

EXPLORATORY STUDY ON THE CHARACTERISTICS AND CHALLENGES OF STARTING A SMALL BUSINESS BY GRADUATES OF BUSINESS EDUCATION PROGRAMMES IN OYO STATE

BY

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Abstract

Literatures have widely acknowledged that there is more closure of small businesses in Oyo state than their birth by business education graduates, and very little empirical research has been conducted to reveal the true causes of this phenomenon. As a result, this study investigates the characteristics and challenges of establishing small businesses by business education graduates in Oyo state in an exploratory manner. The study was guided by three research questions and three hypotheses. The study used a descriptive survey design. The study's population consists of all business education graduates from Oyo state's colleges of education 2017/2018 to 2020/2021 academic session totaling 2,559. 255 of them were chosen randomly. A 21-item questionnaire served as the data collection instrument. The instrument was validated by two business education experts and received a reliability coefficient of 0.85 using the Cronbach Alpha Procedure. For the research questions, data were analyzed using mean and standard deviation, while the t-test was used to test hypotheses at the 0.05 level of significance. The findings of this study, graduates of both universities and colleges of education do not differ in their mean ratings of the characteristics and challenges confronting small business owners in Oyo state. Recommendations were made that, among other things, the government establish a community bank where university and college of education business education graduates can borrow without difficulty.

Keywords: Business Education, Small Business, Challenges, and Characteristics

Introduction

The world's frequent innovative changes have demonstrated that the future is unpredictable, particularly in terms of business education, enterprises, and technology. The business education curriculum incorporates skills and competencies regarded as the bedrock of establishing small scale businesses for economic, social, political, and economic stability and growth. According to Magaji (2015), countries with a high proportion of business graduates are fertile ground for economic development and growth. Business education aims to develop human abilities in terms of knowledge, skills, competencies, and understanding to enable graduates to carry out activities in the vocational pursuit of their choice in an efficient manner. According to Adisa, Abdulraheem and Mordi (2019), establishing a small business is an easy way for business education graduates to demonstrate their skills. Small businesses are unquestionably important to the development of any nation because they serve as an excellent means of increasing the overall rate of economic growth and the standard of living. According to Fabayo (2019), large scale industries are usually dependent on the healthy activities of small businesses. Establishing a small business is an excellent way for business education graduates to meet the objectives of their curriculum. According to Adisa, Abdulraheem, and Mordi, business education graduates have been unable to establish and run small businesses in Nigeria (2019). As a result of the numerous challenges confronting their operations, small businesses in Nigeria have been unable to add expected value to the economy. Despite the establishment of development plans by successive governments in Nigeria to empower and encourage business education graduates, small businesses have not seen significant contributions from graduates' skills and competencies.

Many studies, such as Adeyemi (2014) and Ovaka (2021), have revealed that thousands of business education graduates whether male or female residing in rural or urban centres who participate in small business start-ups each year are unable to continue before the end of the year. This finding was also corroborated by Van (2013), who reported that only 50 out of every 100 start-ups survive the first three

years. The frequent dissolution of small businesses at an alarming rate has prompted researchers to call on authorities to assist them in order to reduce unemployment and boost GDP output. As a result, Ekire, Udenbe and Ojuro (2019) argued that not starting a small business, especially as a fresh graduate, is extremely risky. Because they cannot afford to hire experts to run their businesses, most small businesses are managed by the owner. As a result, small business owners perform so many operational and management functions themselves (Kirsten, 2013), which often leads to business failure (Ihna, 2019). The majority of small businesses are either sole proprietorships or partnerships, which are always fraught with uncertainty. As a result, the success or failure of a small business is entirely dependent on the save ability of the owner (s), without the contribution of graduates' minds. According to Adeyemi (2014), the success of a small business is heavily reliant on the owner's skills and competencies, ability, and personal characteristics. Nwotobia (2012) undoubtedly believed that small businesses are critical to a country's healthy economy and that their competitiveness is essential to a country's success, development, and growth.

According to Ahmed (2016), in recent times in Nigeria, particularly in Oyo State, there has been an increase in the number of graduates from various institutions without corresponding employment opportunities, and as a result, the society is gradually progressing to the point where the average business education graduate is willing and ready to go into business. According to Adeyemi, one major feature of small businesses in Nigeria is the difficulty in raising adequate capital for their operations (2014). External sources, such as finance houses and banks, are difficult to assess. Even when banks agree to provide funds for these businesses, Adisa, Abdulraheem, and Mordi (2019) discovered that the terms or collateral for these loans are always difficult for the business owners to meet. According to Chukwuemeka (2016), approximately 80% of small businesses are not thriving due to a lack of financing and other related issues. Small businesses are mostly found in service-related industries. According to Moses and Adebis (2013), the major challenges confronting small businesses in Nigeria are the following: a lack of adequate funding, poor record keeping and information management, an inability to distinguish business capital from personal money, a lack of critical infrastructural facilities, and a lack of proper business and management skills and knowledge. As a result, this study looks into the characteristics and challenges of business education graduates participating in small businesses, despite their potential for job creation and poverty alleviation.

Problem of the Study

Business education curriculum aimed at instilling in learners marketable skills that will enable them to be self-sufficient after graduation. Small-scale business establishment is a viable area in which business education graduates with competent skills could venture to solve unemployment and poverty problems. According to Adisa, Abdulraheem, and Mordi, access to starting and operating finance remains one of the most significant challenges for business graduates in the creation, survival, and growth of small businesses (2019). This problem is exacerbated by the Covid-19 pandemic and the resulting global economic lockdown in 2020. According to Fraser (2021), this has caused the rate of loan rejection for small businesses to skyrocket, as has the rate of loan repayment.

As a result, the performance and activities of small businesses in Nigeria, particularly in Oyo State, have been very low (Okeke, Ezenwafor and Femiwole, 2021). Though the government at various levels has implemented policies such as the National Economic Empowerment Development Scheme (NEEDS) and the National Poverty Eradication Programme (NAEP) to improve the performance of small businesses in order to encourage young graduates to enter them, small businesses have failed to perform optimally, according to the findings of Akanke and Ojokuku (2018), Adisa, Abdulraheem, and Mordi (2019), Aliyu (2020), and Saad (2021). Furthermore, business education graduates' participation in the start-up and operation of small businesses is low (Adeyemi, 2020). Toeing this line, Ojo (2021) discovered that few small business owners (16%) had tertiary education, which may be significant reasons for the failure of small scale businesses. More importantly, recent literature has confirmed that there have been more closures of small businesses in Oyo State than births, with very little empirical research done to uncover the true causes of this phenomenon. As a result, this study examines in detail the challenges and characteristics of establishing small businesses by business education graduates in Oyo State.

Purpose of the Study

The primary goal of the research is to look into the characteristics and challenges of starting a small business by business education graduates. The study specifically sought to:

1. investigate the characteristics of Oyo State's small businesses.
2. assess the challenges and difficulties impeding the growth and survival of small businesses in Oyo State
3. examine the government's and individuals' efforts in Oyo State to support the growth and survival of small businesses.

Research Questions

The study was guided by the following research questions:

1. What is the characteristics of small scale business in Oyo State as perceived by rural and urban business education graduates?
2. What are the challenges and difficulties impeding the growth and survival of small business as perceived by male and female business education in Oyo State?
3. What is the government and individual efforts in Oyo State to support the growth and survival of small businesses?

Research Hypotheses

The study was guided by the hypotheses listed below.

Ho₁: The mean ratings of rural and urban business education graduates do not differ significantly on the characteristics of small business in Oyo State.

Ho₂: Male and female business education graduates from Colleges of Education do not differ significantly in their mean ratings of the challenges or difficulties impeding the growth and survival of small businesses in Oyo state.

Ho₃: The mean ratings of Colleges of Education business education graduates on government and individual efforts to support the growth and survival of small businesses in Oyo state do not differ significantly.

Methodology

For the study, a descriptive survey research design was used. A survey research design, according to Nworgu (2015), is one that is aimed at collecting data and systematically describing the characteristics, features, or facts about a given population. The population of this study included all business education graduates from Colleges of Education between 2017/2018 to 2020/2021 academic session Oyo state, with 255 randomly chosen as a sample for the study. The data collection instrument was a questionnaire designed by the researchers based on the purpose of the study and the research questions that guided the study. The instrument was designed using a four-point Likert scale of Strongly Agreed (SA), Agreed (A), Strongly Disagree (SD), and Disagreed (D) (D). The questionnaire developed for this study was face validated by three experts in the Business education department from Tai-Solarin University of Education, Ijebu-Ode, and Cronbach Alpha was used to determine the instrument's internal consistency. This resulted in a coefficient index of 0.85, which was deemed reliable for the purposes of the study. All 255 questionnaires administered personally by the researchers were returned, resulting in a 100% response rate. The data was analyzed using descriptive statistics of mean to answer the research questions and standard deviation to determine the homogeneity or otherwise of the respondents' views, while the t-test was used to test the hypotheses at the 0.05 level of significance.

Results

Research Question 1: Mean and standard deviation on the characteristics of small business Oyo State?

S/N	ITEMS	X	SD	DECISION
1	Start-up capital is low and sometimes difficult to source by owners despite of the pride to be owner as a motivating factor.	3.71	1.44	Agreed
2	Rate of dissolution is alarming owing to management skills	3.51	1.24	Agreed
3	Venturing into small business is risky and rate of failure is very high	3.55	1.35	Agreed
4	Small business is a source of livelihood to millions of	3.49	1.34	Agreed

	graduates who dare the risk.			
5	Most small businesses are managed by their owners because they could not afford to hire expertise	3.56	1.35	Agreed
6	Small business success or failure squarely depends on the sole ability of the owners	3.66	1.41	Agreed
7	Most small businesses engaged in service related activities because of inability to secure huge loans	3.59	1.38	Agreed
8	Few of small business owners have tertiary education.	3.50	1.31	Agreed
9	Unemployment usually compels business education graduates to start a small business	3.67	1.27	Agree
	Grand Mean	3.58		Agreed

Source: Field Survey

The data in Table 1 show the mean rating of the characteristics of small businesses in Oyo State by rural and urban graduates of Colleges of Education in Oyo State. Item-by-item analysis revealed that business education graduates from both universities and colleges of education agreed on all of the items, with mean and standard deviation scores of 3.71, 3.51, 3.55, 3.49, 3.56, 3.66, 3.59, 3.50, and 3.67 for items 1, 2, 3, 4, 5, 6, 7, 8, and 9, respectively. The grand mean of 3.58 indicates that all of the items are significant features of small businesses in the study area.

Research Question 2: Mean and standard deviation on the challenges and difficulties impeding the growth and survival of small businesses?

S/N	ITEMS	X	SD	DECISION
9	Problem of securing adequate fund to start-up the business	3.59	1.44	Agreed
10	Lack of previous experience in business before embarking on their current business activity	3.65	1.35	Agreed
11	Death of owner might lead to the death of the business	3.71	1.34	Agreed
12	Inability of small business owners to transfer the business successfully to another person	3.56	1.35	Agreed
13	Problem of funding is a greater challenges to small business owners	3.49	1.31	Agreed
14	Poor record keeping and information management	3.55	1.33	Agreed
15	Inability to distinguish business capital from personal money	3.51	1.37	Agreed
16	Lack of crucial infrastructural facilities and inability to take risks.	3.50	1.67	Agreed
17	Lack of proper business and management skills/knowledge	3.14	1.45	Agreed
	Grand Mean	3.18		Agreed

Source: Field Survey, 2022

The data in table 2 show the mean responses of male and female business education graduates to the challenges preventing small businesses in Oyo State from growing and surviving. Item by item analysis revealed that all of the items had been agreed upon, with mean scores ranging from 3.14 to 3.66. The overall mean score of 3.18 indicates that many challenges and difficulties are impeding the growth and survival of small businesses in Oyo state.

Research Questions 3: Mean and standard deviation of the respondents on the government and individual efforts to support the growth and survival of small businesses?

S/N	ITEMS	X	SD	DECISION
17	Government enactment of policies of National Poverty Eradication Programme (NAPEP) are aimed at boosting performances of small businesses.	3.55	1.43	Agreed
18	Small businesses do not easily grow as result of inability of owners to distinguish between business and personal capital	3.67	1.23	Agreed
19	Constant changes in government policies and taxes show down small businesses growth and development	3.50	1.34	Agreed

20	Sustainability and growth of small businesses is attainable by inadequate infrastructure	3.51	1.32	Agreed
21	Provision of conducive environment and local competition are inimical to the growth and survival of small businesses.	3.55	1.51	Agreed
Grand Mean		3.55		Agreed

Source: Field Study, 2022

Table 3 shows that respondents agreed on all of the items as government and individual efforts to support the growth and survival of small businesses. The grand mean of 3.55 confirms that government and individual support for small business growth and survival is insufficient.

Test of Hypotheses

Hypothesis 1: Business education graduates from colleges of education do not differ significantly in their mean ratings of small business characteristics in Oyo State.

Table 4: A summary of the t-test results analysis of Colleges of Education business education graduates on small business characteristics.

Types of graduates	N	X	SD	Sig.	DF	t-val	p-val	decision
Universities	79	3.80	1.38	0.05	255	0.884	0.373	NS
Colleges of Education	78	3.62	1.22					

Source: 2022 field study

According to the data in table 4, the t-value of 0.884 at degree freedom of 155 is greater than the p-value of 0.373. At an alpha level of 0.05, the p-value is not significant because it is greater than the alpha value (0.05). As a result, the null hypothesis is not rejected, and the mean responses of rural business education graduates on the characteristics of small businesses do not differ significantly from those of urban business education graduates.

Hypothesis 2: Male and female business education graduates from colleges of education do not differ significantly in their mean ratings of the challenges or difficulties impeding the growth and survival of small businesses in Oyo state.

Table 5: Summary of t-test result analysis of business education graduates from colleges of education on the challenges and difficulties impeding the growth and survival of small businesses in Oyo state.

Types of graduates	N	X	SD	Sig.	DF	t-val	p-val	decision
Male	58	3.73	1.21	0.05	255	0.640	0.354	NS
Female	99	3.47	1.17					

Source: Field Study, 2022

Table 5 shows that the t-value is 0.604 with a degree of freedom of 155 and the p-value is 0.354. At an alpha level of 0.05, the p-value is not significant because it is greater than the alpha value (0.05). As a result, the null hypothesis is not rejected; thus, the mean responses of male and female business education graduates do not differ significantly. Difficulties and challenges impeding the growth and survival of small businesses in Oyo state. These difficulty and challenge could be one of the reasons why many graduates do not start and run small businesses.

Hypothesis 3: Business education graduates from universities and colleges of education do not differ significantly in their mean ratings of government and individual efforts to support the growth and survival of small businesses in Oyo State.

Table 6: Summary of t-test result analysis of business education graduates from universities and colleges of education on government and individual efforts to support the growth and survival of small businesses in Oyo state.

Types of graduates	N	X	SD	Sig.	DF	t-val	p-val	decision
Universities	79	3.89	1.25	0.05	255	0.68	0.316	NS
Colleges of Education	78	3.58	1.27					

Source: 2022 Field Study

At 155 degree of freedom tested at an alpha level of 0.05, the t-value is 0.640 and the p-value is 0.314, as shown in Table 6. This demonstrated that the p-value is not significant because it is greater than the alpha value (0.05). As a result, the null hypothesis is not rejected; thus, the mean responses of business education graduates from universities and colleges of education do not differ significantly in terms of government and individual efforts to support the growth and survival of small businesses in Oyo state.

Discussion

According to the findings of this study, business education graduates colleges of education do not differ in their mean ratings of small business characteristics in Oyo State. This backs up Ahmed's (2016) claim that the increasing number of graduates from various institutions without corresponding job opportunities forces average graduates to start their own businesses. Furthermore, according to Adeyemi (2014), the need to play the dual role of owner as well as responsibility for planning, directing, and coordinating the activities that lead to the production and creation of business value usually motivates tertiary institution graduates. The study also supports the findings of Adisa, Abdulraheem, and Mordi (2019), who discovered that one of the major and common characteristics of small businesses is the difficulty they have in raising capital for their operations. Both male and female colleges of education agreed that assessing external sources of capital from finance houses and banks is difficult. Okoye and Udegbumam (2019) also stated that even when banks agree to provide funding for these businesses, the terms or collateral of these loans are always difficult for the intending or existing business owners to meet. Ahmed (2016), on the other hand, concluded that this explains why the majority of businesses were engaged in service-related activities and were unable to expand or grow over the year.

The study's findings in the second research questions and hypothesis two agreed that there are challenges and difficulties preventing the growth and survival of small businesses in the study area, with mean ratings ranging from 3.50 to 3.87. According to Edokpolor and Owenbiuge (2017), Obinnadike (2015), and Adisa, Abdulraheem, and Mordi (2019), the following challenges and difficulties confront small businesses in Nigeria: a lack of adequate funding, poor record keeping and information management, an inability to distinguish business capital from personal money, a lack of critical infrastructural facilities, and a lack of proper business and management skills/knowledge. In the same vein, Fabayo (2019) argued that the vast majority of businesses suffered setbacks. Because of various challenges and an inability to take risks in some cases, closure is the result of numerous challenges and difficulties posed by economic uncertainties. The hypothesis tested at the 0.05 level was also not rejected. This finding supports Ovaka's (2020) contention that numerous challenges and difficulties, ranging from a lack of funds to inadequate infrastructural facilities, limit the growth and survival of small businesses in Nigeria, and particularly in Oyo State. According to Van (2013), these challenges are the reason why most small businesses do not expand beyond this neighborhood.

According to the findings in Table 6, business education graduates from universities and colleges of education in Oyo state do not differ significantly in terms of government and individual support for the growth and survival of small businesses. This invariably implies that, regardless of the level of skills and competencies attained by graduates, the absence of government and individual support is a mirage. This is consistent with the claims of Adeyemi (2014), Ikpesu (2017), and Ahmed (2016) that most entrepreneurs' business ideas fail at the conception stage due to lack of support from the government and individuals in the environment. In line with the findings of this study, Olatunji (2013) identified a lack of basic infrastructure and competition as key areas where government and individuals have failed small businesses' growth and survival. Adisa, Abdulraheem, and Mordi (2019) lamented that the situation is

different in the United States, the United Kingdom, France, Germany, and other EU nations, where social amenities are provided in every nook and cranny, and financial institutions are designing credit facility mechanisms that take care of personal and business loan seekers without loan seekers having to provide collateral for securing loan.

Conclusion

The significance of small businesses in providing employment to the pool of unemployed graduates from colleges of education each year cannot be overstated. In particular, graduates of colleges of education suffer unemployment more due to the nation's economic woes. The country's unemployment rate continues to rise, despite an influx of college graduates who are unable to find work. Nigeria's tiers of government are not creating enough jobs to meet the country's ever-increasing population, leaving small businesses as the last hope for many Nigerian graduates. Regrettably, the circumstances and situation do not promote the formation and growth of small businesses. This study, on the other hand, provided a clue into understanding the challenges impeding the growth and survival of small businesses in Nigeria, and particularly in Oyo State.

Recommendations

The following recommendations were made based on the study's findings:

1. establishment of community banks where graduates of universities and colleges of education can borrow money without difficulty
2. the state government should increase its support for small business owners by offering seminars, workshops, and training.
3. the state government should make concerted efforts to improve infrastructural facilities to support the growth and survival of small businesses throughout the state.

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