



HAL
open science

The role of SMEs development on poverty alleviation in Nigeria

Solomon Akpoviroro Kowo, Olusegun Adeleke Oba Adenuga, Olalekan
Owotutu Sabitu

► To cite this version:

Solomon Akpoviroro Kowo, Olusegun Adeleke Oba Adenuga, Olalekan Owotutu Sabitu. The role of SMEs development on poverty alleviation in Nigeria. *Insights into Regional Development*, 2019, 1 (3), pp.214-226. 10.9770/ird.2019.1.3(3) . hal-02188849

HAL Id: hal-02188849

<https://hal.science/hal-02188849>

Submitted on 18 Jul 2019

HAL is a multi-disciplinary open access archive for the deposit and dissemination of scientific research documents, whether they are published or not. The documents may come from teaching and research institutions in France or abroad, or from public or private research centers.

L'archive ouverte pluridisciplinaire **HAL**, est destinée au dépôt et à la diffusion de documents scientifiques de niveau recherche, publiés ou non, émanant des établissements d'enseignement et de recherche français ou étrangers, des laboratoires publics ou privés.



Publisher

<http://jssidoi.org/esc/home>



THE ROLE OF SMES DEVELOPMENT ON POVERTY ALLEVIATION IN NIGERIA*

Solomon Akpoviro Kowo¹, Olusegun Adeleke Oba Adenuga², Olalekan Owotutu Sabitu³

¹ Kwara State University Nigeria, Department of Business Administration and Entrepreneurship, Nigeria

² National Open University of Nigeria, Department of Educational Foundations, Nigeria

³ Ogun State Institute of Technology Igbesa Nigeria, Department of Business Administration, Nigeria

E-mails: ¹ Kowosolomon@gmail.com; ² oadenuga@noun.edu.ng; ³ olatoyosim@gmail.com

Received 10 March 2019; accepted 20 June 2019; published 30 September 2019

Abstract. The role of SMEs development on poverty alleviation has been a core element of the current report. This study examined the role of small and medium enterprises on poverty eradication in Nigeria. Two research questions were posed for the study and two hypotheses formulated in line with the objectives. One hundred and forty two (142) questionnaires were administered randomly to the entire employee population of the SME companies that are registered with SMEDAN in Lagos Nigeria. The sample size was determined using Yamane formula. The data was analysed using manual and electronic based methods with the aid of data preparation grid and statistical package for the social sciences, (SPSS) statistical package version 21.0. The study made use of statistical tools which include: analysis of variance (ANOVA), correlation efficient and regression analysis in testing hypotheses where applicable. Therefore, the study found out that SME development affects poverty alleviation and also Training organized by SMEDAN affects SMEs employment creation. It was discovered that the small and medium enterprises provided employment opportunities, training ground, harnesses utilization of local resources and also acts as a pillar hold of a nation, Nigeria inclusive. The study concluded that a good development strategy if employed by these SMEs will grow to large-scale capital intensive. The study recommends that SMEs should source their loans from the financial institutions where interest rates are low.

Keywords: SMEs; poverty eradication; employment creation; training; SMEDAN

Reference to this paper should be made as follows: Kowo, S. A.; Adenuga, O. A. O.; Sabitu, O.O. 2019. The role of SMEs development on poverty alleviation in Nigeria, *Insights into Regional Development* 1(3): 214-226. [https://doi.org/10.9770/ird.2019.1.3\(3\)](https://doi.org/10.9770/ird.2019.1.3(3))

* *Parts of this text are spinoffs from research in the framework of the project European Union's Horizon 2020 Research and Innovation Programme projects European Cohort Development Project (ECDP) Grant Agreement No.777449 (2018-2019)*



European Research Council

Established by the European Commission

JEL Classifications: M1

1. Introduction

In this period of globalization, through world trade it is well recognized that private sector development has an important role to play in poverty alleviation (Bagetic & Sanogo, 2005; Tavis, 2016; Volchik et al., 2018; Mayorova et al., 2018; Bužavaitė et al. 2019).

Micro, small and medium enterprises is a very important sector in Nigeria economy and it is stipulated in the Nigeria strategy for Growth and Poverty Reduction as a crucial towards addressing the concerns and aspiration of the Nigeria vision 2020 (Nwaba, 2011). Nigeria has been the center of trade for many centuries. Nigeria depends on commercial activities for economic growth and most of them are engaged in the small scale business as the major means of earning their income particularly on agricultural sector, fishing sector and other business. These sectors contribute significant towards the reduction of poverty and unemployment. In Nigeria before revolution people were more engaged in micro, small and medium enterprises as artisans and other activities in urban areas. In rural areas SMEs engaged people in agricultural activities and business involving agriculture products and other consumable. After the 1964 revolution, the Government initiated a number of SMEs enterprises for the manufacture of nails, garment, cooking utensils, electrical wires, soaps and other products.

The SMEs in Nigeria create job opportunities among the low skilled people and therefore hold the key to employment creation and income generation (Maina, 2014; Iorun, 2014; Udoko-Aka, 2015). In the mid-1970s SMEs were engaged in cooperative activities especially for women groups (Ogundele, 2012). In 1984 the business started to build its root after the announcement of Free Trade (Trade Liberalization policy) and this was the initiation for small Scale Enterprises. Various investments have been approved and a large number of Small Scale Enterprise (SMEs), commercial farming and even manufacturing firms were established by natives and foreigners (Sule, 2014).

Consequently, the need for this research work is very important. The majority of enterprises in Nigeria fall within this category. SMEs accounts for over 70 percent of employment in Nigeria, with the potential of employing more and also has a large potential of reducing poverty in our economy (Sule, 2014; Otokiti 2002).

The small and medium enterprises (SMEs) are supervised by various ministries in depending on its nature of operation. Those ministries are: Ministry of Trade, Industry and marketing, Ministry of community, woman and children, Ministry of Labour, Economic empowerment and cooperatives and Nigeria chamber of commerce and industries. SMEs activities are in the form of batik making, antiques, handcraft works, medicine soap making, oil milling and other tourism articles involved in trades which include purchasing and sales of goods and agricultures. Long chains of this type of business are located at many places in South west Nigeria. Most of them are owned by individual and other by family or groups. These enterprises create many job opportunities to the people of Nigeria especially the youth from different gender. The main objective of small enterprises is profit making and enabling people to improve their income through this kind of business (Anyanwu, 2004).

1.1 Statement of the Problem

Generally, the Small and Medium Enterprises (SMEs) has become very popular entity in Nigeria due to their important role they play in terms of reducing unemployment rate among people. Concern with employment creation and with the welfare of the least advantaged can therefore lead to policies to raise labor standards and employment levels and stability in this sector on microeconomics and distributional grounds (Anyanwu, 2004). This has been reinforced in the past by the not always sustainable notion that these firms are in general, efficient

users of labor inputs at a micro economic level. CBN (2007) provide a useful critical review of this line of reasoning. Another set of argument hinges upon notions of market failure. The government of Nigeria has undertaken various measures and programmes to establish and sustain the SMEs in order to contribute towards poverty reduction. This action has caused many people to formulate and engage in SMEs. To address the problems aforementioned, the study will answer the following question: (i) To what extent does SME development affect Poverty Alleviation? (ii) To what extent does training organized by SMEDAN affect SMEs Employment creation? The Research Objectives are: (i) To determine the role of SMEs development on poverty alleviation. (ii) To determine the effect of training organized by SMEDAN on SMEs Employment creation

1.2 Operationalization of Research Variables

Examining the Role of SME development on poverty alleviation as the topic has the following constructs:

Dependent construct as – Poverty alleviation and Independent as SME development.

The above is mathematically expressed as $Y = f(X)$

Where Y – Dependent Variable

X – Independent Variable.

Y – Poverty alleviation

X – SME development

Therefore from this equation, the alleviation of poverty would depend on the development of SME

This is expressed as:

Poverty alleviation = f (SMED)

That is PA = f (SMED)

Where PA = Y and SMED = X

The X and Y are broken down as follows:

$Y = (y1, y2,)$

y1 – Poverty alleviation

y2 – Employment generation

Similarly $X = (x1, x2)$

Where

x1 – SME development

x2 – Training

2. Literature Review

2.1 The Roles of Small and Medium Enterprises in Eradicating Poverty in Nigeria

Small and medium scale industries facilitate the creation and use of non-existing or unused products and materials. It is also the main stream of economic activities in a nation and provides the stages for industrial revolution and economic growth (Abosedo, 2000). In a contribution of Abugu (2007) on the place of small scale enterprises in the economy, he states that “the role of small & medium scale enterprises in the development of the country has been summarized in the Nigeria Third National Development Plan of 1975-80 which dwells on generating employment opportunities, stimulating indigenous entrepreneurs, improvement in per capita income, balanced regional development, education, empowerment of citizens, Stimulation of indigenous companies and providing self-sufficiency.

Improvement in Per Capital Income

SMEs locate and exploit opportunities. They convert idle resources like land, labour and capital into national income and wealth in the form of goods and service. They help to increase Net National Product (GNP) and per capital income in the country, which are important yardstick for reducing poverty and measuring economic growth (Adelaja, 2003).

Generation of Employment

Anyanwu (2003) Opined that SMEs enhance employment generation in a place since unemployed youths and graduates can easily engage in skills on their own. Small and medium enterprises generate more employment opportunities on the aggregate than giant industries. Many people in this country depend on self-employment for sustenance. Many others including their relations are provided employment in these enterprises directly and indirectly.

Education

Towards the end of the sixties, two significant contributors were made in the field of small and medium enterprises. One was that, there is a positive linkage between entrepreneurship and economic development and the other was regarding and emergence of a strong hypothesis that small and medium enterprises can be developed through planned efforts (Capenter, 2001; Otokiti, 2002).

Provide Self Sufficiency

The small and medium enterprises not only become self-sufficient but also provide great standards of living to its employees and the public. It provides opportunity to a number of people working in the organization. The basic factors which become a cause of happiness may be liberty, monetary rewards and the feeling of contentment that one gets after doing a job (Uzoma & Uzoma, 2012).

2.2 Characteristics of Small and Medium Scale Enterprises

A major feature of SMEs in Nigeria relates to the ownership structure, which primarily revolves around one-man or a family. Nigerian SMEs are predominantly owned by a sole proprietor or partners (Adeniji, 1981). Owualah (1999) states that in Nigeria SMEs, it is difficult for owners or managers to obtain short or long term capital from the organized capital market, but instead relies on loans from friends, relatives or money lenders, and also from personal saving (Udoko- Akaka, 2015). Adegbite (1995) refer to Nigerian SMEs as the cornerstones in which Nigeria economic growth and stability rests. Similarly, Adeniji (1981) states that SMEs are known to be labour intensive, and SMEs in Nigeria account for over half of the total share of employment. According to CBN (2007) SMEs have contributed significantly to Nigeria development by the provision of employment opportunities, marketing of goods and services, and the growth and development of the rural areas. SMEs have also contributed immensely to the growth of indigenous entrepreneurship in Nigeria. From this point in time it has been agree that SMEs are generally regarded as the locomotive that drive the economic engines of growth and poverty eradication in developing countries like that of Nigeria(Tavis,2016;Alenxander, 2005;Onyemere,2013;Cares & Porter 1997).

2.3 Constraints to Small and Medium Scale Enterprises Development

The challenges faced by SMEs globally are very worrisome which hinder its operation towards alleviating or reducing poverty in the country (Chasten and Mangles, 1997; Sule, 2014; Caleman, 2002; Brain& Ostenyeng, 2001; Ogundele, 2012; Afrane, 2002; Adizes, 1979).The following are the constraints faced by SMEs: Osuagu (2016) opined that lack of access to finance or loan has been one of the most pervasive obstacles faced by SMEs in both developed and developing countries. It represents the major challenges which can significantly affect the ability of a firm to grow, upgrade its technology, expand its market, and promote its management skills, increase productivity simply to grow and survival in the business environment (Berger, 2000; Kao, 1982; Hall, 1987; Williamson, 1985; Wiles, 1977; Ogundele & Olayemi, 2015; Cheston & Reed, 1999). Onyemere (2013) posit that inadequate financial services have been figure out as the primary inhibitors to SMEs development and production in Nigeria. Barry (1978) noted that insufficient start-up capital from the personal savings of an individual and the contribution from friends and relatives still constrained access to institutional finance from the capital market and banks. The genesis behind the limitation or constraint includes; wrong and unacceptable feasibility report, inability to raise the required equity contribution, lapses to provide collateral securities and incomplete financial

documentation (Yavlinsky et al, 1994; starodubrovskaya, 1995; Anyanwu, 2004; Churchill 1983; Chan et al 2006; Ogundele & Opeifa, 2014b).

Infrastructural Facilities

Inadequate infrastructural facilities or deplorable conditions of the available once and it has posed a formidable obstacle to SMEs operations, and hence call for urgent attention by the government (Otokiti, 2002). The obstacle of infrastructure involves inadequate transportation system, shortage of water supply, poor telecommunication system, and lack of electricity to solid waste management. These make businesses to provide expensive parallel infrastructure. These have been a hindrance to the success of SMEs performance in Nigeria (Adelaja, 2003).

Strategic Planning Problem

SMEs do not carry out strategic planning in their operations properly. Previous study conducted by Wedel (1998) claimed that SMEs lack strategic planning system because well active and sound planning serve as a necessary input for sound decision making for new ventures or existing enterprise to succeed in terms of profits maximization and the rest.

Multiple Taxation

Abugu (2007) discovered that the manifold and high taxes are considered to be significant factors that cause SMEs' failure in Nigeria. This is the major obstacle faced by given it to tax consultants and agents hired by the governments at all level. There are not honest in their operations, excessive in their assessment and broken heart in their relationship to the production process.

Unfavourable Fiscal Policy

It has been recognized that Government policies and programmes regarding SMEs are inappropriate, inadequate or inconsistent, which inhibit the growth and development of SMEs (Otokiti, 2002). Anyanwu (2003) also state that the SMEs sector in Nigeria has not been thriving mostly due to poor implementation of several government policies as well as frequent policy changes or what they call policy inconsistencies.

Sources of Finance to Small and Medium Enterprises

Small scale business could be financed through the following ways: Saving: Individuals save money for various motives. Individuals can directly set aside unexpended earning and save indirectly when they pay life assurance premiums or purchase amenities (Bamberger, 1983).

External Borrowing

An individual who wishes to start a business can borrow money from people or external sources to expand his business. A sole proprietor or partnership may obtain funds by borrowing from a private individual or from micro credit institution (Carland et al, 1994).

Trade Credit

The basic trade credit transaction involves the supplies handling over goods or performing a service without receiving immediate payment in exchange. The customer is expected to pay by some agreed issues.

a. The seller would be unwise to part with goods or perform the service, unless he is satisfied that the customer will indeed pay.

b. The terms of the transaction will include some credit period which is accepted to both parties and to which it would be to the customer advantage to adhere.

c. There must be some sanction, which the supplier can impose on the customer if he fails to meet the agreed terms. There are three reasons for the existence of trade credit. They are convenience, cost, and loyalty. Trade credit service as a permanent source of loans to worth customers.

2.4 Problem of Small and Medium Enterprises in Nigeria

Lack of Access to Funding/Credits

When an idea is conceived, there must be fund to actualize such idea (Ogundele, 2012). A business opportunity in the course of planning must first consider capital as a basis for the establishment. This is because deficiency of fund in procuring fixed and current assets as required by the enterprises jeopardizes the operation of the business (Osuagu, 2016; Uwandu, 2012). Lack of capital therefore is a disability to the industrialist in the actualization of their objective which sometimes is attributed to the rigorous bureaucratic red-tapism involved in procuring funds from the banks and financial institution(Ogundele & Olayemi,2015)..

Government Unstable Policies

Uzoma & Uzoma (2012) Opined that there has been an instability and inconsistency in the Nation's government and policy formulations. Government policies and social attitudes affect business operation considerably. Nwaba, (2011) noted that "in a nation of relaxed economic policies and stable political system, the business community is seen to flourish more than one that lacks these qualities" He further added that government policies and laws could have such an overwhelming impact on the business arena leading to economic boom or depression. The regulation of the Central Bank of Nigeria (CBN) over banks on both fiscal and monetary policies coupled with inconsistencies of these policies determines the credit extension to the small and medium enterprises (Ogundele & Opeifa, 2014b).

Lack of Suitable Training and Leadership Development

Sule (2014) emphasized that Training institution abounds in Nigeria, but they rarely address the relevant needs of SMEs especially in the areas of accounting, marketing, information technology, technological processes and development. SMEs are left most often on their own to survive amidst the avalanche of operational difficult inherent in the Nigeria environment as well as the operational shortcoming, which characterize institution set up to facilitate small scale enterprises businesses. Some of this organization lacks appropriate skills to operate (Nwaba, 2011)

3. Methodology

In this study, SMEs that are registered with SMEDAN in Lagos are used in determining the role of SMEs on poverty alleviation and the survey method is adopted for collection of relevant data. The study employed the ex-post facto method. For the purpose of this research, the study population refers to the entire number of employees in SMEs that are registered with SMEDAN in Lagos. For this study, the sample size is determined using Yard's formula. This formula is concerned with applying a normal approximation with a confidence level of 95% and a limit of tolerance level (error level) of 5% (Harrel, 2001).

To this extent the sample size is determined by $n = N/1 + N * e^2$

Where: n – the sample size

N – population

e – the limit of tolerance

Therefore, $n = 220/1 + 220 * 0.05^2 = 220/1 + 220 * 0.0025 = 220/1.55 = 142$ respondents

A sample size of one hundred and forty two (142) SME out of the two hundred and twenty (220) SME population of the selected SME that are registered with SMEDAN in Lagos as calculated above. All members of the population had equal chances to be chosen as part of the sample because one hundred and forty two (142) questionnaires were administered randomly to the entire employee population of the SME companies that are registered with SMEDAN in Lagos. The data was analysed using manual and electronic based methods with the

aid of data preparation grid and statistical package for the social sciences, (SPSS) statistical package version 21.0. The study made use of statistical tools which include: analysis of variance (ANOVA), correlation efficient and regression analysis in testing hypotheses where applicable (Table 1, Table 2).

Table 1. Distribution of respondents and response rate

Respondents Occupation	Questionnaire administered (sampled)	Percentage of total response (%)
Top Level	29	24.00
Middle Level	48	39.60
Lower Level	44	36.40
Total	121	100.00
Gender/Category	Questionnaire administered (sampled)	Percentage of total response (%)
Male	76	62.80
Female	45	37.20
No of Returned	121	85.21
No of not Returned	21	14.79
Total no of Questionnaires	142	100.00

Source: Field Survey 2018

Table 2. The Descriptive statistics of SMEs Development and Poverty Alleviation

Responses	Total (N)	Mean
SMEs Development And poverty alleviation		
Development of SME is hindered by competition.	121	4.66
Stock market fluctuations and economic sentiment affect development of SME	121	3.98
SME development contributes to the growth of the economy.	121	3.89
Poverty alleviation programmes has a positive effect on the current state of the nation	121	3.89
The allocation of funds to the victims of poverty eradicates poverty.	121	3.98
Training organized by SWEDAN and SMEs employment creation		
Convenience in attending vocational training organized by SMEDAN determines your attendance.	121	3.87
You have benefited from training organized by SMEDAN.	121	3.79
Vocational training put in place by SMEDAN empowers youth for employment	121	3.86
Employment creation is boosted by SMEDAN organized training.	121	3.88
Employment creation reduces the level of Unemployment.	121	3.89
The rate at which Employment is created reflects the rate of empowerment programmes organized by SMEDAN	121	3.90

Source: Field Survey 2018

4. Results

Hypothesis 1

H₀₁ SMEs development does not affect poverty alleviation

H_a¹ SMEs development affects poverty alleviation

Table 3. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.979 ^a	0.957	0.957	0.24561

a. Predictors: (Constant), SME DEVELOPMENT

Source: Authors Computation, 2018

Table 4. ANOVA^a

	Model	Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	161.678	1	161.678	2680.186	0.000 ^b
	Residual	7.178	119	0.060	-	-
	Total	168.856	120	-	-	-

a. Dependent Variable: POVERTY ALLEVIATION

b. Predictors: (Constant), SME DEVELOPMENT

Source: Authors Computation, 2018

The results from the model summary tables above (Table 3, Table 4) revealed that the extent to which the variance in poverty alleviation can be explained by SMEs development is 95.7% i.e (R square = 0.957). The ANOVA table shows the Fcal 2680.186 at 0.0001 significance level. SME development affects poverty alleviation.

Table 5. Coefficients^a

	Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.049	0.084		0.589	0.557
	SMEDEVELOPMENT	0.979	0.019	0.979	51.771	0.000

a. Dependent Variable: POVERTY ALLEVIATION

Source: Authors Computation, 2018

The coefficient table (Table 5) above shows the simple model that expresses how SMEs development affects poverty alleviation. The model is shown mathematically as follows;

$Y = a+bx$, where y is reduction in cost and x is SMEs development, a is a constant factor and b is the value of coefficient. From this table therefore, POVERTY ALLEVIATION = 0.049 +0.979 SMEs development. This means that for every 100% change in poverty alleviation, SMEs development contributed 97.9%. The significance level below 0.01 implies a statistical confidence of above 99%. This implies that SMEs development affects poverty alleviation. Thus, the decision would be to reject the null hypothesis (H_0), and accept the alternative hypothesis (H_a).

Hypothesis 2

H₀₂ Training organized by SMEDAN does not affect SMEs employment creation

H_{a2} Training organized by SMEDAN affects SMEs employment creation

Table 6. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.979 ^a	0.958	0.958	0.24385

a. Predictors: (Constant), TRAINING

Source: Authors Computation, 2018

Table 7. ANOVA^a

	Model	Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	161.674	1	161.674	2718.968	0.000 ^b
	Residual	7.076	119	0.059	-	-
	Total	168.750	120	-	-	-

a. Dependent Variable: EMPLOYMENT CREATION

b. Predictors: (Constant), TRAINING

Source: Authors Computation, 2018

The results from the model summary tables above (Table 6, Table 7) revealed that the extent to which the variance in SMEs employment creation can be explained by SMEDAN training is 95.8% i.e (R square = 0.958). The ANOVA table shows the Fcal 2718.968 at 0.0001 significance level. Training organized by SMEDAN affects SMEs employment creation.

Table 8. Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1	(Constant)	0.144	0.082	1.747	0.083
	TRAINING	0.973	0.019	0.979	0.000

a. Dependent Variable: EMPLOYMENTCREATION

Source: Authors Computation, 2018

The coefficient table above (Table 8) shows the simple model that expresses how training organized by SMEDAN affect SMEs employment creation. The model is shown mathematically as follows;

$Y = a+bx$ where y is SMEs employment creation and x is SMEDAN training, a is a constant factor and b is the value of coefficient. From this table therefore, SMEs employment creation = 0.144 +0.973 SMEDAN training. This means that for every 100% change in SMEs employment creation, SMEDAN training contributed 97.3%. The significance level below 0.01 implies a statistical confidence of above 99%. This implies that training organized by SMEDAN affect SMEs employment creation. Thus, the decision would be to reject the null hypothesis (H_0), and accept the alternative hypothesis (H_a).

4.1 Empirical Findings

The general finding of this research study centered on the achievement and role of SMEs in eradicating poverty in the state.

- (1) It was discovered that the small and medium enterprises provided employment opportunities, training ground, harnesses utilization of local resources but also acts as a pillar hold of a nation, Nigeria inclusive.
- (2) More so, the problems of the industry were also identified as; managerial /technical problem ,inadequate and improper utilization of funds, commercials and infrastructural problems and instability in government policy as envisage by the various authors whose works were cited in chapter two (2)of the research studies.
- (3) Further analysis in reflected these problems as major causes of failure in the industry and more importantly in the areas of managerial capability, which encompasses the general ideality, resources and motivation within the reach of the entrepreneurs. In other words low productivity and inefficiency were attributed to poor managerial function existing in small and medium enterprises.

5. Conclusions

From the information supplied by the various related literature, regarding problem, nature, capacity and prospect of small and medium enterprises including oral interviews and information gotten from the analyzed questionnaire, it becomes clear that many variables needs the attention of the small and medium enterprises and government alike such include the provision of incentives, credit and loan facilities, provision of infrastructural facilities, promotional campaign support programme etc the impact made by these SMEs cannot be underestimated especially in the areas of providing employment opportunities and utilization of local resources. Its immense contributions in providing for the general public and basic needs of the society cannot be quantified. A good development strategy if employed by these SMEs will grow to large-scale capital intensive.

6. Recommendations

In line with the above premise of findings and conclusions drawn by the study, the following recommendation if applied effectively will serve as a means of achieving economic growth and eradicating poverty in Nigeria.

1. Firstly small and medium enterprises should source their loans from the financial institutions where interest rates are low. Entrepreneurs should insist on revolving loan scheme from government which should be interest free.
2. Secondly, government should introduce a revolving loan scheme for small and medium enterprises; she can equally set up a team to monitor the use of such loan so as to avoid its diversion. To this and Nigeria Industrial Development Bank (NIDB), Nigeria Bank of Industry (NBI) and Nigeria Agricultural and Cooperatives Bank (NACB) should gear up towards assisting the small and medium enterprises in satisfying their capital needs.
3. Thirdly, the government can jointly open a data bank with small and medium enterprises. The duty of this bank will be to furnish potentials and prospective investors with information concerning the availability of factors of production and the existing market potentials in the economy.
4. Finally, an improvement and reliability by the government on the infrastructural facilities such as accessible road and regular power supply will facilitate efficient operation of the industry; moreover, a positives thinking, concern and implementation in the development plan and policies of the government over small and medium enterprises will yield positively to the promotion of the industry.
5. The government therefore should protect the manufacturing industries by way of banning and increasing tariff on import of similar goods so as to promote our indigenous entrepreneurs. Besides, recognition of the small scale industries as a base to industrialization will assist in achieving a maximum productivity, efficiency and total independence in the near future.

References

- Aboola, T. 1992. *Urban Growth, Urbanization Physical Planning and Provision of Basic Needs in Nigeria*. New York, USA: Macmillan publishers.
- Abosede, A. J. 2000. *Sampling and Sampling Techniques in Research Methods in the Social and Management Sciences*. Ago-Iwoye, Ogun State, Nigeria: Ogun State University, Centre for Sandwich Programmes (CESAP).
- Abugu, I. 2007. SME: Issues, challenges & prospects, *Paper presented at the International Conference on Financial System Strategy (FSS) 2020 organized by Central Bank of Nigeria*. Retrieved from http://w1219.cbn.gov.ng/fss/wed/SME_Issues,%20Challenges%20and%20Prospects_Ike%20Abugu.pdf.
- Adegbite, E. O. 1995. Effective growth and survival of SMEs in Nigeria in the 1990s and beyond: The role of policy, in Ojo J. A. T. (Ed.). *Management of SMEs in Nigeria*. Lagos, Nigeria: Concept Publishers, 80-98.
- Adelaja, B. O. 2003. Financing small and medium enterprises under SMIEIS: Operators perspective, *Paper delivered at Small and Medium Industries Equity Investment Scheme (SMIEIS) Seminar*. CBN Training Centre, Lagos.
- Adeniyi, E.O. 1981. *Housing the Urban Masses in Nigeria*. New York, USA: MC greo-hill books.
- Adizes. I. 1979. Organisational passages – diagnosing and treating life-cycle problems of organisations, *Organisational Dynamics (Summer)* 9(1): 3-25.
- Afrane, S. 2002. *Impact Assessment of Microfinance Interventions in Ghana and South Africa*. Retrieved from <http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.463.2550&rep=rep1&type=pdf>.
- Alexander, G. 2005. An empirical analysis of microfinance: Who are the clients? *Paper presented at 2005 Northeastern Universities Development Consortium Conference, Australia*. Retrieved from www.adbi.org.

- Bamberger, I. 1983. Value systems strategies and the performance of small and medium-sized firms, *European Small Business Journal* 1(4): 25-39.
- Barry, B. 1978. Organization design in the smaller enterprise, in Bryault D. T.; Niehaus, R. J. (Eds.). *Manpower, Planning and Organization*. New York: Plenum Press, 34-56.
- Berger, M. 2000. *Microfinance: An Emerging Market within the Emerging Markets*. Washington DC, USA: Inter-American Development Bank.
- Bernard, A. B.; Jensen, J. B. 2007. Firm structure, multinationals and manufacturing plant deaths, *Review of Economics and Statistics* 84(2): 193–204. <http://dx.doi.org/10.1162/rest.89.2.193>
- Bogetic, Z.; Sanogo, I. 2005. Infrastructure, productivity and urban dynamics in Cote d'Ivoire: An empirical analysis and policy implications, *Africa Region Working Paper Series* 86. Washington DC, USA: World Bank. Retrieved from <http://documents.worldbank.org/curated/en/107141468247819021/Infrastructure-productivity-and-urban-dynamics-in-Cote-divoire-an-empirical-analysis-and-policy-implications>.
- Brau, J. C.; Osteryoung, J. S. 2002. Micro-IPOs: An analysis of issues made under the small corporate offering registration (SCOR) Procedure, *Journal of Small Business Management* 39(3): 209-227. <http://dx.doi.org/10.1111/0447-2778.00020>
- Bužavaitė, M.; Ščeułovs, D.; Korsakienė, R. 2019. Theoretical approach to the internationalization of SMEs: future research prospects based on bibliometric analysis, *Entrepreneurship and Sustainability Issues* 6(3): 1297-1311. [https://doi.org/10.9770/jssi.2019.6.3\(31\)](https://doi.org/10.9770/jssi.2019.6.3(31))
- Carland, J.; Hoy, F.; Boulton, W.; Carland, A. 1984. Differentiating entrepreneurs from small business owners: A conceptualization, *Academy of Management Review* 9(2): 354-359.
- Carpenter, C. 2001. *Making Small Business Finance Profitable in Nigeria: SME Finance in Nigeria*. Retrieved from www.nipc-ng.org.
- Caves, R. E.; Porter, M. E. 1977. From entry barriers to mobility barriers: Conjectural decisions and contrived deterrence to new competition, *Quarterly Journal of Economics* 91(2): 241-262.
- Central Bank of Nigeria. 2007. *Annual Report 2007*. Retrieved from <http://www.cenbank.org/documents/annualreports.asp>.
- Chaganti, R. W.; Chaganti, R. 1983. A profile of profitable and not-so-profitable small business, *Journal of Small Business Management* 21(3): 43-51.
- Chan, Y. E.; Bhargava N.; Street, C. T. 2006. Having arrived: the homogeneity of high growth small firms, *Journal of Small Business Management* 44(3): 426-440. <https://doi.org/10.1111/j.1540-627X.2006.00180.x>
- Chaston, I.; Mangles, T. 1997. Core capabilities as predictors of growth potential in small manufacturing firms, *Journal of Small Business Management* 35 (1): 47-57.
- Cheston, S.; Reed, L. 1999. *Measuring Transformation: Assessing and Improving the Impact of Microcredit*. Washington DC, USA: Microcredit Summit Campaign.
- Churchill, N. C. 1983. Entrepreneurs and their enterprises: A stage model, in Hornaday J. A.; Timmons J. A.; Vesper R. H. (Eds.). *Frontiers of Entrepreneurship Research*. Babson Park, MA: Babson College, 1-22.
- Coleman, B. 2002. *Microfinance in Northeast Thailand: Who Benefits and How Much?* Manila, Phillipines: Asian Development Bank.
- Daniels, L.; Mead, D. 1999. The contribution of small enterprises to household and national income in Kenya. *Economic Development and Cultural Change* 47(1): 46–71.
- Garmaise, P.; Natiridada, M. 2010. Information, the cost of credit, and operational efficiency: An empirical study of microfinance, *Review of Financial Studies: Oxford Journal* 23(6): 2560-2590.

Hall, B. 1987. The relationship between firm size and firm growth in the U.S. manufacturing sector, *Journal of Industrial Economics* 35: 583-606.

Harrell, F. E. 2001. Regression modeling strategies: With applications to linear models, logistic regression and survival analysis, *Springer Series in Statistics* 16. New York, USA: Springer.

Iorun, J.I. 2014. Evaluation of Survival strategies of small and medium enterprises in Benue State, Nigeria, *International Journal of Academic Research in Accounting, Finance and Management Sciences* 4(2): 255–263. <http://dx.doi.org/10.6007/IJARAFMS/v4-i2/862>

Kao, R. W. 1982. Management control system for small and medium firms. *Conference Proceedings of the International Council for Small Business*, Canada, 31-42.

Maina, S. 2014. The role of entrepreneurship education on job creation among youths in Nigeria, *International Letters of Social and Humanistic Sciences* 15: 87-96. <http://dx.doi.org/10.18052/www.scipress.com/ILSHS.15.87>

Mayorova, A.N.; Panasenko, S.V.; Nikishin, A.F.; Ivanov, G.G.; Mayorova, E.A. 2018. Analyzing regional differences in the condition and development of trade in Russia, *Entrepreneurship and Sustainability Issues* 6(2): 927-938. [http://doi.org/10.9770/jesi.2018.6.2\(30\)](http://doi.org/10.9770/jesi.2018.6.2(30))

Nwachukwu, C.; Nwamuo, P. A. 2013. Entrepreneurship development for sustainable Livelihood among youths, *Casson* 1: 18-26.

Nwaoba, C. N. 2011. Utility value of CMBS in enhancing readiness aptitude among unemployed graduates in Onitsha. *Paper presented at the Project's NTI Seminar*. Kaduna, Nigeria.

Nwaoba, C. N. 2013. Emerging prospect and problem in entrepreneurship education: Efficacy of counselling, *Journal of Resourcefulness and Distinction* 8(1): 1-12.

Nziramasanga, O. 1999. *Entrepreneurship in Ireland*. Dublin, Ireland: Gill and MacMillan.

Ogundele, O. J. K. 2012. *Management and Organization: Theory and Behavior*, 2nd Ed. Lagos, Nigeria: Molofin Nominees.

Ogundele, O. J. K.; Olayemi, O. O. 2015. Entrepreneurial education and social economic reconstruction. *Nigeria Journal of Curriculum and Instruction* 12(3): 164-169.

Ogundele, O. J. K.; Opeifa, A. Z. 2014a. Factors that affect entrepreneurial emergence behavior and performance in Nigeria, *Abuja Management Review* 1(2): 1-19.

Ogundele, O. J. K.; Opeifa, A. Z. 2014b. Importance of ethical education in economic and social reconstruction, *Nigeria Journal of Curriculum and Instruction* 12(3): 164-169.

Osuagu, L. 2016. *Small Business and Entrepreneurship Management*. Lagos, Nigeria: Grey Resources Limited.

Otokiti, S. O. 2002. *Theoretical concepts and Scope of Management (A Re-appraisal of Management Principles)*. Lagos, Nigeria: Pumarik Nigeria Limited.

Owualah, S. I. 1999. *Entrepreneurship in Small Business Firms*. Lagos, Nigeria: G-Mag Investments Ltd..

Starodubrovskaya, I. 1995. Financial-industrial groups: Illusions and reality, *Communist Economies and Economic Transformation* 7(1): 5-19.

Sule, M. 2014. The role of entrepreneurship education on Job creation among youths in Nigeria, *International Letters of Social and Humanistic Sciences* 15: 87-96.

Tavis, D.J (2016). Mature regionalism and the genesis of functional projects: Educational regionalism in small and micro states, *Journal of Globalization, Societies and Education* 15: 1-17. <http://dx.doi.org/10.1080/14767724.2016.1264289>

Udo-Aka, U. 2015. *Training Institutions in Nigeria, Types, Structures and Programmes*. Internal Memoirs of the Director General Centre for Management Development.

Uwandu, V. N. 2012. Meta cognitive sensitization through cognitive counselling, *Jos Journal of Education* 5: 11-15.

Uzoma, H. N.; Uzoma J. I. 2012. Issues militating against effective teaching of music education in secondary school in Nigeria, *Journal of Research Development* 20(1): 45-57.

Volchik, V.; Klimenko, I.; Posukhova, O. 2018. Socio-economic sustainable development and the precariat: a case study of three Russian cities, *Entrepreneurship and Sustainability Issues* 6(1): 411-428. [http://doi.org/10.9770/jesi.2018.6.1\(25\)](http://doi.org/10.9770/jesi.2018.6.1(25))

Wedel, J. 1998. *Collision and Collusion: The Strange Case of Western Aid to Eastern Europe 1989-1998*. New York, USA: St. Martin's Press.

Wiles, P. 1977. *Comparing Economic Systems*. Oxford, UK: Basil Blackwell.

Williamson, O. E. 1985. *The Economic Institutions of Capitalism: Firms, Markets, Relational Contracting*. New York, USA: Free Press.

Yavlinsky, G.; Braguinsky, S. 1994. The inefficiency of laissez-faire in Russia: Hysteresis effects and the need for policy-led transformation, *Journal of Comparative Economics* 19(1): 88-116.

Aknowledgements

Parts of this text are spinoffs from research in the framework of the project European Union's Horizon 2020 Research and Innovation Programme projects European Cohort Development Project (ECDP) Grant Agreement No.777449 (2018-2019)



European Research Council

Established by the European Commission

Solomon Akpoviro KOWO

ORCID ID: <https://orcid.org/0000-0002-0504-2248>

Olusegun Adeleke Oba ADENUGA

ORCID ID: <https://orcid.org/0000-0001-5390-0318>

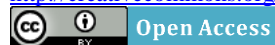
Olalekan Owotutu SABITU

ORCID ID: <https://orcid.org/0000-0001-9928-9534>

Copyright © 2019 by author(s) and VsI Entrepreneurship and Sustainability Center

This work is licensed under the Creative Commons Attribution International License (CC BY).

<http://creativecommons.org/licenses/by/4.0/>



Open Access