

# **The Impact of Strategic Factors on the Performance of Small and Medium Scale Enterprises in Nigeria: A Study of Some Selected Small and Medium Scale Enterprises in Abuja**

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## **Abstract**

*The paper suggest that some strategic factors are critical to the development and performance of small and medium scale enterprises (SMEs) and such factors have not been factored into the various strategies and management of the SMEs. It is the view of this paper that if these critical factors are properly addressed it would propel SMEs performance, hence the study. The target population of the paper constitute four hundred and fifty (450) enterprises, representing 18% of 2500 registered SMEs operating within Abuja metropolis. A sample size of 97 respondents was determined using the Yamane formular. A random sampling technique was adopted in administering questionnaires to the respondents, and it was however administered in a way to give each respondents equal opportunity of being selected to be part of the study. The findings revealed that insufficient capital, deficiencies in infrastructure and inadequate fiscal incentives framework are the main challenges facing their businesses. Small and Medium scale enterprises have the potentials for expansion and growth if well managed.*

**Key Words:** Strategic factors, small and medium scale enterprises, Performance, Nigeria

## **1. Introduction**

Since Nigeria's Independence in 1960, industrialization has been recognized as the critical factor to the economic transformation of the country. To achieve the desired result, Government had, for the past two and half decades, focused in its industrial policy mainly on the promotion and establishment of large-scale industries (LSIs) in pursuance of import substitution process. Thus, the 1988 Industrial Policy of Nigeria not only recognized the pivotal role of the private sector but shifted industrialization strategy from large scale industries to small and medium industries. Government's main efforts therefore became directed towards the promotion of enabling environment for the growth and development of the sub-sector.

Despite government's interests and support for the sector in the recent past, lack of adequate financing and infrastructural constraints continued to hamper the development of the sector. The significance of finance in the drive for economic growth is well established and generally accepted. For instance, the take-off and efficient performance of any industrial enterprise be it small or large, will require the provision of funds for its capitalization, working capital and rehabilitation needs as well as for the creation of new investments. Furthermore, funds are required to bring together the other factors of production - land, labour, and capital for production to take place. Provision of funds to the industrial sector, particularly for the small and medium scale enterprises (SMEs) has therefore, been of prime interest to policy-makers in both the public and private sectors(Obitayo, 1991).

However, in spite of the importance of this sector as a cornerstone for economic development and technological advancement and efforts by government, some broad strategic factors still inhibit the progress of the operations of SMEs in Nigeria, hence this paper.

## **2. Statement of the Problem**

In today's Nigeria, industries, particularly small and medium scale enterprises (SMEs), operate under various conditions and constraints, which stand on their way to the achievement of organizational goals; these are, high cost and shortage of raw materials, shortage of funds, inability to recruit competent staff. Others include firm size, location, speed of growth, irregular power supply, and the gender of owner. Also, a section of the organized private sector contends that the various policies, incentives and strategies, so far put in place for the industrial sector, have either not been implemented or have been inconsistent or are inappropriate, to address the problems of the SMEs sub-sector, or to stimulate growth and enhance performance of the SMEs (Ojo, 2006).

The contending strategic factors above suggest that some things are amiss or some issues that are critical to the development and performance of the SMEs have not been factored into the various strategies and management of the SMEs. Are the real issues and critical factors affecting the performance of the SMEs been appreciated and addressed by Government, industries and organized private sector? These posers would therefore require the re-examination and analysis of the various issues and factors responsible for the relatively low performance of the SMEs sub-sector in Nigeria. In so doing, this paper intends to highlight these critical factors, which if properly addressed, would propel SMEs performance.

## **3. Research Questions**

In a bid to successfully achieve this task, the study sought answers to the following research question.

What are the strategic factors militate against the growth of SMEs and other problems encountered by small and medium scale business in Nigeria?

## **4. Objectives of the Paper**

The broad objective of this paper is the impact of strategic factors on the performance of small and medium scale enterprises in Nigeria: A study of some selected small and medium scale enterprises in Abuja

The specific objectives are to:

- i. To identify and evaluate the strategic factors affecting SMEs performance in Nigeria and proffer possible solutions to the problems.
- ii. Make useful recommendations that will aid the management and future survival of SMEs in Nigeria.

## **5. Scope of the Paper**

The scope of this paper was limited to the operators or owners and employees of Small and Medium scale in Abuja metropolis. The paper focused basically on the activities and operations of these above mentioned sub-sectors.

## **6. Literature Review and Conceptual Framework**

The literature review elucidates the significance of Small and Medium Scale enterprises to the Nigerian economy and the various interventions of government in promoting SMEs. While the conceptual framework examines the success and failure of government intervention on SMEs to the economic development of Nigeria.

Small and Medium Scale enterprises varies with culture and peculiar circumstances of the person attempting the definition. The definitions in use depend on the purposes and the policies which govern the SME sector in a particular country. However, the three parameters that is generally applied by most countries, singly or in combination are: capital investment, volume of production or turnover of business.

According to Jamodu (2000) Small and Medium Scale Enterprises is defined on the basis of employment, in micro/cottage industries (1-10 workers), small scale industries (11-100 workers), medium scale industries (101-300 workers) and large scale industries with (301 and above). In Japan, small and medium firms secure capital up to one hundred million Japanese yen and less than 299 employees involve in manufacturing.

Based on the foregoing, the major component is the annexation of resources and overall contribution to the economic well being of developing nations across the globe. In a developing country like Nigeria, the importance of SMEs in the process of social economic development cannot be overlooked. The importance of SMEs in the development of the country has been summarized in Nigeria third national development plan 1975-1980 as the generation of employment opportunities, stimulation of indigenous entrepreneurship, facilitation of effective mobilization of local resources including capital and skill as well as reduction in regional disparities (Rahanaty, 2009).

Moreover, in a country like Nigeria with an adverse Balance of payment situation, the growing contribution of the small scale industries sector in Nigeria's export portfolio goes a long way in generating foreign exchange and smoothening out the adverse balanced of payment situation. This is important to the economy in that large percentage of their production inputs are sourced locally thus, reducing the pressure on the limited foreign exchange earnings and helping to eliminate some of the deficit in the balance of payment. According to Ikherehon (2002), SMEs constitute the very basis of the national economy in terms of development of local technology, stimulation of indigenous entrepreneurship, mobilization and utilization of domestic savings, employment creation, structural balancing of large and small industry sectors in both rural and urban areas, supply of high quality intermediate products thereby strengthening the international competitiveness of manufacturer's goods, stimulate technological development and innovations, provide the capacity to expand export possibility and substitute import effectively. Discovery has also shown that the expected role contribution by the large scale enterprise to the economy in terms of improvement in the GDP, employment generation, increasing local value added, technological development among others are been resolved by SMEs (Nwoye, 2010).

### **6.1. Shortfall of Government Efforts towards the Growth of SMEs in Nigeria**

The Nigerian Government made has made substantial effort on the development of small scale industries, nevertheless, part of the huge SMEs problems could be traced to the government. This is mostly in the area of improper implementation of its policies towards SMEs and a serious neglect in the area of incentive and infrastructural development to facilitate business activities of SMEs. Government policies seem to have constituted a serious problem area for SMEs. The beginning of harsh government policies toward SMEs can be traced back to 1982 with the introduction of "stabilization measures" which resulted in import controls and drastic budget cuts. These, in turn, adversely affected the subvention to the financial institutions established to provide financial assistance to the SMEs. For example, in 1983, out of a total of 8,380 applications for loans received from the SMEs for a total of 46.66 million naira was disbursed (Alasan and Yakubu, 2011). As the economic situation deteriorated, the government introduced the Structural Adjustment Programme (SAP) in 1986. Since the strategy of liberalization and deregulation of interest rates was implemented, interest rates have continued to increase.

The frequent changes, and sometimes conflicting government monetary policies, have also tended to hurt the SMEs. For example, while the government increased total credit allocation to SMEs from 16 to 20 per cent, the same government removed excess liquidity in the banking industry through increase in the Minimum Rediscount Rate (MRR), transfer of government and parastatals accounts to the Central Bank and the creation of Stabilization Security Account (SSA) whereby the banks were debited with excess liquidity in their accounts with central bank. Another shortfall of government is the misappropriation of funds and wrong allocation of credit facilities. Obi (2001) pointed out was that the plan to provide, modest loan to small scale business operations was a flop, because loans were granted in most cases on political rather than on commercial or project viability considerations. What was supposed to be revolving fund designed to benefit so many SMEs owners ended up as a bonanza for a few and it become virtually impossible to recover most of the loans.

Another factor is the government improper implementation of its policies. Its inability to recruit trained manpower and adequate equipments to aid the extension services it put in place to support the SMEs. Obi (2001), further pointed out that the development centers were not endowed with adequate manpower to carry out technical appraisal of applications for loans from surging applicants. In the same vein, an empirical study on the analysis of the impact of government policies on SMEs (entrepreneurial development) noted that government policy programs on SMEs are concentrated in the cities where there is strict competition between the SMEs products and large scale business. While rural areas where their activities will impact on the macro economy environment through provision of in employment rate, reduction in rural-urban migration and overall contribution to the GDP where neglected (Ireghan (2009).

In spite of these identified enormous challenges confronting SMEs in Nigeria, they still continued to strive at their very best and their existence is the key to national economic development. With evidence from countries like Indian, Indonesia, Malaysia etc where SMEs constitute more than 40% of the Gross Domestic Product, it is clear that SMEs in a developing country like Nigeria, if policies implementation is enhanced through efficient monitoring, periodic review and infrastructural facilities provided, the SMEs will be empowered thereby facilitating growth and development of the nation's economy.

## 6.2. The Performance of SMEs to the Nigerian Economy

Considering the performance level of SMEs despite the importance of the sub-sector, in terms of its contribution to the Gross Domestic Product (GDP), export earnings, employment creation, and global competitiveness has been minimal. According to Okwu, Obiakor and Obiwuru(2013), Nigeria's SMEs sector grossly underperforms in contribution to GDP vis-à-vis other selected countries. The Nigerian SMEs sector contributes 10% to GDP and just 2% to export earnings. These have been attributed to lack of skills/management capacity, poor quality product, low production capacity, poor access to international markets, and insufficient working capital. Consequently, the sector has tended to serve the bottom end of the domestic market (Nigeria Vision 2020 NTWG on SMEs, 2009). It is evident that the SMEs in Nigeria have not been performing in terms of contributions to GDP and export earnings.

**Table A: GDP Contribution and Export Earnings**

2 0 0 6 D a t a	US	U K	India	Hong Kong	J a p a n	Nigeria
GDP contribution (%)	5 0	5 0	3 6	5 2	5 0	1 0
Export Earnings (%)	2 0	2 5	3 6	3 0	3 5	2

**Source:** SMEDAN (2006) as in Nigeria Vision 2020 NTWG on SMEs (2009) cited in Okwu, et al., 2013.

Table B below shows that Europe has high number of SMEs and share in total employment. Therefore, they constitute the backbone of the economies in Europe. Though SMEs share in Nigeria is high, their share of employment is very low at 10%. Therefore, it can be deduced that SMEs have not been performing in terms of employment creation.

**Table B: Contribution to Employment Creation**

I n d e x	U K	Belgium	Ireland	Nigeria
N o . o f S M E s ( % )	9 9 . 6	9 9 . 8	9 9 . 5	8 7
No. of Persons Employed (%)	5 4 . 0	6 6 . 6	6 6 . 5	1 0
V a l u e A d d e d	5 1 . 6	5 7 . 4	5 5 . 6	N A

**Source:** European Commission Enterprise and Industry SBA factor sheet in Nigeria Vision 202 NTWG on SMEs (2009) cited in Okwu, et al., 2013.

Finally, the selected indicators in table C shows that performance of Nigeria's SMEs sector has been very poor compared to other SMEs driven economies. It is obvious from the table that , among 134 countries, the sector has been worse off in the aspects of health and primary education (126<sup>th</sup> position), quality of overall infrastructure (120<sup>th</sup> position), government institutions (106<sup>th</sup> position) and technological readiness (94<sup>th</sup> position). Oni's and Daniya's (2012) recommendation for establishment of more microfinance institutions to serve the grassroots financial needs of the SMEs is substantiated by Nigeria's SMEs sector rank of 106<sup>th</sup> position in government institutions among 134 countries.

**Table C: Global Competitiveness (ranking of 134 Countries)**

I n d e x	U S	U K	India	China	Nigeria
Government Institutions (%)	2 9	2 5	5 3	5 6	1 0 6
Quality of overall infrastructure (%)	7	1 8	7 2	4 7	1 2 0
Health and Primary Education	3 4	1 9	1 0 0	5 0	1 2 6
Goods Market Efficiency	8	1 9	4 7	5 1	5 6
Technological Readiness	1 1	8	6 9	7 7	9 4
I n n o v a t i o n	1	1 7	3 2	2 8	6 5
Financial Market Sophistication	9	5	3 4	1 0 9	5 4

**Source:** World Economic Forum (2009) cited in Okwu, et al., 2013.

## 7. Methodology

The research design adopted for this paper is the observational and questionnaire methods. While the questionnaire allows the researcher to ask questions related to areas where he wishes to gather information on which inferences could be drawn. The observational method will assist the researcher to discover and note further various factors that leads to closure or under developed SMEs in Nigeria. The methods were adopted from Ukaegbu (2003) in a research work titled: "Entrepreneurial Succession and Post-Founder Durability: A Study of Indigenous Private Manufacturing Firms in Igbo States of Nigeria". The target population is four hundred and fifty (450), representing 18% of 2500 registered SMEs operating within Abuja metropolis. The sample size for this paper was limited to the operators or owners and employees of Small and Medium scale in Abuja metropolis. Random sampling technique was adopted for the selection of respondents, this was done through random administration of questionnaires, and it was however administered in a way to give each respondent equal opportunity of being selected to be part of the study.

In determining the sample size, the Taro Yamane formular was used:

$$n = \frac{N}{1+N(r)^2}$$

she looks

Where

n= appropriate sample size

r = coefficient of confidence or error (0.09)

1 = constant

N = the population (N) for this research is 450 and the coefficient of confidence is 9%. The minimum sample size was determined using the statistical formula;

$$n = \frac{N}{1 + N(e)^2}$$

Therefore

$$n = \frac{N}{1 + N(e)^2}$$

$$n = \frac{450}{1 + 450(0.09)^2}$$

$$n = \frac{450}{1 + 450(0.0081)}$$

$$n = \frac{450}{1 + 3.645}$$

$$n = \frac{450}{4.645}$$

$$n = 96.87$$

The sample size of 96.87 was approximated to 97, this was done for the purpose of having a round figure number for easy questionnaire administration.

### 7.1. Measurement of Variables

**Strategic Factors: The identified strategic factors include:**

1. Small Firm Factor.
2. The size of a Firm.
3. New Entrants.
4. Technological and knowledge contribution.
5. Location of the firm.
6. Speed of growth.

7. Investment sector.
8. The gender of owner.
9. Post – Founder Enterprise Death Syndrome.
10. Posthumous Family Interference.
11. Problem of Inheritance and Succession.
12. Marketing problem of small Business enterprise.
13. Crisis zone and environment.
14. Equity Base.
15. Working Capital.
16. Technical Constraints.
17. Infrastructural Deficiencies.
18. Tariff Policy.
19. Distress in Banking sector.
20. Deteriorating Macroeconomic Environment.
21. Inadequate fiscal Incentives framework.
22. Dispersed Nature of SMEs.
23. Difficulties in Disposing of SMEs' finished goods
24. Difficult Access to information.

**Performance of SMEs:** The performance of SMEs is measured using the following variables:

1. Contribution to the country GDP.
2. Serves as a source of revenue to the citizens.
3. Creation of employment opportunity to the citizens.
4. Serve as revenue to Government.
5. Reduction in unemployment rate.
6. Serve as a platform for training larger firm investors.
7. Hybrid for industrial growth.
8. Engine for industrial and technological development.
9. Serve as encouragement to indigenous entrepreneur.
10. Serve as source for raw materials for larger firms.

### 8. Data Presentation, Analysis and Interpretation

Eighty-five (85) questionnaires out of Ninety seven (97) distributed were duly filled and returned and it is based on these responses that the analyses of the questionnaires were made. It is presented and interpreted in a tabular form using percentage (%) in the tables below.

**Percentage of Questionnaire administered and Returned**

<i>Population Sample</i>	<i>No of Questionnaire Administrated</i>	<i>No Returned</i>	<i>Percentage (%)</i>
S m a l l	4	5	8 8 . 8
M e d i u m	5	2	4 5
T o t a l	9	7	8 5

**Question 1:** How many years have you been in business?

**Table 1: Number of years in Business / Years of experience in the business**

<b>NUMBER OF YEARS</b>	<b>S m a l l</b>	<b>Medium</b>	<b>TOTAL NUMBER</b>	<b>%</b>
2 y e a r s – 3 y e a r s	7	6	3	1 5 . 2
3 y e a r s - 5 y e a r s	9	9	8	2 1 . 2
5 y e a r s – 7 y e a r s	1	3	6	3 0 . 6
7 y e a r s - 1 0 y e a r s	1	7	8	3 2 . 9
<b>T O T A L</b>	<b>4</b>	<b>0</b>	<b>4</b>	<b>5</b>

**Source: Fieldwork, 2015**

Table 1 revealed that 32.9 percentages of the SMEs have been in business for 7-10 years, 30.6 percent for 5-7 years, 21.2 percent 3-5 years and 15.2 percent have been in operation 2-3 years.

**Question 2:** What is the net asset value of your enterprise?

**Table 2: Asset Value of the various Small & Medium Scale Enterprises**

NET ASSET VALUE (N)	Small	Medium	TOTAL NUMBER	%
Below – 500,000	4	0	4	47.1
500,000 – 1,000,000	0	7	7	8.2
1,000,000 – 2,000,000	0	2	2	29.4
2,000,000 – Above	0	1	1	15.3
<b>T O T A L</b>	<b>4</b>	<b>4</b>	<b>8</b>	<b>100</b>

**Sources: Fieldwork, 2015**

Table 2 revealed that 47.1% of the SMEs which are mostly small scale enterprises have their assets value at 500,000 – below, 29.4% of the enterprises have a net value of N1,000,000 - 2,000,000. While 15.3% and 8.2% have net asset value within the range of N2, 000,000 and above and net asset value of N500, 000 - below. This supports the argument that Small and Medium-scale enterprises do not require huge financial resources like larger firms.

**Question 3:** Please can you indicate your gender.

**Table 3: Gender of the Respondents**

O p t i o n	Small Scale Business	Medium Scale Business	T o t a l	( % )
M a l e	2	3	5	64.7
F e m a l e	2	1	3	35.3
<b>T o t a l</b>	<b>4</b>	<b>4</b>	<b>8</b>	<b>100%</b>

**Source: Fieldwork, 2015**

From the table above 55 respondents representing 64.7% indicated male gender, while 30 respondents representing 35.3% indicated female gender.

**Question 4:** Do challenges faced by SMEs adversely affect productivity/profitability?

**Table 4: Showing the rate of agreement that small and medium scale enterprise face challenges.**

O p t i o n s	Small Scales	Medium Scales	T o t a l	( % )
Strongly agree	3	3	6	76.5
A g r e e	7	8	15	17.6
D i s a g r e e	0	1	1	1.2
Strongly disagree	0	1	1	1.2
I d o n ' t k n o w	3	2	5	5.9
<b>T o t a l</b>	<b>4</b>	<b>4</b>	<b>8</b>	<b>100</b>

**Sources: Field work, 2015**

The table above reveals that the challenges faced by small and medium enterprises have effect on productivity/profitability. About 76.5% representing 65 respondents, strongly agreed to this, while 15 respondents representing 17.6% agree to this assertion, others disagreed, strongly disagreed and I don't know as revealed in the table above.

**Question 5:** In your own opinion could you please indicate among the factors below that strongly serve as challenges faced by SMEs in Nigeria.

**Table 5: Determining the challenges faced by SMEs in Nigeria.**

Cells	F a c t o r s	Small Scale Business	Medium Scale Business	T o t a l	Percentage (%)
1 .	Post-Founder Ent. Death Syndrome	4	3	7	8 . 2
2 .	Problem of Inheritance & Succession	4	5	9	1 0 . 6
3 .	Inadequate Fiscal Incentives Framework	5	6	1 1	1 2 . 9
4 .	T e c h n i c a l C o n s t r a i n t s	3	3	6	7 . 1
5 .	I n s u f f i c i e n t C a p i t a l	1 0	1 1	2 1	2 4 . 7
6 .	Infrastructure Deficiencies	6	7	1 3	1 5 . 3
7 .	Technological & Knowledge Contribution	4	5	9	1 0 . 6
8 .	T a r i f f P o l i c y	2	2	4	4 . 7
9 .	D i s t r e s s i s B a n k i n g S e c t o r	1	1	2	2 . 4
1 0	Deteriorating Macro Economic Environment	1	2	3	3 . 5

**Source Fieldwork, 2015**

From table above, it could be seen that 21 respondents representing 24.7% agreed that the challenge faced by their businesses is insufficient capital, 13 respondents representing 15.3% stated that deficiencies in infrastructure were the challenge faced by their businesses and 11 respondents representing 12.9% said that inadequate fiscal incentives framework that create main challenge facing their businesses. While others is as revealed on the table.

**Question 6:** Do you think your gender really affect the performance of your business?

**Table 6: To Determine the Effect of Gender on Business.**

O p t i o n s	F r e q u e n c i e s	P e r c e n t a g e
Y e s	5 8	6 8 . 2
N o	1 5	1 7 . 6
N e u t r a l	9	1 0 . 5
T o t a l	8 5	1 0 0 %

**Source: Field work, 2015**

From the results as indicated in table above, 58 of the respondents representing 68.2%, were of the opinion that gender does not affect the performance of their business, while 17.6% and 10.5% said no and neutral, respectively.

**Question 7: From your point of view,** which of the variables below determines SMEs contribution to the development of the Nigerian Economy?

**Table 7: Determining the Contribution of SMEs to Economy Development in Nigeria.**

Cells	P e r f o r m a n c e I n d e x	Small Scale Bus.	Medium Scale Bus.	Total	Percentage (%)
1 .	Contribution to the country GDP.	4	5	9	1 0 . 6
2 .	Creation of employment opportunities to the citizens	6	7	1 3	1 5 . 0
3 .	Serve as a source of revenue to Govt.	3	4	7	8 . 2
4 .	Serves as a source of revenue to the citizens	5	5	1 0	1 1 . 7
5 .	Reduction in unemployment rate	5	6	1 1	1 2 . 9
6 .	Serving as a platform for training larger firm investors.	2	3	5	5 . 9
7 .	Hybrid for industrial Growth	2	2	4	4 . 7
8 .	Engine for Industrial and Technological Development.	3	4	7	8 . 2
9 .	Serve as encouragement to indigenous Entrepreneur.	4	4	8	9 . 4
1 0	Serve as a Source for raw material for larger firm.	6	5	1 1	1 2 . 9
<b>Total</b>		<b>4 0</b>	<b>4 5</b>	<b>8 5</b>	<b>1 0 0</b>

Table 7 above, revealed that 13 respondents representing 15.0% agreed that SMEs contribute efficiently to the Nigerian economy through creation of employment opportunity to the citizens, 11 respondents representing 12.9% respectively, stated that SMEs has contributed to the Nigerian economy through reduction in unemployment rate, as well as serve as source of raw materials for larger firms. While others are as indicated on the table.

## **9. Conclusion**

From the results of these findings, the following conclusion can be drawn:

Profitability, growth and continuity of small-scale businesses are militated by factors such as inadequate capital, non-conducive business environment, poor infrastructural facilities, and scarcity of raw materials, inadequate equipment, unstable government policies and poor staff development programme. However, small and medium scale enterprises have the potentials for expansion and growth if well managed.

## **10. Recommendations**

Nigeria is blessed with vast natural resources, including oil, gas and solid minerals, already confirmed to exist in commercial quantities. She also has enormous electric power resources; a large human population, forming a very big market; and substantial idle capacity in all industrial sectors. In addition, small scale enterprises are known to exist all over the country and most of them were established from the mid-1980s, with the inception of the Structural Adjustment Programme (SAP). All these indicate great potentials for the emergence of a vibrant sector, particularly the small scale segment. The following suggestions are hereby presented as strategies that will enhance the prospects of small scale enterprises in Nigeria.

(i) The government should embark on a well-focused development programme in an investment-friendly environment. This will achieve the long sought industrial transformation, which programmes of large scale capital intensive industrialization failed to deliver. Such a strategy requires a combination of facilities such as small and medium industries equity investment scheme (SMIEIS), review of banks' lending policies, and the New Bank for Industry which will address the problems that are associated with government programmes in the past.

(ii) Government should give priority to the provision of basic infrastructure such as industrial layouts and estates, telecommunications, water, electricity, and good roads. The enabling decrees establishing the development banks should be reviewed to allow them maintain current accounts and attract deposits from the public. This will afford them the opportunities to provide loans and other capital facilities to their clients amongst whom are small entrepreneurs. Besides, these banks will be in a better position to monitor more closely their client's records and also ascertain their capacity to service the loans.

(iii) Banks should incorporate business advisory services into their operations with small and medium scale enterprises; such services should include business and financial planning as well as feasibility reports and so on.

(iv) Nigerian association of small scale industrialists (NASSI) and other trade associations can also help in providing funds for business by requiring members to contribute a specified amount into a pool of fund from where members can borrow funds. This will go a long way in providing an alternative source of finance instead of depending on the banks for all funds. In addition, such trade associations can also undertake collaborative purchasing of raw materials and other inputs in order to enjoy the advantage of bulk purchasing and affordability for very small business operators that might otherwise be forced out of business due to inability to purchase inputs.

(v) The operators of small scale enterprise should upgrade product quality and brand to an appreciable standard. This would give them access to wider markets, which would lead to increased turnover and the growth of their business.

(vi) The entrepreneurs should enter strategic alliances with world-class technical partners. This will lead to advancement in indigenous technology, rather than attempting to import technologies that may not be suitable for their enterprise.

(vii) The use of close family members in the strategic positions in businesses should be discouraged while emphasis should be laid on qualified professionals. Modern personnel procedures and practices should be strictly adhered to.

(viii) Small scale enterprises should focus on investing in projects where they have strong competitive advantage and core competency. Each business has its own unique set of skills and limitations, thus, it is better for them to do what they are best at.

(ix) Owners of small scale enterprises should endeavor to depersonalize their businesses thereby drawing a line of demarcation between personal and company funds. In addition, there should be proper financial planning and budgeting.

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