

ASSESSMENT OF LEADERSHIP CHALLENGES IN BUSINESS CENTRES

BY

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Abstract

The increased use of information and communication technology (ICT) has led to proliferation of business centres in Nigeria, especially in tertiary institutions. The business centres are bedevilled by some challenges that vary periodically and geographically. Therefore this study is aimed at assessing leadership challenges affecting business centres in Ahmadu Bello University, Samaru campus. Also, attempt is made to ascertain sources of finance and ownership status. Descriptive statistics was used to analyse data collected from a sample of thirty two respondents, drawn from population of seventy one. The study concludes that, power supply, pricing and industrial action by unions within the university are the main challenges. Also, informal sources of finance are the main stream of start-up capital for business centres, while sole and associations ownership are the predominant ownership status of business centers in Ahmadu Bello University Samaru campus. The study recommends some proactive measures aimed at curtailing the impact of these factors on the operations of business centres in Ahmadu Bello University Samaru campus.

Introduction

The growth and development of small and medium scale enterprises have been employed as key to unlock economic potentials of a nation. This is consequently expected to result into decreased unemployment rate, increased productivity and ultimately high standard of living. Small and Medium Scale Enterprises are sub-sectors of the industrial sector which play crucial roles in industrial development (Ahmed S. 2006). Recently, there have been increased advocacy and measures geared towards development of Small and Medium Scale Enterprises which have better prospects for developing domestic economy, rather than the import driven industrial sector that is presently obtainable. The drive for development of SMEs sector is based on the premise that it will lead to domestic production of the required goods and services that will serve as spring board for Nigeria economic development.

The Nigeria real sector for decades has continue to be bedeviled by downward industrial growth but import continue to grow at geometrical rate while unemployment rate is skyrocketing. Most of the poor and unemployed Nigerians in order to better their lots have resorted to the establishment of their own businesses. Consequently, Entrepreneurship is fast becoming a household name in Nigeria. A key instrument that has precipitated growth of SMEs is the information and technology. The increased information technology penetration has resulted in proliferation of business centres. The business centres are information technology enterprises that deal in clerical, stationary and virtual editororial, accounting, pictorial and communication engagement with the aid of information technology instruments. The increased start up of business centres have been bedevilled by some economic wide and individual challenge that posses threat to their very existence.

Pursuant to the justification of the study, the following research questions are empirically answered. They are stated below:

- (i) What are the leadership challenges affecting business centres in Samaru campus of Ahmadu Bello University, Zaria?
- (ii) What are the major sources of start-up capital for business centres in Samaru campus of Ahmadu Bello University, Zaria?
- (iii) How is the ownership structure of business centres in Samaru campus of Ahmadu Bello University, Zaria?

The primary objective of the study is to determine leadership challenges affecting the operations of business centres. But, the study intends to specifically achieve the following objectives:

- (i) To ascertain the main sources of start-up capital for business centres in Samaru campus of Ahmadu Bello University, Zaria.
- (ii) To determine the leadership challenges affecting the operations of business centres in Samaru campus of Ahmadu Bello University, Zaria.
- (iii) To investigate ownership status of business centres in Samaru campus of Ahmadu Bello University, Zaria.

The scope of the study is confined to business centres within the community markets of Ahmadu Bello University, Zaria (Samaru Campus) with focus on the owners or/and managers. The period of the study is November and December 2015. The study is expected to serve as a guide for intending entrepreneurs that may venture into the business line and it will serve as foundational or reference material to researchers.

Literature Review

Scholarly articles were reviewed on the key subject matters of the study to ascertain existing body of knowledge. Studies on leadership challenges of small and medium enterprises and entrepreneurial motivations were reviewed.

Osoimehin, Jegede, Akinlabi and Olajide (2012) examined the challenges and prospects of micro and small scale enterprises development in Nigeria. Most business enterprises in Nigeria by classification are grouped under micro and small scale enterprises, hence, the scope of study. This study was conducted in Lagos State, South Western Nigeria with the use of questionnaire and interview to gather relevant data that was statistically analyzed. Financial constraints and Lack of management skill hamper the efficient performance of micro and small scale enterprises in Nigeria.

Gbolagade, Adesola, Oyewale (2013) investigated the impact of marketing strategy on business performance with special reference to the selected SMEs in Oluyole local government area Ibadan, Nigeria. The survey research design method was used in this study which involves using a self-design questionnaire in collecting data from one hundred and three (103) respondents. The instrument used in this study is a close-ended questionnaire that was designed by the researchers. Correlation coefficient and multiple regression analysis were used to analyze the data with the aid of statistical package for social sciences (SPSS) version 20. The results show that the independent variables (i.e Product, Promotion, Place, Price, Packaging and After sales service) were significant joint predictors of business performance in term of profitability, market share, return on investment, and expansion. ($F(6, 97) = 14.040$; $R^2 = 0.465$; $P < .05$). The independent variables jointly explained 46.5% of variance in business performance. Subsequently, recommendation were made to SMEs operators to produce quality products; charge competitive prices, position appropriately, use attractive package for the product, engage in after sales service and provide other distinctive functional benefits to consumers.

Akingunola (2011) assessed specific financing options available to SMEs in Nigeria and contribution with economic growth via investment level. The Spearman's Rho correlation test is employed to determine the relationship between SMEs financing and investment level. The analysis reported a significant Rho value of 0.643 at 10%. This indicated that there is significant positive relationship between SMEs financing and economic growth in Nigeria via investment level. Descriptive statistics were also used to appraisal certain financing indicators. The paper later proffer that accessibility to relative low interest rate finances should be provided to small and medium enterprises in Nigeria in order enhance economic growth.

Ute, Mark and Cordchristain (2015) assert that types of entrepreneurial motivation can largely be split into three streams: The first of these streams differentiates necessity versus opportunity motivation (also called push vs. pull motivation). The second stream adopts multi-dimensional

typologies of entrepreneurial motivation. The third stream focuses on motivations to grow a business, or growth ambitions. Firstly, opportunity and necessity motivation also referred to as push-pull, is the longest standing conceptualisation of entrepreneurial motivation. It acknowledges that entrepreneurship can be an employment choice out of necessity, for example, to deal with job loss, rather than a positive choice to take advantage of an opportunity.

Secondly, multi-dimensional typologies of entrepreneurial motivation attributed entrepreneurship motivation to vary dimensions, the most commonly identified dimensions are: Achievement, challenge & learning- This dimension captures a desire for personal development through entrepreneurship. It includes aspects such as having meaningful work and responsibility and to learn through the challenge of creating/running a business. It also includes aspects of self-realization including fulfilling one's personal vision; Independence & autonomy- This dimension highlights the entrepreneurial motivation to be able to control one's work life including control over one's own time and work, making independent decisions, having flexibility to combine work with one's personal life; Income security & financial success- This dimension captures the importance of financial returns from entrepreneurship. Notably there is no strong distinction of motives related to income security and financial success as one may expect based on the opportunity-necessity studies of motivation. In studies that measure both aspects they often make up one dimension; Recognition & status- This dimension captures aspects related to social status such as the desire to receive recognition and respect from friends, family and the wider community for one's work as an entrepreneur.

Three dimensions that are rarely included in research are the following: Motivations for Entrepreneurship. Family & roles: This dimension captures the desire to continue a family tradition as well as follow the example of other role models. In some studies this dimension also emphasises creating a family legacy; Dissatisfaction: This dimension describes entrepreneurial motivation out of dissatisfaction with prior work arrangement; Community & social motivations- This dimension includes the desire to contribute back to the community the entrepreneur lives in either through philanthropy or the business itself (i.e. social entrepreneurship). It also includes aspects such as looking after one's employees and being an environmentally friendly company.

Thirdly, growth ambitions- Growth ambitions or intentions to grow one's business are typically measured as a forecast about the future size of the business in terms of number of employees and sales. A recent meta-analytic review summarizes the literature on entrepreneurial growth ambitions (Levie & Autio 2013) suggest that forecasts of the future business size should be differentiated from intentions, that is, where the entrepreneurs states a preference for growth and growth plans.

Methodology

Survey research design using primary sources of data that will be derived using unstructured interview was employed in the study. The population of the study is seventy which comprises of Managers and/or Owners of the business centres. The population of the study was derived by picking managers of the business centres regardless of whether they own or serves as only managers in the business centres. The sample size of the study is thirty using a data filtering criteria that the manager must be the owner of the business centre. This is premised on the fact that, were the owner varies from the manager, the manager may not have accurate information especially on the source of capital and ownership status. The data was analysed using descriptive statistics.

Results and Findings

The interview conducted on the respondents identified two broad sources of financing which they have sourced start-up capital to start business centre, these are formal and informal sources. The result of the interview responses on formal financing sources which SMEs in Nigeria can access are presented and analyzed in table1 below. The result of analysis depicted in table 1, indicates that the mean score of

the formal sources of financing are below the benchmark mean of 2.50. This indicates that the utilization rate of formal financing sources among the SMEs sampled is low.

Table1: Mean score of formal sources of Capital

| Variable | Mean | SD | Min Score | Max. Score |
|----------------------------------|------|------|-------------|------------|
| Formal finance source of Capital | 1.32 | 0.82 | 4.00 | 1.00 |
| Bank loan | 1.41 | 0.73 | 4.00 | 1.00 |
| Second-tier Security market | 1.24 | 1.20 | 0.00 | 0.00 |
| Intervention Funds | 1.14 | 0.62 | 4.00 | 1.00 |
| Others | 1.19 | 0.66 | 3.00 | 1.00 |
| Cumulative Mean/SD score | 7.20 | 4.03 | 7.20 < 12.5 | |

Source: Researcher's Computation, 2015

The cumulative mean score of financing variables is 7.20 which is also less than the cumulative benchmark mean of 12.5. The standard deviation 4.03 indicates that the points of disparity in the responses are relatively low.

Table 2: Mean score of informal sources of capital

| Variable | Mean | SD | Min. Score | Max. Score |
|------------------------------------|-------|------|--------------|------------|
| Informal finance source of Capital | 3.64 | 0.39 | 1.00 | 4.00 |
| Personal Savings | 3.50 | 0.69 | 1.00 | 4.00 |
| Cooperative Credits | 1.55 | 1.32 | 1.00 | 4.00 |
| Loans from Friends/Relatives | 1.84 | 1.22 | 2.00 | 1.00 |
| Ploughed-back profits | 2.45 | 0.79 | 2.00 | 4.00 |
| Combined Mean/SD score | 12.98 | 4.41 | 12.98 > 12.5 | |

Source: Source: Researcher's Computation, 2015

The result of analysis in Table 2 indicates that the respondents utilized more of informal financing sources than the formal. The personal savings has the highest mean score of 3.50, which is higher than the benchmark score of 2.50. The mean score of 12.98 on informal sources of finance is higher than the benchmark mean of 12.5, while the disparity on utilization of informal source as indicated by the standard deviation is low at 3.64. This is interpreted that informal sources of finance are more available and more utilized by SMEs in Nigeria than the formal sources.

Table 3: Mean scores of challenges affecting business centre

| Variable | Mean Score | SD | Min. Score | Max. Score |
|----------------------------|-------------|------|------------|------------|
| Power | 4.02 | 3.86 | 1.00 | 4.00 |
| Security | 1.48 | 1.23 | 1.00 | 2.00 |
| Industrial Actions | 3.87 | 1.87 | 1.00 | 4.00 |
| Pricing | 3.62 | 1.10 | 2.00 | 4.00 |
| Monitoring and Supervision | 1.43 | 0.76 | 1.00 | 2.00 |
| School Interference | 1.65 | 0.89 | 1.00 | 4.00 |
| Cost of Equipment | 1.23 | 1.36 | 1.00 | 2.00 |
| Cumulative Mean Scores | 9.82 < 12.5 | | | |

Source: Source: Researcher's Computation, 2015

Also, from interaction with respondents seven main factors were identified as challenges that serve as leadership challenges to managers and owners of business centres in Ahmadu Bello University Samaru campus. They are depicted in table 3 below with their respective mean scores to establish the level they affect business centres in Ahmadu Bello University Samaru campus.

The study investigated what are the probable that affects the operations of business centres in Ahmadu Bello University Samaru campus. Table 3 provides the analysis of seven variables of the challenges. The challenges have cumulative mean score (13.99) which is less than the benchmark score of 12.5. the mean score of power which is highest at 4.02 which is more than the benchmark mean score of 2.50, indicates that power supply serves as a great challenge to business centre in Ahmadu Bello university, Samaru campus.

Table 4: Ownership Status of Business Centres

| Ownership Status | Mean Score | SD | Min | Max |
|-------------------------|-------------------|-----------|------------|------------|
| Sole Proprietorship | 3.98 | 3.32 | 1.00 | 4.00 |
| Partnership | 1.45 | 1.37 | 1.00 | 4.00 |
| Family Business | 1.23 | 1.18 | 1.00 | 2.00 |
| Association Ownership | 2.56 | 2.34 | 1.00 | 4.00 |
| Cumulative Mean/SD | 9.22 | 8.21 | | |

Source: **Source: Researcher's Computation, 2015**

The result of analysis illustrated in table 4, indicates that sole proprietorship and associations ownership have a mean score of 3.98 and 2.56 which is greater than the benchmark mean score of 2.5. Thus, indicates that the two types of business centres ownership status are predominant in Ahmadu Bello University Samaru campus.

Conclusions and Recommendations

The results of analysis projecting main sources of financing available to business centres in Ahmadu Bello University Samaru campus, indicates that informal sources of finance is the main sources of finance. Specifically, the study concludes that personal savings and profit plough back are the most employed informal sources of finance by business centres in Ahmadu Bello University Samaru campus. Also, the result of analysis examining the challenges affecting business centres in Ahmadu Bello University Samaru campus showed that power, industrial actions and pricing significantly affects their operations. Thus, concludes that the challenges enumerated serves as impeding challenges to business centre in Ahmadu Bello University Samaru campus. Lastly, examination of the ownership status of business centres in Ahmadu Bello University Samaru campus, showed four broad ownership status, with sole and association ownership predominant. Thus, the study concludes that the preferred ownership status prevalent among business centres in Ahmadu Bello University Samaru campus is sole proprietorship and association ownership. Furthermore, from the result of analysis the study recommends that business centres operator in Ahmadu Bello University Samaru campus, show devise cost effective and reliable alternative sources of power to curtail the challenges posed by power supply from the national grid. The issue of industrial actions by trade unions within the university is beyond the control and intervention of the business centre managers, therefore there should be geographical diversification to cushion the effects. Finally, they should form formidable union to constantly interface with school management and students unions to abreast them with prevailing economic reality that main necessitate pricing variation.

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