CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND OF THE STUDY

According to (Ayorinde 2004) in the article ‘Reasons businesses fail’, enterprises have been given due recognitions especially in the developed nations for playing very important roles towards fostering accelerated economic growth, development and stability within several economies. They make-up the largest proportion of businesses all over the world and play tremendous roles in employment generation, provision of goods and services, creating a better standard of living, as well as immensely contributing to the gross domestic products (GDPs) of many countries (OECD 2000).

Over the last few decades, the contributions of the business sector to the development of the largest economies in the world have beamed the searchlight on the uniqueness of the businesses; and this have succeeded in overruling previously held views that small businesses were only “miniature versions” of larger companies (Al-Shaikh 1998; Gaskill et al. 1993).

However, it appears that considering the enormous potentials of the small business sector and despite the acknowledgement of its immense contribution to sustainable economic development, its performance still falls below expectation in many developing countries (Arinaitwe 2006).

This is because the sector in these developing countries has been bedevilled by several factors militating against its performance, and leading to an increase in the rate of small business failure. These factors include the unfavourable and very harsh economic conditions resulting from unstable government policies; gross undercapitalisation, strained by the difficulty in accessing credits from banks and other financial institutions; inadequacies resulting from the highly dilapidated state of Infrastructural facilities; astronomically high operating costs; lack of transparency and corruption; and the lack of interest and lasting support for the SMEs sector by government authorities, to mention a few (Oboh 2002; Okpara 2000; Wale-Awe 2000).

According to (Bradstreet 1969), a careful examination of several studies on factors influencing business failure reveal that most of them were mainly independently conducted studies. They tend to simply identify the factors influencing business failures in businesses in general, and attach percentage rates to the extent at which these factors were found to influence failure (Dun and Bradstreet 1969; Altman 1971; Argenti 1976). In addition most of the studies tend to focus on SMEs in America and other developed countries (Peterson et al. 1983; Theng and Boon 1996). There appears to be inadequacy in comparative studies on the factors influencingbusiness failure between the developed and developingnations, and even if there are a few, notmuch has been done between the UK and Nigeria.

This study attempts to fill this gap. In addition, despite the fact that several research studies have identified a number of generic factors influencing business failure, it would still seem inappropriate to assume that the same set of factors would lead to business failure in different regions and countries.

The significant role of small business in any economy suggests that an understanding of why small businesses fail (or are successful) is crucial to the stability and health of the economy. For this discussion we will define Small Business to be an enterprise that is independently owned and operated for profit that is not dominant in its industry.

Entrepreneurship is linked to creation of jobs, increases in productivity, and improvements of living standards, and to economic growth in the in general. Small businesses help create new jobs, introduce new products and provide specialized expertise to large corporations. Small firms represent about 99 percent of employers, employ about half of the private sector workforce and are responsible for about two-thirds to three-quarters of the net new jobs.

Unfortunately, according to the U.S. Small Business Administration, over 50% of small businesses fail in the first year and 95% fail within the first five years• "Businesses with fewer than 20 employees have only a 37% chance of surviving four years (of business) and only a 9% chance of surviving 10 years", reports Dun & Bradstreet and of these failed businesses, only 10% of them close involuntarily due to bankruptcy and the remaining 90% close because the business was not successful, did not provide the level of income desired, or was too weak to continue.

1.2 STATEMENT OF RESEARCH PROBLEM

Wherever a business goes burst, bankrupt or fails there is always a resultant negative impact of most, if not all, of the stakeholders of the business. Entrepreneurs lose their capital investments, employees lose their jobs, the society loses a means of the production and distribution of goods and services, the government loses revenues it would have earned from tax. It also reduces the standards of living of individuals and brings about the deprivation of goods and services. The impact of business failure is always overbearing and this is why the issue is attended to with great concern.

Over the years, the have been several definitions of business failure and a number of theories and thoughts on what constitutes a failed business. There are some scholars who view business failure as “discontinuance of business” for any reason, such as Fredland and Morris (1976). There are others who view failure as “bankruptcy” and the most cited work in this school of thought is Dun and Bradstreet (1969) and their definition of failure as: those businesses that cease operations following assignment or bankruptcy; ceased with loss to creditors after such actions as execution, foreclosure or attachment, voluntarily withdrew leaving unpaid obligations; were involved in court actions such as receivership, reorganization or arrangement, or voluntarily compromised with creditors (Watson and Everet 1996). Other views of failure include businesses “disposed of to prevent further losses” and "failing to 'make a go of it.'(Watson and Everett 1996). Irrespective of the size of any business large, medium or small, several researches and statistics appear to have ranked poor management or management inability the main cause of business failure in general (Argenti 1976; Dun and Bradstreet 1969; Wichmann 1983 amongst other).

Other problems include:

1. Lack of experience
2. Insufficient capital
3. Poor inventory management
4. Over-investment in fixed assets
5. Poor credit arrangement management
6. Poor management decisions,
7. Poor knowledge of the business

1.3 OBJECTIVES OF THE STUDY

The purpose of this paper is to better understand why businesses fail and how those causes can be avoided. At the end, a framework is presented to evaluate the existing resources and understand their influence on the factors of failure from a firm level. The intent is that this is one way that will promote adoption of necessary preventive measures and a plan of action to avoid such failures. Other objectives include

1. To know if poor management decisions lead to business failure
2. To examine internal and external factors that affects the causes of business failures.

1.4 RESEARCH QUESTIONS

1. What are the problems and challenges that faces a business?
2. Does Poor management decisions lead to business failure
3. Does sustaining fund lead to business failure?
4. What are internal and external factors that affect the causes of business failure?
5. What are the ways or solution to business failure in Nigeria?

1.5 RESEARCH HYPOTHESIS

Null and alternative hypothesis will be used for general statement of hypothesis.

$H_{\circ}$: Will represent Null hypothesis

H1: Will represent Alternative hypothesis

1. $H_{\circ}$: Poor management decisions does not lead to business failure

H1: poor management failure leads to business failure

2. $H_{\circ}$: Internal and external factors does not lead to business failure

   H1: Internal and external factors lead to business failure.

1.6 SIGNIFICANCE OF THE STUDY

The work is also significant as it seeks to shed light on evaluation of the causes of business failures in Nigeria organization: A case of Sosoliso Airline. Hence, the study is significant to business owners, intending business starters because of the following

1. Reasons why businesses fail
2. Criteria to put in place before starting a business
3. Need and importance of having both short and long business plan
4. To know the availability of market for your product or services before even venturing into the business.

1.7 SCOPE OF THE STUDY

The study talks about evaluation of the causes of business failures in Nigeria organization: A case study of Sosoliso Airline. To make the research work more reliable and valid, the sample studies will Sosoliso Airline to know the factors that led to the failure and windup of the business organization and also means of overcoming failure.

1.8 DEFINITION OF TERMS

Business – is a commercial activity or an organization or economic system where goods and services are exchanged for one another for money.

Failure- is lack of success or the neglect or omission of a required action.

Business failure-refers to a company ceasing operations following its inability to make a profit or to bring in enough revenue to cover its expenses**.**

Bankruptcy-it's a process whereby a person or business cannot repay the debt it owes to creditors.

Management-the organization and coordination of the activities of a business in order to achieve defined objectives.

Windup-it refers to an act of the business to shut down or bring an end to the business.

CHAPTER TWO

CONCEPTUAL, THEORETICAL AND EMPIRICAL FRAMEWORK

2.0 INTRODUCTION

Businesses exist to meet the needs and wants of a society. A business is any activity that seeks to make profit by providing goods and services to others (Nickels, McHugh and McHugh, 1999). Businesses used inputs from the environment and transformed them into outputs such as food, clothing, housing, medical care, transportation as well as other things that add meaning to human existence (leisure and recreation). There are different types of business organizations the profit and the not-for-profit organizations. The former is interested in making monetary gains for its owners, while the latter do not seek monetary gains for its owners.

The performance of these businesses is predicated on several factors. Many businesses have failed to meet the objective or purpose of its formation. This has been the experience in all economies. It is more worrisome in the developing economics of the world where managers lack the requisite managerial skills in management. It is one thing to formulate individual and organizational objectives, and another thing is to achieve the set targets, sustain task-level and later improve on performance. The fact that most of the businesses (both large and small scale business) that we saw in our communities, states and country are no more in existence, means that something is wrong somewhere.

2.1CONCEPTUAL ISSUES

2.1.1 DEFINITION OF BUSINESS

A business, also known as an enterprise or a firm, is an organization involved in the trade of goods, services, or both to consumers. Businesses are prevalent in capitalist economies, where most of them are privately owned and provide goods and services to customers in exchange for other goods, services, or money. Businesses may also be not-for-profit or state-owned. A business owned by multiple individuals may be referred to as a company.

Business can refer to a particular organization or to an entire market sector, e.g. "the music business". Compound forms such as agribusiness represent subsets of the word's broader meaning, which encompasses all activity by suppliers of goods and services. The goal is for sales to be more than expenditures resulting in a profit

2.1.2 CONCEPT OF BUSINESS FAILURE

Business failure: refers to a company ceasing operations following its inability to make a profit or to bring in enough revenue to cover its expenses. A profitable business can fail if it does not generate adequate cash flow to meet expenses

2.1.3 REASONS FOR BUSINESS FAILURE

Businesses can fail as a result of wars, recessions, high taxation, high interest rates, excessive regulations, poor management decisions, insufficient marketing, inability to compete with other similar businesses, or a lack of interest from the public in the business's offerings. Some businesses may choose to shut down prior to an expected failure. Others may continue to operate until they are forced out by a court order.

The Small Business Administration, in an article on small business failure, lists additional reasons for failure from Michael Ames book on "Small Business Management":

1. lack of experience
2. insufficient capital
3. poor inventory management
4. over-investment in fixed assets
5. poor credit arrangement management
6. unexpected growth

A study published in 2014 by the Turnaround Management Society reveals that most crises are caused by the mistakes of top management. The most prominent causes of a crisis are that the management continued with a strategy that was no longer working for the company (54.6%), and that they lost touch with the market and their customers and did want to adapt to changes occurring around them (51.6%). Having a clear strategy that is communicated well to all operational areas, one that uses and builds USPs, is desirable for every company but is often not the case. Incorrect strategic decisions (39.4%) are often made because of the lack of a clear strategy, and they can have a significant impact on a company's financial position in the market.

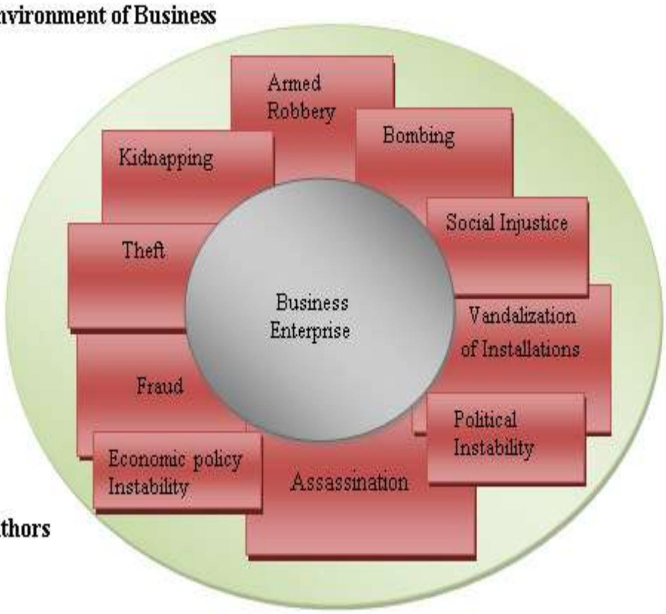
There are many opinions about the most important reason that businesses fail:

1. Peter Drucker claimed the most important reason that businesses fail is because management didn't ask "what is our business?" in a "clear and sharp form."
2. Eric T. Wagner, who has 30 years' experience as a serial entrepreneur, says that entrepreneurs fail when developing new products because they "retreat to a cave" instead of thoroughly understanding their customer's needs. A survey of more than 1000 Australian SME business owners found that business failure was most likely because of an inability to manage costs.
3. Dr. ChristophLymberskyanalyzed internal causes over a timeline of 38 years which shows that the lack of financial control is becoming less and less relevant as a crisis factor. In 1984 inadequate financial control still contributed to 75 percent of all corporate crises. In his 2014 survey, only 36 percent or restructuring consultants reported inadequate financial control to be a cause of decline.
4. According to a study by Industry Canada, "the main reason for (business) failure is inexperienced management. Managers of bankrupt firms do not have the experience, knowledge, or vision to run their businesses".

2.1.4 The Insecurity Environment of Business in Nigeria

The insecurity environment of business refers to insecurity variables that affect the performance of a business but over which the business enterprise has little or no direct control. In Nigeria, the variables range from theft to organized armed robbery, kidnapping and demand for ransom, assassination, repeated invasion and blockading of business installations, social injustice, unemployment, lack of access to livelihood resources, rising cost of living, and bombing. All these variables of crimes and social maladies have made the Nigerian security environment to be complex. This is indicated in figure 1 below

Figure 1: The Insecurity Environment of Business



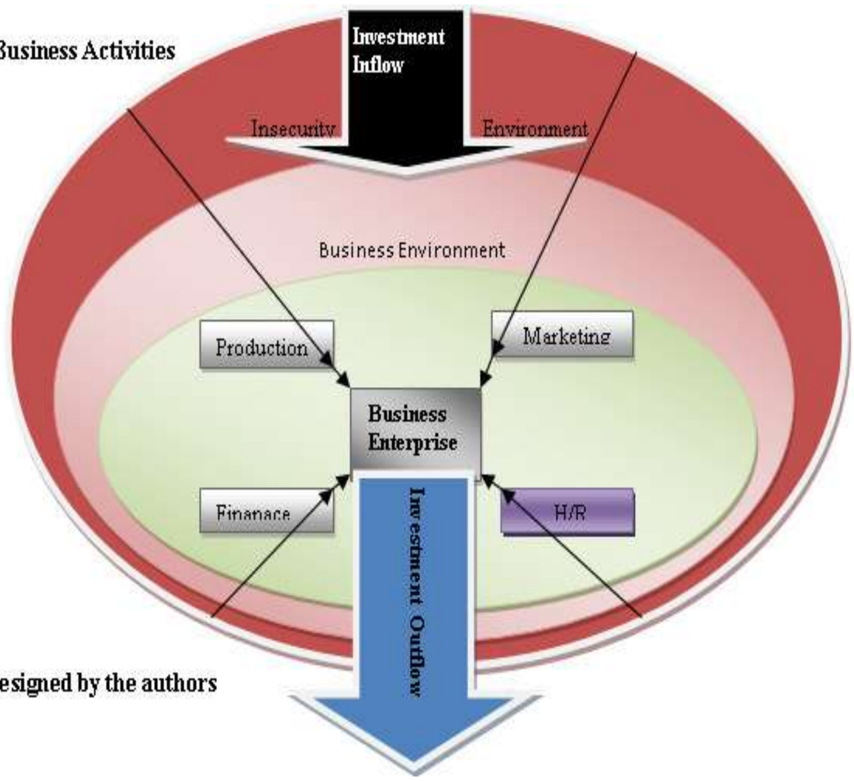
Source: Designed by the authors

Figure 1 depicts the insecurity surrounding business organizations operating in Nigeria. The table below shows available data on the level of some of the crimes from 2003 to 2008.

2.1.5 Implications of the Nigeria Insecurity situation for Business Activities

The implications of the Nigeria insecurity situation for organizations' business activities cannot be overemphasized. In this paper, we contend that when there is wide spread insecurity, it could affect business investment, the entire business organization or some aspects of its operations which include production, marketing, finance and human resource (H/R). This is indicated in the figure below:

Figure 2: Impact of Insecurity on Business Activities



Source: Designed by the authors

2.2 Challenges in Facing Micro and Small Scale Enterprises in Nigeria

There are various challenges facing micro and small scale enterprises in Nigeria; while some are financial others are non-financial. The financial constraints include those factors that prevent micro and small scale enterprises (MSEs) from accessing funds easily, inadequate sources and supply of funds has been a major setback to the realization of many brilliant business ideas and outward expansion of existing business.

The inability of the small business owners to raise funds expand their business has been linked to poor business history, high risks, associated with starting new business, which banks tend to avoid, insufficient collaterals, inadequate record keeping and knowledge of the risks facing their business. Record keeping is particularly important to the integrity of the business. The prevailing corrupt tendency in Nigeria society, which has permeated the fabric of the society including Nigeria entrepreneurs, have prevents most small and medium enterprises operators from keeping adequate records. Many entrepreneurs avoid paying tax into the relevant authorities. Poor governance structure is another factor preventing small and medium enterprise to access founds easily from banks and other specialized financial institution.

An industrial analysis recently observed that one of the reasons why micro and small scale enterprises (MSEs) funds has not been invested, is the operator prefer to get the funds as loan, rather than as equity contribution. To gain access to finance, micro and small scale enterprises (MSEs) owner should learn to put up realistic business plan supported with financial projections, which highlight the profitability of the enterprises before they seek for funds. Such companies should be duly and legally registered with appropriate authorities maintain financial records and put in place strong internal control mechanism. Above all, the operators should be knowledgeable about the kind of business they want to venture into.

2.3 Unethical Behavior and Business Failure

A critical examination of the literature on corporate business failure shows that analysts are not likely to distinguish between business failures that are management induced and those with external infractions (Bukola, 2000; Farry, 2004; Fome, 2006). According to Brain and Mark (1997), we can surely make a distinction between business failures which had resulted from unpredictable environmental factors and failures which are the management's fault, in the sense that a reasonably prudent and informed management could have prevented them. They further added that, interesting enough, there are not many other possibilities but with this fundamental principle in hand, that the failure of a business is generally, either no one's fault or the management fault, one can argue that the conditions under which business fail imply a corporate or group responsibility on the part of management to its employees. While this thinking is contemplated, Asemota (2003) had through an empirical work attributed, failure to unethical practices of work which he enumerated as loafing, working too slowly, feigned injuries and many others. Gilman (2003) in his work had insisted that corporate environment is plagued with non-value oriented professional whose professional conducted have helped in preparing the path for corporate collapse.

Larry and Viano (2000) have shown concern for the ethical dilemma that managers and practitioners are enmeshed and had considered it as a major reason for swift corporate failures. For instance, they observed in the case of Worldcom, huge revenue expenses of about $3.85 billion were unprofessionally treated as capital investments instead of exposing them in the year that they were incurred. When compelled by the law to re-classify the amortized expenditure, it recorded huge losses that negatively affected its stock price, resulting in the biggest corporate bankruptcy ever recorded.

According to Anyaduba (2007), the enormity of the problem is better appreciated when one considers the fact that the integrity and reputation of corporate bodies in term of their fairness, transparency and accountability is central to real productivity, growth, stability and sustainability of the economy. Nwaogu, (2006) in his research study on banks performance had empirically shown that insider privilege has facilitated lending to customers and unwillingness to pay back. Such huge sum of money not paid has contributed to bank failures. These expositions have however shown significantly corporate failure as beginning to be an endemic problem that stakeholders should expect. While this is the ensuing scenario, Pattison (2004) has re-channeled concern for why corporate failure is incessant irrespective of the economic side of the environment.

Unreliable accounting data is though considered an important aspect of making wrong investment decisions. The general assumption is that information resulting from auditor's control function and interrogative check should guide both management and other stakeholders alike in reaching quality decision either while undertaking strategic renewal or venturing into any new area. Observers of most public organizations have ascribed business failure often times to poor policy crafting and implementation (Igoli, 2000; Lasby, 2003;

Narekhe, 2006; Visuwalani, 2007). Andrews (2007) had reported elsewhere through his study result on some state owned hotels that financial failures resulting from poor financial intelligence accounted for much of the failures in the state managed hospitality sub-sector. Infact in another study Conroe (2008) had noted strongly that food waste is obviously not the reason for such corporate failures but lack of improper accounting practices alongside poor inventory management. The import of their claim is that accounting practices as may be undertaken by accounting professional and internal employees are likely to trigger failures which are characteristically shown by low profitability levels in all those types of organizations. Daramola, (2006) had reported that delays in information acquisition due to source delays are yet other factors that have resulted business lull. He had observed a severe disregard to agency conditions and rules of engagement by industry operators and this has reduced the degree of commitment. This is yet an unattended epidemic that has characterized work attitude of public owned company workers and suppliers. Dsanzi (2003) also stated that many cases of business operators exist in South Africa being presented for bribery, related activities. The list according to the author includes professional who has conducted themselves outside values that are cherished as standards of practice.

2.4 SOSOLISO AIRLINES

Sosoliso Airlines Limited was a scheduled, domestic, passenger airline. For much of its existence it had its head office in Ikeja, Lagos State.Originally its head office was on the grounds of Enugu Airport in Enugu.

It was established in 1994 and started operations in July 2000. The Nigerian government set a deadline of 30 April 2007 for all airlines operating in the country to re-capitalize or be grounded, in an effort to ensure better services and safety. Seven airlines failed to meet the deadline and as a result would not be allowed fly in Nigeria’s airspace with effect from 30 April 2007. These were: ADC Airlines, Fresh Air, Sosoliso Airlines, Albarka Air, Chrome

Air Service, Dasab Airlines and Space World Airline. The affected airlines would only fly when they satisfied the Nigerian Civil Aviation Authority (NCAA)'s criteria in terms of re-capitalization and thus be re-registered for operation.

2.5THEORETICAL ISSUES

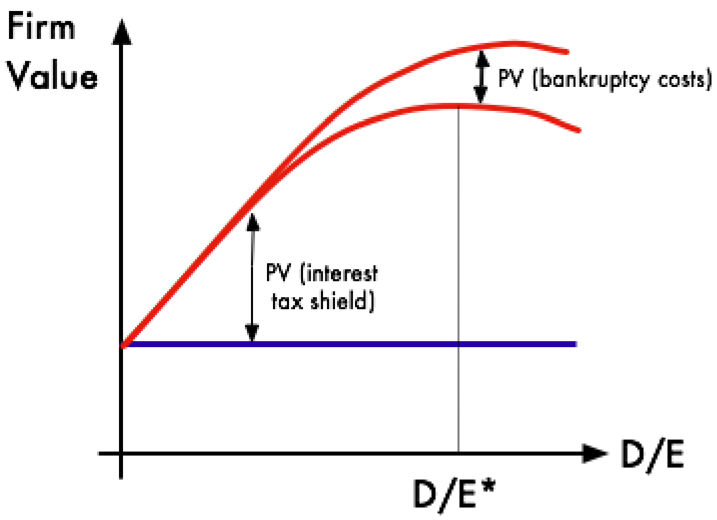
2.5.1THEORY ON BUSINESS

2.5.1.1The Trade-Off Theory

The trade-off theory of capital structure is one of the leading models used to explain a firm‘s useof debt and equity. The original trade-off theory maintains that firms balance the dead-weight costs of bankruptcy and the tax benefits of debt (Kraus and Litzenberger 1973). The marginal costs of entering or being close to bankruptcy are set equal to the marginal tax benefits of debt (i.e. interest tax shield) such that the value of the firm is maximized (Figure 2.0).

Expanded and more dynamic versions of this initial trade-off interpretation have been explored but they have primarily focused on better measurements of potential bankruptcy or near bankruptcy costs while ignoring the potential costs of reduced pricing flexibility, covenant restrictions, asset substitution, etc., that are also associated with the use of debt (Warner 1977; Campbell, Hilscher et al. 2006). Even with better measures of potential bankruptcy and financial distress, it is argued that the tax shield benefits associated with using debt are substantially larger than the potential costs at existing rates of leverage (Miller 1977; Graham 2000). Based upon these historical models it appears that firms are not taking full advantage of debt-related tax shields and are not financing activities with the optimal amount of debt.

Figure 2.5.1 Dynamic trade-off theory (accounting for additional benefits, costs, and taxes associated with debt)



Using the same trade-off theory framework, more recent models account for firm characteristics, industry fixed effects, debt holder ability to force a firm into bankruptcy, and sample changes that are a result of firm exit (Ju, Parrino et al. 2005; Lemmon, Roberts et al. 2006). While the more recent models do improve the operationalization of debt costs and have better explanatory power, the marginal benefits associated with debt usage continue to exceed the predicted marginal costs of debt at typical leverage ratios. Even with better measures of bankruptcy and financial distress, the existing measures of debt costs and benefits are insufficiently comprehensive to fully explain capital structure under the trade-off theory framework. Moreover, it is recognized that an important factor is missing from existing specifications of leverage and that this factor contains a significant permanent or time-invariant component (Lemmon, Roberts et al.

2.5.1.2 The "hazard rate" failure theory

Before an in-depth review of small business failure is conducted, attention is first given to the conceptualization of "hazard rate" in the small business failure process. This concept is being introduced to set the stage for a deeper review of small business failure theories. According to

Abouzeedan&Busler (2004:159), the hazard rate is used to isolate causes responsible for the fate of businesses.

Furthermore, according to Segarra&Callejøn (2002:9) the determinants of the life duration of small businesses can be explored by making use of the hazard function. The hazard function is a model for understanding the causes of small business failure that determine the lifespan of small businesses and new firms. The exploration of the causes of the high failure rate (averaging 70 % to 80 %) follows a conceptual framework known as the "hazard rate" (death) or failure rate (Tveterås&Eide 2000:65; Santarelli&Lotti 2005:187; López-Garcia & Puente 2006:21). The framework models the causes of business failure by pinpointing possible fatal points over the venture's or business' lifespan.

Cox (1972:187) initiated the concept of "hazard rate". Also known as the "Cox regression", the hazard rate is designed to sequentially pinpoint the events responsible for failure over the venture life cycle (age). The hazard rate model is known for the partial exploration of the causes of failure over the venture age, that is, the factors contributing to the business' failure. It explores repeatedly until all the covariates (independent explanatory variables) responsible for failure have been exhausted by continually asking such questions as "Why a particular business exits the state while others in the same risk set do not?" (Mouto1994:79; Tunali& Pritchett 1997:2). Cox developed the "hazard rate" concept further and, in 1975, introduced the partial likelihood analysis that enables researchers to detect the covariate (explanatory) variables or independent variables responsible for the observed pattern of venture exits. The independent variables are supposed to explain the dependent variable – in this case, the dependent variable is the failure phenomenon (Cox 1975:652)

2.5.1.3 KEYNESIAN THEORY ON BUSINESS FAILURE

The Keynesian economic theory extensively explore saving and investment without seriously considering financial intermediation. However, Keynes explanation on moral hazard of lending remains a focal point in explaining economic contraction. According to Keynes, changes in lending rate and credit availability or surplus, determines the level of credit contraction for the Banking System. Moreover, the supply of credit in free competitive market depends on correlation of quantity and price. But in practice, the conditions of a free competitive market for bank-loans are imperfectly fulfilled due to credit rationing by banks to borrower, the amount lent depends on the security, interest rate offered, client-firm purposes and established banking relationship. Although a fringe of unsatisfied clients who are unable to facilitate credit but to whom the bank would be quite ready to lend if it were to find itself in a position to lend more. The existence of this unsatisfied fringe allows the banking system a means of influencing the rate of investment supplementary to the mere changes in the short-term rate of interest. Assuming recession or sequence of bank failures, securing short term loans depends on established relationship between investors and financial institutions which without hinders firms' investment.

Consequently, macroeconomic development pressurizes banks in creating banking crises. Adverse macroeconomic shock threatens banks liquidity by exacerbating the inability of bank borrowers meeting debts repayment obligation. Sudden changes in aggregate spending or international capital flows may subvert the ability of domestic bank to continue facilitating lending obligations, thereby generating crisis. Furthermore, an unexpected upsurge in bank deposits demand and foreign capital create bank lending opportunities probably resulting in large doubtful loans and vulnerability to small shock (Gavin and Hausmann, 1996).

Chang and Velasco (1999) also argued that bank run could be triggered when the demand deposits and foreign short-term debt exceeds bank liquidation value. They developed theoretical model of the financial sector illiquidity for an open economy which major on capital inflow and external debt financing. They concluded that the more insolvency the banking system undergo, the more the fragility it would experience from external shocks. Oviedo (2003) however based is argument on recessions, emphasizing that its impact is adequate to produce insolvency of the banking system. Bank dependent firm required loan in facilitating projects but the risk associated with projects is not entirely diversifiable thus economic downturns tend to trigger a large ratio of poor project returns, depreciating the worth of banks' portfolio. Nier and Zicchino (2005) also concur that losses suffered by banks during economic downturns are generated by provision made for loan-loss under prudential guidelines. They emphasized the inability of banks issuing new securities during recession are largely due to cost and uncertainty of viable return. They concluded that banks would rather cut lending than issuing new securities in order to retain its solvency.

2.6REVIEW OF EMPIRICAL LITERAURE

Country wise, there are few studies in Australia that investigated the power of statistical models for predicting firm failures. Castagna and Matolcsy (1981) applied linear and quadratic discriminant models to a sample that consisted of 21 failed firms matched to 21 non-failed firms over the period 1963-1977. The results one year before failure from Discriminant Analysis show that the model correctly classified 81% of the failed firms and that of non-failed was 95%. Lincoln (1984) was the first study to use Discriminant Analysis to analyse Australian property-finance failures from 1969-1978. The author also considered a more general model with firms from property, retailing and manufacturing. These sectors were combined into two groups: manufacturing retailing firms and property-finance firms. The predictive accuracy for the manufacturing-retailing model was high, but very low for the property-finance model. Izan (1984) applied Discriminant Analysis to a larger sample composed of 53 failed and 50 non-failed firms over the period 1963-1979. These firms were selected from several industrial sectors. The results one year before failure from Discriminant Analysis show that the model correctly classified 94% of the failed firms and that of non-failed was 89%. However, logit, probit and DA models require assumptions such as normality of the data and independence of the predictors. In particular DA assumes the covariance matrix for the failed and non-failed groups are the same. When the data do not satisfy these assumptions, both logit and DA provide non-optimal solutions (Altman et al. 1977; Ohlson, 1980).

Yim and Mitchel (2005) noted that a number of studies using discriminant analysis have been carried out in Brazil. Yim and Mitchel (2005)reviewed empirically those notable studies thus: Elizabetsky (1976) used DA on a sample of 99 Brazilian firms that failed and 274 non-failed firms. The best model correctly classified 63% of the failed firms and 74% of the non-failed firms. Matias (1978) applied DA to a sample of 100 Brazilian firms of which 50 were failed. The best model correctly classified 77% of the failed firms and 70% of the nonfailed firms one year prior to the event. Altman *et al*. (1979) used DA on a sample of 23 Brazilian firms that failed during 1975-1977 and 35 non-failed firms. The best model correctly classified 83% of the failed firms and 77% of the non-failed firms. Siqueira and Matias (1996) applied the logit model to a sample of 16 Brazilian banks that failed during 1994-1995 and 20 non-failed banks. The best model correctly classified 87% of the failed banks and 95% of the non-failed banks. Minardi and Sanvicent (1998) applied DA to a sample of 81 Brazilian firms of which 37 failed during 1986-1998. The best model correctly classified 81% of the failed firms and 80% of the non-failed firms one year prior to the event.

Chung, Tan and Holdsworth (2008) in this study pointed out that model of insolvency are important for managers who may not appreciate how serious the financial health of their company is becoming until it is too late to take effective action. In this study, they utilized multivariate discriminant analysis and artificial neural network to create an insolvency predictive model that could effectively predict any future failure of a finance company and validated in New Zealand. Financial ratios obtained from corporate balance sheets were used as independent variables while failed/ non-failed companies 'were the dependent variable. The results indicate the financial ratios of failed companies differ significantly from non-failed companies. Failed companies were also less profitable and less liquid and had higher leverage ratios and lower quality assets.

Wang and Campbell (2010) studied data from Chinese publicly listed companies for the period of September 2000-September 2008 to test the accuracy of Altman's Z-score model in predicting failure of Chinese companies. Prediction accuracy was tested for three Z-score variations: Altman's original model, a re-estimated model for which the coefficients in Altman's model were recalculated, and a revised model which used different variables. All three models were found to have significant predictive ability. The re-estimated model has higher prediction accuracy for predicting non-failed firms, but Altman's model has higher prediction accuracy for predicting failed firms. The revised Z-score model has a higher prediction accuracy compared with both the estimated model and Altman's original model. This study indicates that the Z-score model is a helpful tool in predicting failure of a publicly listed firm in China.

There is a wide range of literature between bank failure and economic growth that cut across countries. For instance, Bernanke (1983) investigates the influence of financial crisis on GDP during the U.S Great Depression. The study was based on an argument that the contraction in money supply was insufficient in explaining the financial crisis and fall in GDP. This empirical work focused on the non-monetary channel through which supplementary effect of the financial crisis affected GDP, using regression model in analysingthe effects of money and price shocks on real GDP. He found that the money shock, price shock and non-monetary variables (failed businesses liabilities and failed banks deposit) including the lagged differences were significant. However, the non-monetary outcome on the financial system resulted in short run determination of GDP. He concluded that the proxies (failed businesses liabilities and failed banks deposit) captures the nonmonetary effect and forecast the subsequent decline in output.

However, Anari and Kolari (1999) empirical research employs different methodology compared to Bernanke's. The vector auto regression (VAR) and co-integration model were used to examine the non-monetary effects during the Great Depression. They employed the industrial production index, wholesale price index, nominal money stock, failed business and failed bank deposits liabilities as the explanatory variables, analyzing based on monthly data from July 1929 to August 1933. They found that the actual GDP was greater than the expected GDP by 17.6 units, resulting in 30.3 units positive own shock in GDP including 5.9 and 8.0 unit negative shocks in prices and money supply respectively. While the unit shocks in failed businesses liabilities and failed banks deposit indicate insignificant level of nonmonetary effect. They further ascertain that the negative shocks in prices especially money supply contributed to GDP decline.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 INTRODUCTION

The aim of this chapter in to present in detail the methods used in this research. This focuses on the various method used by the researcher to obtain data. Research methodology involves and orderly manner employed in collection, interpreting and analyzing of data used in this study, which involves selection of sample, population, and research data as well as the statistic tool of analysis.

3.1RESEARCH DESIGN

A research design can be described as an outline or plan from which an activity can be carried out (Nworgi, 1999). It provides the procedural outline for the conduct of any given investigation.This research work is designed to study evaluation of the causes of business failures in Nigerian organizations: A case study of Sosoliso Airline, Nigeria. This covers the opinion of individuals on Sosoliso Airline, especially past staff of the organization in order to know their views on what actually led to the closure of the organization.

3.2SOURCES OF DATA

In order to collect as much relevant material on this study as possible, a number of methods of data collection were used. However for good understanding of the topic both primary and secondary sources of data were used. As a matter of facts filed research work in form of personal interview, questionnaires were administered together for the purpose of this work.

3.2.1 PRIMARY DATA

Primary sources of data were used on this study mainly as they provide basic reliable and concrete information from the respondents. The questionnaire was the major source of my data collection. The information got were analyzed and findings drawn. Personal interviews were conducted in scenes where adequate and accurate information was not obtained through the use of questionnaires.

3.2.2 SECONDARY DATA

There are information's already in existence before the conduction of this research works. It constitutes an important source in most research works, assignments; Internet searches etc. just in this case. This is because the knowledge acquired from reading and collecting materials done by others will help me generate primary data. Library research was also done with the use of text books journals and other published materials.

3.3POPULATION OF THE STUDY

This study "evaluation of the causes of business failures in Nigeria organization: A case study of Sosoliso Airline, Nigeria considers time and resource available. The research was only limited to some past staff of the airline and individuals that ones used their service. The population to be considered including past staff of the folded company and other individuals that used their service to form a total of 40 people.

3.4SAMPLE SIZE

This is the number of respondents that filled the questionnaire among the entire population only 40 respondents were given questionnaires and all were returned which makes up the sample size for this research.

3.5DESCRIPTION OF QUESTIONNAIRE

This questionnaire involved for the research work was typed and issued to the respondents so as to enable them fill in their options to the questions asked. The questions were in form of Yes or No structures to enable the respondent with limited knowledge of the study areas to answer them with maximum accuracy.

3.6METHOD OF DATA ANALYSIS

This involves the procedures adopted in analyzing the hypothesis used in the research. The null hypothesis (H_o) and the altering alive hypothesis (H1) were analyzed using percentages and chi-square.

The percentages were used to calculate the numbers of respondents who answered Yes or No. The presentation is in a tabular form. While chi-square (x^2) was used to test the hypothesis put forward in chapter one and from the answers gotten from the questionnaires. The use of chi-square is important where there is two or more population proportion, chi-square is used to test the validity of the result of the correlation coefficient. It should however be stressed that the correlation coefficient measures the direction of the association among two variables.

3.7STATISTICAL TOOL FOR TEST OF HYPOTHESIS

The chi-square (x^2) was used to test the hypothesis. The chi-square test (x^2) is an important extension of the hypothesis testing and is used to compare an actual or observed distribution with a hypothesized or expected distribution. It is often referred to as goodness of fit test. The value of chi-square was computed using the formula

$$x^2 = \Sigma \frac{(o-e)}{e}$$

Where o = observed frequency

e = expected or theoretical frequency

The observed and expected frequency

χ^2 = chi-square calculated

Σ = summation

$\Sigma \frac{(o-e)^2}{e}$ Sum of all deviations squared and weighted

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.0 INTRODUCTION

This chapter, shows the presentation of data collected that would understandably represent the organization of the complex data into simple elements for ease, while interpretation is the process of explaining the already analysed facts or putting down of statement in simpler terms for the benefit of the reader.Collected data will be presented in simpler arithmetic average and percentage. The percentages are used to show the different responses to the completed collected questionnaire.

4.1QUESTIONNARIES ADMINSTRATION.

The questionnaire information is presented in table 4.1.

Table 4.1 Administration of Questionnaire

	Questionnaires	**No**	**%**
A	Number distributed	40	100
B	Number Returned	37	92.5%
C	Number Not Returned	3	7.5%
D	Number Discarded	1	2.5%
E	NoAnalysed	36	90%

SOURCE: FIELD SURVEY 2015

Considering Table 4.1 and out of the 40 questionnaires distributed, 92.5% of the questionnaires were returned, 7.5% were not returned, 2.5% were returned but discarded due to incomplete and unfilled relevant information while 90% was analysed because they were completely filled and returned. Therefore, the analysis below will be based on 37 questionnaire fully filled and returned.

Emphasis is placed on related questions which are of importance to the objective of this study which basically provides support. Based on the 40 questionnaires in which 36 were completed and returned. These represents 88% of the sampler the remaining 15% were not retrieved the analysis is therefore based on the 88% that were returned.

4.2 GENDER CONSIDERATION.

Information on the gender consideration is presented in table 4.2.

TABLE 4.2 GENDERS

SEX	FREQUENCY	PERCENTAGE
MALE	12	33.33%
FEMALE	24	66.67%
Total	36	100

SOURCE: FIELD SURVEY 2015

From Table 4.2, 33.33% are males while the 66.67% are female .This shows that there is more female respondents than male.

4.3 AGE CONSIDERATION.

Table 4.3 DISTRIBUTIONS OF RESPONDENTS ON AGE

AGE GROUP	FREQUENCY	PERCENTAGE
21-30	9	25%
31-40	15	41.67%
41-50	8	22.22%
50 and above	4	11.11%
Total	36	100

SOURCE: FIELD SURVEY 2015

It can be seen from Table 4.3 that 25% of our respondents are within the age of 21-30 years, 41.67% are within the age of 31-40 years, 22.22% are within the age bracket of 41-50 years while 11.11% are within the age bracket of 50 years and above. From this, a conclusion can be made that majority of our respondents are within the age bracket of 31-40 years.

4.4EDUCATION

TABLE 4.4 EDUCATIONAL BACKGROUND

EDUCATION	FREQUENCY	PERCENTAGE
WASC/G.C.E ‘O’ LEVEL	7	19.44%
B.SC/HND	17	47.22%
MSC/ICAN/CIBN	11	30.56%
P.H.D	1	2.78%
TOTAL	36	100

SOURCE: FIELD SURVEY 2015

From Table 4.4, 19.44% of the respondents have WASC/G.C.E 'O' LEVEL, 47.22% have B.SC/HND, 30.56% have MSC/ICAN/CIBN, while 2.78% have PHD Degree. A conclusion can be drawn from this analysis that majority of our respondents have B.SC/HND degrees.

4.5 WORKING EXPERIENCE.

TABLE 4.5YEARS OF EXPERIENCE

EXPERIENCE	**FREQUENCY**	**PERCENTAGE**
1 – 10 YEARS	10	27.78%
11–20YEARS	18	50%
21– 30 YEARS	6	16.67%
ABOVE 30	2	5.56%
TOTAL	36	100

SOURCE: FIELD SURVEY 2015

Putting into consideration from Table 4.5 the years of experience of our respondents, 27.78% have 1-10 years working experience, 50% have 11-20 years' experience, 16.67% have 21-30 years' experience while 5.56% have 30 years' experience and above. It can be concluded that majority of our respondents have 11-20 years working experience.

TABLE 4.6 BUSINESS OWNERSHIP

EXPERIENCE	**FREQUENCY**	**PERCENTAGE**
YES	28	77.78%
NO	8	22.22%
TOTAL	36	100

SOURCE: FIELD SURVEY 2015

From Table 4.6, it can be seen that 77.78% of our respondents owns a business or the other, while 22.22% do not own any business. It can therefore be concluded that majority of our respondents own one form of business or the other.

TABLE 4.7 FORM OF BUSINESS OWNED

QUESTION	FREQUENCY	PERCENTAGE
Sole Proprietorship	24	66.67%
Partnership	7	19.44%
Limited Liability	4	11.11%
Public Limited Liability Company (PLC)	1	2.78%
TOTAL	36	100

SOURCE: FIELD SURVEY 2015

Considering Table 4.7, it can be seen that 66.67% of our respondents run a sole proprietorship business, 19.44% are into partnership, 11.11% are in Limited Liability Companies, while 2.78% are running Public Limited Liability Company (PLC). It is therefore concluded based on the majority that most of our clients are in sole proprietorship business(s).

TABLE 4.8 REGULARITY OF AIR TRAVEL

QUESTION	FREQUENCY	PERCENTAGE
YES	26	72.22%
NO	10	27.78%
TOTAL	36	100

SOURCE: FIELD SURVEY 2015

Considering Table 4.8, it can be seen that 72.22% of our respondents have travelled by air and 27.78% have not. It is therefore concluded based on the analysis that majority of our respondents have travelled by air.

TABLE 4.9REGULARITY OF THE USE OF SOSOLISO AIRLINE BEFORE

QUESTION	**FREQUENCY**	**PERCENTAGE**
YES	14	38.89%
NO	22	61.11%
TOTAL	36	100

SOURCE: FIELD SURVEY 2015

Considering Table 4.9, 38.89% of our respondents have used the service of Sosoliso airline before, while 61.11% have not used their services before. A conclusion is reached based on this report that majority of our respondents have not used the service of Sosoliso airline before.

TABLE 4.10 RATING OF THE SERVICES OF SOSOLISO COMPARED TO OTHER AIRLINES WHEN YOU USED THEM

QUESTION	**FREQUENCY**	**PERCENTAGE**
VERY GOOD	6	16.67%
GOOD	21	58.33%
FAIR	9	25%
POOR	-	-
TOTAL	36	100

SOURCE: FIELD SURVEY 2015

From Table 4.10, 16.67% felt the services of Sosoliso airline was very good when they used it, 58.83% said it was good, 25% said it was fair and no one said it was poor. It can be concluded based on majority that the services of Sosoliso airline was good compared to other airline when it was last used.

TABLE 4.11 ASSESSMENT OF THEIR CUSTOMER RELATIONSHIP STATUS

QUESTION	**FREQUENCY**	**PERCENTAGE**
VERY GOOD	23	63.88%
GOOD	8	22.22%
FAIR	5	13.89%
POOR	-	-
TOTAL	36	100

SOURCE: FIELD SURVEY 2015

From Table 4.11, 63.88% felt the customer relationship status of Sosoliso airline was very good when they used it, 22.22% said it was good, 13.89% said it was fair and no one said it was poor. It can be concluded based on majority that the customer relationship status of Sosoliso airline was very good when it was last used by our respondents.

TABLE 4.12 ASSESSMENT OF CONFIDENCE IN THE SERVICE OF SOSOLISO AFTER THEIR LAST CRASH

QUESTION	FREQUENCY	PERCENTAGE
HIGH	-	-
NORMAL	-	-
LOW	7	19.44%
POOR	29	80.56%
TOTAL	36	100

SOURCE: FIELD SURVEY 2015

From Table 4.12, none of the respondents had neither high nor normal confidence in Sosoliso Airlines when they had a terrible plane crash, 19.44% had low confidence while 8-.56% had poor confidence in them after the terrible plane crash. A conclusion is reached based on the majority that our respondents had poor confidence on Sosoliso Airlines after the fatal plane crash.

TABLE 4.13ASSESSMENTS OF FAMILY MEMBERS PAST INVOLVEMNT IN AIR CRASH

QUESTION	FREQUENCY	PERCENTAGE
YES	11	30.56%
NO	25	69.44%
TOTAL	36	100

SOURCE: FIELD SURVEY 2015

Seeing the table4.13, 30.56% of our respondents had their family or related ones involved in the Sosoliso plane crash while 69.44% didn't have any of their family members involved. It is therefore concluded that majority of our respondent did not have their family members involved in the Sosoliso plane crash.

TABLE 4.14 CAUSES OF WINDUP OF SOSOLISO

QUESTION	**FREQUENCY**	**PERCENTAGE**
YES	21	58.33%
NO	15	41.67%
TOTAL	36	100

SOURCE: FIELD SURVEY 2015

From Table 4.14, 58.33% said the windup of Sosoliso Airlines was as a result of poor management decisions while 41.67% said it was not as a result of poor management decisions. Though the gap of difference is not much but it is therefore concluded based on the majority that the windup of Sosoliso Airlines was as a result of poor management decisions.

	EVALUATION ON THE CAUSES OF BUSINESS FAILURE IN NIGERIA ORGANIZATION.	**SA**	**A**	**U**	**D**	**SD**
1	Inadequate provision of funds for maintenances a major cause of business failure	61.11%	30.56%	8.33%	-	-
2	Does business face any other major challenges asides finance	33.33%	30.56%	8.33%	16.67%	11.11%

3	Poor management decisions affect the survival and smooth running of a business organization	88.89%	11.11%	-	-	-
4	Government policies play a major role in the running of a business?	50%	30.56%	-	13.89%	5.56%
5	Internal and external factors affect running of a business?	97.22%	2.78%	-	-	-
6	Poor cash flow is a major course of business flow.	44.44%	30.56%	8.33%	11.11%	5.56%

4.6TEST OF HYPOTHESIS

HYPOTHESIS ONE

$H_{\circ}$: Poor management decisions do not lead to business failure

H_1: Poor management decisions leads to business failure

QUESTION	**FREQUENCY**	**PERCENTAGE**
STRONGLY AGREE	32	88.89%
AGREE	4	11.11%
UNDECIDED	-	-
DISAGREE	-	-
STRONGLY DISAGREE	-	-
TOTAL	36	100

SOURCE: FIELD SURVEY 2015

O	E	0-E	$(O\text{-}E)^2$	$\frac{(O\text{-}E)^2}{E}$
32	18	14	196	10.89
4	18	-14	196	10.89
				21.78

$\chi 2 = \sum \frac{(O-e)^2}{e}$

χ^2calculated= 21.78

Level of significance =5%

Degree of freedom =n-1=2-1=1

χ^2 =21.78 at 1 degree of freedom (0.05) level of significance.

DECISION RULE:

Since χ^2 calculated valueof**40.08**is greater than tabulated value of **4.15** required for 5% of significance for one degree.

Conclusion

Based on the above analysis, the researcher will reject the null hypothesis (H_o) and accept the alternative hypothesis (H1) which means poor management decisions leads to business failure.

4.15.2 HYPOTHESIS TWO

$H_{\circ}$: Environmental factors do not lead to business failure

H1: Environmental factors lead to business failure.

QUESTION	**FREQUENCY**	**PERCENTAGE**
STRONGLY AGREE	35	97.22%
AGREE	1	2.78%
UNDECIDED	-	-
DISAGREE	-	-
STRONGLY DISAGREE	-	-
TOTAL	36	100

SOURCE: FIELD SURVEY 2015

O	**E**	**0-E**	**$(O\text{-}E)^2$**	**$\frac{(O\text{-}E)^2}{E}$**
35	18	17	289	16.05
1	18	-17	289	16.05
				32.1

$$\chi 2= \sum \frac{(O-e)^2}{e}$$

χ^2calculated= 32.1

Level of significance =5%

Degree of freedom =n-1=2-1=1

χ^2 =4.15 at 1 degree of freedom (0.05) level of significance.

DECISION RULE:

Since χ^2 calculated value of **40.08** is greater than tabulated valueof**4.15** required for 5% of significance for one degree.

Conclusion

Based on the above analysis, the researcher will reject the null hypothesis ($H_{\circ}$) and accept the alternative hypothesis (H1) which means environmental factors can lead to business failure.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.0SUMMMARY

This study examines the topic where it emphasizes on how to find solutions and ways to avoid business failures, to determine the major effect of business failure, to identify the major problems and challenges that face a business and to determine the major effect of business failure. The methodology used in the study is chi-square and percentage. Percentages to calculate the numbers of respondents who answered yes or no, chi-square is used to establish the relationship between the variables. This research work was designed to understand why businesses fail and how those causes can be avoided. (Case study of Sosoliso Airline), Nigeria. Empirical data was collected through questionnaires interview and journals.

To achieve these stated objectives, the study carried out a survey where forty (40) participants who are majorly individuals on Sosoliso airline especially past staff of the organization were sampled through the use of research instrument. Out of forty (40) questionnaires distributed, thirty-seven (37) were recovered as valid for use.

The response to the questionnaires were analysed and relevant ones were subject to test of significance. Some conceptual issues were also examined which includes business failure, reasons for business failure, in secured environment of businesses in Nigeria, implications for the Nigerian security situation for business activities, history of Sosoliso Airlines, and other relevant concepts were carefully examined.

Furthermore, it examined some theories concerning business and business failure. Such theories are trade-off theory, hazard rate failure theory, Keynessian Theory on business failure, and so many literatures which talked about past works of great scholars and different writers on business failure and ways out were also carefully examined.

In the course of this study, questionnaires were shared among various people with much focus of those who used Sosoliso Airline when they were functional and it was discovered that Sosoliso Airline was on a good working and customer friendly organization.As a result of the crash that took place in which so many lives were lost in the fall in the customer confidence in the airline dropped greatly and this led to the windup.

5.1 CONCLUSION

Based on the findings of this study, it was discovered that so many factors do lead to business failure like shortages of fund, government policies, and badmanagement, poor inter personal relationship and lots more. But considering Sosoliso Airlines, it was discovered that their services and human relations were in a very good condition but the plane crash which took the lives of so many well-known individuals lead to their total collapse, For example in table 4.11 19.44% respondents low confidence in the airline after the crash, while 80.56% respondents had poor confidence in them. This led to people in prefer of other airlines making their services no longer needed resulting into failure of the company.

Also, according to table 4.13, some respondents said their failure in business was as a result of poor management decisions. According to table 4.13 58.33% of our respondent said Sosoliso Airline crashed due to poor management decisions. It was gathered from our respondents that poor maintenance of certain equipment were done by some of the staff and this was also one of the reasons for the windup.

According to the outcome of the interview questions, it was discovered that poor cash flow is a major course of business failure in the sense that when inadequate funds are allocated to certain areas of an organization, it will not give the required output which will lead to the failure of the organization.

It was also discovered that government policies affects the development of a business either positively or negatively. In a country like Nigeria, some policies are made in favour of the rich which kills a surviving business because they want to monopolise the market.

A number of problems have however surfaced, Nevertheless business organizations should make sure they follow the ruling trend of using technology for their business activities to avoid been pushed out of the system.

5.2RECOMMENDATIONS

Based on my findings I will like to recommend the following;

1. To solve the problem of lack of managerial skills and lack of business ideas the government, chamber of commerce and other non-governmental organizations should regularly organize seminars for potential and new business organisation and which will they be educated them on how to plan, organize, direct and control their businesses.
2. The management of many Nigerian businesses should device effective marketing strategies. These include such promotional strategies as advertising, and good management customer relations at all times.
3. The business internal and external environment should be kept decent. Decency is one secret of survival for such businesses. The accommodation should be furnished very well and standard ventilation provided.
4. The quality and quantity of their products should be high at all times. This will attract more customers. Besides, the management of the organizations should exploit ways of producing at low costs and selling at relatively low price.

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APPENDIX 1

Business Administration Programme

Department of Economics and Management Studies,

College of social and Management Science,

Afe Babalola University Ado-Ekiti (ABUAD),

Ekiti State.

20th May 2015.

Dear Sir/Madam,

REQUEST TO COMPLETE QUESTIONNAIRE

I am Adeniji Mariam Olamide, a final year student of the Department of Business Administration, College of Social and Management Sciences, Afe Babalola University in Ado-Ekiti State. In fulfilment of the requirement of Bachelor of Science, I am conducting a research work on the topic Evaluation of the causes of business failures in Nigeria and your swift and accurate reply will be highly appreciated.

The questions below are designed to assist me in the study. Any information supplied will be treated with confidence. I will appreciate your assistance and co-operation in making this study a successful one.

Thanks for your assistance and support.

Yours faithfully,

Adeniji Mariam Olamide

APPENDIX 2

PART A: PERSONAL DATA OF RESPONDENT

Read carefully and tick the option that best applies

1. **AGE:** 21–30 ☐ 31– 40 ☐

   41–50 ☐ 50 or above ☐

2. **GENDER:** MALE ☐ FEMALE ☐

3. **EDUCATIONAL QUALIFICATIONS:**

   WASC/G.C.E 'O' LEVEL ☐ B.SC/HND ☐

MSC/ICAN/CIBN ☐ PHD ☐

4. **WORKING EXPERIENCE IN YEARS:**

   1 – 10 YEARS ☐ 11–20YEARS ☐

   21– 30 YEARS ☐ ABOVE 30 ☐

PART B

OPERATION QUESTIONS

PLEASE: TICK THE APPROPRIATE ANSWER

5. Do you own a business YES ( ) NO ( )
6. What form of business do you run

   A) Sole Proprietorship

   B) Partnership

   C) Limited Liability

D) Public Limited Liability Company (PLC)

SOSOLISO AIRLINE RELATED QUESTIONS

7. Have you ever travelled by Air? YES ( ) NO ( )
8. Have you used the service of Sosoliso Airline before?YES ( ) N0 ( )
9. If YES, How was their service compared to other airlines when you used them

   VERY GOOD ( )

   GOOD ( )

   FAIR ( )

   POOR ( )
10. How do you observe their customer relationship status?

    VERY GOOD ( )

    GOOD ( )

    FAIR ( )

    POOR ( )
11. What has to your confidence after their last crash?

    HIGH ( )

    NORMAL ( )

    LOW ( )

    POOR ( )
12. Were any of your family members or someone related to you involved in the crash?

    YES ( ) NO ( )
13. Was their windup as a result of poor management decisions? YES ( ) NO( )
14. What do you ought that can be done to avoid reoccurrence?

    ....
    ....
    ....

15. What are the things an organization can do to avoid breakdown despite the unbalanced economic system?

SA= (STRONGLY AGREE) A= (AGREE) U= (UNDECIDED) D= (DISAGREE) SD= (STRONGLY DISAGREE)

	EVALUATION ON THE CAUSES OF BUSINESS FAILURE IN NIGERIA ORGANIZATION.	**SA**	**A**	**U**	**D**	**SD**
1	Inadequate provision of funds for maintenances a major cause of business failure					
2	Does business face any other major challenges asides finance					
3	Poor management decisions affect the survival and smooth running of a business organization					
4	Government policies play a major role in the running of a business?					
5	Internal and external factors affect running of a business?					
6	Poor cash flow is a major course of business flow.					