

Investment Decisions and Small-Scale Business Sustainability in University of Calabar, Nigeria

Atah, Cletus Akpo PhD

Department of Vocation Education
University of Calabar
Email: cleatah4real@yahoo.com
Phone: 08138847990
Correspondence author

Ogbiji, Michael Okpe

Department of Vocation Education
University of Calabar

Idike, I. M. PhD

Department of Business Education,
Ebonyi State University Abakaliki

Ochui, Moses Orim

Department of Business Education
Federal College of Education
Obudu

DOI 10.56201/ijebm.v9.no1.2023.pg48.61

Abstract

The study ascertains the influence of investment decisions and small-scale business sustainability at the University of Calabar, Nigeria. To achieve the purpose of the study, three research questions were asked, and three research hypotheses were formulated to guide the study, which was tested at the 0.05 level of significance. The study adopted a survey research design. The population of the study consisted of one hundred and seventy-six (176) small-scale business operators on the main campus of the University of Calabar, who were all involved in the study. The questionnaire titled "Investment Decision and Small-Scale Business Sustainability Questionnaire (IDSCBSQ)" was used for data collection. The collected data were used to calculate the mean (X) and standard deviation (SD), while the null hypotheses were tested at the 0.05 level of significance using an independent t-test. The findings of the study showed that investment decisions, strategic investments, and the expansion of investments influence small-scale business sustainability in universities in Calabar with high influence (HI). While the text of the hypotheses revealed that there is no significant difference in the mean rating of the male and female respondents on the influence of capital budgeting, strategic investment, and expansion of investment on small-scale business sustainability, It is concluded, among others, that investment in small-scale business enterprises will continue to yield proportionate returns in terms of investment in small-scale business operators; it is recommended, among other things, that the government should train small-scale business operators to improve their business operations.

Key words: Investment, small-scale, business and sustainability

Introduction

Contemporary issues such as unemployment and low productivity, among others, that have plagued the Nigerian nation for years are not only wreaking havoc on the economy, but are also going unaddressed despite the government's policy initiatives to promote small-scale businesses as a model for development. According to Akeke (2017), small businesses have significantly contributed to Nigeria's economy and well-being through factors including raw material stimulation, work opportunities, rural-urban migration, skill building, rural resource enhancement, income generation, redistributive taxation, a higher standard of living, industrial progress, and fostering considerable quantity.

Various countries around the world have expressed a strong desire for long-term economic growth and social welfare advancement. As a result, countries must create conducive environments for business activities, thereby promoting positive economic growth prospects. The deliberate increase in government policies and legislation aimed at nurturing SMEs as engines of economic growth and job creation has been the most visible of these activities. Small and medium-sized enterprises (SMEs) are being lauded for playing a critical role in promoting grassroots economic growth and equitable sustainable development. This nurturing has resulted in increased entrepreneur activity in developing nations' Small and medium scale enterprises.

Small and medium enterprises play an important role in transition and developing countries, according to an OECD report on promoting Small and medium enterprises for environmental sustainability (OECD, 2000). SME development emerges as a critical tool in poverty reduction efforts, and their advancement is critical to long-term economic growth because they are an integral part of a country's economic fabric, and their success affects societal well-being as engines of job creation, economic growth, and advancement. According to Akeke (2017), with a N20 million (6,349 USD) initial capital investment, the Federal Ministry of Industries launched the small-scale industry credit scheme in the federation's twelve states, which was matched by state governments in their annual budgets.

Capital budgeting entails selecting projects that add value to the operations of a small business. Capital budgeting is defined as anything including acquiring land or purchasing fixed assets such as a new truck or machinery by Pinkasovitch and Kindness (2021). The term "responsibility" refers to the act of determining whether or not a person is responsible for the actions of another person. However, the rate of return deemed acceptable or unacceptable is influenced by other factors specific to the company as well as the project.

The term Capital budgeting refers to the process of determining whether a company's assets are worth investing in, as opposed to the process of determining whether a company's assets are worth investing in, as well as the process of determining whether a company's assets are worth investing in (debt, equity, or retained earnings). It is the process of allocating resources for major capital expenditures, also known as investment expenditures. One overarching goal, consistent with the overall approach in corporate finance, is to increase the firm's shareholder worth.

The term "investment strategy" refers to a set of principles designed to assist a small scale business operators to achieving their financial and investment objectives (Chen and Scott, 2021). This plan directs small scale business operators decisions based on goals, risk tolerance, and future capital requirements (Catana Capital, 2021). They can range from conservative (low-risk, wealth-protection-focused strategies) to highly aggressive (seeking rapid growth through capital appreciation) (Fidelity, 2021). According to Fidelity (2021), investors can use their strategies to create their own portfolios

or work with a financial professional to do so. Strategies aren't static, which means they need to be reviewed periodically as situations dictate.

Expansion investment is a type of capital investment project that is intended to assist a company in expanding and growing (Corporate Finance Institute, 2015). When a company invests in developing and selling new products or entering new markets, research and development (R&D) is frequently a component of the process. Research and development initiatives often act as a benefit not just to the company but also to the global market and the economy as a whole. New research and development means new knowledge that can benefit all markets, companies, and investors. When a company invests in an expansion project, it is usually entering a new market (Corporate Finance Institute, 2015).

Small and medium enterprises are extremely important in many countries, and their economic contribution cannot be overstated. They are socially and economically important since they represent 99% of all enterprises in the European Union and provide around 65 million jobs, as well as creating immense contributions to entrepreneurship and job creation (Valere, 2019). Small and medium-sized enterprises (SMEs) are critical to increasing levels of innovation in the national economy and fostering increased competition both domestically and increasingly internationally. According to the Observatory of the European Commission on SMEs, the average SME across European enterprises employs 6.8 people, at both the European Union and national level; this places SMEs at the heart of policy making, with the emphasis on encouraging enterprise and promoting business investment. The study therefore sought to ascertain the influence of investment decisions and small-scale business sustainability at the University of Calabar, Nigeria.

Purpose of the study

The main purpose of the study was to ascertain the influence of investment decisions and small-scale business sustainability in the University of Calabar. Specifically, this study sought to ascertain:

1. Capital budgeting and Small-Scale Business Sustainability in the University of Calabar
2. Strategic investment and Small-Scale Business Sustainability in the University of Calabar
3. Expansion investment strategy and small-scale business sustainability in the University of Calabar

Research questions

The study was guided by the following research questions:

1. What is the influence of capital budgeting and small-scale business sustainability in the University of Calabar?
2. What is the influence of strategic investment and small-scale business sustainability in the University of Calabar?
3. What is the influence of expansion investment strategy and small-scale business sustainability at the University of Calabar?

Research hypothesis

The following null hypotheses were formulated and tested at 0.05 level of significance:

1. There is no significant difference in the mean rating of the male and female respondents on the influence of capital budgeting on small-scale business sustainability.
2. There is no significant difference in the mean rating of the male and female respondents on the influence of strategic investment on small-scale business sustainability.

- There is no significant difference in the mean rating of the male and female respondents on the influence of expansion investment and small-scale business sustainability.

Methodology

The study adopted a survey research design. The population of the study consisted of one hundred and seventy-six (176) small-scale business operators on the University of Calabar main campus, who were all involved in the study. The questionnaire titled "Investment Decision and Small-Scale Business Sustainability Questionnaire (IDSCBSQ)" was used for data collection. The collected data were used to calculate the mean (\bar{X}) and standard deviation (SD), while the null hypotheses were tested at the 0.05 level of significance using an independent t-test. The basic decision level was set at 2.50. Any item with a mean score of 2.50 or higher in the instrument was interpreted as small-scale business sustainability. Any item with a mean score of less than 2.5 is disqualified. The population of the study is showed in table 1 and figure 1

Table 1: Distribution of Population of Small Scale Businesses in Main Campus in University of Calabar

S/NO	Small Scale Businesses	Numbers of Businesses
1	Food Vender	20
2	Computer business Centre	115
3	Point of service (POS)	23
4	Laundry services	5
6	Barbing salon	4
7	Tailoring	2
8	Book shop	2
9	Provision shop	5
	Total	176

Source: Filed work, 2022

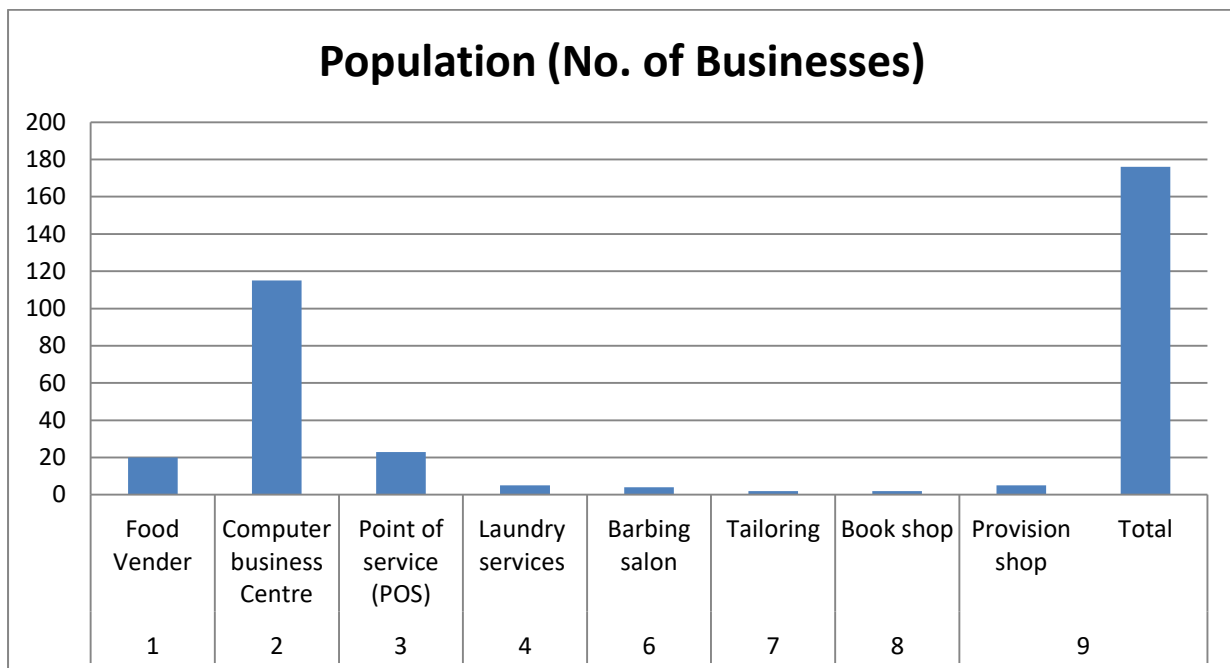


Figure 1. Bar graph showing the population of campus businesses in University of Calabar, Nigeria

Result of the findings

Research question one

What is the influence of capital budgeting and small-scale business sustainability in the University of Calabar?

The Table 2, below shows the answer to the above question

Table 2: mean rating f responses on respondents on the influence of capital budgeting and small scale business sustainability

S/N	Influence of capital budgeting of:	N	X	SD	Decision
1.	Payback period (PBP) method for small scale business sustainability	176	3.34	1.06	HI
2.	Average rate of return (ARR) method for small scale business sustainability	176	3.02	0.94	HI
3.	Profitability index (PI) method for small scale business sustainability	176	3.21	0.93	HI
4.	Net present value (NPV) for small scale business sustainability	176	3.29	1.04	HI
5.	Internal rate of return (IRR) for small scale business sustainability	176	3.2	1.05	HI
	Grand Mean	176	3.22	1.01	HI

Key: X = Mean; SD = Standard deviation; HI = High Influence

Table 2 shows that all five items (1–5) received mean scores greater than 2.50, the cut-off point. The grand mean of 3.22 revealed that respondents at the University of Calabar agreed that capital budgeting influences small-scale business sustainability. The standard deviations for all items are within the same range, indicating that the respondents' mean ratings are homogeneous. The result is further shown in figure 2 and 3.

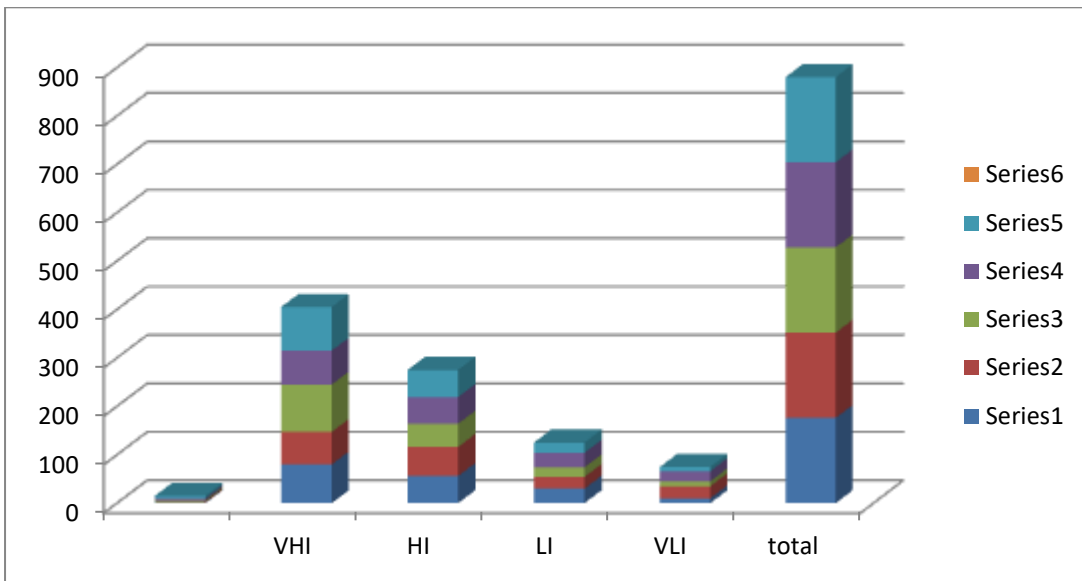


Figure 2: show bar graph of respondent decision on capital budgeting

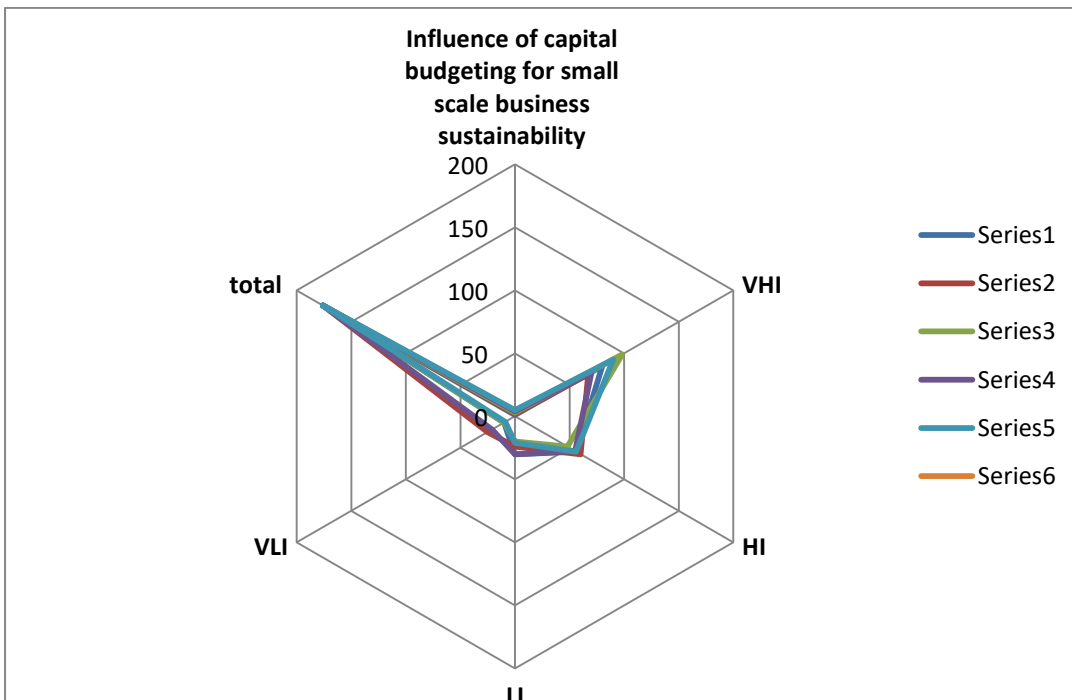


Figure 3: Radar graph showing respondents' decision capital budgeting

Research question two

What is the influence of strategic investment and small-scale business sustainability in the University of Calabar?

The table 3, below shows the answer to the above question

Table 3: mean rating of responses on respondents on the influence of strategic investment and small scale business sustainability

S/No	Influence of strategic investment on	N	X	SD	Decision
6.	value-based approaches for small scale business sustainability	176	3.12	0.91	HI
7.	growth-based approaches for small scale business sustainability	176	2.83	0.85	HI
8.	Volatility-based strategies for small scale business sustainability	176	3.09	1.03	HI
9.	Growth strategy for small scale business sustainability	176	3.2	1.05	HI
10.	Value trap investment strategy for small scale business sustainability	176	3.12	0.96	HI
	Grand Mean		3.07	0.96	HI

Key: X = Mean; SD = Standard Deviation; HI = High Influence

Table 3 shows that the mean scores for all five items (6–10) were greater than 2.50, the cut-off point. The grand mean of 3.07 revealed that respondents at the University of Calabar agreed that strategic investment influences the sustainability of small-scale businesses. The standard deviations for all items are all within the same range, indicating that the mean ratings of the respondents are homogeneous. The result is further shown in figure 4 and 5

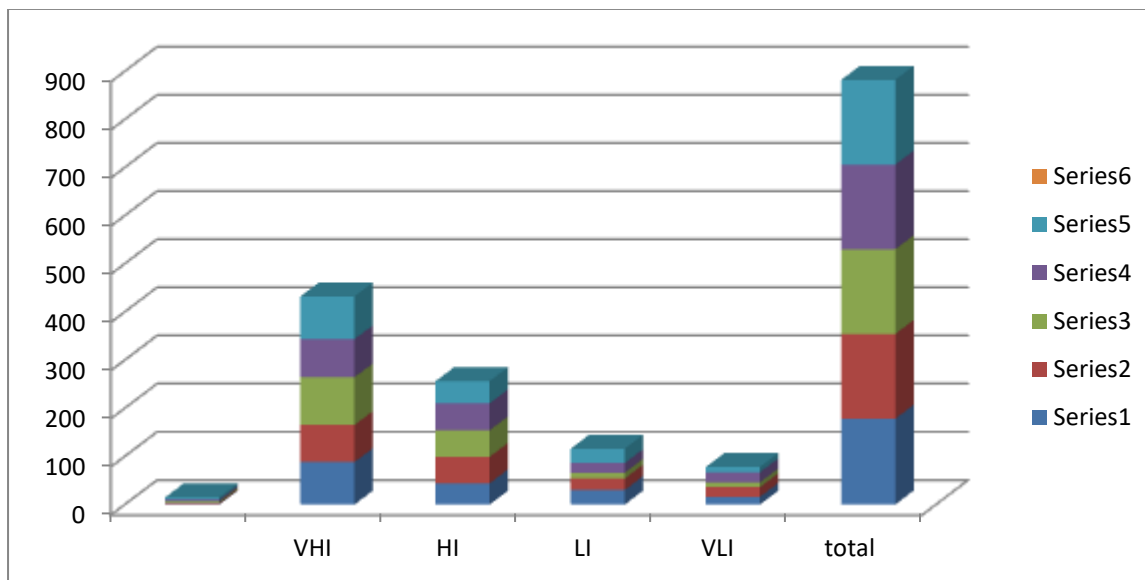


Figure 4: Bar graph showing the respondents' decision on strategic investment

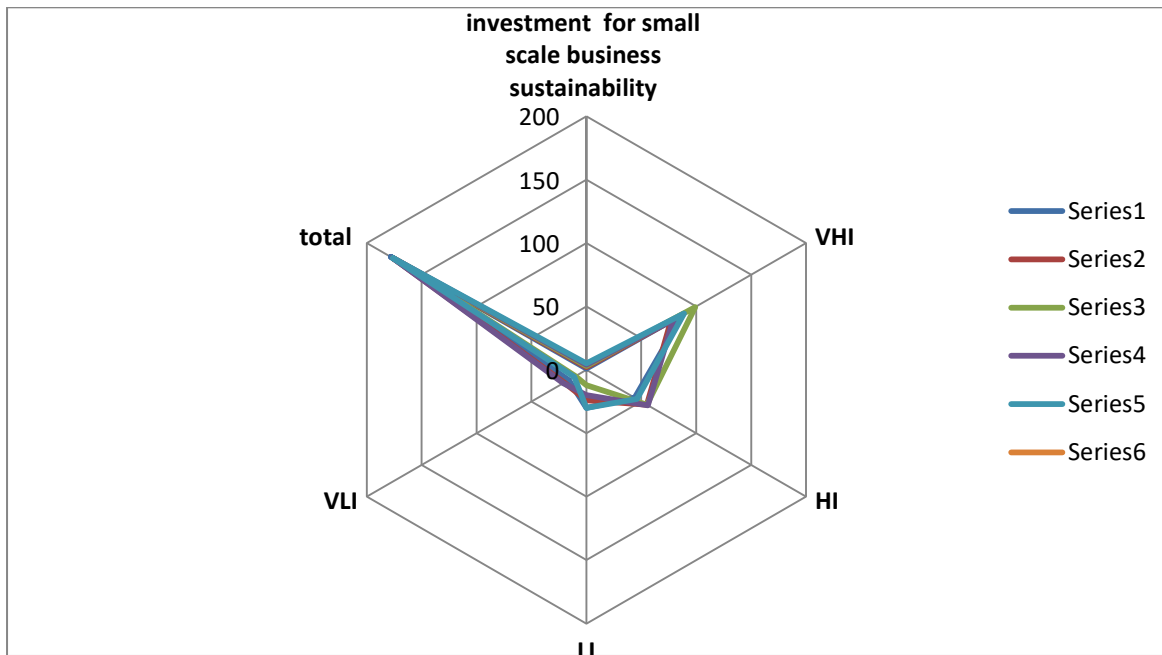


Figure 5: Radar graph show the respondents' decision on strategic investment

Research question three

What is the influence of expansion investment strategy and small-scale business sustainability at the University of Calabar?

The table 4, below answer the research question above

Table 4: Mean rating of responses on responses on respondents on the influence of expansion investment strategy and small scale business sustainability

S/NO	Influence of expansion investment of:	N	X	SD	Decision
11	Cash-value life insurance for small scale business sustainability	176	2.95	1.11	HI
12	Home equity loan for small scale business sustainability	176	2.82	0.97	HI
13	Personal line of credit for small scale business sustainability	176	3.08	1.02	HI
14	Modernization for small scale business sustainability	176	2.93	1.05	HI
15	Trade credit loan for small scale business sustainability	176	3.34	1.06	HI
	Grand Mean		3.03	1.04	HI

Key: X = Mean; SD = Standard Deviation; HI = High Influence

Table 4 shows that the mean scores for all five items (11-15) exceeded the cut-off point of 2.50. According to the grand mean of 3.07, respondents at the University of Calabar agreed that expansion investment influences the sustainability of small-scale businesses. The standard deviations for all items fall within the same range, indicating that the respondents' mean ratings are homogeneous. The result is further shown in figure 6 and 7

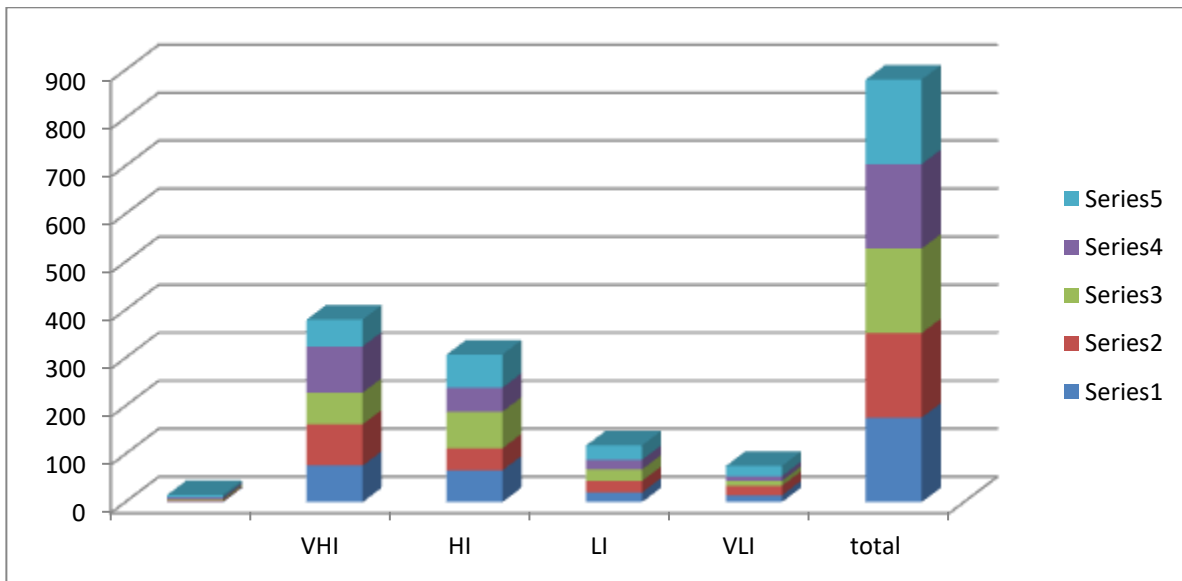


Figure 6: Bar graph showing the respondents' decision on expansion investment

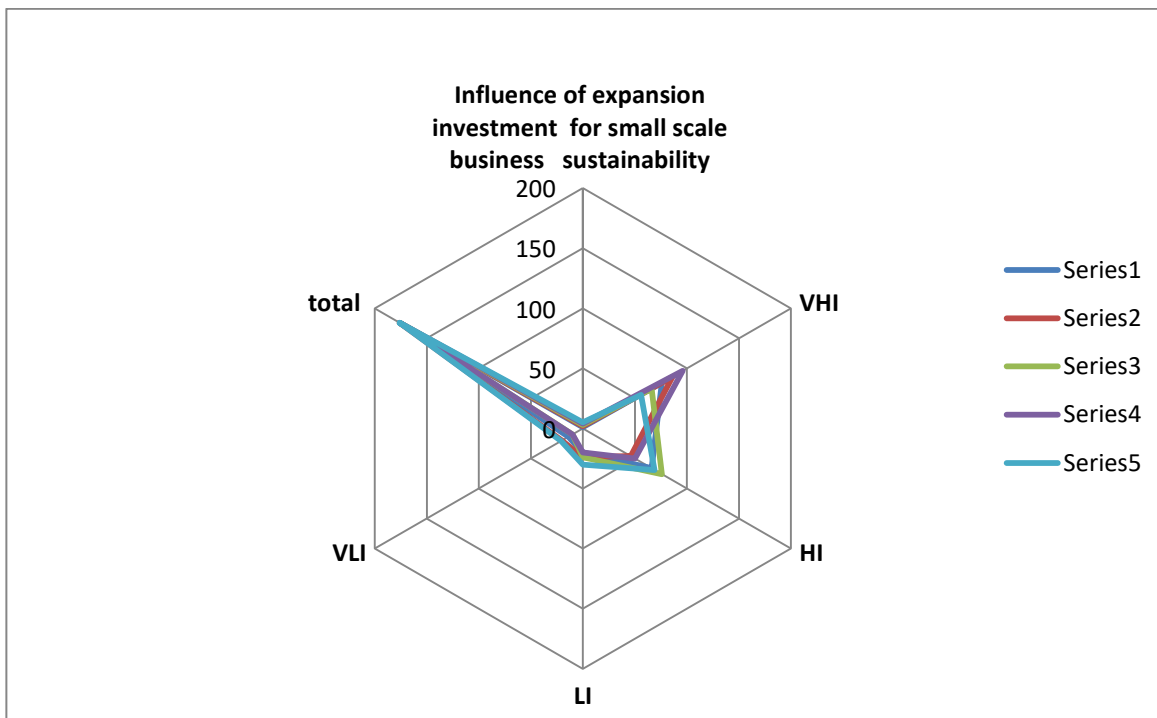


Figure 7: Radar graph showing the respondents' decision on expansion investment

Research Hypothesis

Hypothesis one

There is no significant difference in the mean rating of the male and female respondents on the influence of capital budgeting on small-scale business sustainability.

Table 5: an independent t-test of the mean rating of male and female respondents on in the influence of capital budgeting on small scale business sustainability in university of Calabar

Items		N	Mean	SD	df	t-cal	Alpha	P-val	Decision
1	Male	74	3.3088	1.10976	174	-.324	0.05	.746	NS
	Female	102	3.3627	1.03205					
2	Male	74	2.9853	.96958	174	-.428	0.05	.669	NS
	Female	102	3.0490	.93742					
3	Male	74	3.2059	.93934	174	-.133	0.05	.894	NS
	Female	102	3.2255	.94300					
4	Male	74	3.2794	1.07683	174	-.150	0.05	.881	NS
	Female	102	3.3039	1.02241					
5	Male	74	3.1618	1.11449	174	-.442	0.05	.659	NS
	Female	102	3.2353	1.02616					
	Male	74	15.9412	5.21	174	1.477	0.5	0.769	NS
	Female	102	16.1764	4.96104	135				

Key: Level of Sig. = 0.05; NS = Not Significant; S = Significant

The result of the t-test analyses presented in Table 5 indicated that there is no significant difference in the mean ratings of male and female based gender on the influence of capital budgeting on small scale business sustainability. This is because data in Table 5 showed that the p-val of 0.769 is greater than 0.05. Since the p-values for all items is greater than p (.05), this implies that the null hypothesis that stated that there is no significant difference in the mean ratings of male and female based gender on the influence of capital budgeting on small scale business sustainability is retained.

Hypothesis two

There is no significant difference in the mean rating of the male and female respondents on the influence of strategic investment on small-scale business sustainability.

Table 6: an independent t-test of the mean rating of respondents on the influence of strategic investment on small scale business sustainability

Item	Category of respondents	N	X	SD	DF	t-cal	Alpha	P-val	Decision
6	Male	68	1.7143	.10102	174	-.075	0.05	.941	NS
	Female	102	1.7273	.14084					
7	Male	68	1.4762	.11168	174	1.356	0.05	.185	NS
	Female	102	1.7273	.14084					
8	Male	68	1.5238	.11168	174	1.356	0.05	.185	NS
	Female	102	1.2727	.14084					
9	Male	68	1.5238	.11168	174	3.062	0.05	.005	NS

	Female	10 2	2.0000	0.1214 5					
10	Male	68	1.7143	.10102	174	5.078	0.05	.176	NS
	Female	10 2	1.0000	0.3425 6					
	Male	68	7.9524	0.5371		1.941	0.5	0.924	NS
	Female	10 2	7.7272	0.8887					

Key: Level of Sig. = 0.05; NS = Not Significant; S = Significant

The result of the t-test analyses presented in Table 5 indicated that there was no significant difference in the mean ratings of male and female businesses based on gender on the influence of strategic investment on small-scale business sustainability. This is because the data in Table 6 showed that the p-value of 0.924 is greater than 0.05. Because the p-values for all items are greater than .05 the null hypothesis of no significant difference in the mean ratings of male and female based on gender on the influence of strategic investment on small-scale business sustainability is maintained.

Hypothesis three

There is no significant difference in the mean rating of the male and female respondents on the influence of expansion investment and small-scale business sustainability.

Table 7: an independent t-test of the mean rating of respondents on the influence of expansion investment on small scale business sustainability

Items	Category of respondents	N	X	SD	DF	t-cal	Alpha	P-val	Decision
11	Male	74	3.0882	.97330	174	-.390	0.05	.697	NS
	Female	102	3.1471	.95852					
12	Male	74	2.9559	1.13865	174	.028	0.05	.978	NS
	Female	102	2.9510	1.09343					
13	Male	74	2.8182	1.02145	174	-.012	0.05	.991	NS
	Female	100	2.8200	.94687					
14	Male	174	3.1029	1.05292	174	.215	0.05	.830	NS
	Female	102	3.0686	.99762					
15	Male	74	2.8971	1.03865	174	-.328	0.05	.743	NS
	Female	102	2.9510	1.05659					
	Male	74	18.1711	6.33474	168	-	1.618	0.848	NS
	Female	102	18.3004	6.08508					

Key: Level of Sig. = 0.05; NS = Not Significant; S = Significant

The result of the t-test analyses presented in Table 7 indicated that there was no significant difference in the mean ratings of male and female businesses based on gender on the influence of expansion investment on small-scale business sustainability. This is because the data in Table 6 showed that the p-value of 0.848 is greater than 0.05. Because the p-values for all items are greater than .05 the null hypothesis of no significant difference in the mean ratings of male and female based on gender on the influence of expansion investment on small-scale business sustainability is maintained.

Discussion of result

Based on the data analyzed for capital budgeting and small-scale business sustainability at the University of Calabar, the responses of the respondents indicated that all the items on the capital budget were highly influential (HI) for small-scale business sustainability at the University of Calabar. Also, the findings on the hypothesis tested showed that there is no significant difference in the mean ratings of male and female based on gender for small-scale business sustainability at the University of Calabar. As a result, many small-scale business operators would not be sustainable if they did not invest in enumerated capital budgeting for the smooth sustainability of their businesses. The study's findings are supported by Atah and Bessong (2018), who stated that approximately 70% of small-scale business operators would be sustainable if they had a capital budget to control and manage their finances. However, the study disagreed with that of Ajuluchukwu, Akeke, and Eleng (2021), whose research discovered, among other things, that economic conditions and economic policies have a significant impact on the development of small-scale businesses in Calabar and that capital budgeting alone does not influence small-scale business sustainability.

In regard to the second research question, which elicited information on the strategic investment in small-scale business sustainability at the University of Calabar, the responses of the respondents indicated that all the items on the strategic investment were highly influence (HI) for the sustainability of small-scale business at the University of Calabar. Also, the findings on the hypothesis tested showed that there is no significant difference in the mean rating of the male and female respondents on the influence of strategic investment on small-scale business sustainability. The findings is supported by Atah, Nwuso & Bessong (2022) whose findings revealed that strategic investment will give room positive growth and development of small scale business operative and it sustainability.

With regard to the third research question, which elicited information on the expansion investment and small-scale business sustainability at the University of Calabar, the responses of the respondents indicated that all the items on the expansion investment were highly influence (HI) on the sustainability of small-scale businesses at the University of Calabar. In agreement with Atah and Bessong (2018), the small business enterprises could expand their businesses by acquiring new facilities such as good markets, stores, security trucks, a good road network, and motor vehicles, which are imperative to enhancing small-scale businesses. They further stressed that if facilities are provided without an appropriate maintenance culture, it couldn't enhance the sustainability of small-scale businesses operation at the University of Calabar. The study agreed with that of Okon (2019), who revealed that small scale business operators' could achieve return on Investment if there businesses they invest positively for office accommodations, business space, physical facilities, and equipment for the sustainability of small scale businesses .The null hypotheses were rejected.

Conclusion

Based on the findings of the study, it was concluded that capital budgeting, strategic investment, and expansion investment are highly influences small-scale business operations in the University of Cross River State, Nigeria. On the basis of the findings based on the hypotheses tested, it was concluded that there is no significant difference in the mean ratings of male and female respondents for the sustainability of small scale businesses in University in Calabar,

Recommendations

Based on the study's findings, the researcher suggested:

1. The government should teach small-business owners how to improve their capital budgeting skills.
2. Workshops should be organized by the school administration to train small-scale business owners how to strategize in their operations.
3. The director of campus businesses should host seminars to enlighten small-scale business owners on how to expand their operations.

REFERENCES

- Ajuluchukwu, E. N.; Akeke, M. N. G. & Eleng, S. N. (2021). Economic environment and the development of small-scale businesses in Calabar Metropolis of Cross River State, Nigeria: *International Research Journal of Finance and Economics* 9-15 retrieved from <http://www.internationalresearchjournaloffinanceandeconomics.com>
- Akeke. M. N. G. (2017). Small scale business failure: implication to Nigerian economy: *International Journal of Arts and Humanities*. 1(4) 324-335
- Atah, C. A. & Bessong, E. B. (2018). Impact of record keeping for sustainability of small scale business operators for National economy development in Nigeria. *Journal of Association business educators of Nigeria (ABEN) Vol. 5 (1) 102-114* URL: <http://www.nigibed.com.ng>
- Atah, C. A., Nwosu, B., & Bessong, E. (2022). Students variables and the development of employability mastery on undergraduates business education students in Federal Universities in Southern Nigeria. *Mediterranean Journal of Social Sciences*, 13(6), 57-67. <https://doi.org/10.36941/mjss-2022-0048>
- Catana C. (2021). *Investment strategies: Which Investment style is right for you to invest in the stock market?* Retrieved from <https://catanacapital.com/blog/investment-strategies-stock-market/>. Accessed December 11, 2021.
- Chen, J. & Scott, G. (2021). *Investment strategy*. Retrieved from <https://www.investopedia.com/terms/i/investmentstrategy.asp>. Accessed on Mar 31, 2021.
- Chukwurah, C. C. & Atah, C. A. (2019). Rebranding entrepreneurship education in tertiary institutions for National economic development in Nigeria. *Journal of Association business educators of Nigeria (ABEN) Vol. 6(2) 41-50*
- Corporate Finance Institute (2015). *Expansion project*. Retrieved from <https://corporatefinanceinstitute.com/resources/knowledge/strategy/expansion-project/>.
- Danielson, M. G. & Scott, J. A. (2016). The capital budgeting decisions of small businesses. *Journal of Applied Finance*, 16(2), 45 – 56.
- Fidelity (2021). *Investment Strategy*. Retrieved from http://www.fidelity.com/binpublic/060_www_fidelity_com/documents/wealth-planning_investm_strategy.pdf, Page 3. Accessed on December 7, 2021.

- Okon, E. E. (2019). Return on investment (ROI) in business education on Undergraduate skills development: *International Journal of Vocational and Technical Education Research*, 5, (1) .23-63
- Pinkasovitch, A. & Kindness, D. (2021). *An Introduction to capital budgeting*. Retrieved from <https://www.investopedia.com/articles/financial-theory/11/corporate-project-valuation-methods.asp> December 8, 2022
- Valere, J. E., (2017). *Essentials of Strategic Management: The quest for competitive advantage*. London: McGraw Hill Education.
- Valere, L. (2019). The internet and small to medium-sized enterprises. *Journal of information, society and justice*, 2(2), 221-235.