

Impact of Micro, Small and Medium Scale Enterprises on The Socio-Economic Status of The Residence of Numan Local Government Area, Adamawa State, Nigeria

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Article History	Abstract
Original Research Article	<p><i>Small-scale enterprises provide employment and development. The aim of this study seeks to assess the socio-economic impact of small-scale enterprises on residence of Numan Local Government Area of Adamawa state. The objectives of this study seeks to find the type of small scale enterprises found in the study area, to examine the adequacy of small-scale enterprises in the area, examine the factors affecting and examine the impact on the environment. Relevant literature was reviewed for this study. Closed ended questionnaires were administered to 100 entrepreneurs and those working in small scale enterprises of the selected types which include pure water, tailoring, bakery, furniture making and block enterprises in which interviews were conducted with a view of obtaining additional information. Data generated were analyzed using descriptive statistics and presented in the form of frequencies and tables. Findings from the studies revealed that small- scale enterprises help in boosting socio-economic growth, hence, help in reducing unemployment rate, poverty etc. The activities of small-scale enterprises also have some negative impact on the environment and the residence of Numan. The study therefore recommends that, there should be an increase in the technological and equipment-based enterprises, the use of modern machineries should be adopted so also Government should continue to provide direct subsidies to small-scale enterprises operators which will help them in accessing raw materials, granting of tax moratorium etc.</i></p> <p>Keywords: <i>Small-scale, Socioeconomic, Enterprises, Impact.</i></p>
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Introduction

Adamawa State is richly endowed with entrepreneurial opportunities; however, the full realization of this potential has been constrained over time by the implementation of inappropriate industrialization policies. Globally, micro, small, and medium enterprises (MSMEs) are widely recognized as critical drivers of socio-economic development, primarily because they generate large-scale employment with relatively low capital requirements, promote equitable income distribution, and enable effective mobilization of local resources, capital, and skills. In Nigeria, empirical evidence consistently demonstrates that MSMEs possess significant capacity to stimulate economic growth, particularly because their activities are largely poverty-driven, people-initiated, and serve as direct

mechanisms for poverty alleviation with minimal financial burden and limited government intervention. Beyond generating income for entrepreneurs and their households, small-scale enterprises contribute to community development and act as grassroots engines of economic activity, especially in contexts where large-scale formal investment is limited. Nevertheless, the small-scale enterprise sector in Numan, as in many other areas, has also been associated with adverse social, economic, and environmental consequences, including informal and illegal production practices, tax evasion, smuggling, and corruption. Cognizant of both the benefits and challenges of this sector, the Adamawa State Government has adopted a supportive stance by permitting the establishment of

small-scale enterprises and providing financial assistance to registered operators. Small-scale enterprises remain fundamental to industrial growth and diversification, accounting for the majority of businesses in most economies and generating substantial private-sector employment and output, thereby contributing significantly to unemployment reduction. By utilizing locally sourced raw materials, these enterprises further strengthen domestic production and economic resilience. Given Nigeria's prevailing socio-economic and political challenges, the contribution of small and medium enterprises cannot be overstated, as they are indispensable for delivering inclusive economic growth and democratic dividends to citizens. MSMEs are widely acknowledged as key engines of economic expansion, private-sector development, innovation, and employment generation in both developed and developing economies, owing to their flexibility, adaptability to changing market conditions, and capacity to diversify economic activities linked to domestic and international trade. Consequently, sustainable economic growth and development in Numan can be achieved through the emergence and strengthening of vibrant SMEs that can evolve into major contributors to the broader economy, while recognizing that national priorities and policy frameworks must remain responsive to the dynamic nature and developmental stages of the sector.

Statement of the Problem

Evidence from the 2005 Small and Medium Scale Enterprises Survey conducted by the Central Bank of Nigeria indicates that, beyond challenges such as inadequate technology, limited managerial competence, weak management practices, an unfavorable business environment, and frequent policy changes, access to capital remains one of the most critical constraints facing entrepreneurs in the sector. In a context where financial limitations constitute a major barrier to development across much of the African continent, the difficulties confronting Nigeria's private sector—particularly small and medium-scale enterprises—are especially pronounced. High interest rates, the short-term structure of available credit facilities, and instability in exchange markets have compelled many large-scale enterprises to significantly reduce their borrowing activities, thereby intensifying the financing gap faced by smaller firms. These constraints have continued to limit the growth, sustainability, and overall contribution of small-scale enterprises to economic development. Consequently, there is a compelling need to examine the socio-economic impact of small-scale enterprises, with specific reference to Numan Local Government Area of Adamawa State, in order to provide empirical insights that can inform policy and development interventions.

Objectives of the Study

The aim of this study is to examine the socio-economic impact of micro, small and medium scale enterprises on the residents of Numan Local Government Area of Adamawa State.

The specific objectives of this study include:

- i. To examine the adequacy of small-scale enterprises in the area,
- ii. To examine the factors affecting and examine the impact on the environment.

Research Questions

The research questions from the above experience are thus;

- i. How is the adequacy of small-scale enterprises in the area?
- ii. What are the factors affecting and the impact on the environment?

Materials and Methods

This study adopted the survey type of research design. The data used for this study were sourced from different sources and therefore, their mode of collection also differed distinctly. The Primary data used were obtained through field survey, oral interview and administration of structured questionnaire on the socio-economic impact and demographic characteristics of the people in the study area. The copies of questionnaire were administered to the micro, small and medium scale enterprise owners as well as their workers. The secondary data used were collected from academic text books, published academic articles, conference papers, bulleting and unpublished thesis.

The target population for this study comprised all micro, small and medium enterprises operating in Numan as well as the entire population of Numan Local Government Area, estimated at 266,800 inhabitants according to the 2006 National Population Census. Sampling, which involved selecting a representative subset of a population to enable valid inferences about the whole, was employed to determine the respondents for the study. In line with established methodological principles, a combination of purposive, stratified, and systematic random sampling techniques was adopted. Purposive sampling was used to select small-scale enterprises for questionnaire administration due to the significant variation in the number and types of enterprises across the town. Within each industrial category and residential area, the first enterprise and household were selected through simple random sampling, after which systematic sampling was applied by selecting every fourth enterprise and household to ensure adequate coverage and representativeness of the study area.

The sampling frame for this study consisted of the identified and documented number of micro, small and medium scale enterprises operating within the study area.

Method of Proportional Allocation which appeared to be more appropriate and efficient adopted in allocating the sample size needed in each type of the industrial category selected, this was in order to have a fair representation as the number of the selected enterprises differ greatly. The method was also considered to be more comprehensive, correct, reliable and appropriate and appeared to have addressed the potential problems of incomplete frame, cluster of elements and blank foreign elements. The sample size adopted for this research was considered optimal, as it satisfied the requirements of efficiency, representativeness, reliability, and flexibility. A sample refers to a subset of the entire population selected to provide a valid and meaningful representation of that population, and the determination of its size is influenced by both the complexity of the study and the characteristics of the population under investigation. Accordingly, a total of 100 questionnaires

were administered for data collection. The data obtained from the questionnaires were analyzed using descriptive statistical techniques, including frequency counts and percentage distributions, alongside visual presentation methods such as tables, charts, and graphs, which were appropriate for summarizing and interpreting the qualitative information provided by the respondents.

Results

Table 1 shows the gender distribution of the respondents. The table shows that 67% of the respondents are male while 33% of them are females. Complexity of small-scale enterprises is the reason why we have high male respondents than female respondents. And most men venture into small-scale enterprises to earn for a living to cater for the family.

Table 1. Gender Distributions of Respondents

Sex	Frequency	Percentage (%)
Male	67	67.0
Female	33	33.0
Total	100	100

Source: Field Survey, 2025

Table 2, shows the age distribution of the respondents. The table shows that 24% of the respondents are between 15 – 24 years, 42% of the respondents are between ages 25 – 34, 18% of the respondents are between 35 – 44 years, while 16% of them are 45 years and above.

Table 2. Age Distribution of respondents

Age distribution	Frequency	Percentage (%)
15 – 24	24	24
25 -34	42	42
35 – 44	18	18
45 and above	16	16
Total	100	100%

Source: Field Survey, 2025

The table 3 shows the marital status of the respondents. It indicates that 61 of the total population were married, while at about 24 are single and the remaining 6 were divorced due to so many reasons not important to the cause of this research work while at about 7 are widowed. The data above shows clearly that most population engaged in small scale enterprises in Numan environs are married just to be able to fend for the family and need daily life needs.

Table 3. Marital Status of respondents

Marital status	Frequency	Percentage (%)
Single	24	24.0
Married	63	63.0
Widowed	7	7.0
Divorce	6	6.0
Total	100	100%

Source: Field survey, 2025

The table 4 shows the educational qualification of respondents. It reveals that majority of those engaged in small scale enterprises are secondary school certificate holders with a percentage of 41 followed by primary school drop outs at 30, 9 are totally uneducated and just 20 have attained a level of education.

Table 4. Educational Qualification of respondents

Educational qualification	Frequency	Percentage (%)
No education	9	9.0
Primary school	30	30.0
Secondary school	41	41.0
Post-secondary school	20	20.0
Total	100	100%

Source: Field survey, 2025

From the table 5 shows that 17% of the respondents are engaged in block industry activities, 10% are engaged in bakery, 23% are in furniture activities, 38% in tailoring because both the male and females are found in this category and 12% are engaged in pure water industry. The tailoring enterprises tend to be the highest due to low start-up capital and low cost of the raw material and machineries used in the sector.

Table 5. Types of selected Small-scale Enterprises in the Area

Enterprises	Frequency	Percentage (%)
Pure water industry	12	12.0
Tailoring	38	38.0
Bakery	10	10.0
Furniture making	23	23.0
Block Enterprises	17	17.0
Total	100	100%

Source: Field survey, 2025

Table 6 shows the ownership structure of small scale enterprises in the study area, in which 79% are sole proprietorship while 21% are partnership operations. This implies that majority of the small scale enterprises in the study area are individually owned.

Table 6. Ownership Structure of some selected Small Scale Enterprises

Ownership	Frequency	Percentage (%)
Sole proprietor	79	79.0
Partnership	21	21.0
Total	100	100%

Source: Field survey, 2025

Table 7 shows that majority of the people in the study area are owners of their enterprise, as 60% have their initial capital from personal savings and 21% from family assistance while 15% are loans from family and friends and only 4% have gotten access to government loan. This result shows that most of the entrepreneurs started their manufacturing, production and constructions because of realization of its economic potential and viability as well as satisfy their needs.

Table 7. Source of Initial Capital for the Enterprise

Sources	Frequency	Percentage (%)
Personal savings	60	60.0
Family assistance	21	21.0
Loan from friends and family	15	15.0
Loan from formal financial institution	4	4.0
Total	100	100%

Source: Field survey, 2025

This table 8 shows those engaged in small scale business do not even meet up with the national minimum wage by the federal government. Only 28% of them earn more than the minimum wage. Majority of the earners falls under #30,100 and above monthly.

Table 8. Monthly income of the respondents

Monthly income (#)	Frequency	Percentage (%)
1000-5000	5	5.0
5100-10000	14	14.0
10100-20000	36	36.0
20100-30000	17	17.0
30,100 and above	28	28.0
Total	100	100%

Source: Field survey, 2025

Discussion of findings

The findings of the study in relation to research question 1 responds to how is the adequacy of small-scale enterprises in the area. The study found out that there are small scale industries ranging from tailoring, block industries, sachet water industries, bakery and furniture making. It was found out that the dominant enterprise is the tailoring because it demands low start up. Therefore, there are a considerable number of small-scale enterprises. Hence, this study aligns with the findings of Adamu & Ezra (2020) and Schlieman (2009) whom stated that small-scale enterprises serve in increasing the economic growth of both individual and the government. The people engage in small-scale enterprises earn for a living which also improve the standard of living. The activities of small-scale enterprises have effect on the environment and the people in the study area as earlier stated in the research work. Base on the reports returned from the questionnaire administered, 28% of those engage in small-scale enterprises earn #30,000 and above which means that 28% earn the minimum wage of the country.

The study in relation to research question 2 which looked at the factors affecting and examine the impact on the environment. It was revealed that the presence of small-scale enterprises helps reduce the level of unemployment in the country which also reduces the level of crime rate and robbery due to engagement of youths in small-scale enterprises. Some of the problems identified to confront small-scale enterprises are in the areas of finance, management, commerce, technical skills and infrastructure. Some of the impacting factors on the small enterprises on the environment included, water pollution, air pollution, waste generation and noise pollution. This study is therefore in agreement with the findings of Akingunola (2011) whom stated that every industry has some negative impacts on the environment and the settlers of the location.

Conclusion and Recommendations

In conclusion, micro, small and medium scale enterprises have both positive and negative impact on the study area.

Therefore, it should be encouraged and the impact on the environment should be strongly protected. However, based on the findings made in the course of this study, the following recommendations should be taken into consideration:

1. There should be an increase in the technological and equipment based enterprises. Imported machineries should be implemented. Government should continue to provide direct subsidies to micro, small and medium scale enterprise operators, help them in accessing raw materials, granting of tax moratorium etc. Since small-scale enterprises help in boosting the economic growth of the nation, the government should encourage giving out loan and encourage small-scale enterprises.
2. Also, employers of small-scale enterprises should try and augment the payment of workers as we saw that just 28% earn #30,000 and above. Proper education on small-scale enterprises should be done so as people will learn more about it and practice.

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