



Impact of Telecommunication on Small Scale Businesses for Employment Generation among Youth in Rivers State

Nnodim, A. U.

**Department of Vocational and Technology Education,
Rivers State University, Port Harcourt, Nigeria
Ukachi68@gmail.com**

ABSTRACT

This study investigated the implications of telecommunication and small scale businesses on employment generation and youth empowerment in Rivers State. The study adopted descriptive survey design and the target population was small scale business entrepreneurs in Rivers State. Purposive sampling method was used to select 20 Local Government Areas in Rivers State. From these Local Government Areas, a systematic random sampling method was used to sample 120 small scale entrepreneurs for the study. Three research questions were formulated and answered. The data were collected through interview schedule and structured questionnaire designed in the Likert 5 point rating scale pattern. The data were analysed using mean statistics. The study found that telecommunication contributes to the growth of small scale businesses in Rivers State and that this growth has a positive impact on employment of youth and youth empowerment in Rivers State. It was recommended, among others, that proper awareness programme on the use of telecommunication be conducted by Government for small scale business entrepreneurs.

Keywords: Telecommunication, Business, Youth, Empowerment

INTRODUCTION

The International Telecommunication Union, ITU (2004) defines telecommunication as the communication at a distance using technological means, particularly electrical signals or electromagnetic wave. It could also be defined as the science and technology of sending information by telephone, radio or television (Macmillan English Dictionary, 2007). Therefore, telecommunication can be defined as the process of sending information from one person to another using technological medium. In message transmission between individuals very close to each other, speeches, facial expressions and gestures could be adopted as a means of communication. However, these means of communication are limited by distance and then the necessity of telecommunication. Kennedy, David and Prasama (2012) observed that electrical means of communication started with telegraphy, later telephone and radio and recently satellite and fibre optics making communication spread wider with emphasis on wireless, computer and other data communication. Telecommunication networks are much helpful in producing economic growth, in decreasing of the transaction cost impacting on the GDP for economy trading on up-ward with wide range output significantly (Roellar & Verman, 2001 in Mohsin, Raja Abdul & Haniya 2012). Therefore, when adopted by small scale businesses, it could help in reducing transaction cost.

In defining small scale business, references are usually made to quantitative measures such as number of people employed, investment outlay, the annual sales turnover (sales) and the asset value of the business or a combination of these measures. According to Accra-Jaja (2009), small scale business is an industrial establishment, manufacturing, assembling or processing industry that has a total employee of not more than 50 personnel. In another definition, the Central Bank of Nigeria, CBN (2005) in Etebefia and Akinkumi (2013) defined small scale business as a business whose total investment does not exceed N2.5

million naira and whose annual turnover is not more than N12.5 million. Hence, Small scale business can be defined as a business that has a maximum number of 50 employees with an annual turnover that is not more than N12.5 million. Basically, establishing a small scale business does not require much capital and expertise. This is in line with Agwu and Emeti (2014) that small scale business can be easily established with minimal skill, capital, and registration.

However, the vast majority of developed and developing countries rely on the dynamism, resourcefulness and risk taking of small scale business to trigger and sustain process of economic growth (Muritala, Awolaja & Bako, 2012). Consequently, the relevance of small scale businesses in developing countries economies' especially through human development cannot be over-emphasized. Akande and Yinus (2013) noted that small scale businesses have played a key role in the economies of both developed and developing countries in areas of turnover, level of employment generation, and serves as a mechanism to fighting poverty. In the view of Agwu and Emeti (2014), small scale businesses are generally regarded as the engine of economic growth and equitable development in developing economies. According to Rogers (2002), small scale business enhance capacity building as they serve as entrepreneurial training avenues; they create more employment opportunities per unit of investment because of their labour intense operations; they achieve a much more relative high value added operations because they are propelled by basic economic activities that depend mostly on locally sourced raw materials; they provide feeder industry services as they serve as major suppliers of intermediate goods and components to large scale industries as well as major agents for the distribution of final products of such industries; they provide opportunities for the development of local skills and technology acquisition through adaptation. In the same vein, Brian (1993) in Muritala, Awolaja & Bako (2012), stressed that small scale businesses encourage rapid development, increases the utilization of local resources and provision of training ground for indigenous technology and raising the standard of rural dwellers and so on.

However, one major function of small scale business is the provision of employment. Fabayo in Agwu and Emeti (2014) observed that small scale businesses are major source of employment opportunities for a wide cross-section of the workforce: the young, old part-time workers and the cyclically unemployed. Currently in Nigeria, small scale businesses provide an average of 50% of Nigeria's employment, and 50% of its industrial output (Ariyo, 2005 in Muritala, Awolaja & Bako, 2012). According to Agwu and Emeti (2014), it has been observed that there is a high correlation between the degree of poverty, hunger, unemployment, and economic wellbeing of the citizens of countries and the degree of vibrancy of the respective countries small scale businesses. Akande and Yinus (2013) assert that the growing recognition of small scale businesses in national growth led to the commitment of World Bank group on small scale business sector as a core element in its strategy to foster economic growth, employment generation and aid poverty alleviation.

The need to integrate telecommunication in the daily activities of entrepreneurs is imperative to business expansion and survival. Communication which is enhanced by telecommunication media enable businesses to keep in touch with its operating divisions, customers, suppliers and stakeholders. Bamodu (2003) describes the introduction of telecommunication into businesses as electronic commerce, a type of industry where buying and selling of products or services is conducted over electronic system such as the internet and other computer networks, mobile phones, social media and telephones. It also involves the exchange of data to facilitate the financing and payment for business transactions. Isa (2013) observed that some farmers have computers, television, radio and other equipment with which to monitor weather patterns such as rainfall, drought, flooding and to ascertain what kind of products the market wants and the prices of such products. It underscores the need for small scale business entrepreneurs to involve innovations that could help boost their production and therefore cope with the high demand of the competitive market. Haring (2014) believes that telecommunication is globalizing markets-reducing transaction costs, expanding productivity and directly increasing the economic wellbeing of the people and very useful in social relationship.

As networks are connected with each other and information transmitted more freely, market and completions ensued, leading to excellent and quality service and business success. Babangida (2010) observed that the competitiveness of Nigeria small scale business depends on the capacity to participate in

the global market which can only be achieved by the use of the tool which characterized and give life to the economy. Furthermore, Babangida (2010) state that electronic commerce is the fundamental to increase competitiveness in the global market.

Telecommunication brings about important technology, openness, connectivity, decentralization and accessibility. It also brings people together, link likeminded groups, saves costs of transport while business transactions take place without crossing the border (Anie, 2011). Anie (2011) also asserts that the use of telecommunication in business promotes self-employment, such as phone booths and business centers and has changed the way transactions are conducted by the way information is circulated and the way we educate and inform ourselves. Ralph and George (2000) opine that telecommunication has the potentials to create profound changes in business as it lessens time and distance, changes the way business operates and alter the nature of commerce itself. The use of computers, internet, geographical information system, mobile phones as well as traditional media has the potential to increase capacity of small scale business entrepreneurs and support rural livelihood.

Despite the contributions of telecommunication to small scale business, employment generation and youth empowerment, small scale businesses are faced with constraints that affect their use of telecommunication. According to Agwu and Emeti (2014), about 80% of small scale businesses are stifled because of poor financing which affects the use of telecommunication in business. Furthermore, the authors state that Government has not done enough to create the best conducive environment such as regular power supply for the striving of small scale businesses. This affects the use of telecommunication by small scale businesses.

The questions are: how has telecommunication application into business transaction by small scale business entrepreneurs in rural areas of Rivers State contributed to the growth of their business? How has such growth assisted in job creation and empowerment of youth in their areas of operation? And what are the challenges faced by small scale business entrepreneurs in their bid to adopt telecommunication into their businesses? The search for answers to these questions warranted this study.

Purpose of the study

The main purpose of the study was to examine the implications of telecommunication and small scale businesses on employment generation and youth empowerment in Rivers State. Specifically, the study intends to:

1. ascertain the influence of telecommunication on the growth and development of small scale businesses in Rivers State,
2. examine the relevance of small scale business in employment generation and youth empowerment in Rivers State and
3. identify challenges facing small scale businesses while using telecommunication in their daily transaction.

METHODOLOGY

The study was carried out in Rivers State, South-South Nigeria. The state is noted as the hub of oil and gas industry and very volatile due to incessant youth agitations as a result of neglect and poverty. Rivers State is a potential business haven for entrepreneurs because of abundant human and natural resources and ready markets for goods and services. The study adopted the descriptive survey design and the target population was the scale business entrepreneurs in Rivers State. Two sampling methods were used to select the respondents. Firstly, purposive sampling technique was used to select 10 Local Government Areas (Obio/Akpor, Port Harcourt, Eleme, Oyigbo, Ikwerre, Degema, Ahoada East, Emohua, Etche, Khana) out of the 23 local government areas in Rivers State. Secondly, systematic sampling method was used to select entrepreneurs, 40 each from among producers, processors and marketers. In all, 120 respondents representing twelve entrepreneurs from each Local Government Area were chosen. The data collected were qualitative using interview schedule and structured questionnaire tagged "Implication of Telecommunication and Small Scale Business in Youth Employment and Empowerment Survey Questionnaire" designed in the pattern of likert 5-point rating scale of Strongly Agree (SA), Agree (Agree), Undecided (U), Disagree (D) and Strongly Disagree (SD). The interview schedule assisted in

eliciting responses from the illiterate respondents who could not respond to the structured questionnaire. The instrument was faced and content validated by experts in department of Science and Technical Education in Rivers State University, Port-Harcourt. The instrument was first tested for reliability using Cronbach Alpha Reliability Coefficient before it was distributed and retrieved by the researcher. The reliability coefficient achieved was 0.86. The data were analyzed using mean statistics. Mean values that were greater than 3.00 were accepted while mean values that were less than 3.00 were rejected for all the objectives of the study.

RESULTS AND DISCUSSION

Table 1: Telecommunication and the growth and development of small scale businesses

Variables	Mean	Remarks
Easy recruitment of quality staff	4.61	accept
Easy and quick access to inputs	4.72	accept
Reliable linkage to capital markets	3.81	accept
Timely and valid information gathering	4.92	accept
Opens up varied marketing channels for sales	4.22	accept
Makes business diversification easy	4.13	accept
Useful for weather and business forecast	3.91	accept
Facilitates planning and decision-making	4.60	accept
Enhances free-flow of communication between management and staff	4.92	accept
Reduces cost of doing business in time and finance	3.90	accept
Makes good returns to business investments	4.10	accept
Reduces the risk associated in doing business	4.20	accept
Engenders healthy competition among businesses	3.72	accept
Opens windows for research and innovations	4.30	accept
Increases the production capacity of a firm	3.62	accept
Very useful in feed-back processes especially from customers	4.80	accept
Increases co-ordination and operational efficiency	4.20	accept
Total	4.28	accept

Source: Field Survey, 2015.

Table 1 shows respondents' opinions on the effects of telecommunication on the growth and development of small scale businesses in Rivers State. The respondents agreed that telecommunication is necessary in the recruitment of quality staff (4.61), easy and quick access to business inputs (4.72), linkage to capital markets (3.81), information gathering (4.92) and opens opportunities for marketing of products (4.22). It is also vital in business diversification, weather forecast, planning and decision making, free flow of information among staff and customers and reduces the cost of doing business with the following Mean values; 4.13, 3.91, 4.60, 4.92 and 3.90 respectively. Other benefits include: good returns in business investment (4.10), reduction of risk associated with businesses (4.20), engenders healthy competitions among businesses (3.72), opens windows for research and innovations (4.30), increases production capacity (3.62), among others.

The respondents' opinions corroborated the findings of some studies on the effects of telecommunication on small scale businesses. Kennedy et al (2012) assert that as networks are connected with one another and information transmitted easily, it engenders competition and results to excellent and quality service that is necessary for business success. On the use of telecommunication for weather and business forecast, Isa (2013) observed the benefits among rural farmers who used radio, computers and other equipments to monitor rainfall, drought, flooding, supply and demand trends of their products.

On the effect of telecommunication on small scale business operations, Akande and Yinus (2013) observed that when deployed in commerce, trade, agriculture, manufacturing and government services, it improves communication, productivity and creates new business opportunities. The findings also

corroborated those of Haring (2014) and Anie (2011) that telecommunication is globalizing markets, reducing business cost, expanding productivity and engenders economic well-being of the people.

Table 2: Relevance of small scale business in employment generation and youth’s empowerment

Variables	Mean	Remarks
Easy access to employment opportunities	4.40	accept
More youths are employed as business expands	4.53	accept
More community development projects that will absorb youths are executed	3.76	accept
Training of youths on skill for employment	3.98	accept
Increased wages for employed youths	4.20	accept
More youths are employed due to business networking	3.98	accept
More youths are employed as more businesses are established due to low start-up cost	3.54	accept
Encourages self-employment	4.12	accept
More staff are absorbed by businesses as cost of transaction reduces	4.34	accept
Total	4.09	accept

Source: Field Survey, 2015.

Table 2 shows respondents’ opinions on the relevance of small scale business in employment generation and youth empowerment in Rivers State. The respondents agreed that small scale businesses are relevant in the following ways; easy access to employment opportunities (4.40), more youths are employed as business expands (4.53), more community development projects that will absorb youths are executed (3.76), training of youths on skill for employment (3.98) and increased wages for employed youths (4.20). More so, more youths are employed due to business networking (3.98), more youths are employed as more businesses are established due to low start-up cost (3.54), encourages self-employment (4.12) and more staff are required by businesses as cost of transaction reduces (4.34). This finding corroborated the findings of some studies on the influence of telecommunication. Anie (2011) stated that telecommunication promotes self-employment, such as phone booths and business centres and has changed the way transactions are conducted by the way information is circulated and the way we educate and inform ourselves. In the same vein, Akande and Yinus (2013) noted that small scale businesses have played a key role in the economies of both developed and developing countries in areas of turnover, level of employment generation and serves as a mechanism to fight poverty.

Table 3: Perceived challenges against effective use of telecommunication

Factors	Mean	Remarks
Poor service delivery by operators	4.20	accept
Inaccurate billing system	3.81	accept
High service tariff	4.62	accept
Weak infrastructural base for smooth operations	4.42	accept
Limited finance for acquisition of facilities	3.95	accept
Lack of skills and technical know-how	4.32	accept
Low level of awareness among rural populace	4.40	accept
Poverty among the rural people	3.83	accept
Lack/irregular power supply	4.62	accept
Total	4.24	accept

Source: Field Survey, 2015.

Data in table 3 show that effective use of telecommunication is constrained by several factors such as poor service delivery by operators (4.20), inaccurate billing system (3.81), high service tariff (4.62), weak infrastructural base (4.42) and limited resources to acquire telecommunication facilities by small scale entrepreneurs in the study area. Other factors are lack of skills and technical know-how to operate telecommunication facilities (4.32), epileptic power supply where available (4.62) and low level of awareness about the benefits of telecommunication application in business transactions among the rural people (4.40). The use of telecommunication in businesses and other occupation has invariably changed the trend of business transaction and other livelihood activities but are constrained especially by poor service delivery by telecommunication providers making it difficult to make and receive calls as at when needed. This corroborated the assertions of Agwu and Emeti (2014) that about 80% of small scale businesses are stifled because of poor financing which affects the use of telecommunication in business.

CONCLUSION

Based on the findings of this study, it was deduced that telecommunication contributes to the growth of small scale businesses in rural areas in Rivers State and that this growth influences the generation of employment and youth empowerment in the study area through several ways such as the provision of easy access for employment opportunities, encouraging self-employment, employment of youths as business expands, among others. More so, the study concluded that the use of telecommunication by small scale entrepreneurs has some bottle-necks, among which include; epileptic power supply, poor service delivery by operators, inaccurate billing, high service tariff, weak infrastructural base for smooth operations, limited finance for acquisition of facilities, among others.

RECOMMENDATIONS

Based on the findings of this study, the following recommendations were made;

- There should be proper awareness programme by Government for small scale business entrepreneurs.
- Training programmes should be conducted by Government for small scale entrepreneurs on how to use telecommunication in business.
- Government should make available Grants for small scale business to enable them purchase required telecommunication facilities.
- There should be reduction in high service tariff by telecommunication companies for small scale businesses.

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