ANALYSIS OF PRODUCTIVITY, PROFITABILITY, INCOMES AND RETURN ON INVESTMENTS IN YOUTH SMES IN NIGER DELTA, NIGERIA.

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ABSTRACT: *The objective of this study was to identify profitable and viable SMEs which could form a basis for an economic empowerment programme for the restive unemployed youths in the Niger Delta Region. The focus of the study is on SMEs which are registered with the co-ordinating agency of government and are therefore considered bankable by financial institutions. A survey of SMEs was conducted in four major urban centres of Aba in Abia State, Uyo in Akwa Ibom State, Benin in Edo State and Port Harcourt in Rivers State and their environs. The cities were purposively selected because they are known centres of economic activities around which industrial establishments and SMEs cluster in the region. The SMEs were registered by government agencies, under eleven categories, with unequal number of enterprises. One hundred enterprises were purposively selected in each of the four centres, for a total of four hundred, ensuring that all enterprise types, in each category, were represented. Applying the simple analytical tools of total factor productivity, net income (NI) and rate of return on total investment (RRTI), the ten most viable SMEs were identified for the states as follows: Abia; metal fabrication, garments, interlocking tiles, concrete electric poles, printing works, saw mills, metal construction, paints, air conditioner and refrigerator repairs and restaurant; Akwa Ibom, paints, oil palm processing, garment/fashion, furniture works, leather bags, bakery and confectionery, metal construction, electronic repairs, brick making and wood arts. Edo, Auto electric, air conditioner and refrigeration, fish production, candle production, oil palm processing, auto mechanics, wood arts, metal works, poultry production and garment/fashion. Rivers: Hair dressing, fish production, metal works, oil palm processing, foot wears, aluminum and glass fabrication, cassava processing, air conditioner and refrigeration, block moulding, restaurant.*

KEY WORDS: Youths, Productivity, Profitability, Rate of Return, SMEs, Niger- Delta.

INTRODUCTION

The Niger Delta region is richly endowed with natural resources particularly, oil and gas. By the constitution of the Federal Republic of Nigeria, however, oil and gas and the revenue derived therefrom belong to the government and not to the individuals or communities which own the land. But, oil and gas extraction has been the source of grave pollution and environmental degradation which have had a devastating effect on the economy and wellbeing of the people in and around the communities. The resultant effects, in the communities have been abject poverty, lack of growth and deep-seated and long-lasting conflicts. Conflicts have arisen within and between the communities, and between the communities and the government and oil prospecting companies. The conflicts had escalated with the emergence of community-based militias and in the eruption

of violence and armed struggle across the region. In more recent times, most of the youths have laid down their arms and the government has granted general amnesty to the youths that have turned in their arms. Efforts are now geared towards reintegrating them into society. The Federal Government, in a bid to create employment and further build capacity in the Niger Delta, has sent some ex-militants to foreign countries to undertake skill acquisition programmes. A recent newspaper report (The Nation, 2012) estimates that about nine hundred and seven youths (907) have been sent abroad either for skill acquisition or university education in places like the Philippines, South Africa, India, Poland and Sri Lanka. Some of the youths are to be trained in boat building, underwater diving, and other areas such as maritime and crane operation and pipe line welding to acquire skills that are relevant to the oil and gas sub-sector (Okoh, 2011).

To underscore the emphasis placed on youths and the need for greater government intervention some issues need to be reiterated. The need to create better opportunities for the youths has been brought to the front burner by the violent crises that have continued to rock the Niger Delta region. The youths have been at the forefront of the communal conflict and violence against other stakeholders in the oil and gas industry. The youths are largely unemployed, lack access to resources and live in abject poverty in their communities or migrate to a few urban centres where they still live in poverty (Orji, 2002). The masses of the not so well educated youths have remained unengaged and have grown restive from time to time. Many of them have migrated to urban centres in the region, trying to fend for themselves by hawking consumer goods, adopting rather unorthodox survival strategies that smack of portent entrepreneurship. SMEs sector employs about 70% of the nation's industrial sector labour force, yet, it only accounts for about 10 to 15 percent of the total industrial output while utilizing only about 30 % of its installed capacity (Kadiri, 2012). Most studies on developing economies show that the smallest firms are the least efficient, and there is evidence that both small and large firms are relatively inefficient compared to medium scale firms (Little, *et. al.,* 1987). This directly imparts on the profits made by SMEs.

It is often argued that SMEs are more innovative than larger firms. In developed countries, SMEs often follow 'niche strategy', (using high product quality, flexibility, and responsiveness to customer needs, as means of competing with large-scale mass producers). Many small firms bring innovations to the market place, but the contribution of innovations to productivity often takes time and larger firms may have more resources to adopt and implement them (Aes, *et al.*, 1999). SMEs are highly valued, especially in developing economies, for many reasons. One of such is that SMES achieve decent levels of productivity especially of capital and all other factors taken together than large firms and earn some good profit as well (Christopoulos and Tsionas, 2004).

According to Cook and Nixson (2000), interest in the role of small and medium-sized enterprises (SMEs) in the development process continues to be in the forefront of policy debates in developing countries. The SMEs constitute the foundation for the sustained growth and development of the economy. In Nigeria, perhaps the most important challenge facing policy makers in industrial development is the financing and technological upgrading of the myriad of SMEs that formed the back bone of industry and provide the bulk of employment and income generation.The specific objectives of this paper are as follows: Assess the productivity and profitability of SMEs on the basis of the input-output structure and the prices that prevailed in the last one year, as well as the rate of return on investments in them.

SMEs are more amendable to technology based on local resources and conditions and adaptive to changes in the economic environment. Furthermore, SMEs do not require a great deal of managerial and supervisory personnel (e.g. accountants, engineers). SMEs would appear to offer the best business option to reintegrate the youths of the Niger Delta into the economic life of Nigeria.

METHODOLOGY

Area of Study
There are nine states in the Niger Delta Region namely, Cross River, Rivers, Bayelsa, Delta, Akwa Ibom and Edo in the South-South geopolitical zone; Abia and Imo in the South-East ; and Ondo in the South-West. The most dominant economic activity of the local populace is agriculture, particularly crop farming and fishing. Most of the farmers are small holders operating relatively small areas of land, applying rudimentary tools and farming techniques. Fishing is largely small-scale, characterized by the use of canoes or outboard engines, tackles and nets. Each of the States has one or two urban centres where there are a few light consumer goods industries and SMEs. A large proportion of the SMEs are usually clustered around the major commercial, urban centres and some in the hinterlands especially the agro based SMEs. The largest source of government revenue in Nigeria is the extraction of crude oil, which is domiciled within and off the shores of the Niger Delta region.

Data Requirement.
The specific objectives of the study give some indications of the type of data required. To assess productivity and profitability of SMEs, data were collected on input quantities and prices, operating costs, output quantities and prices and sales.

Population of Study
The population of SMEs proposed for study consisted of all SMEs in the selected States, of the Niger Delta region, registered with the states' Ministries of Trade Commerce and Industry; with a capital base of not less than one million Naira and not more than ten million Naira. A preliminary visit to the study area revealed that there were a number of rural SMEs which met the capital base requirement, but were not registered with the Ministries. The number of such SMEs was small and they were largely agro-based and chemical industries. To make the work more comprehensive, such SMEs were included in the list of SMEs that were collected from the Ministries.

Sampling Procedure
As already indicated, there are nine States in the study area distributed as follows: Six in the south-south geopolitical zone, two in the South-East and only one in the South-West. Two zones, the South –South and South-East constitute the core of the restive and crisis prone Niger Delta region. Accordingly, three States –Rivers, Akwa- Ibom and Edo were selected from the South-South and one –Abia was selected from the South-East. The selection is purposively based on the distribution of States in the geopolitical zones and the known levels of economic activities in the States. The listing of the different types of registered SMEs, derived from the records of government agencies,

expanded by the inclusion of the SMEs found during the preliminary visit, constituted the sampling frame.

On the basis of the known levels of commercial activities and the clustering of SMEs in major urban centres and their environs, four major urban centres were selected for the survey. They are Aba in Abia State, Uyo in Akwa Ibom State, Benin in Edo State and Port Hacourt in Rivers State. These are known to be foremost commercial/ industrial centres in the region. The SMEs were classified by the relevant government agencies into eleven categories; (i) food and beverages, (ii) metal works and fabrication, (iii) auto mechanics, (iv) chemicals, (v) agro industries, (vi) clothing and textile, (vii) wood works and allied products, (viii) pulp and paper, (ix) electrical /electronics, (x) sand and bricks, (xi) recycling and waste management). The different categories contained a total of 45 enterprise types. Considering the number of listed SMEs in the States, - Abia (185); Akwa Ibom (200); Edo (160); and Rivers (185) which came to 725, - a sample size of 400 (i.e. 100 in each state) or 55.2% of the population was considered adequate. The number of each enterprise type that entered the sample of 100 in each state was proportionate to the contribution of the enterprise type to the total population of the enterprises in the state; to ensure that each enterprise type is represented. Having determined the number, selection among enterprise types was random.

Instrument for Data collection
The study used structured questionnaire to collect relevant data to meet the requirement for the objectives. An input-output format was developed to collect data on input quantities and prices, output quantities and prices and sales. Where there were records such data were culled from records to cover the last one year period. In addition, the format was used to collect data on monthly basis from the SMEs, for a period of six months from the commencement of the research project. This was done for all the SMEs even when there were records of data for the past year. The need to collect data for this year is informed by the perceived effect of some of the policies introduced since the beginning of this year, especially the reduction of the petroleum subsidy.

Analytical Tools
The productivity and profitability of SMEs were realized using indices of productivity and profitability.The computation of the indices is as indicated below. The productivity and profitability measures discussed below gave indications of the viability of the SMEs and provide a basis for comparing and making selection among them.Total factor productivity is given by:

$$\text{TFP} = \text{VOP/ VIE} \qquad (1)$$

Where TFP = Total Factor Productivity
VOP = Value of Output Produced in Naira
VIE = Value of Inputs employed in Naira
Profit was computed as follows:

$$\prod = P_iQ_i - r_ix_i - C \qquad (2)$$

Where:
$\prod$ = Profit in Naira (₦)
P_i = Unit price of the ith output in Naira (₦)
Q_i = Quantity of the ith output produced
P_iQ_i = Total revenue in Naira (₦)

r_i = Unit price of the ith input Naira (₦)

x_i = Quantity of the ith output

$r_i x_i$ = Total variable cost in Naira (₦)

Other profitability indices are Rate of Return on Investment (RRTI),
Rate of Return on Fixed Costs (RRFC), Rate of Return on Variable Costs (RRVC)
which were computed as indicated below.

$$RRTI = NI/TC \times 100\% \tag{3}$$

$$RRFC = GM/TFC \times 100\% \tag{4}$$

$$RRVC = GR\text{-} TFC/TVC \times 100\% \tag{5}$$

Where:

NI = Net Income

TC = Total Cost

GM = Gross Margin

TFC = Total Fixed Cost

GR = Gross Revenue

TVC = Total Variable Cost

RESULTS AND DISCUSSIONS

Assessment of the Productivity of SMEs in Niger Delta.
Assessment of TFPs of SMEs.
The total factor productivity is a measure of efficiency in the use of resources. It is used here to give indication of the relative efficiency of the SMEs in the combined use of all input resources by comparing their productivity indices. The TFPs computed for the enterprise categories are presented in Table 1. The superscripts indicate the ranking of the TFPs.As the data in Table 1 indicated, the three most productive (ie.with the highest TFPs) enterprise categories were metal works and fabrication, pulp and paper and recycling and waste management in Abia State; Agro industries, chemicals and clothing and textiles in Akwa Ibom state, metal works and fabrication, clothing and textiles and electrical and electronics in Rivers State. The three most productive enterprise categories that recurred are metal works and fabrication, pulp and paper and clothing and textile.

The three least productive enterprise categories were agro-industries, auto mechanics, and food and beverage; auto mechanics, pulp and paper and sand and bricks in Akwa Ibom; Auto mechanics, electrical/electronic and agro-industries in Edo; and recycling and waste management, chemicals and food and beverage in Rivers State. The three least productive enterprise categories that recurred are auto mechanics, food and beverage and agro industries.

Table 2 shows the TFPs of enterprise types. As indicated earlier, the higher the TFP, the more productive the enterprise is, the TFPs of the different enterprise types have been ranked simply on the basis of magnitude.

Table 1.TFPs of Enterprise Categories.

Enterprise category	Abia	Akwa Ibom	Edo	Rivers state
Food and Beverage	2.090412^{9}	2.920663^{6}	2.401736^{8}	2.403822^{8}
Metal works	6.771865^{1}	2.965745^{7}	5.507512^{1}	4.112243^{1}
Auto mechanics	1.817615^{10}	2.07454^{10}	2.339501^{11}	NA
Chemicals	2.834671^{7}	4.358084^{2}	2.677652^{6}	2.22931^{9}
Agro- industries	1.525009^{11}	4.475945^{1}	2.360755^{9}	3.290197^{4}
Clothing & Textile	2.481215^{8}	3.44947^{3}	3.05007^{5}	3.529214^{2}
Wood works & Allied	3.332186^{5}	3.254585^{4}	3.263314^{4}	2.451769^{7}
Pulp and paper	5.409365^{2}	2.347289^{9}	4.315298^{2}	2.593195^{6}
Electricals	3.149227^{6}	3.032407^{5}	2.34657^{10}	3.464567^{3}
Sand and Bricks	3.609867^{4}	2.855363^{8}	4.305287^{3}	2.889926^{5}
Recycling & waste	4.948844^{3}	-	2.640063^{7}	2.219641^{10}

Source: computed from survey data, 2012.

Table 2: TFP Indices for Enterprise Types

Cartegories/Types	Abia		Akwa Ibom		Edo		Rivers	
	TFP Rank		TFP	Rank	TFP Rank		TFP Rank	
Food and beverage:								
Bakeries, confection,	2.07	24	3.46	6	2.43	21	3.30	10
Biscuits	-	-	2.47	13	2.07	35	-	-
Table water	3.25	4	2.08	19	2.72	15	2.35	15
Restaurant & bar								
Metal works & fabrication	3.81	7	3.15	7	7.64	1	5.10	3
Metal construction	7.64	1	2.58	12	4.88	5	-	-
Metal fabrication	-	-	-	-	5.54	3	3.97	6
Aluminium & glass fabrication								
Auto mechanics					2.89			
Mechanic works	1.78	27	2.07	20	1.80	11	-	-
Auto electrics	1.77	28	-	-	3.22	27	-	-
Panel beating & spraying	2.08	23	-	-	2.33	9	-	-
Balancing & allignment	1.77	28	-	-		22	-	-
Chemicals								
Soap and cosmetic production	2.48	18	1.13	22	2.89	11	1.53	22
Candle production	-	-	-	-	2.66	16	3.16	11
Plastic production	-	-	-	-	2.55	20	-	-
Paint production	3.45	4.61	4.61	1	-	-	-	-
	-	1.69	1.69	21	-	-	2.18	18

Insecticide production								
Agro industries								
Oil palm processing	1.33	29	4.52	2	1.32	29	4.48	4
Cassava processing	1.30	30	2.76	10	2.63	18	3.59	7
mills	2.15	22	-	-	2.63	18	5.30	2
Fish production	1.29	31	2.38	16	2.75	14	2.23	16
Poultry production	2.73	16	-	-	2.55	20	-	-
Piggery	1.33	29	-	-	-	-	-	-
Other livestock	2.41	19	-	-	1.75	28	-	-
Livestock feed								
processing								
Clothing & textile								
Garment/fashion	6.13	2	4.23	3	3.29	8	3.45	9
Foot wears	2.34	20	2.33	17	2.81	13	4.05	5
Leather bags	2.51	17	3.62	5	-	-	2.08	21
Hair dressing& barbing	2.23	21	-	-	2.56	18	6.83	1
salon								
Wood works & allied								
products	2.85	15	4.08	4	3.29	8	2.65	13
Furniture works	3.54	8	-	-	3.07	10	-	-
Saw milling	2.91	14	2.73	11	2.87	12	2.10	20
Wood art								
Pulp and paper								
Printing	5.21	5	2.25	18	4.32	7	2.59	14
Tissue paper	-	-	2.44	14	-	-	-	-
Electrical/electronic								
Computer repairs &	3.17	12	2.42	15	2.57	19	-	-
maintenance	2.00	26	3.07	8	2.22	23	-	-
Electronic repairs	3.38	10	-	-	5.27	4	3.46	8
Air conditioner/fridges								
Sand and bricks								
Bricks making	2.05	25	2.86	9	2.21	24	2.89	12
Block moulding	3.01	13	-	-	4.42	6	-	-
Interlocking tiles	5.91	3	-	-	6.30	26	-	-
Balloster production	-	-	-	-	1.85	2	-	-
Electric poles	5.55	4	-	-	-	-	-	-
production								
Recycling & waste mgt.	4.95	6	-	-	4.32	7	2.22	19

Source: computed from survey data 2012.

From Table 2, the ten most productive enterprise types in each state are as shown below.
Abia State: Metal fabrication; garments/ fashion; interlocking tiles production; printing; recycling and waste management; metal works and construction; saw milling; paint production; and air conditioner/refrigeration repairs and maintenance. Akwa Ibom State: Paint production; oil palm processing; garment/ fashion; furniture works; leather bags; bakeries, confectioneries and biscuits;

metal works and construction; electronics repairs and maintenance; bricks making; and cassava processing mills.

Edo State: metal works and construction; interlocking tiles; aluminium and glass fabrication; block moulding; printing; furniture works; panel beating and spraying; and saw milling.

Rivers State: Hair dressing and barbing salon; fish processing; foot wears; aluminium and glass fabrication; cassava processing; air conditioning and refrigeration; garment and/fashion, and bakeries, confectioneries, biscuits.

The least productive enterprise types were poultry production in Abia; soap and cosmetics production in Akwa Ibom; oil palm processing in Edo and soap and cosmetics in Rivers State.

Assessment of the Profitability of SMEs.

The profitability of SMEs was evaluated by computing the net income accruing to the business owner or, in a joint enterprise, business owners annually. For an SME to hold some attraction for the youths, the income accruing to the owner of the business must be seen to be remunerative and to compare favourably with incomes earned in other sectors, particularly the minimum wage of the public sector. In this regard, the underlying concern of the youth is encapsulated in the question: How profitable is the business. If the business is profitable and the turnover is high, the chances of garnering a remunerative income are enhanced. The profitability concept of net income (NI) is applied here to give indication of how remunerative the SMEs are (see Table 3).

Table 3: Annual net Incomes (NI) Per Enterprise

Categories/Enterprise Types	Abia		Akwa Ibom		Edo		Rivers	
	NI Rank		NI Rank		NI Rank		NI Rank	
Food and beverage: Bakeries, confection, Biscuits Table water Restaurant & bar	5,679,959 - 228,041	2 - 21	8,692,047 5,932,877 141,375	3 4 18	581,400 367,798 539,800	17 26 21	24,555 - 248,961	21 - 15
Metal works & fabrication Metal construction Metal fabrication Aluminium & glass fabrication	1,526,900 12,315,128 -	9 1 -	4,305,647 1,603,874 -	5 10 -	207,950 420,190 1,825,500	28 22 10	- 972,592 5,037,616	-- 9 3
Auto mechanics Mechanic works Auto electrics Panel beating & spraying Balancing & allignment	81,948 77,328 53,863 84,961	26 27 29 25	397,580 - - -	13 - - -	672,800 378,800 159,000 -	16 25 30 -	- - - -	- - - -
Chemicals Soap and cosmetic production	40,310 -	31 -	59,150 -	21 -	120,200 1,417,100	31 12	46,168 80,061	20 18

Candle production	-	-	-	-	86,000	32	-	-
Plastic production	388,926	16	3,823,376	6	-	-	-	-
Paint production	-	-	30,826	22	-	-	725,041	12
Insecticide production								
Agro industries								
Oil palm processing	461,305	13	23,565,444	1	1,279,450	14	1,321,915	8
Cassava processing	27,703	32	1,675,289	17	165,600	29	8,951,043	2
mills	392,432	15	-	-	4,903,600	3	4,189,563	4
Fish production	284,976	19	105,055	19	3,851,770	6	409,446	5
Poultry production	172,082	23	-	-	393,000	24	-	-
Piggery	60,915	28	-	-	-	-	-	-
Other livestock	349,981	18	-	-	29,300	28	-	-
Livestock feed processing								
Clothing & textile								
Garment/fashion	200,860	22	3,241,800	14	3,475,750	7	10529325	1
Foot wears	1,513,650	10	1,923,000	8	1492200	11	859,750	10
Leather bags	5,020,805	3	12,029,180	2	-	-	103,750	17
Hair dressing& barbing salon	407,450	15	-	-	549,300	20	556,150	13
Wood works & allied product								
Furniture works	281,553	21	293,844	15	3,442,200	8	316,951	14
Saw milling	1,503,413	13	-	-	7,353,400	1	-	-
Wood art	211,102	23	259,500	16	4,227,870	5	118943	16
Pulp and paper								
Printing	2,757,885	5	1,226,938	12	4,388,030	4	2122665	6
Tissue paper	-	-	1,389,006	11	-	-	-	-
Electrical/electronic								
Computer repairs & maintenance	2,205,580	6	85000	20	313,500	27	-	-
Electronic repairs	50,000	30	2,022,870	7	558,150	19	-	-
Air conditioner/fridges	422,400	14	-	-	563,000	18	782500	11
Sand and bricks								
Bricks making	-	-	1,643,839	9	725,600	15	-	-
Block moulding	1,021,609	11	-	-	5,96,1100	2	1,606,456	7
Interlocking tiles	2,819,181	4	-	-	3,369,000	9	-	-
Balloster production	1,555,441	7	-	-	1309420	13	-	-
Electric poles production	1,538,237	8	-	-	-	-	-	-
Recycling & waste mgt.	383,828	16	-	-	84,000	33	48,206	19

Source: computed from survey data 2012.

As the data in Table 3 indicate, the highest annual net income per enterprise accrues to the metal fabrication industry in Abia State. As the data further indicate, eleven (about 38%) other enterprise types generate net incomes per enterprise of between N200, 000 and over N400, 000. The rest earn net incomes that range from as low as N27, 703 to N172, 028. About 9 (31%) generate net incomes of less than N100, 000 per annum. Assuming a minimum wage of N20, 000 per month (i.e. an income of N240, 000 per annum), a large proportion of the SMEs, generate incomes in excess of the minimum income level.

In Akwa Ibom, 12 (about55%) of the SMES generate net income of over N1million; 4 (18%) bring in net incomes of between N200, 000 and N400, 000; the rest generate less than N200, 000 per annum. Clearly, a large proportion of the SMEs in Akwa Ibom generate net incomes in excess of the national minimum income level.

The SMEs in Edo would appear to have done better than those in Abia and Akwa Ibom states. Thirteen (38%) garnered net incomes ranging from N1.28 million to N7.35million. Another set of thirteen (38%) generated net incomes in the range of over N300, 000 to N700, 000. Only six enterprise types generated net incomes of less than N100, 000 per annum. Here again, a vast proportion of the SMEs generated net incomes per enterprise, per annum, that exceed the national minimum income level.

About eight (38%) of the SMEs in Rivers State generated net incomes that range from N1.3 million to N10.5 million. Another set of seven (33%) generated net incomes ranging from N200, 000 to over N900, 000. The rest (about 29%) generated net incomes ranging from over N24, 000 to about N119, 000 per annum.
Here again, a majority of the enterprises generated net incomes that exceed the national minimum.

In summary, the net incomes per enterprise generated by a large proportion of the SMEs captured in this survey would appear to be remunerative, especially when considered in relation to the prevailing income level; this result is in tandem with the findings of (Christopolous and Tsionas, 2004). In this regard, the ten highest net- income generating enterprise type selected from among the SMEs in each state are indicated below.
Abia State: Metal fabrication; bakeries, confectioneries, biscuits; leather bags production; interlocking tiles; printing; computer repairs and maintenance; balloster production; electric poles production; metal-works construction and foot wears.
Akwa Ibom State: Oil palm processing; leather bags; bakeries, confectioneries, biscuits, table water; metal works and construction; paint production; electronic repairs and maintenance; foot wears; bricks making and metal fabrication.
Edo State: saw milling; block moulding, fish production; printing; wood arts; poultry production; garment/fashion; furniture works; interlocking tiles and aluminium and glass fabrication.
Rivers State: Garment/fashion; cassava processing; aluminium and glass fabrication; fish production; poultry production; printing; block moulding; oil palm processing; metal fabrication and foot wears.

Rate of Return on Investment.

The rate of return on capital invested in SMEs is considered critical in this analysis for, at least two reasons. The first is that individual SMEs, because of their size and mode of operation, can hardly boast of a high turnover. This is also the position of (Liedholm *et. al.*, (1994). Thus, if profit margin in the business is slim, the business can hardly generate a remunerative income to sustain the operator in the business. Secondly, in a situation of very slim profit margin, reflected in low return on investment, the operator begins, so to speak, to "eat" into his operating capital and the business, sooner than later, collapses. This appears to be a common problem with SMEs, such that people, who quickly enter the industry perhaps, because of the relatively low initial capital requirement, quickly exit from it, as their financial base gets quickly depleted. The situation affects the sustainability of SMEs. This perhaps should explain why investors generally and financial institutions in particular show special interest in the rate of return on capital investment. The sustainability of SMEs, if they are funded, should be of primary concern to the funding agencies. Table 3 shows the ranking of SMEs on the basis of rate of return on investment. In Abia State, metal fabrication provided the highest return on investment while poultry production provided the lowest. A striking issue about the results in Abia is the poor performance of agro-industry enterprises. The only agro industry that provided a relatively high rate of return is piggery.In Akwa Ibom State, the highest RRTI was provided by computer repairs and maintenance while the lowest came from soap and cosmetic production. Agro industries performed much better in Akwa Ibom than Abia. The best performing SMEs in Edo and Rivers were auto electrics and hair dressing and barbing salons, respectively. And the lowest RRTIs came from plastic industry in Edo and soap and cosmetics in Rivers State. On the basis of the RRTI ranking, the ten best SMEs, in the order of their performances, are as indicated against the States.

Abia State: metal fabrication; garment/fashion; interlocking tiles; electric poles production; printing; recycling and waste management; bakeries and confectioneries; metal works and construction; paint production; and air condition/refrigeration.

Akwa Ibom State: computer repairs and maintenance; paint production; oil palm processing; garment and fashion; furniture works; leather bags; bakeries and confectioneries; metal works and construction; electronic repairs/maintenance; and brick making.

Edo State: auto electricals; air conditioner/refrigerator; fish production; candle production; oil palm processing; mechanic works; wood arts; panel beating and spraying; metal works and construction; and poultry production.

Rivers State: hair dressing/barbing salon; fish production; metal fabrication; oil palm processing; foot wears; aluminium and glass fabrication, cassava processing mills; air conditioner/refrigerators; garment/fashion; and bakeries and confectioneries

The computations of the rate of return on total investment are presented in Table 3.

Table 3. Rates of Return on Total Investment (RRTI) in SMEs

Categories/Enterprise Types	Abia RRTI Rank		Akwa Ibom RRTI Rank		Edo RRTI Rank		Rivers RRTI Rank	
Food and beverage:								
Bakeries, confection,	106.8	24	245.8	7	116.4	26	229.7	10
Biscuits	-	-	147.5	14	112.8	27	-	-
Table water	224.6	11	107.9	18	174.0	16	135.1	15
Restaurant & bar								
Metal works & fabrication	280.7	7	215.9	8	250.4	9	-	-
Metal construction	664.2	1	158.5	13	123.6	24	409.9	3
Metal fabrication	-	-	-	-	154.1	22	297.4	6
Aluminium & glass fabrication								
Auto mechanics								
Mechanic works	78.4	27	107.5	19	298.4	6	-	-
Auto electrics	77.3	28	-	-	439.2	1	-	-
Panel beating & spraying	107.7	23	-	-	255.4	8	-	-
Balancing & allignment	77.1	29	-	-	137.1	23	-	-
Chemicals								
Soap and cosmetic	147.5	18	13.3	21	47.2	30	53.1	22
production	-	-	-	-	377.9	4	216.4	11
Candle production	-	-	-	-	33.2	34	-	-
Plastic production	254.4	9	360.7	2	-	-	-	-
Paint production	-	-	68.5	20	-	-	118.3	17
Insecticide production								
Agro industries								
Oil palm processing	32.9	31	352.4	3	336.2	5	347.9	4
Cassava processing mills	29.8	32	176.3	11	123.2	25	259.3	7
Fish production	114.6	22	-	-	408.5	3	430.2	2
Poultry production	29.5	33	138.2	15	241.0	10	123.0	16
Piggery	172.9	16	-	-	100	35	-	-
Other livestock	33.5	30	-	-	-	-	-	-
Livestock feed processing	141.5	11	-	-	160.9	18	-	-
Clothing & textile								
Garment/fashion	513.2	2	323.2	4	229.1	11	245.4	9
Foot wears	134.4	20	132.9	16	-	-	305.3	5
Leather bags	151.0	17	261.7	6	-	-	107.8	20
Hair dressing& barbing salon	122.5	21	-	-	156.1	21	583.3	1

Wood works & allied product	184.8	15	307.9	5	35.8	33	164.8	13
Furniture works	253.6	8	-	-	46.9	31	-	-
Saw milling	190.8	14	173.0	12	266.4	7	110.4	21
Wood art								
Pulp and paper								
Printing	440.9	5	125.9	17	200.5	12	159.3	14
Tissue paper	-	-	143.6	14	-	-	-	-
Electrical/electronic								
Computer repairs & maintenance	216.6	12	572.2	1	157.1	20	-	-
Electronic repairs	100.0	24	207.0	9	158.9	19	-	-
Air conditioner/fridges	237.8	10	-	-	426.5	2	246.5	8
Sand and bricks								
Bricks making	-	-	185.5	10	175.1	15	-	-
Block moulding	105.1	24	-	-	182.0	4	188.9	12
Interlocking tiles	490.9	3	-	-	41.5	32	-	-
Balloster production	201.4	13	-	-	165.6	17	-	-
Electric poles production	454.8	4	-	-	-	-	-	-
Recycling & waste mgt.	394.9	6	-	-	84,000	13	121.9	16

Source: computed from survey data 2012.

SUMMARY, CONCLUSION AND RECOMMENDATIONS

The net income (NI) concept was use to assess the profitability and relative income generating capacities of the different enterprise types. The conclusion reached here is that the average net income, per enterprise, generated by a large proportion of the SMEs appeared to be remunerative, especially when compared with the prevailing national minimum income level of about N240, 000 per annum.In relative terms, the highest net income generating enterprises were metal fabrication in Abia State; oil palm processing in Akwa Ibom state; saw milling in Edo state and garment/fashion in Rivers State. On the basis of the net income, the best 10 enterprise types were selected for each state. The rate of return on investment (RRTI) was used to assess the viability and sustainability of SMEs. A situation of very slim profit margin, reflected in low return on investment would sooner than later cause the SMEs to collapse. The SMEs were accordingly ranked on the basis of RRTI. In Abia State, metal fabrication provided the highest return on invested capital, while poultry production provided the least. In Akwa Ibom State, the highest RRTI was provided by computer repairs and maintenance while the least came from soap and cosmetics production. The best performing SMEs in respect of the RRTI in Edo and Rivers were auto electrics, and hair dressing/barbing salon, respectively. The lowest RRTIs came from plastic industries in Edo and soap and cosmetics in Rivers State.

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The following conclusions derived from the findings of the study, following the specific objectives were made:

- The SMEs are productive and profitable as indicated by the indices of productivity and profitability computed. The high productivity and profitability indices are in agreement with the findings of (Christopolous and Tsionas, 2004; Mahmoud, 2005). They SMEs can hence reduce unemployment given the remunerative incomes they earn which in most cases were more than the national minimum wage of N20, 000, if properly funded
- On the basis of the applied indices, the following SMEs have been identified as the most productive, profitable and viable in the Niger Delta region: metal fabrication; garments/fashion; interlocking tiles; electric poles production; printing; bakeries, confectioneries and biscuits; metal works and construction; paints production; furniture works; leather bags; wood arts; poultry production; fish production; fish production, foot wears and aluminums and glass fabrication.
- In general, it is the study's view therefore that, the region can be made more peaceful and investor friendly by reducing the hiccups that unemployment creates via SMEs.

RECOMMENDATIONS

From the findings of the study, which were made following the specific objectives of the research, these recommendations were made;

- Funding of SMEs by both federal, state, local governments and specialized bodies should not adopt a – one size fits all approach but rather on the potentials of the SMEs in terms of productivity, profitability and employment generation indices as shown by the study. The study therefore recommends that SMEs as listed for the respective states in section four should be emphasised
- The identified most viable SMEs in each state should receive more support in terms of funding than the less viable ones.

- SMEs that have high RRTI should be emphasized in the respective states for funding, expansion and for would be investors and financiers while those with low RRTI and poor growth rates de-emphasized.

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