

**TVET PARTNERSHIP AND PROFITABILITY OF SMALL SCALE BUSINESS IN AKWA IBOM STATE; A PANACEA FOR ECONOMIC GROWTH**

**BY**

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***Abstract***

*The purpose of this investigation was to examine the influence of TVET Partnership on Profitability of Small Scale Businesses in Akwa Ibom State, Nigeria. Two research questions and two null hypotheses were raised to guide the study. An experimental design was adopted for the study. The researcher structured questionnaire titled: TVET Partnership and Profitability Questionnaires” (TVEPPQ) and the financial statements of the firms were used to generate data for the study. A simple random sampling technique was used to select a sample size of 150 small scale business operators in Akwa Ibom State. Test-retest method was used to determine the reliability of the study with r-values of 85. and .87 respectively. Mean and Standard Deviation were used to answer the research questions while the independent t-test was used to test the null hypotheses. It was discovered that firms who combine the skills of personnels from various areas of Vocational Education do perform significantly in the areas of profitability, customers patronage and investments than firms pooling all their human resources from a specialized area of TVET. It was recommended among others that small scale firms should organize their core human resources to reflect the core areas of TVET for improved performance and productivity.*

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**Key Words:** Partnership, Profitability, Technical and Vocational Education and Training (TVET)

**Introduction**

It is often believed that two good heads are better than one. This is often true when it comes to successful management of every business operation. The goal of vocational business Education is to ensure that the right types of skills, attitudes and values are imparted to the recipient of the program inorder to successfully manage any type of

business ventures they would like to be interested in. According to Ezeani and Urama (2014), it is the role of vocational education to among others impact the right types of skills for the survival of businesses in the economy. This includes but not limited to the business skills, but technical, Agricultural, Nursing and other entrepreneurial skills to its recipients for

outright successful operation of the business enterprises in the economy.

In recent times, a more feasible approach to conducting any successful business venture is through partnership. Partnership was defined by Bassey (2005) as any legal form of business operation between two or more individuals who share management and profit. According to Samuel (2015), a partnership is any type of business organization in which two or more individuals pool money, skills and other resources and share profit and loss in accordance with terms of the partnerships agreement. In absence of such agreement, a partnership is assumed to exist where the participants in an enterprise agree to share the associated risks and rewards proportionately.

Partnership can be applied in any form or venture in order to make the result more rewarding. According to Stanley (2010) Technical and Vocational Education and Training (TVET) practicability has always been a stand-alone thereby resulting to lower productivity and a huge decrease in the capability to reduce unemployment and other social vices associated with unemployment.

Partnership in Technical and Vocational Education and Training (TVET) was classified by Bassey (2014) into horizontal and vertical partnership. The Horizontal TVET partnership exists when two or more personnel from a specific area of TVET come together to pool resources to form a

business venture. Example is when two or more computer educators come together to establish a business venture with the sole purpose of making profits to be shared according to a set agreement. On the other hand the vertical TVET partnership exists when two or more personnel from different areas of TVET come together to pool resources with the aim of profit making to be shared accordingly. Example in this case exist when an Accountant, an Agricultural Business personnel, an auto-mechanic and an electrician contribute resources to form business with the aim of pooling a greater amount of resources and at the same time getting a huge amount of profits to be shared according to their perceived agreement.

The ability of this perceived partnership to blossom depends to a great extent on the level of vocational education and training received by the partners according to their specific areas. It is quite obvious that education is the key to increased productivity. In line with this view, Okolocha (2006) stated that technical and Vocational Education and Training is the bedrock of sustainable development of any nation. Vocational Education is defined by the National Teachers Institute (NTI; 2008) as the type of education that involves the use of the right instructional devices, methods, techniques and knowledge for developing skills. Similarly, the Federal Republic of Nigeria (2013) defined technical education as that aspect of education that leads to the acquisition of practical and applied skills as well as basic

scientific knowledge. Technical education to UNESCO (2002), is that form of education which begins with a broad based which facilitates horizontal and vertical articulation within the education system and between school and the world of work, thus, contributing to the elimination of all forms of discrimination.

According to Bassey (2014), TVET partnership is a profitable venture that can bring a boost in the profit making of firms. Profit is determined in small scale firms by deducting all expenses from all receivable revenues. In Accounting Parlance, Net Profit is determined by deducting expenses from Gross Profit. Profit making to Samuel (2015), is the primary purpose of firms engaging into whatever businesses they are in. Several firms to Bassey (2005) have collapsed due to the inability of not meeting up their profit maximization objectives.

Profits are usually expressed in the monetary value of the country where the business is undertaken. Profits are usually classified into Gross and Net Profit. Gross profit can be defined by Samuel (2015) as a form of profit garnered by firms at the point of trading without considering the firms expenses. Net profit is the true profit of the firm after deducting the expenses of the firm. It is seen as Gross profit less expenses. Net profit in this sense therefore, expresses the true profit-making ability of the firm. But profit making is as a result of improved customer's base of the firm.

Customer base according to Bassey (2014) refers to the number of people, clients and agents that patronizes the services or products of the organization. The customers are the basic reason why firms are in business. They represent the core stakeholders of the business enterprises; therefore, the products and services of the firm should be able to satisfy the wants of the customers. TVET vertical partnership would likely produce customer base having a singular wants or products. But vertical TVET partnerships involving personnel from different aspects of TVET areas would likely produce core customer base with diverse needs, wants and aspirations. Customers bases are usually done or compared using quantitative measures or revenue garnered at the year ended. This is usually achieved by comparing the accounting books for sales figures. It is on this background that this study on TVET partnership and profitability of small scale business is undertaken.

### **Statement of the Problem**

A closer look at the industrial status of AkwaIbomState will reveal among others that the state is an industrially backward state owing to lower entrepreneurship, high rate of business failure, low rate of risk-taking among others. The high rate of business failure is often as a result of low capital formation poor skills, inflation low patronage and most importantly, low profitability due to a streamlined nature of business which often times are outwit by higher competitors leaving the unprepared business man to his peril.

This rate of business failure had tried to discourage other entrepreneurs from venturing into the business foray. The profit making ability of most of the existing enterprises has dwindled to a greater extent due to the vulnerability as a result of a streamlined type of business. It is against this shortcoming that this research work is carried out to determine the influence of TVET partnership on the profitability of small scale businesses in Akwa Ibom State, Nigeria.

### **Purpose of the Study**

The main purpose of this study was to determine the influence of TVET partnership on the profitability of small scale Businesses in Akwa Ibom State. Specifically, the study was intended to:

- i. Determine any difference existing in the profit-making of firms having vertical TVET partnership from those having a horizontal TVET partnership.
- ii. Determine any difference existing in the customer base of firms having vertical TVET partnership from those having a horizontal TVET partnership.

### **Research Questions**

The following questions were asked by the researchers to guide their study.

- (i) What difference exists in the profit making of small scale businesses having vertical TVET partnership from small scale businesses having a horizontal TVET partnership?
- (ii) What difference exists in the customer base of small scale

businesses having vertical TVET partnership from small scale businesses having a horizontal TVET partnership?

### **Null Hypotheses**

The following null hypotheses were formulated to guide the study at .05 level of significance;

- i. There is no significant difference in the profit-making of small scale businesses having vertical TVET partnership from those having Horizontal TVET partnership.
- ii. There is no significant difference of the customers bases and investment of small scale businesses having vertical TVET from those having Horizontal TVET partnership.

### **Methodology**

The study was conducted in Akwa Ibom State, South-South Nigeria. Akwa Ibom State is one of the 36 states of Nigeria with 31 Local Government Areas, with headquarters in Uyo. The major tribes of the people are Ibibio, Annang and Oron. The people of Akwa Ibom are predominantly farmers, civil servants, and few small scale businesses. It is based on the availability of limited numbers of registered small scale businesses to the state that prompted the researchers to undertake the study in Akwa Ibom State.

An experimental design was adopted for this study. The researchers divided the business owners into two groups namely; the Horizontal (c) and Vertical (Ex). The horizontal group include the bringing

together of businesses with a single line of operations, example; carpentry, welders, computer operators, retail and wholesaling, etc., while the vertical group (Ex) inorders bringing together of small scale business from different TVET areas of caterer combine with a computer operator, an Accountant with an advertiser, retailer with auto-mechanic, an agricultural business man and the Accountant, among others. This design was considered appropriate because the researchers were interested in finding the significant difference between the groups. The population consisted of all 240 small scale business registered with the Corporate Affairs Commission (CAC) as at 31st March, 2015. The Yaro-Yameni formular was used to select the sample size of 150 small scale business for the study. The simple random sampling technique was used to select a sample size of 150 small scale business owners that was divided into

the two (2) groups of 100 for the experimental and 50 for the control groups. The researchers structured an questionnaire titled “TVET partnership and profit-making questionnaire “(TVET PPQ) and the firms financial statements (profit and loss Account and Balance Sheet as at 31st March, 2015 were used for the study. The instrument was face validated by three research experts in the department of Vocational Education, University of Uyo, Uyo. Comments and suggestions were finally incorporated into the final copy. The test-retest reliability method was used in determining the reliability of the instrument. An r-index of .85 and .87 were obtained for the two variables respectively. The researchers used mean (X) and standard deviation (SD) in answering the research question while the independent t-test was used to test the null hypotheses.

## **Result**

### **Answering Research Question 1**

What is the difference between the profit-made by small scale business practicing horizontal partnership and those practicing vertical partnership?

**Table:** Means (x) and Standard Deviation (SD) analysis of the difference between Horizontal (H) and Vertical (V) = N = 150

S/N	Statements	SA	A	D	SD	X	SD	Decision
1.	TVET partnership attract more customers	77 308	44 132	19 38	10 10	3.25	5.24	A
2.	TVET partnership always results to huge revenues than none TVET partnership	90 360	50 150	10 20	-	3.53	4.14	A
3.	TVET partnership always bring about conflict due to differences in ideology	70 280	50 150	15 30	15 15	3.16	3.8	A

4.	Cost per unit (CPU) in TVET partnership are low thereby encouraging more consumers for profit making.	89 356	34 102	34 2102	19 38	8 8	3.36 3.71	A
5.	TVET partnership has made firms to have a clear-cut business plan for the future	70 360	50 150	10 20	- -	3.54		A
Grand mean							3.37 2.18	

From the data analysis in Table 1: It can be seen that all the items met and surpassed the mean rating of 2.50. This implies that there is a positive difference in the profit-making of small scale businesses having horizontal and vertical TEVT partnership in AkwaIbomState.

### Research Question 2

What difference exists in the customer bases of small scale businesses having vertical TVET partnership from small scale businesses having a horizontal TVET partnership?

**Table 2:** Means (x) and Standard Deviation (SD) analysis of the difference between Horizontal (H) and Vertical (V) of the Customer base N = 150

S/N	Statements	SA	A	D	SD	X	SD	Decision
1.	TVET partnership attract customers with diverse needs	70 280	50 150	30 60	- -	3.27	2.17	A
2.	Customers always have products from TVET partnership firms to patronize.	70 360	60 180	- -	- -	3.6	2.21	A
3.	TVET partnership have products that usually well packaged for customers satisfaction	100 400	40 120	- -	10 10	3.53	2.09	A
4.	TVET partnership provides after-sales service for customers patronage.	77 308	44 132	14 28	10 10	3.23	1.99	A
5.	TVET firms have more customer base than ordinary firms	89 356	34 102	19 38	8 8	3.52	1.15	A
Grand Mean							3.42 1.27	

From the data analysis in Table 2, it can be seen that all the items met and surpassed the mean rating of 2.50. This implies that there is a positive difference in the customers

bases of small scale businesses having horizontal and vertical TEVT partnership in Akwa Ibom State.

**Testing of Null Hypotheses**

**Ho<sub>1</sub>:** There is no significant difference in the profit-making of small scale businesses having vertical TVET partnership from those having Horizontal TVET partnership.

**Table 3:** T-test Analysis of Differences between TEVT Partnership on Profit of small scale business in Akwa Ibom State N = 150

Variable	N	X	X̄	df	SD	t-cal	t-crit	Decision
Vertical TEVT partnership	100	1550	10.33	148	5.34	8.11	1.96	S*
Horizontal TEVT Partnership	50	899	8.99		2.11			

S\* = Significant at .05 alpha level

From the data analysis in Table 2 it can be seen that the t-cal-value of 8.11 was higher than the t-crit-value of 1.96, at degree of freedom of 148 and at .05 level of significance. Based on the above, the null

hypothesis is rejected. Hence, there exist a significant difference in the profit-making of small scale business having horizontal TVET partnership and those having vertical TVET partnership.

**Ho<sub>2</sub>:** There is no significant difference in the customer base of small scale businesses having vertical TVET partnership from those having Horizontal TVET partnership.

**Table 4:** T-test Analysis of Differences between TEVT Partnership on Customers index N = 150

Variables	N	X	X̄	SD	t-cal	df	t-crit	Decision
Vertical TEVT partnership	100	2519	4.14		3.14	148	1.96	S*
Horizontal TEVT Partnership	50	416	4.16	2.01				

S\* = Significant at .05 alpha level

From the data analysis in Table 3, it can be seen that the t-cal-value of 3.14 was higher than the t-crit-value of 1.96, at the degree of freedom of 148 and at .05 alpha level. Based on the forgoing, the null hypothesis is rejected. Hence, there exist a significant difference in the area of customer base between horizontal TVET partnership and vertical TVET partnership.

**Findings of the Study**

The following were the findings of the study:

1. There is a positive difference in the profit-making between small scale firms having horizontal TVET partnership and those having vertical partnership.
2. There is a positive difference in the customer base between small scale

- firms having horizontal TVET partnership and those having vertical partnership.
3. There is a significant difference in the profit-making function between small scale business having horizontal TVET partnership and those having vertical partnership.
  4. There is a significant difference in the customers base between small scale business having horizontal TEVT partnership and those having vertical partnership.

### **Discussion of Findings**

The data analysis in Table 3 indicated that there exist a significant difference in the profitability between the horizontal with vertical TVET partnership and the horizontal TVET partnership firms. The findings of the study had indicated that firms entering partnership with different area of technical and Vocational Education (TVET) do post a greater profit than those firms having only a specialized form of partnership involving only one aspect of TVET. The researchers discovered that the partnership involving an agricultural scientist, a business educator and an automobile operator would yield a greater probability, greater investment, turnover, customer appreciation rate than a partnership that is composed of two or more partner from a single or straight line area of TVET.

The finding of this study agrees with Onwu (2005) who opined that a collaboration of idea from different perspectives is a pre-requisite for a successful joint venture

business operation. In this regards, the partnership must reflect the different core areas for improved performances, in that if there is any shortage in the income flows from one avenue the other department may still continue to bring in more revenue to cover up in the central income flow.

### **Conclusion**

This study had shown that partnership in TVET is a pre-requisite for improved performances for small scale businesses in Akwa Ibom State and beyond. The partnership discussed in this paper includes vertical partnership and horizontal partnership. The horizontal partnership is the coming together of different individuals from a particular TVET sector to form a common business with the purpose of sharing profit and loss according to their agreed ratios. On the other hand, the vertical partnership exist when two or more individuals from different TVET sector comes together to form a business with a view of making and sharing profits according to their prescribed ratios.

### **Recommendations**

Based on the findings and conclusion reached by the researchers, the following were recommended;

1. The Federal Government of Nigeria should increase the finding of TVET for increased productivity in order to reduce the level of unemployment in the society.
2. Managers of small scale businesses should endeavour to employ personnel from different TVET core areas and

- then diversity their operation and finance in order to maximize the huge potentials in the Nigerian market economy.
3. It is expected that graduates of vocational Education should team-up together, pool resources and start a concrete business that would satisfy the demands of consumers in their locality.
  4. The National Universities Commission (NUC) and the National Board for Technical Education (NBTE) should endeavour to include the concept of TVET partnership in TVET curriculum as a course or topic(s) in the undergraduate programme of TVET to complement the entrepreneurial spirits of the students upon graduation.

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