 ISSN:2449-075X

Dynamics of Small Business in an Emerging Market: Challenges and Opportunities

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***Abstract*—Small-scale enterprises have and will continue to play a vital role in economic development of both developed and developing countries, small business is considered the driver of economic growth. This role includes infrastructure development, employment, reduction in poverty, wealth creation and development of human capital. Government of African Nations have developed and implemented various policies aimed to stimulate and grow entrepreneurial development; however these businesses still face various challenges during the introduction stage as well as the growth stage of the businesses. This paper examined the challenges that small-scale enterprises face in Nigeria during the early stages and also explore opportunities that these businesses could derive from their immediate environment. The study employed cross sectional survey method and analysis of variance (ANOVA) to analyze seventy one (71) copies of questionnaire returned from the field. The findings revealed that lack of access to finance and unfavorable macroeconomic environment still remain the major challenge faced by small businesses in Nigeria and that age and size of the businesses play significant role in all of this. The study therefore recommends that the SMEs funding agencies should not adopt a blanket financing option for all categories of business in terms of age and sizes within the economy. Rather, policies aimed at promoting the performance and growth of micro and small enterprises should adopt a sectional approach. Thus, resources for each category would address the most critical determinants of performance and growth in focal sub-category such as micro, small or medium enterprises.**

Keywords—Small Business, Emerging Market, Employment, Entrepreneurial Development

I. INTRODUCTION

Since 1986, government had reduced its role as the major driving force of the economy through the process of economic liberalization entrenched in the IMF pill of Structural Adjustment Programme. Emphasis, therefore, has shifted from large-scale industries to small and medium- scale industries, which have the potentials for developing domestic linkages for rapid and sustainable industrial development. Attention was focused on the organized private sector to spearhead subsequent industrialization programmes. The incentives given to encourage increased participation in these sectors were directed at solving and/or alleviating the problems encountered by industrialists in the country, thereby giving them opportunity to increase their contribution to the Gross Domestic Product (GDP) (Babajide 2011).

The contribution of Micro, Small & Medium Enterprises (MSMEs) to economic growth and sustainable development is globally acknowledged (CBN, 2004). There is an increasing recognition of its pivotal role in employment generation, income redistribution and wealth creation (NISER, 2004). The micro, small and medium enterprises (MSMEs) represent about 87 per cent of all firms operating in Nigeria (USAID, 2005). Non-farm micro, small and medium enterprises account for over 25 per cent of total employment and 20 percent of the GDP (SMEDAN, 2007) compared to the cases of countries like Indonesia, Thailand and India where Micro, Small and Medium Enterprises (MSMEs) contribute almost 40 percent of the GDP (IFC, 2002).

There is a general consensus in literature that a positive relationship exist between small scale business and economic development (Birch, 1981; 1987), but the incessant proliferation of small businesses in Nigeria has not translated into economic development in most developing countries. This has necessitated why governments of nations develop and implement programs that will stimulate growth of the small businesses. In Nigeria, the case is not somewhat different from other developing countries, small businesses in Nigeria are beclouded with so many obstacles within the first year of operations, and statistics had it that only 15% of new businesses survive the first three years of operations in Nigeria. Some of the obstacles include lack of capital, poor infrastructure, lack of necessary skills to navigate the challenges of small business, government laws and regulations, high cost of production and lack of strategies for development and growth. Many of the businesses do not have growth strategy (SMEDAN, 2007).

This paper examines the challenges which small scale organizations face in Nigeria during the startup and growth stage of their operations business and also explore the opportunities these businesses could derive from their immediate environment. More importantly, the objective of this research is to develop a framework for the way forward and also explore the various strategies that will enhance small business development in Nigeria. The research focuses more on what should be done by different stakeholders to help navigate these challenges. Some of the questions that helped generate this discussion include: What role should Nigerian government play to help small scale business navigate the challenges? What role should the entrepreneurs play to help navigate these challenges and also prepare them for success?

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What growth strategy should be put in place by small business operators to secure their future? What are the opportunities in the Nigerian business environment for small business organizations?

II. LITERATURE REVIEW

The impact of small businesses on economic development has not been in question. Many countries including Nigeria have developed and implemented various policies and programmes to stimulate the development of this sector of the economy (Okpara & Wynn, 2007). Nigeria since her independence in 1960 has relied more on petroleum products for her economic growth – oil and natural gas account for more than 80 percent of government income however, there is a need to develop the non-oil sector of the economy for diversification and sustainable economic development and the small and medium enterprises are often relied upon to help achieve rapid economic growth as witnessed in the case of the Asian tigers. In recent times, Nigerian government has invested much in other trade sectors to spur economic growth and also implement trade reforms needed to develop the country's trade deficit. Some of these programmes are aimed at supporting entrepreneur activities (Rojas, 2012). However the success of these programmes cannot be attributed to economic development. For monetary support, Nigerian government has introduced various programmes requiring commercial and other banks to allocate a portion of their loanable funds to small businesses. There were also other schemes to aid these businesses like the Nigerian Bank of Commerce and Industry, the Nigerian Industrial Development Bank (NIDB), and other various World Bank programmes (Source?).

The expectations was for a vibrant economy and a thriving small business sector, however the effectiveness of these programmes remains unclear, and the rate of business failure continues to rise (Okpara& Wynn, 2007). Other researchers concurred stating that the growth and development of the small business sector should be a focus of the Nigerian government because of the potential impact to economic growth of Nigeria. However, there is no evidence that all the efforts, activities and schemes work (Chibuike, 2011). Whilst small scale businesses are an important part of the business landscape in any country, they are faced with significant challenges that inhibit their ability to function and contribute optimally to the economic development of many African countries. The position in Nigeria is not different from this generalized position (NIPC, 2009). Despite small scale business important contributions to economic growth, small enterprises are plagued by many problems including stagnation and failure in most sub-Saharan African countries (Bekele and Zekele, 2008). In Nigeria, the problem is not limited to lack of long-term financing and inadequate management skills and entrepreneurial capacity alone, but also, includes the combined effect of low market access, poor information flow, discriminatory legislation, poor access to land, weak linkage among different segments of the operations in the sector, weak operating capacities in terms of skills, knowledge and attitudes, as well as lack of infrastructure, and an unfavorable economic climate (SMEDAN, 2007).

Lack of access to finance has been identified as one of the major constraints to small business growth (Owualah, 1999; Carpenter, 2001; Anyawu, 2003; Lawson, 2007). The reason is that provision of financial services is an important means for mobilizing resources for more productive use (Watson and Everett, 1999). The extent to which small enterprises can access fund determines the extent to which small firms can save and accumulate their own capital for further investment (Hossain, 1988). But small business enterprises in Nigeria find it difficult to gain access to formal financial institutions such as commercial banks for funds. The inability of the business to meet the conditionalities of the formal financial institutions for loan consideration provided a platform for attempt by informal institutions to fill the gap usually based on informal social networks; this is what gave birth to micro-financing (Bekele and Zekele, 2008).

Realizing the importance of small businesses as the engine of growth in the Nigerian economy, the government took some steps towards addressing the conditions that hinder their growth and survival. However, as argued by Ojo (2003), all these SMEs assistance programmes have failed to promote the development of SMEs. This was echoed by Yumkella (2003) who observes that all these programmes could not achieve their expected goals due largely to abuses, poor project evaluation and monitoring as well as moral hazards involved in using public funds for the purpose of promoting private sector enterprises. Thus, when compared with other developing countries, Variyam and Kraybill (1994) observe that many programmes for assisting small businesses implemented in many Sub-Saharan African (SSA) countries through cooperative services, mutual aid groups, business planning, product and market development, and the adoption of technology, failed to realize sustained growth and development in these small enterprises. Among the reasons given were that the small-scale enterprises are quite vulnerable to economic failure arising from problems related to business and managerial skills, access to finance and macroeconomic policy.

The reluctance of formal financial institutions to introduce innovative ways of providing meaningful financial assistance to the business is attributed to lack of competition among financial service providers, in the sense that none of financial service providers came up with an innovative way of financing small businesses. In order to enhance the flow of financial services to the MSME subsector, Government had, in the past, initiated a series of programmes and policies targeted at the MSMEs. Notable among such programmes were the establishment of Industrial Development Centres across the country (1960-70), the Small Scale Industries Credit Guarantee Scheme (SSICS) 1971, specialized financial schemes through development financial institutions such as the Nigerian Industrial Development Bank (NIDB) 1964, Nigerian Bank for Commerce and Industry (NBCI) 1973, and the National Economic Recovery Fund (NERFUND) 1989. All of these institutions merged to form the Bank of Industry (BOI) in 2000. In the same year, government also merged the Nigeria Agricultural Cooperative Bank (NACB), the People's Bank of Nigeria (PBN) and Family Economic Advancement Program (FEAP) to form the Nigerian Agricultural Cooperative and Rural Development Bank Limited (NACRDB). The Bank was set up to enhance the provision of finance to the agricultural and rural sector. Government also facilitated and guaranteed external finance by the World Bank (including the SME I and SME II loan scheme) in 1989, and established the National Directorate of Employment (NDE) in 1986.

There is agreement that staring a business is risky and the survival of most of these businesses after five years is slim (Okpara& Wynn, 2007). As a result it is important business owners develop plans and strategies to enable them navigate the challenges within and outside the business. The effectiveness of these businesses depends on the management skills and mindset of the owners and managers this is why it is important for these businesses to have skills that are beyond management principles. They need to be strategic managers with a vision and also able to develop strategic plans. According to Kazooba 2006 lack of business management skills is a factor to the success of the business. Other researchers have identified lack of technical and managerial principles among the challenges of small business.

Despite the potential importance of small business in any economy, high mortality rate among this business is a matter of major concern in developing economies. International Finance Corporation (IFC) reported in 2002 that only 2 out of every 10 newly established businesses survive up to the fifth year in Nigeria. The report was corroborated by Small and Medium Enterprise Development Agency of Nigeria (SMEDAN) that only 15% of newly established businesses survive the first five years in Nigeria. This is a pointer to the fact that there is a problem.

The survival of these MSEs should reflect in employment generation, engagement of available local resources, local technology utilization, improved standard of living and growing gross domestic product (GDP). However, despite MSEs representing about 87% of all firms operating in Nigeria (USAID, 2005), they only account for 10% of total manufacturing output, 25% of total employment in the productive sector and 37% of GDP (Investment Climate Assessment (ICA) survey, 2009). A common problem for the Nigerian small business sector is that, the high rates of formation of new businesses evidenced in Corporate Affairs Commission (CAC) annual report have not yet translated into comparable high rates of small firm growth. New firms are being started but few grow rapidly to become significant international competitors. For the great majority of micro and small enterprise in Nigeria long term growth remains uncertain and bleak. The question is how many of these small businesses are transforming from the subsistence level at start-up to the stage of maturity and later expansion where they will have to employ more hands? Total productive output is also low compared to other emerging economies like India, Sri Lanka and Thailand where SMEs contribute 40%, 55% and 47% respectively in 2002 into the productive sectors of the economy (UNCTAD, 2003).

III. METHODOLOGY

The research used questionnaire based on a target group identified by the researchers. The target group was small-scale enterprises located within two small scale industrial complexes in Lagos state. This location was selected because it has a high concentration of small scale business and also, provides a wide range of different businesses. The questionnaire included a qualitative questionnaire and a structured five-point Liket type of questionnaire with assigned values ranging from 1 which is strongly disagree to 5 which is strongly agree for face-to-face distribution to these businesses by the researchers and/or research assistants. The questionnaire was developed from other literature relating to problems faced by small businesses and also tested with a pilot study to identify and resolve any challenge and also incorporate any changes identified during the pilot study. A total of one hundred (100) copies of questionnaire were sent to the field, 71 were returned and found useful for the analysis. The data obtained were analyzed using descriptive statistics (Mean and standard deviation) and Analysis of Variance (ANOVA). The results obtained were as discussed below.

IV. DATA ANALYSIS AND INTERPRETATION

A. *Descriptive Analysis*

Table 1: Age of Business

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0 - 3 years	8	10.8	12.7	12.7
	4 - 7 years	21	28.4	33.3	46.0
	8 - 11 years	14	18.9	22.2	68.3
	12 - 15 years	12	16.2	19.0	87.3
	over 15 years	8	10.9	12.7	100.0
	Total	63	85.1	100.0	

Source: Field survey, 2013

Table 1 above shows that majority of the businesses have been in existence for more than 3 years, which implies that they are not entirely new businesses. Somehow majority of the respondent businesses have managed to move from existence stage to survival stage of the business circle despite environmental challenges they are facing.

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Table 2: Number of employees by small businesses

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1 employee	14	18.9	22.2	22.2
	2 - 5 employees	24	32.4	38.1	60.3
	6 - 10 employees	14	18.9	22.2	82.5
	11 - 15 employees	5	6.8	7.9	90.5
	16 - 100 employees	6	8.1	9.5	100.0
	Total	63	85.1	100.0	

Source: Field survey, 2013

Table 2 shows that most of the businesses employed 2-5 paid employees in their businesses which suggests that most of the respondent businesses are microenterprise. The National policy on Micro, Small and Medium Enterprises (MSMEs) in Nigeria adopted in 2007 categorised companies registered or unregistered with less than ten (10) paid employee and less than N5 million in asset excluding land and building as micro enterprise. Microenterprise are expected to grow into small business with adequate investment in asset and application of appropriate technology as the business generate profit.

Table 3: Challenges Facing Small Businesses

	N	Mean	Std. Deviation
Lack of available capital from banks for asset and equipment	71	3.4507	1.27379
Competition from large organization	71	3.3380	1.46330
Inability to source for adequate capital	71	3.3099	1.66125
Lack of available capital from the government	71	3.2958	1.39790
Political instability in the government	71	3.2254	1.33307
Lack of good economic policies from government	71	3.1690	1.26475
Repaying my loans conveniently	71	2.9437	1.48215
Lack of customers	71	2.9014	1.41578
Lack of capable management	71	2.8592	1.39689
Lack of raw materials	71	2.7887	1.34074
Lack of measurable goals for my business	71	2.7887	1.48243
Using loans for other personal purposes	71	2.7746	1.35433
Lack of a growth plan for my business	71	2.6620	1.42371
Lack of technology	71	2.5211	1.38212
Valid N (listwise)	71		

Source: Field survey, 2013

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As Table 3 shows, the first major challenge face by MSMEs in Nigeria is access to finance, this has always be the research result. Even though there a lots of funding avenue set aside for MSMEs in Nigeria, this funds never gets to them. The small businesses are never the favourite of any bank, either private or public in terms funding. Very close to this is the Nigeria business environment which has been found to be rather too harsh for small businesses. Lack of adequate support from government, unfavourable macroeconomics variables and lack of good economic policy from government all pose as challenge to SMEs in Nigeria. This two major constraints couple with competition from large organizations dough tail into every other challenges face by SMEs in Nigeria.

As shown in table 3 above, other challenges are inability to repay loans obtained conveniently, majority of the business respondents must have obtained the loan from the informal market which has its own huge disadvantages. Another challenge identified is Lack of customer which may be as a result of weak purchasing power of the populace. Followed very closely is lack of managerial skill to manage the business which explained lack of measurable goals and diversion of loans obtained for personal use as well as lack of growth plan and lack of appropriate technology. Application of technology will require huge investment which most small businesses do not have.

Table 4: Most important factor in business

	N	Mean	Std. Deviation
Being ready for change	71	3.7324	1.43385
Improving and training employees	71	3.7183	1.28933
Discovering new resources	71	3.7183	1.31130
Increasing my customer base	71	3.6901	1.27157
Improving my management skills	71	3.6338	1.37570
Emphasizing stability in my business	71	3.5775	1.29463
Obtaining finances from investors or banks	71	3.4366	1.34942
Development of new product for customers	71	3.3803	1.31330
Discovering investment options	71	3.3521	1.48419
Investing in major fixed assets (generators, machinery, etc)	71	3.3380	1.36218
Discovering new resources of capital from government	71	3.3239	1.44197
growth of the business	71	3.2535	1.50919
Valid N (listwise)	71		

Source: Field survey, 2013

The study also investigates factors the SMEs owners considered as most important to them in business. Table 4 shows that most owners considered being ready for change as it comes there way as a very important factor in business. The ability to be able to adapt to changes in the business environment is considered as one of the most important factor at the survival stage of a business entity. This is easier for a small business because of the flexibility in their operations and quick decision making process which is one of the reasons why small businesses grow at a faster rate than large corporations (Babajide, 2011). Improving and training employees is considered the next important factor, training is very crucial to business success, followed by discovering new resources and increasing the customer base of the business. Improving management skill is considered the fifth most important factor which will require capacity building on the part of the management. Obtaining finance from banks comes at the seventh position but it is surprising that growing the business comes as the least important factor to the small business owners. This confirm the classical school theory that not all small businesses are growth oriented and for certain firms' growth is a voluntary choice and not a must (Davidson, 1989, 1991; Masurel and Montfort, 2006; Babajide, 2011).

Table 5: Financial Constraint and Business Expansion

Would your profit from the last year cover the purchase of fixed asset?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Missing data	4	5.4	5.6	5.6
	No	32	43.2	45.1	50.7
	Yes	35	47.3	49.3	100.0
	Total	71	95.9	100.0	

Source: Field survey, 2013

The study also tested for financing constraint and expansion plan of SMEs in Nigeria. The financing constraint approach says that small business with improved access to credit rely less on internal funds for their investments, but this study shows that SMEs in Nigeria rely more on their internal funds for expansion which implies that SMEs in Nigeria are financially constraint.

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B. Inferential statistics

Hypothesis 1

H_1: There is a significant relationship between the perceived usefulness of training programs and the frequency with which employees attend seminars, workshop and business training programs.

Table 6: Usefulness of Training

		How often do you or your employees attend seminar, workshop, and business training programs in a year?
Do you find the training programs useful for your business?	Pearson Correlation	.493**
	Sig. (2-tailed)	.000
	N	71

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Field survey, 2013

With the analysis in table 6 above, the alternative hypothesis was accepted while the null hypothesis was rejected. This implies that most of the small business owners considered training and similar business workshop important for their business expansion. The perceived benefits and usefulness of training programs influences the frequency of attending training, possibly because organisations have seen the improvement in the productivity of their employees as a result of their training, which has positively impacted on the overall performance of the organisation.

Hypothesis 2

H_1: There is a significant difference in the major challenges faced by small businesses (using both Age and Size as factor analysis)

ANOVA

Table 7: Challenges facing Small business (analysis using Age as factor analysis)

	Sumof Squares	df	Mean Square	F	Sig.
Between Groups	1339.871	5	267.974	2.505	.040
Within Groups	6097.113	57	106.967		
Total	7436.984	62			

Decision: Accept alternative since p value < 0.05 differs

Source: Field survey, 2013

The study also examines the role of age and size on challenges facing the SMEs as perceive by the SMEs operators, this is to ascertain if the perceived challenge are common to firms of the same size. Majority of the firm respondent businesses are microenterprises employing between 2 – 5 paid employees and have been in operation for between 4 – 7 years. The result obtained as shown in table 7 reveals that age of the businesses have significantly influence their perceived challenges and that the challenges are common to firms of the same age. This is possibly because they perceived that older organizations around enjoy economies of scale, easy access to finance, have larger customer base because they have been around for a while, they can easily obtain credit as spontaneous source of finance, they can learn from past business success and failures, older businesses have more steady learning curves compared to younger ones because they have been around for a while.

ANOVA

Table 8: Challenges facing Small business (analysis using Size as factor analysis)

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	753.510	4	188.377	1.708	.161
Within Groups	6396.490	58	110.284		
Total	7150.000	62			

Source: Field survey, 2013

Analysis in table 8 shows that that the challenges facing firms of this size do not differ; certain problems are common/general to small businesses.

Hypothesis 3

H_1: There is a significant difference in the important factor among small businesses in Nigeria (using both Age and Size as factor analysis)

ANOVA

Table 9: Important factor in business (analysis using Age as factor analysis)

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1939.246	5	387.849	2.821	.024
Within Groups	7836.024	57	137.474		
Total	9775.270	62			

Source: Field survey, 2013

Decision: Accept alternative since p value < 0.05
The study also used the age factor to determine if factors important to small businesses are common to businesses of the same age group. Different businesses have different factors considered as being the most important, for example, the priorities of start-up companies is different from that of existing. As this tie with product/ organization life cycle; there are different priorities at introduction, growth, maturity and decline stages. As shown in Table 9, we accept the alternate hypothesis which implies that factors considered important differs significantly among businesses of the same age group.

ANOVA

Table 10: Important factor in business(analysis using Size as factor analysis)

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1208.238	4	302.060	2.434	.057
Within Groups	7196.619	58	124.080		
Total	8404.857	62			

Source: Field survey, 2013

Also table 10 shows that factor critical to success of organizations differ significantly among small businesses as perceived by the business because various organizations have different priorities at different growth stage and size of the company play significant role in determining that. However, the hypothesis is significant at 10% level of significance.

Hypothesis 4

H_1: There is a significant relationship between the size of the business and the frequency of attending training programmes

Tables 11: Relationship Between Size and Frequency of Attending Training Programmes

		How often do you or your employees attend seminar, workshop, and business training programs in a year?
Number of employees employed	Pearson Correlation	-.416**
	Sig. (2-tailed)	.001
	N	63

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Field survey, 2013

In testing for the role of size in determining the frequency of attending training programmes, the result obtained from the study reveals that there is a negative correlation between size and frequency of attending business training programmes. This implies that the lager the size of the business in terms of employees, the lower the frequency of attending training particularly because of the cost implication.

Hypothesis 5

H_1: There is a significant relationship between the size of the small business and the access to funds from banks and government.

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Table 12: Relationship between the size of the small business and the access to funds from Banks and government.

		Lack of available capital from the government	Lack of available capital from banks for asset and equipment
Number of employees employed	Pearson Correlation	-.020	.024
	Sig. (2-tailed)	.878	.853
	N	63	63

Source: Field survey, 2013

Table 12, above shows the result of the relationship between size of the firm and the ability of the small firm to access funds from government and banks. The findings reveal an inverse relationship between size of the firm and access to government funding. This implies that the smaller the firm the more difficult it will be to access government fund. On the other hand the result shows a positive correlation between the size of the firm and access to capital from banks for asset and equipment, but the result is not statistically significant. This could means that what determines accessing funds from the government or private sector is the ability to repay/trade on equity, not the size.

Hypothesis 6

H_1: There is a significant relationship between the age of the small business and the access to funds from banks and government

Table 13: Relationship between the age of the small business and the access to funds from banks

		Lack of available capital from the government	Lack of available capital from banks for asset and equipment
Age of Business	Pearson Correlation	.062	.047
	Sig. (2-tailed)	.627	.717
	N	63	63

Source: Field survey, 2013

The result in table 13 shows that what determines accessing funds from the government or private sector is the ability to repay/trade on equity, not the age of the firm because there is no significant statistical relationship between the age of the small business and the access to funds from banks and governement, hence we reject the alternate hypothesis and accept the null hypothesis.

V. Conclusion and Recommendations

This paper examined the challenges that small scale organizations face in Nigeria during the start-up and growth stage of the businesses and also explore factors considered most important to the business growth opportunities. The paper attempted to chart a way forward crucial to the development of SMEs in Nigeria. Access to capital and good policy framework that will enhance the development of SMEs remains the major challenges facings SMEs in Nigeria. Even though the small businesses have already positioned themselves to be able to navigate these challenges, their survival and growth is dependent on their ability to overcome the challenges in their immediate business environment. The Nigerian business environment, though very turbulent at the moment pose lots of opportunities to the SMEs in terms of its teaming population which is skewed toward the youth, diverse and abundant raw and untapped mineral resources, offering of training and workshops by small business development agency (SMEDAN) and various funding windows set aside by government to assist small businesses. There is no doubt that without proper regulatory framework for SMEs, the effect of government assistance will continue to be elusive. Based on the above, the following recommendations are put forward to chart a framework for SMEs development in Nigeria:

1) There should be a regulatory framework for the development of SMEs in Nigeria, a regulatory framework which the SMEs can identify with and formulated from ideas generated from the SMEs association.
2) The SMEs funding windows should be harnessed for effective disbursement.
3) SMEDAN should embark on a nation-wide survey of SMEs that will provide baseline information on the current state of SMEs in Nigeria.
4) The government programme for development of SMEs in the country should focus separately on microenterprises and not be lump together with SMEs because of their peculiarity.
5) The government should urgently tackle the problem of infrastructural development and maintenance. These include electricity, water and efficient

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transportation system which impact greater on MSE operations. The bureaucratic bottleneck involved in small business registration should also be removed.

6) Apart from providing training as done by SMEDAN, government should establish relevant well adapted and appropriately structured institutions and organizations to provide support for MSEs in such aspect as; procurement, supply and distribution of raw material, supply of local/imported machines for use on concessional terms, training in several technical grades, and create favourable market conditions.
7) The SME funding agencies should not adopt a blanket financing option for all categories of businesses in terms of age and sizes within the economy. Rather, policies aimed at promoting the performance and growth of micro and small enterprises should adopt a sectional approach. Thus, resources for each category would address the most critical determinants of performance and growth in focal sub-category such as Micro, small or medium enterprises.
8) There should be more awareness among SMEs operators/owners on support services available to SMEs in the country.
9) Training programmes should be available at affordable rates to the SMEs and the SMEs should take advantages of the opportunities available in the economy to enhance their growth.
10) The decision to grow the business is personal; thus, SMEs should endeavour to enhance their potentials by developing their capacity and skills to manage the business.

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