of all small and medium enterprises in some states of Nigeria, shows that SMEs play a significant role in the growth and development of Nigeria. This portrays SMEs as a propelling engine or system for the economic growth and development of nations. [3] revealed a school of thought that found that SMEs are the solution for the economic growth and development of most developing economies. This assertion is confirmed by [1], which states that the emergence of SMEs serves as a major catalyst and a key successful influence for the economic growth, development, and sustenance of the Nigerian economy. [3] added that many governments and business organizations consider the growth of SMEs as a foundation stone for economic growth and development.

4. Experimental Method/Procedure/Design

This section aims to describe the various methods and strategies used in carrying out this research work. The chapter presents the research design, population of the study, sample size and sampling technique, instrument of data collection, method of data analysis, operationalization, and measurement of variables. The information is based on facts that assist the researcher in pinpointing the impact of the performance of small and medium-scale businesses on socioeconomic development. Data collected are analyzed using tables and percentages for presentation analysis, and the statistical tool chi-square is employed by the researcher to test and analyze the hypotheses of the study. This statistical tool will guide the researcher in accepting or rejecting the hypotheses.

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

The chapter addressed the extent to which the performance of Small and Medium Scale Businesses has impacted the socio-economic development of Yobe State, utilizing available data. Consequently, the chapter aims to further assert the validity of the hypotheses previously stated in Chapter One. It comprises the presentation, analysis, and interpretation of data, along with a summary of research findings.

The researcher distributed 80 questionnaires to respondents, and out of the 80 questionnaires administered, 70 were duly filled and returned, accounting for 87% of the questionnaires, which is sufficient for the researcher to conduct presentation and analysis.

The chapter is classified accordingly as: bio-data of respondents and topical data, for the purpose of clarity and to sift out the required information.

Test of Hypothesis

The test of hypotheses is a procedure for deciding whether to accept or reject the hypotheses. Each hypothesis was stated as a null and alternative hypothesis. Chi-square (X^2) was used to test the hypotheses at a 5% level of significance. According to Hamburg (1979), the formula for calculating chi-square (X^2) is presented below:

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

Where: x^2 = 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

Comparison was made between the calculated X_2 value and the table or significance **Decision Rule:** Accept the null hypotheses (H_0) if the calculated X^2 value is less than the critical or table value otherwise reject

Hypothesis I

Ho: There is no significant relationship between the performance of small and medium-scale businesses and socioeconomic development.

Ha: There is a significant relationship between the performance of small and medium-scale businesses and socioeconomic development.

However, the values from the responses in Table 4.6, Table 4.7, and Table 4.8 will be used as values for the contingency table in testing the hypothesis.

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
Total	114	38	6	24	28	210

From the observed and expected frequencies, chi-square (X^2) is calculated thus:

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

Where: F_o = frequency observed
 F_e = frequency expected
 X^2 = Chi-square
 Σ = Summation
 n = Number of sample

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

Fo	Fe	(Fo-fe)	(Fo-fe) ²	$\Sigma(F_o - F_e)^2 / F_e$
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
Total				23.038

Therefore, the calculated chi-square (X^2) value is 23.038. To obtain the table value of chi-square, the degree of freedom (DF) is calculated as follows:

$$DF = (r - 1) \times (c - 1)$$

Where:

r = number of rows in the contingency table

c = number of columns in the contingency table

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

$$(2) (4)$$

$$= 8$$

At a significance level of 5% (0.05) and a degree of freedom of 8, the table value equals 16.5073. The table value of 16.5073 is less than the computed or calculated value of 23.038. Based on this, the null hypothesis is rejected. Therefore, it is concluded that "there is a significant relationship between the performance of small and medium-scale businesses and socioeconomic development."

Decision Rule

From the calculation above, the calculated chi-square value of 23.038 is greater than the table value of chi-square, which is 16.5073. Based on this, the alternate hypothesis should be accepted, and the null hypothesis is rejected. It is therefore concluded that "there is a significant relationship between the performance of small and medium-scale businesses and socioeconomic development."

Hypothesis II

Ho: There is no specific way small and medium-scale businesses help in socioeconomic development of Yobe state.

Ha: There is a specific way small and medium-scale businesses help in socioeconomic development of Yobe state.

However, the values from the responses in Table 4.6, Table 4.7, and Table 4.8 will be used as values for the contingency table in testing the hypothesis.

Table 5.3: 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
Total	96	32	8	20	54	210

From the observed and expected frequencies, chi-square (X^2) is calculated thus:

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

Where: F_o = frequency observed
 F_e = frequency expected
 X^2 = Chi-square
 Σ = Summation
 n = Number of sample

Table 5.4: Computation of the Chi-square from the Contingency Table

Fo	Fe	(Fo-fe)	(Fo-fe) ²	$\Sigma(F_o - F_e)^2 / F_e$
36	32	4	16	0.5
20	11	9	81	7.364
2	3	-1	1	0.333
6	7	-1	1	0.143
6	18	-12	144	8

20	32	-12	144	4.5
6	11	-5	25	2.273
2	3	-1	1	0.333
6	7	-1	1	0.143
36	18	18	324	18
40	32	8	64	2
6	11	-5	25	2.273
4	3	1	1	0.333
8	7	1	1	0.143
12	18	-6	36	2
Total				48.338

Therefore, the calculated chi-square (X²) value is 48.338. To obtain the table value of chi-square, the degree of freedom (DF) is calculated as follows:

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

At a significance level of 5% (0.05) and a degree of freedom of 8, the table value equals 16.5073. The table value of 16.5073 is less than the computed or calculated value of 48.338. Based on this, the null hypothesis is rejected. Therefore, it is concluded that "there is a specific way small and medium-scale businesses help in socioeconomic development of Yobe state."

Decision Rule

From the calculation above, the calculated chi-square value of 48.338 is greater than the table value of chi-square, which is 16.5073. Based on this, the alternate hypothesis should be accepted, and the null hypothesis is rejected. Therefore, it is concluded that "there is a specific way small and medium-scale businesses help in socioeconomic development of Yobe state."

Results and discussion

From the test of hypotheses conducted in this chapter, it is concluded that there is a significant relationship between the performance of small and medium-scale businesses and socioeconomic development. This conclusion is drawn from the observation that the successful performance of small and medium-scale businesses positively affects the socioeconomic development of Damaturu Local Government Area in Yobe State. This finding is consistent with a study conducted by [9] on the topic "Small and Medium-Scale Enterprises in Nigeria: The Problems and Prospects." The study utilized a descriptive research approach, administering structured questionnaires to a sample drawn from the study population. The data collected were analyzed using Chi-square (X²), revealing that small and medium-scale enterprises play a pivotal role in enhancing the socioeconomic well-being of the citizenry when managed effectively. Consequently, the study suggests that revitalizing Small and Medium-Scale Enterprises (SMEs) with a strengthened commitment to economic reform could be a crucial step in facilitating Nigeria's economic recovery and national development.

Additionally, the examination of the second hypothesis uncovered a specific manner in which small and medium-scale businesses contribute to the socioeconomic development of Yobe state. The study revealed various ways in which small and medium-scale businesses enhance the socioeconomic development of Damaturu Local Government Area. This finding is consistent with research conducted by [13] on the implications of Small and Medium-Scale Enterprises (SMEs) on socioeconomic development in Nigeria. Using a survey research design, the study administered structured questionnaires to a sample drawn from the study population and analyzed the data using chi-square (X²). The findings indicated that SMEs play a vital role in promoting economic growth in the country, prompting governments at various levels to implement policies aimed at fostering the growth and sustainability of SMEs. Consequently, the study concludes that small-scale industry orientation has been ingrained in Nigerian history, evident from the successes achieved by previous generations in their trading endeavors, such as yam barns and cottage industries.

6. Conclusion and Future Scope

The findings of the study revealed that small and medium-scale enterprises have a significant impact on the socioeconomic development of Damaturu Local Government Area, Yobe State. Access to capital has posed a major challenge to developing small and medium-scale enterprises in the local government and the state at large [3], [9]. The study investigated the impact of small and medium-scale enterprises on the economic development of Damaturu Local Government Area, Yobe State. It is evident that small and medium-scale enterprise is one of the strategies used towards the socioeconomic development of any society. The study strongly affirmed that small and medium-scale businesses have increased in number and have a positive impact on poverty reduction in the local government. Additionally, the study showed that small and medium-scale enterprises in Damaturu Local Government Area, Yobe State, have significantly contributed to employment generation, and government poverty alleviation programs have aided in developing the sector in the area. Furthermore, small and medium-scale enterprises have made numerous contributions to the economic development of Damaturu Local Government Area, Yobe State.

A major gap in Nigeria's industrial development process in recent years has been the absence of a strong SME sub-sector. Unfortunately, SMEs have not played the significant role expected of them in Nigeria's economic growth and development. Driven by the findings of the study, SMEs in Damaturu still have a long way to go for the sector to be productive enough and play the crucial role expected in contributing to the growth and development of the Nigerian economy. The challenges and problems faced by SMEs in Damaturu are multifaceted and can only be effectively tackled through a multidimensional and concerted approach by all stakeholders, including the government (federal, state, and local), other agencies and parastatals, banks, regulatory

authorities, SMEs (owners and management), employees, and other donor agencies.

In conclusion, this research asserts that small and medium-sized businesses play a major role in the socio-economic development of Yobe State. The main causative factor for why SMEs are not performing as expected lies in our environment, including our culture, government policies, lackluster implementation of government policies, among other factors. Therefore, small and medium-scale businesses should be given additional attention by the government of the state to encourage and promote the sector, leading to more socio-economic growth and development in the local government.

Recommendations

Based on the results of the findings, the following recommendations are made:

- i. Government should provide more capital funding to young entrepreneurs who present viable business ideas in order to reduce the rate of unemployment in Nigeria. Nigerian banks should encourage the development of small and medium-scale enterprises by reducing the interest rates and charges on loans.
- ii. Training programs should be organized for the owners of small and medium-scale enterprises in Nigeria to boost their business performance.

Suggested Areas for Further Research

The following research areas are hereby recommended:

- i. The research focused solely on a specific set of Nigerian SMEs during the timeframe of 2022 to 2023. Consequently, there is a need for additional investigations involving different banks and spanning a greater number of years in Nigeria.
- ii. Scholars within this field have the opportunity to conduct analogous research employing alternative non-financial performance metrics as their dependent factors. This effort can aid in offering precise recommendations to the Nigerian banking sector regarding the provision of suitable e-service quality that maximizes a bank's value. This is particularly relevant since a majority of prior investigations have drawn from foreign nations for their evidence.
- iii. In future research, it is crucial to extend the reach of this study to encompass additional geographical regions within Nigeria. This expansion will contribute to the enrichment of knowledge, considering that the current survey was exclusively conducted in Bauchi state, Nigeria.

Contribution to Knowledge

The study's results carry implications across theoretical, practical, policy, and managerial aspects. The notable and meaningful impacts of the study's components offer a chance for informed decision-making by bank executives and managers, empowering them to formulate improved strategic policies. The insights from this research will also be utilized by practitioners and stakeholders to convey the advantages

linked to bank credit, enhancing non-financial performance, and customer support.

Conflict of Interest

This distinct replica has not been distributed and is not being considered for publication elsewhere. As a result, there are no conflicts of interest to disclose.

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Author Contributions

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