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Options for Sustaining Small and Medium Scale Enterprises in Nigeria: Emphasis On Edo State

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Abstract

Small and Medium Scale Enterprises (SMEs) generate growth and development for any economy. These enterprises are faced with diversity of problems in Nigeria due to numerous domestic and global economic problems, and policy inconsistencies. The result is a high mortality rate. The objective of this paper therefore is to critically examine the problems facing the SMEs in Nigeria and identify the option strategies utilised by these SMEs as demonstration alternatives. The manufacturing sector's contribution to national income till today remains low. For industrialisation, this picture has to be changed quickly. The paper therefore focuses on three business activities in manufacturing: poultry farming, Garri processing and bakery industries in Edo State of Nigeria. Major findings include lack of management skill, poor record keeping, weak access to financing, multiple taxation, and inconsistent policies. Seminars and workshops are recommended to improve SMEs' management capabilities, as well as the institutional co-ordination of the efforts of relevant agencies and institutions, and the streamlining of the myriad of taxes stifling SMEs.

JL Classification:M13, O14

Keywords: Small and Medium Scale enterprises, Nigeria

Introduction

Small and Medium Scale Enterprises (SMEs) are the building blocks of any growing economy. Some of the roles of SMEs in an economy include employments generation, rural development, youth empowerment, contribution to national income and growth, spread and development of adaptable technology, and regional balanced growth channel. These enterprises are faced with diversity of problems in Nigeria due to numerous domestic and global economic problems, and policy inconsistencies. The result is a high mortality rate. Some of the problems are internal to the enterprises and they include inadequate working capital, stiff competition from larger companies, difficulties in sourcing raw materials, low capacity utilization, lack of management strategies, poor educational background of operators, and huge financial problems (Osamwonyi,2009; Igbinomwanhia, 2009; Inegbenebor,2006; Tafamel & Idolor, 2008). External ones include grey policies, multiple taxation, harsh regulatory requirements and trade groups.

For SMES to be sustained in this challenging environment, there is a need for systematic analysis of their problems and the identification of strategies for survival. Some of these SMEs are thriving in Nigeria despite the challenging environment as a result of the effective option strategies they have internalised while others have closed shop. It has become important to identify the major problems and the strategies employed by thriving ones. The objective of this paper therefore is to critically examine the problems facing the SMEs in Nigeria and identify the option strategies utilised by these SMEs.

SMEs provide the larger percentage of employment and income in Nigeria but this paper uses Edo State as a case study. Manufacturing and services are important sub-sectors of SMEs but the former tends to be more susceptible to attrition and failure. Indeed, the manufacturing sector's contribution to national income till today remains low (Osamwonyi, 2009). For industrialisation, this picture has to be changed quickly. This paper focuses on three business activities: poultry farming, Garri processing and bakery industries in Edo State. The strength of this paper is that it generates information that can enlarge the number of SMES in Nigeria and therefore contribute to economic growth and development.

Review of Literature

Concept and Importance: Stakeholders including researchers are yet to reach any consensus on what constitute a small-scale business. Nzelibe (1991) using the position of United Nations Industrial Development Organization (UNIDO) states that a small business is characterized by localised area of operation, capital supplied by the owner with policy decisions held by individual or small group of entrepreneurs, owner's participation in all decision-making and daily operations, and owners-managers.

Nwakoby (1988) defines Small and Medium-Scale business as "any enterprise employing between five and one hundred workers with an annual turnover of about four hundred thousand Naira (N400,000). The National Directorate of Employment (NDE) defines Small and Medium-Scale business in the 1989 National Budget to include project with a capital investment as low as N3,000 and employing as few as three persons. The Federal Ministry of Commerce and Industry defines SMEs as firms with a total investment (excluding cost of land but including capital) of up to N750,000, and paid employment of up to fifty (50) persons. In a later report, the Federal Ministry of Industry (1988) defines a small-scale industry as those industries with a total investment of between N100,000 and N2,000,000 exclusive of land but including working capital. Okorie (1989), defines small-scale industry as wholly indigenous owned enterprises with less than fifty full time employees. The Central Bank of Nigeria, in its monetary policy circular No. 25 of 1991, defines small-scale business as an enterprise whose capital investment does not exceed N5,000,000 (including land and working capital) or whose turnover is not more than N25,000,000 annually.

Section 351 (1) of CAMD 1990 defines a small company as one which satisfies the following conditions: a private company with a share capital, an annual turnover not more than two million naira (N2m), net asset value not more than one million (N1m), the members are not alien, none of its members is a government corporation or agency or its nominees, and the directors between them holds not less than 51% of the equity capital. Thus SMEs as a concept is without an acceptable universal definition, hence the classification of an enterprise into small, medium and large scale is relative and varies. The major criteria for classification are the number of employees, relative size, initial capital outlay, sales value and volume, financial strength and balance sheet size, ownership structure and industry type. From these

views, it is convenient to broadly describe SMEs as enterprises with capital outlay of between N100,000 and N25,000,000.00 (excluding land) and workforce of between 1 and 100. What is agreed though is that SMEs are crucial in economic development (Boettke and Christopher, 2004).

Major problems of Small and Medium Sale Enterprises: In emphasizing the importance of SMEs, Rogers (2002) stated that “development issues are interesting ones in economics and finance literatures. They are interesting because they form the focus of many strategies that become policies of government. In the context of developing economies such as Nigeria, poverty reduction and alleviation efforts are directed at addressing two major goals of lifting persons trapped out in the poverty web and also prevent those above poverty line from slipping under.” He stated further that they enhance capacity building as they serve as entrepreneurial training avenues; that they create more employment opportunities per unit of investment because of their labour intensive operations; that they achieve a much more relative high value added operations because they are propelled by basic economics activities that depend mostly on locally sourced raw materials; that they provide feeder industry services as they serve as major suppliers of intermediate goods and components to large-scale industries as well as major agents for the distribution of final products of such industries; that they provide opportunities for the development of local skills and technology acquisition through adaptation.

The Major Problems of SMEs in Nigeria Include

Poor and inadequate start-up process: the start-up process of a business is important to its failure or success. Nzelibe (1996) opined that business especially small ones are started by the entrepreneurs and are usually guided by a vision, an intuitively experienced image of what is to be achieved and how to get there. The way an entrepreneur structures and creates his business reflects his personality, and cannot be transferred to his successors. The severity of the succession problems in family businesses is significant in their success and any future combination.

Financial problems: they cover availability and accessibility. The sources of finance available to SMEs are his personal equity and, loans and grants from relatives and friends [see Osamwonyi,1988; Nwoye,1994]; institutional sourcing of funds which according to Roger (2002) include banking industry, Small-Scale Industries Credit Scheme (SSICS), Small and Medium Industry Equity Investment Scheme, the Bank for Industry; and the Capital Market.

From the above it seems clear that the problem with funding SMEs is not so much the sources of funds but the accessibility. Factors identified inhibiting funds accessibility by the SMEs are the stringent conditions set by financial institutions, the lack of adequate collateral and credit information, and the cost of accessing funds (see Oladele,1985; Adepoju, 2003;Osamwonyi, 2004). However, venture capital sources are virtually lacking in Nigeria. The mainstream banks do not practice development banking and thus do not have the skill to fund SMEs (Osamwonyi, 2005a).

Management Problems: It has become clear that the lack of trained manpower and management skills constitute major challenges to survival. According to West and Wood (1972), "...90% of all these business failures result from lack of experience and competence." Rogers (2002), also added that inefficiency in overall business management and poor record keeping is also a major feature of most SMEs; Technical problems/competence and lack of essential and required expertise in production, procurement, maintenance, marketing and finances have always led to funds misapplication, wrong and costly decision making.

Strategic Planning Problems: SMEs often do not carry out proper strategic planning in their operations. Ojiako (1987), stated that one problem of SMEs is lack of strategic planning. Sound planning is a necessary input to a sound decision-making.

Lack of Infrastructural Development: Government has not done enough to create the best conducive environment for the striving of SMEs, the problem of infrastructures ranges from shortage of water supply, inadequate transport systems, lack of electricity to solid waste management. Businesses have to provide expensive parallel infrastructure.

Socio-Cultural Problems: Socio-political ambitions of some entrepreneurs may lead to the diversion of valuable funds and energy from business to social waste. The problem of bias against made in Nigeria goods is significant. Bala (2002) stressed that the attitude of a typical Nigerian entrepreneur is to invest today and reap tomorrow. This short-term investment orientation is prevalent among the Nigerian Entrepreneurs. As a result, manufacturing and farming which demand long-term gestation period are jettisoned. In addition, most Nigerian Entrepreneurs do not have the investment culture of plugging back profits. He further opined that it is ironical that despite the fact that Nigeria has a population of over one hundred and ten million people, the market for locally made goods is still

poor. The reason for this is that Nigerians have developed a high propensity for the consumption of foreign goods as against their locally made substitutes.

Global Economic Problems: Domestic economic problems of deregulation and removal of protection as well as the global financial crisis have been detrimental to SMEs.

Location problem is significant including that of access to stores. Market stores are dominated by absentee landlords who charge exorbitant rates. The ownership of market stores and strict control by politicians are crowding real small-scale producers out of the market. The high rents charged by store owners on good locations have forced them into streets or at best inaccessible places (Osamwonyi, 2005b).

Trade groups: Trade groups that make membership compulsory have always existed in Nigeria but they have become dominant since they became instruments of political parties especially in Edo State. They have taken pricing and supply quota from SMEs to trade associations managed by political agents who no longer practice the trades. The problem is heightened operational difficulties for the SMEs.

Multiple taxation: This has become a major problem especially given the role of tax consultants and agents hired by local governments. They are often crude in their operation, excessive in their assessment and destructive in their relationship to the production process. Often some state governments also add their own burden. They tax everything in their bid to generate revenue without considering the net effect to household incomes and employment.

However, the Federal Government and State Governments have initiated a lot of programmes, institutions and schemes to promote SMEs in Nigeria, worthy of mention were those discussed above under the sourcing of funds for small and medium enterprises. Rogers (2002), stated that, there are a host of other avenues and institutions for funding of SMEs in Nigeria. The government efforts of encouraging on lending activities to SMEs through the international financial institutions and multilateral funding agencies like the ADB, the SME I and SME II, UNIDO, ILO, USAID etc, also represent credible sources of funds to the SMEs. There are also NGOs and leasing institutions, which provide seed and risk capital for equity and equipment acquisition in Nigeria. There are basically private initiatives. There are micro-credit banks that also provide credit facilities for the SMEs. For

accessing the funds through any institutional arrangement, whether banks or specialized institutions, the conditions are the conventional requirements of application backed up by feasibility studies and cash flow arrangement.

In Edo State, the government is actively involved in creating enabling environment for SMEs, especially a robust micro-credit scheme. The policy of the State Government towards the development of SMEs is aimed at raising employment levels, enhancing the living standards of its citizenry, providing suitable infrastructural facilities through the development of mini-industries estates, attracting industrialists to invest in SMEs, creating favourable climate for investors, and encouraging the patronage of indigenous products [see Erinmwingbovo, 2005].

According to Irwin, (1991) “Survival is only made possible through the systematic analysis of various problems confronting these industries and mapping out appropriate strategies to overcome them, through proper understanding of the disturbances in the business environment which create them. Every business is conceived through scanning of environmental vacuum, meet demand gaps and a means to do it better”. According to Ansoff (1981), “for business to survive under these conditions a firm will have to make certain strategies a center for unifying the strengths to exploit opportunities and avoid the weak tendencies”. Nwokoye (1988), argued that strategic changes might take place in a firm without initial formulations, such decision could be informed by expansion strategy, preference to cash sales policy, innovation strategy and change in production techniques. He also said that it could be in the form of local sourcing or use of alternative materials, backward integration or merger.

Sustenance Options for SMES

Personal characteristics successful SMEs: Any entrepreneur who wants to succeed must identify opportunity, be creative, daring, and risk taking. Nzelibe (1996), stated that, entrepreneurs are men and women of action. They are courageous, alert and sensitive to environment and possess ability to create visions concerning the business environment. Nzelibe (1996), asserted that, the present high mortality rate of small business is awful to contemplate and constitute danger to the entire economic system. It represents serious financial pressure on the nation’s economy as well as a waste of valuable resources. The business owner should always consider challenging situations and be prepared to meet them pre-planned strategies.

The Nigerian SMEs should co-operate and learn from other countries (High Commission of India, 2000). The development and promotion of SMEs is a success story in India. Nzelibe (1996) gives the following as high point of success in SMEs management in Nigeria - organizational efficiency and design of information system. Rogers (2002) concludes that there is no doubt that SMEs can be a source of development and an engine of growth as the case with Asian Countries and America. SMEs should therefore take their place in the economic policy priority of government in Nigeria.

Research Design and Methodology

The study has been narrowed down to three lines of business in Edo State, these are poultry farming, Garri processing and bakery. The random sampling method has been used in generating respondents for the questionnaires and interviews. The study made use of the records from the Department of Small and Medium Enterprises (SMEs) in the State Ministry of Commerce and Industry. In a brochure published in December 1999 stating the Directory of SMEs in Edo State, the record showed that there are eight hundred and twenty-eight (828) SMEs registered in the State. This of course represents huge underestimation of the reality. However, they are distributed with 204 in Edo North, 234 in Edo Central and 390 in Edo South senatorial districts.

The study randomly selected the one hundred and thirty five (135) businesses out of the total of 270 businesses (see Table 1). The data was collected by combining primary sources with secondary sources. The main data collection instrument employed is the questionnaire. The questionnaire was designed as multiple-choice and open-ended. Interviews of the owners and managers of SMEs were also used to supplement the output. We note the limitation of using a sample frame of 1999 for 2010 study especially in terms of business mortality and new businesses. However, the emphasis was a simple guide to randomly selected survivors.

Data Analysis

From the total sample size of 135 businesses (survived during the years) a total of 120 copies of the questionnaire were distributed, with 120 retrieved and useful. This response rate is a satisfactory 88% and the distribution as in Table 2 below.

From table 3, it was seen that majority of SMEs are one-man businesses with a response rate of 50%, followed by others 29.17%. This indicates that most SMEs in Edo State are Sole Proprietorship. Majority of those who manage SMEs in Edo State pass through apprenticeship with 17% and are poorly educated with WASC/SSCE 33%. The meaning of this is that SMEs owners may not be informed enough to respond to enlarged and heightened competition of modern business. The table reveals that 42% of them indicated age of business of one to five years while 50% indicated age of between 5 – 10 years. This picture in the light of the weak educational background may create poor response mode to a dynamic business environment.

Table 4 shows that 62.5% of respondents believe that their present level of qualification and experience is not adequate for managing successful business. Financial Institutions and other regulatory bodies for SMEs agreed that the low management capability of the owners of SMEs has affected their sustainability and decision-making process especially in a challenging environment. Sixty percent rejected the injection of qualified personnel to join in the management of their business while 40% accepted the injection of qualified personnel in view of their incapability to effectively manage their business in times of difficulty. This position is explained by fear of someone taking over their business or creating future competitors. Indeed, in an interview with a successful entrepreneur, he stated that he will rather have foreigners than Nigerians who may steal his money.

From table 4, it is obvious that majority of SMEs owners believe that they require additional finance for the operations of their businesses. Sixty percent of respondents indicated that their present finance is not adequate for their operations while 40% believed that their finance is adequate. The indication is that most SMEs do not have adequate financial resources to sustain and expand their business operations. This is further confirmed by the 67% of the respondents that indicated the need for bridging loans. Thus the case of capital inadequacy in SMEs in Edo State is important. Sixty percent of the respondents wisely prefer loans from specialized government agencies and institutions [softer conditions and access] while 30% and 20% preferred short-term bank loans and long-term bank loans respectively. The later group indicate some level of confidence in accessing commercial loans. Surprisingly, loans from friends, relatives and colleagues are not encouraging source of financing SMEs in Edo State probably due to low family income levels. From interview conducted it was observed that NGOs are very

important in funding SMEs in Edo State, and that they have been relatively most successful than the formal sector funding in terms of impact and recovery. The reason is their proximity and understanding of the nature of the businesses and relevant cashflows.

From the Table 5, 78 respondents (65%) of the total respondents agree that there are problems in obtaining loans from banks and financial institutions while 35% of respondents feel they do not have problems obtaining loans from banks and financial institutions. The above distribution indicates the existence of difficulty of access to bank funds. The reasons for this problem are many and they include family problems, banks' distrust for small business owners and inadequate project proposals. From the survey report, 37% of respondents believe that not being able to meet bank lending requirement is the major reason for not obtaining loans from banks and financial institutions; 27% hold that their not being able to provide security to support lending is the cause. From the above it is clear that majority of SMEs do not have the ability to meet lending requirements of banks. They however believe that the problems of obtaining loans from banks and financial institutions could be resolved. This opinion is represented by 75% of total respondents i.e. 90 out of the 120 respondent while 25% believe that the problem cannot be resolved. The table indicates that 80% of respondents believe that government has a greater role to play in resolving these problems. However, 20% disagree, implying that the business owners/managers have greater role to play in resolving the fund accessibility problem. The overall picture is that both government policy and SMEs must jointly address the problem.

From Table 5, various responses consider alternatives to obtaining finance for their business operations. They also feel banks should be encouraged to give loans to SMEs, while 25% of respondents indicate that government should create an enabling environment for the thriving of SMEs in Edo State. Also from the table above 8.33% of respondents believe that providing training and education are sufficient to solve the problems of obtaining loans for financing SMEs [placing the solution in the hands of the SMEs].

From table 6, the majority of the respondents, which represents 80% of total respondents state that SMEs do not maintain adequate financial records and statements. This report indicates that most SMEs do not keep adequate financial records for their business, and this is not good for the effective and efficient business management. The implication is crucial to explaining the

high mortality rate of SMEs. SMEs easily fail as indicated by 75% of the respondents. However, 34.6%, which constitutes the majority of respondents associate the high mortality rate to poor management by the owners/managers of these businesses, 39.2 % of the respondent believe that inadequate finance for operation is the reason for failure while 26.9% of the respondent believe that adverse business environment is the culprit. Interview conducted showed that multiple taxation and trade groups cartelisation are significant factors militating against SMEs in Edo State. From the table therefore, 80% indicate that the survival of some SMEs in Edo State is predicted upon good and adequate record keeping, viable business proposals for obtaining adequate finances, vibrant business management and strategic planning among others.

Table 7 indicates option strategies employed by thriving SMEs which should be internalised by others to survive. They are prioritised as follows: creative packaging of products, understanding of market and flexibility of response, creative financing, personal commitment, good record keeping, political patronage and relationship, quality product, planning, committed to stakeholders, good location, and employment of trained personnel. All these are consistent with information analysed in other tables, what is surprising is the priority given to political patronage and relationship. This can be explained by the fact that government especially at the local and state levels have the purchasing power and influence, therefore access to those in authority means access to good business. Moreover, political leverage can be used to dampen the burden of taxation and trade groups.

Recommendations and Conclusions

Summary of Findings:

- SMEs dominate employment and household income generation;
- Sole proprietorship business dominates SMEs in Edo State;
- Owners/management of these SMEs are mainly managed by individuals who do not have adequate qualification and management experience to effectively manage their business in a challenging environment;
- Problems facing the SMEs in Edo State include poor management, poor record keeping and inability to use financial information, lack of access to financing, inadequate policy environment, multiple taxation and trade group cartelisation/politicisation;

- Government has a greater role to play in conjunction with the owners of SMEs;
- The options employed to survive by thriving SMEs include creativity and innovative in product packaging, use of trained employees, political patronage and relationship, creative financing [especially from NGOs], quality product, good location, good and adequate record keeping and accounts, planning, committed response to stakeholders, understanding of market and response flexibility, and personal commitment;
- These option strategies must be mainstreamed by all SMEs and the policy environment should be created to internalise them in driving economic development.

Recommendations:

Based on these findings, the following recommendations are made:

- The government should create a unit in the department of SMEs in the Ministry of Commerce and Industry responsible for the training and education of SMEs, owners/managers at low costs. Emphasis should be in record keeping and extension services.
- Seminars and workshop should also be organized regularly to create forum for interaction of SMEs owners/managers with others and thereby improving on their management capabilities.
- There is the need to have an institutional co-ordination of the efforts of government agencies and institutions such as the Small Business Administration (SBA) in the United States.
- Government should enhance policy environment and optimise regulatory measures conducive to the development and sustenance of SMEs.
- SMEs owners should be encouraged to keep adequate and sound financial records, which is a vital instrument for proper management and decision making.
- The various loan guarantee schemes of government, its agencies as well as banks should learn the operational methods of NGOs that have been successful in funding SMEs.

- The National Association of Small-Scale Industries (NASSI) should be encouraged in its networking and information-sharing.
- Government must urgently address the problem of multiple taxation burden as well as perversion of trade groups. Tax shelters are urgently required by SMEs instead of the uneconomic package provided for some large businesses.

There is no doubt that SMEs can be veritable channels of economic development and growth as they have been in Asia and America. If Nigeria is to effectively address the development problems of unemployment and poverty, SMEs in agriculture and manufacturing must be given adequate and appropriate priority. They constitute the larger and effective arrowhead of private participation and ownership of the economy. This will be important in effectively addressing youth restiveness and criminality in Nigeria.

Table 1: Sample Size Table

	Total registered	Sample Size	Edo North	Edo Central	Edo South
Poultry Farming	110	55	10	15	30
Garri Processing	100	50	15	10	25
Bakery Industries	60	30	5	10	15
Total	270	135	30	35	70

Table 2: Distribution and Return of Questionnaires

SMEs	Questionnaires Distributed	Total Returned	Total Unreturned	Percentage of Total Response
Poultry Farming	55	50	5	41.67
Garri Processing	50	45	5	37.5
Bakery Business	30	25	5	20.83
Total	135	120	15	100

Source: Survey returns

Table 3: Analysis of Ownership Structure, Qualification

Ownership Structure	No. of Respondents	Percentage
One man business	60	50.0
Co-operative Society	10	8.33
Partnership	5	4.17
Limited Liability	10	8.33
Others	35	29.17
Total	120	100
Owners Qualification	No. of Respondents	Percentage
First School Leaving Certificate	20	16.67
WASC/SSCE	40	33.33
OND/NCE	15	12.5
B.Sc/HND	15	12.5
MBA/MSC	10	8.33
Apprentice	20	16.67
Total	120	100
Age of Business	No. of Respondents	Percentage
1-5 years	50	41.67
Between 5 – 10 years	60	50
10 years and above	10	8.33
Total	120	100

Source: Survey report

Table 4: Survey Reponses to Questions on Qualifications to Funding

Do you think your present level of Qualification and Experience is adequate for your business in a difficult economic situation?

Responses	No of Respondents	Percentage
Yes	45	37.5
No	75	62.5
Total	120	100

Do you require additional qualified personnel to join in your management?

Do you require additional qualified personnel to join your business management team?	No. of Respondents	Percentage
Yes	45	40
No	75	60
Total	120	100

Reasons for Rejection of additional qualified personnel

Responses	No. of Respondents	Percentage
Fear of taking over the business	60	50
Fear if misunderstanding in the future	20	16.67
Diffusion of Control	15	12.5

Cost of paying additional management staff will be high and lead to reduction in profit.	20	16.67
Others	5	4.17
Total	120	100

Do you have adequate finance for your business operations?

Responses	No. of Respondents	Percentage
Yes	48	40
No	72	60
Total	120	100

Do you require loan for your business operations?

Responses	No. of Respondents	Percentage
Yes	80	67
No	40	33
Total	120	100

From which sources do you require loans to finance the operation of your business?

Responses	No. of Respondents	Percentage
Short-term Bank loans and Overdraft	72	60
Long-term Bank loans	24	20
Loans from specialized government agencies and institutions e.g. Micro-credit Schemes	36	30
Total	120	100

Source: Survey report

Table 5: Survey Responses to Questions relating to details of Funding

Do you have any problem obtaining funds from government banks?

Responses	No. of Respondents	Percentage
Yes	78	65
No	42	35
Total	120	100

What are the problems of obtaining loans from Banks and Financial Institutions.

Responses	No. of Respondents	Percentage
The company cannot meet the Bank's lending requirement	44.4	37
Lack of understanding of the Bank's procedures and requirement	21.6	18

Lack of good project proposals	21.6	18
Lack of collateral security	32.4	27
Total	120	100

How can the problem of access to loans above be resolved?

Do you think that these problems identified could be resolved?	No. of Respondents	Percentage
Yes	90	75
No	30	25
Total	120	100

Do the government at all levels have a major role to play in resolving these problems?

Responses	No. of Respondents	Percentage
Yes	96	80
No	24	20
Total	120	100

What should government do to resolve the problem of obtaining loans from banks?

Option	No. of Respondents	Percentage
Encouraging Banks to provide loans to SMEs by guaranteeing such loans	50	41.76
Create an enabling environment for value SMEs	30	25
Provide training and educating SMEs owners	10	8.33
Providing the loanable funds and banks should guarantee its effective and efficient usage	20	16.67
Others	10	8.33
Total	120	100

Source: Survey report.

Table 6: Questions relating to Management Skills acquisition, business failure and survival options:

Do you prepare financial records and statements?

Responses	No. of Respondents	Percentage
Yes	24	20
No	96	80
Total	120	100

Why do you not keeping adequate financial records and statements?

Responses	No. of Respondents	Percentage
They are not useful in the business operations	48	40
They are not needed for the business operations	38.4	32
Their usefulness is not known	21.6	18
They are too costly to prepare	7.2	6
Other reasons	4.8	4
Total	120	100

Do SMEs fail easily?

Responses	No. of Respondents	Percentage
Yes	90	75
No	30	25
Total	120	100

Why do these SMEs easily fail?

Responses	No. of Respondents	Percentage
Mismanagement by the Proprietor	41.5	34.6
Inadequate finance for operations	35	29.2
Adverse business environment	32.3	26.9
Others	11.2	9.3
Total	120	100

Do you think that in spite of the economic situation and other problems facing SMEs in Edo State that proper record keeping, viable business

proposals and strategic planning are the major reasons for the survival of some of these SMEs?

Responses	No. of Respondents	Percentage
Yes	85	70.83
No	35	29.17
Total	120	100

Source: Survey report.

Table 7: Indicate the strategies for thriving SMEs.

Options	Score
creativity and innovative in product packaging	98
use of trained employees	30
political patronage and relationship	75
creative financing [especially from NGOs]	90
quality product	74
Good location	50
good and adequate record keeping and accounts	80
Planning	68
committed response to stakeholders	60
understanding of market and response flexibility	96
Personal commitment	82

Source: Survey report.

Note: Respondents gave multiple strategies.

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