

Business Climate Factors Affecting Economic Growth of Small Scale Construpreneurs in Nigeria

Afolabi Adedeji, Oyeyipo Opeyemi, Ojelabi Rapheal



Abstract: *Small scale businesses are at the heart of achieving sustainable economic growth in most nations. However, the peculiar environmental challenges faced by this sector has not taken forefront in order to increase their committed participation. Consequently, the study examined the business climate factors affecting economic growth of small scale construpreneurs (SSCs). The study engaged a survey research technique of 80 construpreneurs using a quota-purposive sampling method in Lagos and Ogun State; major economic hubs in Nigeria, through a questionnaire instrument. The data was analyzed using SPSS through principal factor analysis to elicit the crucial business climate factors affecting economic growth of SSCs. The result revealed three main categories of business climate factors which are Finance, Job Availability and Weak Policies as major business climate factors affecting the economic growth of small scale construpreneurs. The study made strategic recommendations for impactful growth of small scale construction entrepreneurs.*

Keywords: *Business Climate, Construction Industry, Construpreneurs, Economic growth, Entrepreneurs*

I. INTRODUCTION

An entrepreneur should be self-propelled and self-motivated to want to contribute his or her quota to the development of their locality and the nation at large. An entrepreneur's qualities include persistence and determination, a risk taker, knowledgeable and teachable, problem solver, investment prone, prepared for success as well as failure and a creator of wealth. Small scale contractors fall into this category. Construpreneurs are persons that start construction businesses. Small scale construpreneurs deliver the business of small construction projects in the built environment.

Many times, construction stakeholders seem to forget that contractors are entrepreneurs out to make profit and rather see them as professionals in the construction industry without caring about their business needs. Small scale construpreneurs are spurred by the motive to be self-employed. [1] addressed these set of people as heroes of the global economy. Entrepreneurs are very important to guarantee the growth of any nation [2].

The study in [3] defined their crucial roles in employment creation. This sole attribute should be harnessed for sustainable economic drive by nations.

Furthermore, [4] defined small scale construpreneurs as those contractors that have the sole aim to maximize profit in the construction of residential and commercial building. They do not have headquarters while some of them have head offices.

Nigeria is a developing country heavily dependent on oil export. In the new drive to diversify the economy, there is need to empower small scale entrepreneurs. As noted by the [5], small and medium scale enterprises (SMEs) possess great capability in solving many of the nation's challenges by promoting local content. In spite of this strategic role, [6] reported that 90% of SMEs contribute a fragment of 1% to the national GDP.

This signifies the unsuccessful implementation of the country's SME model [2]. The performance of small scale firms is appreciated in their ability to create employment and wealth for the nation [7]. [8] noted that small scale businesses (SSBs) engage the use of mainly local raw materials while employing local labour from the urban and rural centres thereby balancing the wealth even to the rural parts. Despite the increased budgetary allocations and loan acquisition schemes available locally, financial and technical aid internationally, [8] reported that SSBs have not been able to accelerate employment and poverty alleviation in order to foster Nigerian economic development.

Apart from the financial concerns, which a large number of SSBs find it difficult to access due to stringent measures and conditions pegged by financial houses [9]. [8] asserted that small scale practitioners are faced with other constraints in management, technology, competition, price of available local raw materials, infrastructural facilities and multiplicity of policies resulting in double taxation etc. In Nigeria's quest for diversification, one sector that has largely been untapped is the construction sector. The Nigerian construction industry is concerned with providing necessary housing and infrastructural growth towards the attainment of the nation's sustainable economic development [10]. The sector boasts of been the largest employer of labour compared to other sectors of the economy [11, 12].

Successive governments, realizing the importance of construction have invested in capital projects and infrastructural development. But, most of these construction projects are mostly controlled by large foreign companies [13, 14]. Due to the importance of measuring performance in the industry, several studies have tried to measure factors affecting contractor's performance in the construction industry [15, 16, 17].

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But, it would be grossly inadequate to consider the strengths and weaknesses of large and small firms as the same. The distinct nature of smaller firms make them easy prey to unpalatable business environment that larger firms may easily manoeuvre. [18]opined that the growth of small firms can be somewhat unpredictable.

This has not deterred the high frequency of new firms been formed daily but with low survival ratings over a few years [19]. [20]revealed that 20-40 percent of new firms fail within 2 years post-entry, while only about half of them survive beyond the 7th year.

This can be attributed to the numerous hurdles each new firm has to face over time. Removing this constraints could be one of the most effective ways of improving overall performance of any system [21].

However, [22] reiterated that immediately one inhibiting factor is removed, another is formed and this calls for continued research in a bid to understand them and proffer better ways of reducing and managing their effect, this ensures the overall sustainability of the system.

In order to sustain the huge benefits of the construction industry in terms of job creation and stimulating the economy, the inhibiting factors affecting SSCs need to be tackled.

The peculiarity of this study is that it considers small scale entrepreneurs in the construction sector in a developing economy. The study seeks to understand the business climate constraints that can impede the economic growth of the SSCs.

The idea is that when the significant roles of SSCs have been greatly hampered by an unfriendly business climate, it is near impossible to deliver the envisaged economic growth for the country.

II. RESEARCH AIM

The aim of this study is to critically examine the business climate factors (BCFs) affecting economic growth of small scale construpreneurs (SSCs) with a view of proffering recommendations that engenders growth and sustainability of the SSCs.

III. LITERATURE REVIEW

Nigeria's economy continues to oscillate between the largest and second largest economy in Africa [22]. Yet, a large chunk of its populace live below the poverty line [23]. All over the world, empowerment of small scale businesses have been used to reduce the menace of poverty.

According to [8], small scale business started gaining prominence in Nigeria in the early 1970s in order to alleviate poverty.

The National Council on Industry in [25] defined small scale industry as an industry whose finance ranges between 1 – 40 million naira and has an employment force of 11 – 35 workers.

Although, there may be variance to this definition from other authors, the main thing to note is that small scale enterprises have limited resources and are closer to the grassroots of any economy. This is why, [8] referred to them as the backbone of national development. The prominence

of this sector is brought to the fore in that 87% of businesses in Nigeria employs between 1 – 100 paid workers [10, 22, 26].

In addition, small scale businesses can be an antidote for the stiff prices quoted by large firms [8]. This is due to the lower overheads charged by smaller firms [27]. [19]affirmed that small scale firms helps to engender a competitive private sector base.

In spite of the several challenges facing these set of people, the importance of the small scale industry can be seen in their multiplying effect on the socio-economic development of many nations. [8]stated that they are a catalyst and a veritable vehicle for the achievement of national macroeconomic objective.

[27]stated that small scale firms in the construction industry helps to decentralize the control of larger firms by making use of low skill and resources which may be required on small projects or in geographical locations that larger firms do not want to access.

The [28] and [29] reported that the small scale firms are crucial in the creation of employment opportunities in the rural areas and mobilize local resources more readily than large-scale industries.

This is because they are closer to the grassroots. [30]affirmed that small scale enterprises aid in accelerating rural development. This would assist in lessening the pressure on urban utilities.

A key area where small scale firms tackle is reducing the poverty ratio [27]. [31] added that small scale businesses improves livelihood and personnel income of workers while also helping to diversify export. [32]opined that they are the required stimuli for economic development. Therefore, the effect of the failure of small scale businesses can be very profound to the core of a nation's development.

Research has shown that small scale businesses in developing countries are more susceptible to fail than in the developed economies [33].

[34] stated that small businesses' failure can occur in four ways; bankruptcy, discontinuance, lack of fulfilment and retirement of the owner.

In addition, [35] acknowledged that fraudulent practices and nature of the construction/working environment adversely affect small scale contractors' performance.

Many studies have either generalized the factors affecting small scale businesses or focused on the internal factors. Thereby, putting the blame of SME failure on the internal processes. [36]

affirmed that external factors are crucial in SMEs failure in a developing economy such as Nigeria. Table 1 revealed some studies on challenges faced by small scale enterprises in different sectors across diverse zones.

These factors identified largely focused on project participants related factors. Whereas, business climate which is a function of the external factors play a fundamental role in constituting the environment in which new firms are born. This atmosphere helps to manage the growth of the firm in which it must strive.

Table 1. Some studies on challenges small scale businesses face in different sectors of the economy

S/N	Authors	Country	Sector	Challenges	Recommendation	Limitations/Gaps
1.	[37]	Papua New Guinea	Construction	Poor cash flow, management skills and contract documentation	Improved level of cash flow	The factors identified in this study are internal factors specific to the construction firm. There is need to combine external and internal factors which will be holistic.
2.	[27]	South Africa	Construction	Client's late payment, lack of required technical & managerial skills, capital and difficulty in arranging guarantees	Improved business skill, cash flow, access to capital and book keeping.	Business climate factors should consider more than financial constraints as it affects businesses. The work environment, policies and other factors should be inclusive.
3.	[36]	United Kingdom	General	Poor management	Improved management systems	The construction sector is unique due to diverse characteristics. Therefore, the BCFs that affect it would be different with other sectors of the economy.
4.	[38]	Tanzania	Businesses	Poor education and business training, business plan deficiency, lack of start-up funds, corruption, government policy, bureaucratic processes	Reforms, business education and improved relationship among small business, customers and financial institutions	This study focused on managerial factors which include education and trainings. For businesses to succeed, it goes beyond leadership qualities. Although, the recommendation of improved relationships fosters interaction where the business exists.
5.	[39]	Ghana	Construction	Poor fiscal policies and Insufficient managerial capacity	Robust government policies	Emphasis was placed on government factors whereas business climate factors should encompass lending bodies, cost of doing business and undue competition.
6.	[40]	Malaysia	Manufacturers	Ineffective entrepreneurial skills, inappropriate human resource management practices (HRM)	use of marketing information and IT application	The internal processes of the manufacturing sector differs from the construction sector.
7.	[8]	Nigeria	General	Financial Constraint, lack of management skills	Seminars on improving management skills, improvement of marketing strategies and customer relations	Although, this study was carried out within the same location as this study. It focused on internal improvements for general businesses without consideration of external improvements.
8.	[32]	South Africa	General	Poor experience, functional skills, training, attitude and logistics, high cost of logistics, stiff competition and lack of funds.	Personal development and training, Mentorship of smaller firms by larger firms	When considering BCFs, the factors should be all-inclusive to capture the firm's characteristics in relation with policies and the sector's environment.

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9.	[41]	Kenya	General	Poor management experience and lack of funds, poor business info, poor industry infrastructure and weak government policies to support businesses.	Improved business and financial management skills	Apart from internal recommendations for business owners, there is need for improvement in the external context from policy makers, sector stakeholders and financial institutions.
10.	[19]	Algeria	General	Poor institutional framework, poor access to external funds and resource capacities, weak entrepreneurial, management and technological capacities, poor marketing skills.	Better policy framework, training of personnel, easy access to funds and tax reforms	Special consideration should be given to small scale firms due to their peculiarities and importance in the economy.
11.	[22]	Malawi	Construction	High lending interest, poor access capital; inflation; stringent financial institution conditions and high taxes.	Government intervention	Business climate factors should consider more than financial constraints as it affects businesses. The work environment, policies and other factors should be inclusive.
12.	[42]	Nigeria and South Africa	Construction	Poor business financing package.	Government intervention	Special consideration should be given to small scale firms due to their peculiarities and importance in the economy. In addition, business climate factors can only be understood more from the perspective of the small scale firms.

IV. RESEARCH METHODS

The empirical nature of the study required the use of a cross-sectional survey design to assess the perception of small scale construpreneurs in the Nigerian construction industry. A questionnaire data-instrument was best suited to obtain relevant information on the business climate factors affecting small scale construpreneurs.

The questionnaire had two major section of background information and the business climate factors. The sampling frame adopted for the study was a quota-purposive sampling method.

This method was used because there is lack of comprehensive data on the total number of small scale entrepreneurs in the Nigerian construction industry. In addition, the sample chosen were willing to participate in the study.

According to [43], the use of quota-purposive sampling involves choosing individuals or a group of people with crucial assessment that would contribute immensely to the result of the study, in that these group of people have specialized knowledge specific to the area under study.

A total of 100 small scale construpreneurs with head offices in Lagos and Ogun State participated in the study. Lagos and Ogun State are active commercial states in the south-west of Nigeria.

Returned questionnaires were scrutinized for errors and a total of 80 which represents an 80% sample size was used for the study.

The category of people selected for the study included owners of small scale construction firm and top management staff in such firms. The study sample were selected in Lagos and Ogun state. The two states were selected based on the high activities of construction works in the state.

The states are major economic centres that encourage the growth of small firms through incentives and policies. In order to obtain a comprehensive list of business climate factors, different secondary data in form of articles were consulted.

A large percentage of the business climate factors were adapted from [22]. A total of 54 business climate factors were identified and were presented on a Likert scale of 1 = Not Important, 2 = Fairly Important, 3= Moderately Important, 4 = Important and 5 = Highly Significant. The highlighted factors were streamlined through a pilot study to elicit the importance and reliability of the factors to be used for the study.

A total of 14 small scale construpreneurs were used for the pilot study. The data analysis for the study was prepared using SPSS v21. The data was presented using percentages, frequencies and factor analysis. Principal Factor analysis (PFA) was used for the study due to the number of the variables used for the study.

PFA would help to reduce the number of variables and bring together all variables that are under the same category and aid easy interpretation.

V. RESULT AND DISCUSSION

This section described the characteristics of the small scale construpreneurs and their perception on the business climate factors affecting their businesses. Discussions of the findings are also presented.

A. Background Information

The background information of the small scale construpreneurs is summarized in Figure 1. The personal characteristics of the small scale construpreneurs and their businesses constituted the background information. From Figure 1, it revealed that 41 (51%) had a National Diploma degree (OND/HND), 29 (36%) had a Bachelor’s degree (B.Sc/B.Tech/B.Eng.) and 10 (33%) had academic qualification up to the Master’s level (M.Sc/M.Tech/M.Eng). The characteristics of the business which the construpreneurs owned showed that 56 (70%) construpreneurs employed between 1 – 5 paid staff, while 17 (21%) construpreneurs employed between 6 – 10 paid employees, 3 (4%) construpreneurs employed between 11 – 15 paid staff, 1 (1%) construpreneur employed between 16 – 20 paid staff, 2 (3%) construpreneurs had between 21 – 25 paid employees and only 1 (1%) construpreneur engaged more than 26 paid staff on their business payroll. A breakdown of the size of organization showed that the firms considered were small scale businesses.

This is correlation with the definition by the National Council on Industry report in [25]. This means that these firms fall within the 87% of businesses in Nigeria which employs between 1 – 100 paid workers [22, 25]. Furthermore, Figure 1 showed that the years of existence of the small scale businesses were distributed as follows; 39 (49%) of the firms had been in existence between 1 – 5 years, 24 (30%) of the small scale businesses had been in existence between 6 – 10 years, 13 (16%) of the small scale business had been in existence between 11 – 15 years while 4 (5%) of the firms had been in existence for more than 15 years. This means that these firms are still in their infancy and are highly susceptible to failure.

In the study by [20], 2 – 4 businesses in every 10 small scale businesses fail within 2 years post entry while only about 40-50 percent survive beyond the seventh year. This distinct nature as a small scale business makes them easy prey to unpalatable business environment that larger firms may have easily manoeuver.

Figure 1 showed that 57 (71%) of the small scale construpreneurs engaged in only building works while 17 (21%) of them engaged in both building and civil works. Figure 1 showed that 6 (8%) of the small scale construpreneurs engaged in other types of projects.

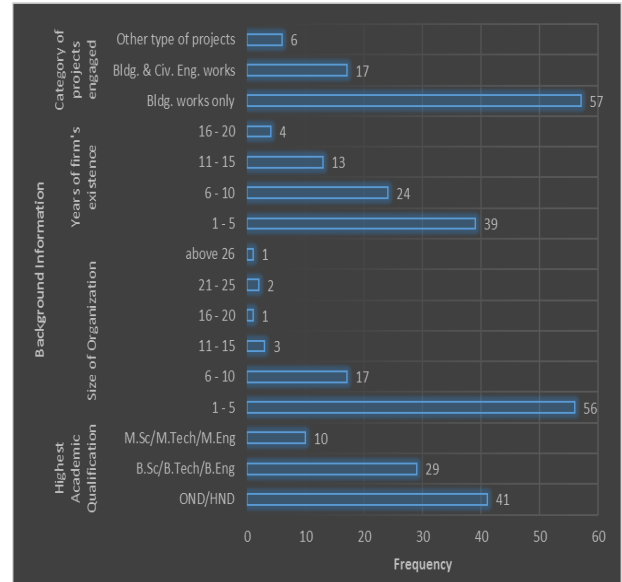


Figure 1. Summarized Background Information

B. Business Climate factors affecting Small Scale Construpreneurs

This section analysed the business climate factors that were obtained through the data instrument. The study identified fifty-four (54) business climate factors that could affect small scale business as revealed in literature. The business climate factors were first subjected to finding the mean score (MS) in order to understand the significance apportioned to each variable by the construpreneurs. Figure 2 showed the mean score (MS) of the business climate factors which are presented in stacked bars. From Figure 2, it showed the variables which were above the average of ‘moderately significant’ business climate factor. Figure 2 showed business climate factors such as Competition from large/foreign firms (MS = 4.90), Scarcity of openly advertised tenders (MS = 4.83), Low protection of interests of smaller firms (MS = 4.79), Stiff access to credit facilities (MS = 4.74), Difficulty of starting new business (MS = 4.71), Unfair competition (MS = 4.67), Lack of government incentives (MS = 4.62), Unavailability of credit lines from suppliers (MS = 4.54), High interest rates from financial institutions (MS = 4.50), High taxes (MS = 4.44), Multiple taxing (MS = 4.41), High inflation rate (MS = 4.31), High cost of building materials (MS = 4.24), Rapid changes in economy (MS = 4.15), Prejudice against small firms (MS = 4.03), Weak regulations of the construction industry (MS = 3.94), Poor market information (MS = 3.78), Lack of local content policy (MS = 3.47), Uncertainty in prices of materials (MS = 3.47), Poor economic fortunes of country (MS = 3.47), High bureaucratic registration process (MS = 3.28) and Corruption (MS = 3.28). The result showed that construpreneurs were concerned about the level of competition, availability of jobs and government policies that protects small scale businesses.

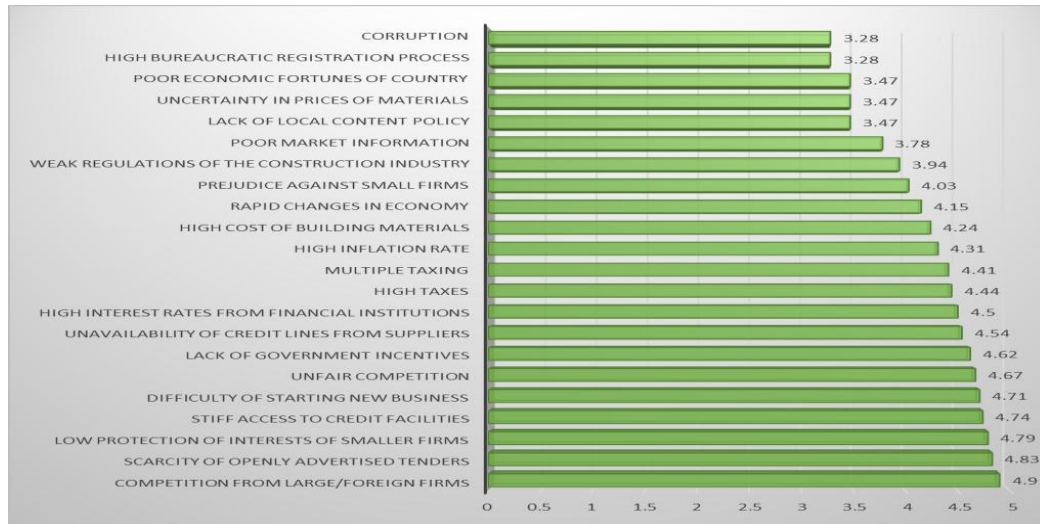


Figure 2. Mean Score of Business Climate factors affecting Construpreneurs

With the reduced variables, a principal factor analysis (PFA) was carried out on the business climate factors. The principal factor analysis is a statistical techniques to explore relationships among variables by reducing or summarizing the data of the variables into groups. The suitability of the principal factor analysis as a tool as highlighted in Table 2 showed that the test is adequate.

Table 2. Kaiser-Meyer-Olkin and Bartlett’s Test of BCFs affecting Construpreneurs

KMO Measure of Sampling Adequacy	0.928
Bartlett’s Test of Sphericity:	
Approx. χ^2 value	5684.186
Df	77
Sig. level	0.000

*BCFs = Business Climate Factors

The eigenvalues associated with the data explained the variance of the data obtained as shown in Table 3.

From Table 3, twelve components were explained from the initial fifty-four components tested. These components

can explain 81.245% variation after rotation of the eigenvalues.

Table 3. Kaiser’s Component Rotation from Eigenvalues

Number of Components	Initial Eigenvalues		
	Total	Percent of Variance	Cumulative Percentage of Variance
1	14.497	26.847	26.847
2	7.443	13.783	40.630
3	4.502	8.336	49.966
4	3.917	7.254	56.220
5	2.954	5.471	61.691
6	2.243	4.153	65.844
7	1.911	3.538	69.382
8	1.456	2.696	72.078
9	1.354	2.508	74.586
10	1.299	2.406	76.993
11	1.237	2.290	79.283
12	1.059	1.962	81.245

However, 12 factors extracted after the rotation would not give a clear understanding of the new components formed.

The study resort to the use of the scree plot on the number of components that are crucial for consideration as shown in Figure 3 Therefore, only three (3) components are significant for exploring the business climate factors affecting small scale construpreneurs.

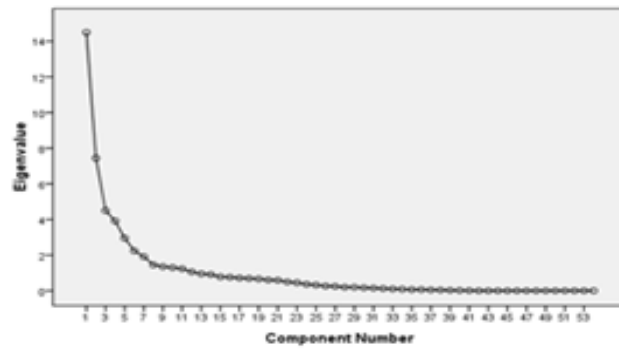


Figure 3. Scree plot of Business Climate factors affecting Small Scale Construpreneurs

A 3-component factor is explained in Table 4 showing the factor loading for the business climate factors affecting small scale construpreneurs. The three-component solution explained a total of 49% of the variance from the eigenvalues.

Table 4. Factor loading for Business Climate factors affecting Small Scale Construpreneurs (Rotated Component Matrix)

	Factors	Component		
		1	2	3
Job Availability	Low patronage from private organizations	0.841		
	Scarcity of openly advertised tenders	0.833		
	Lack of reliable information about new contracts/ tenders	0.794		
	Competition from large/foreign firms	0.784		
Finance Availability	Stringent requirement for obtaining bonds/guarantees/insurance covers	0.773		
	Limited access to hire plant/equipment	0.650		
	High interest rates from financial institutions	0.644		
	High cost of building materials	0.631		
	Multiple taxing	0.631		
	High taxes	0.593		
Weak Policies	Unfriendly Government regulations		0.85	
	Activities of town planning units		0.84	
	High bureaucratic registration process		0.80	
	Low protection of interests of smaller firms		0.73	
	High inflation rate		0.71	
	Political Interference		0.70	

From Table 4, there are 3 crucial business climate components that reflect in the loading and have factor loadings above 0.50. The result revealed three main categories of factors which are Finance, Job Availability and Weak Policies as major business climate factors affecting the economic growth of small scale construpreneurs. Figure 4 showed a framework of business climate factors as they affect small scale construpreneurs. The framework revealed that small scale construpreneurs need projects, finances and good policies to strive in the Nigerian economy. When these factors are unfavorable it can lead to the demise of the firms.

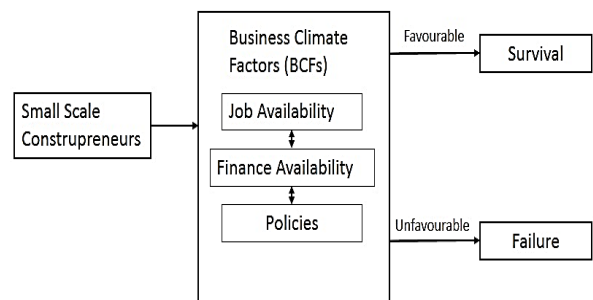


Figure 4. Framework of Business Climate factors affecting small scale construpreneurs

1) Factor One: Job Availability

The first factor which contributed a variance of 26.8% had variables such as Low patronage from private organizations, Scarcity of openly advertised tenders, Lack of reliable information about new contracts/ tenders and Competition from large/foreign firms. These variables strongly correlate together to form Factor One and was titled Job availability due to the emphasis on availability of tender, projects and contracts. This study revealed that small scale construpreneurs need construction jobs to survive in this business climate. [44]noted that most SMEs move three phases of growth which is mainly survival, stability and finally development. [45]opined that small construction businesses operate in a niche market and their limited resources, this makes most small construction organisations only concentrate on projects. Due to the scarcity of jobs, most SSC focus on making profit on projects at hand in order to survive, after completion, they can begin to search for another project to execute [45].

Therefore, for small scale construpreneurs to survive in the current business climate, they must employ strategies that position them to attract more jobs. [46]suggested the use of marketing strategies such as third-party-based, client-based, firm-based, and publicity-based strategies in order to survive the highly competitive construction industry. Since small scale construpreneurs are competing with other firms, there may be need to improve their bidding strategies. [47] and [48] opined that small scale construpreneurs should ensure that their tender submissions are genuine as much as possible and representative of the realities of the project. Some contractors in a bid to win contracts have made their bid extremely low. This can lead to abandonment of project or the contractor working at loss on the project. While some have made their tender price submission to be extremely high and therefore lost the opportunity to win such contracts [49]. The solution is to have the expertise of presenting a competitive tender price that is realistic to prospective clients.

2) Factor Two: Finance Availability

The second factor contributed a variance of 13.9% and had variables such as Stringent requirement for obtaining bonds/guarantees/insurance covers, Limited access to hire plant/equipment, High interest rates from financial institutions, High cost of building materials, Multiple taxing and High taxes. These variables had emphasis on the access to finance and pressure on the available finance that exist for the small scale construpreneurs. In the present business climate, there is need to obtain capital to finance the construction projects that are won by the small scale construpreneurs.

In some cases, mobilization fee is paid, while in some cases, the small scale construpreneurs must show capacity by moving to site and start work. In order to access some of the mobilization fee, there may be need to provide financial guarantees from a reliable financial institution. Accessibility in terms of obtaining financial guarantees from financial institutions may be restricted due to the stringent requirement or high interest rates. In addition, the capital available to the construpreneurs can also be hampered due to unfavourable financial conditions in form of high taxation, double/multiple taxation and high cost of doing business. [50]reported that since the economic meltdown globally as at the last decade, most banks have developed rigorous

lending criteria for construction firms. Most construction firms are made to give up at least half of their equity and not less than 20% of the cost of a development or house. This most times is unrealistic and dissuades contractors from approaching the banks to finance their contracts.

In this case, small scale construpreneurs can form partnership with other firms and split profit on completion of the project. Another variable which puts pressure on the finance of small scale businesses is the material cost. Materials which account for over 60% of construction project cost is experiencing a dramatic increase which is unpalatable to the small scale construpreneur who is trying to survive [51]. [52] noted that high prices of building material adversely affects the construction industry as a whole resulting in unaffordable housing schemes, high total cost of construction and consequently poor performance. The onus is on small scale construpreneurs to engage sustainable waste prevention strategies in their material procurement and material usage so as to stay afloat in the construction business [53, 54].

3) Factor Three: Weak Policies

This section accounted for 8.3% of the factors and had variables such as Unfriendly Government regulations, Activities of town planning units, High bureaucratic registration process, Low protection of interests of smaller firms, High inflation rate and Political Interference. Many of these variables had to do with the interaction between government and the small scale construpreneurs. In the study by [45], they found that the political scenario affected the SMEs, particularly for companies in the state ruled by the opposing political party. [45]noted that it is difficult for the construction SMEs to escape from the business climate influenced by the government situation. They opined that for these SMEs, their best chance of survival and continuing in business is based on having good networks and connections with the ruling government.

Comparing the Nigerian scenario and another developing country; South Africa, the report [55] cited in [50] noted that the South African construction industry suffers from over-regulation. In a situation where more than 1,000 legislative policies and actions have been enacted in the last 25 years, it can lead to some level of confusion in the industry. [50]argued that without doubt the construction industry would be adversely affected by over-regulation from conception of the project to the completion of the project and the business of construction may become unprofitable to the executors. In addition, the inaction and action of high bureaucracy from town planning agencies can unnecessarily slow down the business of construction by small scale construpreneurs [54].

VI. CONCLUSION

With the important role of small businesses in the economy and improving the general livelihood of the populace carefully reviewed, the study examined the business climate factors affecting the economic growth of small scale construpreneurs (SSC). Using a mean score test, the study revealed small scale construpreneurs were concerned about the level of competition,

availability of jobs and government policies that protects small scale businesses. Further categorization of the business climate factors showed the three main categories of factors which are Job Availability (Low patronage from private organizations, Scarcity of openly advertised tenders, Lack of reliable information about new contracts/ tenders and Competition from large/foreign firms), Finance Availability (Stringent requirement for obtaining bonds/guarantees/insurance covers, Limited access to hire plant/equipment, High interest rates from financial institutions, High cost of building materials, Multiple taxing and High taxes) and Weak Policies (Unfriendly Government regulations, Activities of town planning units, High bureaucratic registration process, Low protection of interests of smaller firms, High inflation rate and Political Interference) as major business climate factors affecting the economic growth of small scale construpreneurs. The findings of the study contribute to the specific characteristics of small scale construpreneurs and the understanding of business climate factors affecting small scale business owners in the construction sector. This may help to predict the survival or failure of the small scale business. The following strategic recommendations are put forward:

- The study recommended that SSCs should engage in Partnering construction delivery methods to participate on major construction projects while specializing on specific trades in the construction sector such as foundation works, frame works, scaffolding, finishes, roofing, material production etc.
- The role of the government in this area is to benchmark certain huge projects for small scale construpreneurs that have formed consortiums with other smaller firms. This would help develop their capacities over time.
- Tax breaks should be given to SSCs in order to sustain their economic growth in the construction sector and improve their finances.
- In addition, the institutionalized policies by government and international bodies should be strengthened and effectively enforced for sustainable growth of small businesses.

VII. SUGGESTIONS FOR PRACTICAL USE

This study is useful for prospective small scale entrepreneurs venturing into the Nigerian construction industry by understanding the specific business climate parameters they have to deal with and overcome. Existing small scale entrepreneurs can also focus on the critical business climate factors identified in this study to ensure their growth and sustainability in the construction sector. Due to the importance of small scale ventures, government through policy instruments can use this study as a guide to ensuring business friendly environment for these category of entrepreneurs. Lastly, this study can be replicated in other terrains to understand the business climate factors affecting different categories of businesses from time to time.

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