

**SMALL AND MEDIUM SCALE ENTERPRISES AND RURAL ECONOMIC
DEVELOPMENT IN NASARAWA STATE 2010-2017**

BY

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NSU/MSC/PED/0017/16/17**

M.Sc. POLITICAL ECONOMY AND DEVELOPMENT STUDIES

MARCH, 2020

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**A DISSERTATION SUBMITTED TO SCHOOL OF POST GRADUATE
STUDIES, NASARAWA STATE UNIVERSITY KEFFI, IN PARTIAL
FULFILMENT OF THE REQUIREMENT FOR THE AWARD OF M.Sc
DEGREE IN POLITICAL SCIENCE (POLITICAL ECONOMY AND
DEVELOPMENT STUDIES)**

**DEPARTMENT OF POLITICAL SCIENCE
FACULTY OF SOCIAL SCIENCES
NASARAWA STATE UNIVERSITY, KEFFI
NIGERIA**

MARCH, 2020

DECLARATION

I hereby declare that this thesis has been written by me and it is a report of my research work. It has not been presented in any previous application for Diploma, Degree or Masters of Science (M.Sc) in any Institution. All quotations are indicated and sources of information specifically acknowledged by means of references.

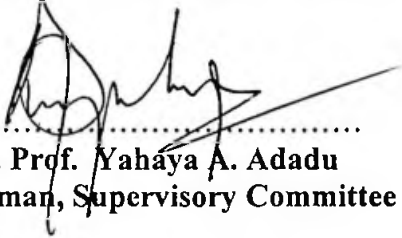


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CERTIFICATION

This dissertation On Small and Medium scale enterprises and rural economic development in Nasarawa state, meets the regulations governing the award of Masters of Science (M.Sc), Political Economy and Development Studies of the School of Postgraduate Studies, Nasarawa State University, Keffi, and is approved for its contribution to knowledge.



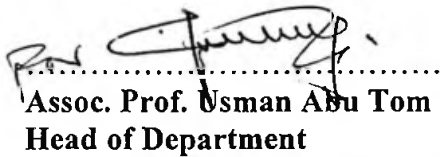
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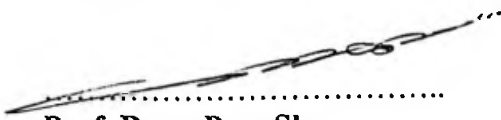
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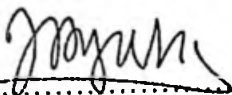
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DEDICATION

This work is dedicated to Almighty GOD who made this research a reality.

ACKNOWLEDGEMENTS

With gratitude, I thank God Almighty, the owner of life and giver of wisdom and knowledge for granting me the opportunity to embark on this programme.

My sincere and deepest appreciation goes to my Supervisor Assoc. Prof. Yahaya A. Adadu who painstakingly guided and directed the course of this work. Thank you for giving me opportunity to benefit from your wealth of academic excellence. The Dean faculty of Social Science, Prof. Theophilous Lagi, whose leadership qualities provided good academic environment that led to this work. I thank the Head, Department of Political Science, Assoc. Prof. Usman Abu Tom and Lecturers of the School of Postgraduate Studies, Nasarawa State University especially, Dr. Jacho Sunday David, Dr. Jacob James, Dr. Abdullahi Mohammed Yamma, Dr. Mohammed Bello B., Dr. Luka Ruth Caleb, Dr. Godiya A. Pius, Prof S. A. Ibrahim, Dr. Kana A. A. Ebini, Dr. Shuaibu Umar Abdul, Dr. Mohammed Abdullahi Abdul. I appreciate your kindness in helping to put me on the path of academic excellence. May God who watches over his children guide and protect you all.

I am highly indebted to the members of my family, particularly my parents, siblings and other relatives for their financial and moral contributions, may God reward you.

I also appreciate my course mates for their contributions financially and academically God bless you.

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ABSTRACT

The main thrust of this work is Small and Medium scale enterprises and rural economic development in Nasarawa state (2010-2017). The objectives of this study is to determine the impact of small and medium scale enterprises on rural economic development, to explore the challenges facing small and medium scale enterprises in Nasarawa State, to examine whether the consumer's preference to imported goods adversely affect the establishment of small and medium scale enterprise in Nigeria and to ascertain the measures to be put in place for the smooth operation of small and medium scale enterprises in Nasarawa State. To achieve a desired result this study utilised both primary and secondary sources of data, primary data were sourced by administering 400 questionnaire but only 378 copies were successfully returned On the other hand, secondary data were sourced through textbooks, journals and newspaper. Statistical tools such as table, frequencies and simple percentage were utilised for data analysis. The Innovative growth theory and Economic Theory of Entrepreneurship were utilised as bases for analysis. Base on findings and recommendations, the nature of the rural economy in Nasarawa State can be developed through SMEs. The government most encourages the small and medium enterprise to revamp the economy of Nasarawa State. SMEs has make significant contribution to the economy of Nasarawa State through the provision of employment, improves standard of living and also enhance economy growth and development. The government should assist medium enterprisers with soft loan to encourage small and medium scale activities in Nasarawa State.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

According to Yewande (1991), for the past decades, small business enterprises in Nigeria were characterized as essentially backward and cog in the wheel of the overall development of the Nigeria economy. Because of this, there has been a prevalent feeling that such businesses could be assisted only for social reasons, not as a promising opportunity for national development. Obviously, too little attention has been paid to the benefits to be derived from helping small enterprises to modernize and grow. This attitude arose partly amongst both the citizens and government and mainly from the very nature of the small business, which made it difficult for its impact to be felt in the economy.

Akpata (1990) Further Stressed the latent contributions which small business can make are now attracting recognition. This awareness is manifest in the ever- increasing number of Nigerians who daily strive to put up their personal ideas and abilities to effective use by starting small business ventures. Evidence around the world indicate that small scale enterprise provide an effective means of stimulating indigenous entrepreneurship, enhancing greater employment opportunities per unit of capital invested and aiding the development of technology. Through their wide dispersal, they provide an effective means of mitigating rural-urban migration and resource utilization. Furthermore, by producing intermediate products for use in large scale enterprises, small businesses contribute to the strengthening of industrial linkages.

According to Harper (1997), due to the recognition of the roles of small business, the Nigerian government has since 1970 initiated programmes for the assistance of small businesses, especially, in the areas of finance, extension and advisory services including, training and provision of infrastructures. All these are designed to enhance the development of small businesses. Successive governments in Nigeria have for the past three decades shown great interest in the financing of small businesses by establishing specialized banks and other credit agencies/schemes to provide customized funding.

In spite of all the contributions and the attention given to it by the government, the small business enterprise is still confronted with problems peculiar to what many may refer to as the 'Nigerian factor'. One of such problems is the lack of funds, "It takes money to do business". From the time a business idea is conceived of the promotional state until after it has ceased to operate, there are financial implications in every activity at every point in time associated with the businesses. It is therefore not surprising that the issue of financing is of major concern to small business organization. Despite that, the role of SMEs in Nigeria cannot be underestimated. It is noteworthy that most of the small businesses in Nigeria are sole proprietorship and partnerships (Waboi, 1987).

Small and medium Enterprises (SMEs) activities play very important roles in the development of many economies in the world. It is evident that more developed countries tend to have large quantity of firms (Maksimore & Damergue, 2002). Therefore it is a reality that many countries today have attained high Economic growth and development because of their magnitude of SMEs. The small and medium enterprises have encouraged so many Economic activities in countries of the world which also attracted international or global trade.

The Economic growth and development of a state is determined by the entrepreneurship activities as well as the high Gross Domestic Product (GDP) level of the State. This assertion was supported by William (2011) and Danjuma et al (2014) who believe that fast economic growth is backed up with rising Gross Domestic Product (GDP). An empirical research conducted by Ogbo and Nwanchukwu (2012) on “The Role of Entrepreneurship in Economic Development: The Nigeria perspective” where a total of 100 SMEs were randomly selected from a cross section of all small and medium enterprises in some states of Nigeria show that SMEs play significant roles in the growth and development of Nigeria which are also applicable to many economies of the world. This portrays SMEs as a propelling engine or system for economic growth and development of nations. Olla (1989) added that Great Britain and Japan hold their history of industrial and economic expansion to their broad based small business establishment.

SMEs possess greater potentials for employment generation, improvement of local technology, output diversification, development of indigenous entrepreneurship, forward integration with large scale industries.

1.2. Statement of the Problem

For sustainable economic development of any country, a strong industrial base is needed. The natural resources need to be mobilized and utilized both as input to industrial production and as direct products for the social wellbeing of people particularly in the rural area.

Industrialization in Nigeria has been recognized since independence, as a critical factor to the economic development of the country to achieve a desired result, government had for the past decades focused in its industrial policy only on the promotion of large scale industries (LSIs). The promotion of small and medium scale industries on the other hand was left to the initiation of the private entrepreneur with little or low direct government investment.

The crises in economic which subsequently affect capacity utilization in the large scale industries later necessitated a change in policy direction of government towards private sector participation and promotion of small and medium enterprises (SMEs) in other words the 1988 industrial policy of Nigeria not only recognized the vital role of the private sector but shifted industrialization strategy from large scale industries to small and medium industries in recognition of the enormous role of small and medium scale enterprises with respect to economic development, succeeding government in Nigeria had various measures and initiative aimed at promoting the cause of SMEs in the country particularly in Nasarawa State. Among others those initiative and support institution created by the government includes family Economic Advancement programme (FEAP), State ministry of industry SME Schemes, small and medium industries equity investment scheme (SMIES), Bank of industry (BOI), small and medium enterprises developing agency of Nigeria (SMEDAN) etc.

It has however, been worrisome that despite the policies programmes and support aimed at revamping the SMEs, they perform rather below expectation in Nasarawa State. This was caused by some setbacks in its implementation which includes inadequate financing, lack of infrastructural facilities, poor performance in the real sector of the

economic, poor planning, high level of literacy, and problem of market and market service.

While it is now well established that supportive institution, programmes, measure or initiative matter to revamp small and medium scale enterprises, the question is no longer what a government should do, but why is it that in spite of so much efforts that have been made, the vital sub-sector (SME) has fallen short of expectation in Nasarawa State. Thus, the need to investigate if there is better supportive system or strategies to make the subsector more effective in Nasarawa State.

1.3 Research Questions

- i. What is the nature of SMEs in Nasarawa State?
- ii. What contribution has SMEs to rural economy development of Nasarawa State?
- iii. What factors influence the contribution of SMEs in rural economies of Nasarawa State?
- iv. What policy option should be used to improve SMEs in rural development in Nasarawa State?

1.4 Objectives of the Study

The general objective of this study is to assess the impact of small and medium scale enterprises on rural economic development in Nasarawa state (2010-2017) but the specific objectives of this study are:

- i. To examine the nature of SMEs in Nasarawa State.

- ii. To assess the contribution of SMEs to rural economy development of Nasarawa State
- iii. To examine factors that influence the contribution of SMEs in rural economies of Nasarawa State
- iv. To determine policy option that should be used to improve SMEs in rural development in Nasarawa State

1.5 Research Proposition

- i. The nature of SMEs has significant impact on rural economic development in Nasarawa State.
- ii. The contribution of SMEs has significant impact on rural economy development of Nasarawa State.
- iii. There is significant impact of policy option used to improve SMEs in rural development in Nasarawa State

1.6 Significance of the Study

First and foremost the study has academic significance, which will add to existing knowledge and literature. The study is thus important because of its potentiality in the development of the small business sector that has been characterized as the “man carrier of development and the engine of social and economic growth” in Nigeria. The study will also help in identifying why people do not go into small scale enterprise despite its numerous advantages. It will also find our problems encountered while running the business. The study will help government identify areas requiring attention, thus stimulating government into proper directing of loans and incentives to improve upon existing ventures. It will also provide useful guide for prospective entrepreneur that wish

to choose self-employment as a career. Finally, it will serve as secondary data for subsequent studies by a prospective researcher.

1.7 Scope of the Study

The scope of this study is the impact of small and medium scale enterprise on rural economic development in Nasarawa State, the study will cover 2010-2017, and the study will cover three selected local government areas in the state, each local government is selected from the three senatorial zones they are Keffi, Akwanga and Keana respectively.

1.8 Definition of Operational Terms and Acronyms

Small Scale Enterprise: The definition of small scale enterprise varies with people and countries such that it is better defined based on the characteristics. In the Nigerian context, small scale enterprise is any processing, serving or manufacturing industry with an investment in machinery and equipment above N500, 000

According to the center for management development in a policy proposal to Federal Government in 1982, A small scale enterprise is a manufacturing, processing or service enterprise involved in a factory or production type operation employing up to 50 full time employees, investment in plant machinery are utilized in its operation.

Management:- Management is the process of combing and utilizing an organization input (men, materials and money) by planning, organizing, directing and controlling for the purpose of producing output [goods and services],

Entrepreneur: - According to Hagen, an entrepreneur is an individual who conceives the idea of business, design the organization of the firm, accumulates capital, recruits labor, establishes relations with supplies, customers and the government and converts the conception into a functioning organization business.

Opportunity: An opportunity is a potential gainful situation that must be recognized and exploited; an opportunity has the qualities of being attractive, durable and timely. It is anchored in product or services, which creates or adds value for its buyers or end users.

Development: This entails growth of the business, increases in goods and services and the improvement of lives of the citizen. It all so means improve in quantitative to qualitative standard of living of the people.

Rural

The word 'Rural' means an area which is marked by non-urban style of life, occupational structure, social organization and settlement pattern. Rural is noticeably agricultural, its settlement system consists of villages or homesteads; Socially it signifies greater inter dependence among people, more deeply rooted community life and a slow moving rhythm of life built around nature and natural phenomenon; and occupationally, it is highly dependent on crop farming, animal enterprises, tree crops and related activities.

Rural Development

Rural development is an a real concept. It is a complete term which means a variety of elements (social, economic, technological and natural) of human life and activities.

Rural development means noticeable changes in all these components. But such changes should take place in a mutually supporting relationship so as to generate organic and optimum development. Organic development is one which maintains a healthy relationship among the various elements or components of a system.

CHAPTER TWO

LITERATURE REVIEW

2.1 Conceptual Framework

2.1.1 The Concept of Small and Medium Scale Enterprises SMEs

Small and Medium Enterprises (SMEs) is a concept that tend to broadly explain the sizes of business in an economy. The meaning depends on purpose a definition is expected to support a particular policy governing the sector. However, there are three major factors used by countries in classification and definition of enterprises. These include; capital investment on plant and machinery, number of workers employed and volume of production (Aremu and Adeyemi 2011, cited in Abubakar and Yahya 2013). This concept of the small size firm is a relative one and it depends mainly on both geographical location and the nature of economy activities performed (Umar 1997). The concept was further expatiated by central Bank of Nigeria (CBN 2010) as asset based and number of staff employed. The criteria include: an asset base between #5 million and #500 million and staff strength between 11 and 300. In the CBN report the small and medium Industries equity investment scheme (SMIEIS) in Nigeria saw SMEs as enterprises with a total capital employed not less than #1.5 million but not exceeding #200 million, including working capital but excluding cost of land and or staff strength of not less than 10 and not more than 300 as captured by (Abubakar and Yahya 2013). This idea concurred with the Central Bank of Nigeria's definition of SMEs.

Moreover, the 1975 companies Act in the United Kingdom stated that an enterprise with a turnover of less than £1.4 million was small, those with turnover between £1.4 and £5.7 million were medium, while those enterprises having turnover above £5.7million were large. The Act further classify the enterprises based on number of employees; those with

fewer than 50 workers as small, between 50 and 250 workers as medium and those employing above 250 workers were described as being large. In 1995, European Union (EU) defined SMEs as any enterprise employing less than 250 workers, and went further to break down the SMEs into Micro (less than 10 employees), small (from 10 to 49 employees) and medium (between 50 to 249 employees).

2.1.2 Concept of Rural Development

The term 'rural development' is of focal interest and is widely acclaimed in both the developed and the developing countries of the world. There is however no universally acceptable definition of rural development, and the term is used in different ways and in vastly divergent context. As a concept, it can notes overall development of rural areas with a view to improve the quality of life of rural people. In this sense it is a comprehensive and multidimensional concept and encompasses the development of agriculture and allied activities-village and cottage industries and crafts, socioeconomic infrastructure, community services and facilities, and above all, the human resources in rural areas. As a phenomenon, it is the result of interactions between various physical, technological, economic, socio-cultural, and institutional factors. As a strategy, it is designed to improve the economic and social well-being of a specific group of people the rural poor. As a discipline, it is multidisciplinary in nature representing an intersection of agriculture social behavioural, engineering and management sciences. In the words of Robert Chambers, "Rural Development is a strategy to enable a specific group of people poor rural women and men, to gain for themselves and their children more of what they want and need. It involves helping the poorest among these who seek a livelihood in the

rural areas to demand and control more of the benefits of rural development. The group includes small scale farmers, tenants and the landless.

Thus, rural development may mean any one of these, depending upon our focus. To avoid ineffective floundering among the myriad definitions, we shall define rural development as a process of developing and utilizing natural and human resources, technologies, infrastructure facilities, institutions and organisations, and government policies and programmes to encourage and speed up economic growth in rural areas, to provide jobs, and to improve the quality of rural life towards self sustenance. In addition to economic growth, this process typically involves changes in popular attitudes, and in many cases even in customs and beliefs. In a nutshell, the process of rural development must represent the entire gamut of change by which a social system moves away from a state of life perceived as 'unsatisfactory' towards a materially and spiritually better condition of life. The process of rural development may be compared with a train in which each coach pushes the one ahead of it and is in turn pushed by the one behind, but it takes a powerful engine to make the whole train move. The secret of success in development lies in identifying and if needed developing a suitable engine to attach to the train. There are no universally valid guidelines to identify appropriate engines of growth, if at all they exist. It is a choice which is influenced by time, space, and culture.

Rural development has attracted the attention of the economists right from the Mercantilist era and Adam Smith down to Marse and Keynes, yet they were mainly interested in the problems which were essentially static in nature and largely related to a western European framework of social and cultural institutions. Their interest in the economics of development has been stimulated by the wave of political resurgence that

swept the Asian and African nations after Second World War and thought to promote rapid economic development coupled with the realization on the part of the developed nations that 'poverty anywhere is a treat to prosperity everywhere'. As Meier and Baldwin have remarked : "A study of the poverty of nations has even more urgency than a study of the wealth of Nations." The Economists differ on its definition as some one says increase in the economy's real national income over a long period and some says about the increase in the per capita real income of the economy which are not convincing as it lacks of human welfare.

As the Economists have different views on the concept of economic development and so, it is very difficult to define what rural development actually means. It is rather complex and multidimensional duplication which could not be conclusive. Generally, it is said that rural development means the development of rural areas through extension of irrigation facilities, expansion of electricity, improvements in the techniques of cultivation, educational and health facilities etc. But it seems a narrowness of the aims. Agriculture may be the part of the rural development but it cannot be the whole of rural development. Professor V.K.R.V. Rao looked upon the process of economic development essentially as a means to the development of human beings enabling them to realise their full potential. He was actually concerned about the nurturing of human values and attainment of human dignity by all. No wonder, his thinking on rural development was influenced by his larger human perspective. He further visualised that agricultural development by itself had serious constraints in alleviating poverty there and emphasized that non-agricultural development and growth of social and cultural services are as important as agricultural development for solving the complex problem of rural poverty and unemployment. There

are different views on the concept of rural development but, rural development continue first to the basic needs of the rural population coupled with psychological and cultural needs to make them productive and enlightened so that they should create assets not to eat assets.

2.1.3 Concept of Economic Development

Economic Development is the total changes and transformation that have occurred in the society, and the examination of the factor that are responsible for such changes and transformation such as social, political and economic factor.

According to Anyanwu (2000), the meaning of development has evolved for it narrow conceptualization from economic indices of GDP to more broad based conceptualization as a multi-dimensional process involving changes in structures, attitudes and institution, it is also seen as the acceleration of economic growth, the reduction of inequality and eradication of absolute poverty among the people.

According to Agabi (1999), development must be redefined as an attack on the chief evil of the world today, malnutrition, diseases, illiteracy, slums, unemployment and inequality, measured in term of aggregate growth rate. But measure in term of jobs, justice and elimination of poverty. Rodney (1972) viewed development as a multi sided phenomenon, at the level of individual; it implies increase skills and capacity, greater freedom, creativity, self-discipline, responsibility and materials wellbeing. This means that development goes beyond economic indications.

According to Seers (1989), for a society to be regarded as a developed, three fundamental questions must be address or answer in the society otherwise,

What is happening to poverty?

What is happening to unemployment?

What is happening to inequality?

To him when these three social menaces are addressed in the society, that is development. To him, development is when social menace is drastically reduced in the society.

Rostow (2003) opines, development is the transition of society from the traditional, pre-condition to take off, take off, and drive to maturity and age of mass consumption. To him, when a society passes through the five stages that are development. Rostow's definition must be criticized because not every society must pass the five stages to be regarded as being developed. For example the United State of America didn't follow the five stages. Rostow and Rodney didn't consider the welfare of the people. They define a mere growth, but not development. Above all, development means improvement in quantitative and qualitative standard of living such as provision of social infrastructures such as good food, road, pipe borne water, electricity, health services, education etc.

Economic development is simply a term used to refer to the economic well-being of a country by promoting economic growth and good standard of living. Adams (2006) defines economic development as the elimination or reduction in poverty, in inequality, and unemployment within a growing economy. Mansell and Wehn (1998) say that economic development involves economic growth, namely the increase in per capita income and attainment of standard of living equivalent to that of industrialized nations. Musgrave (2004) lends credence to the fact that the requirements for economic

development in low-income nations include those needed for consistent economic growth as compared with highly developed nations. In the above definitions, economic growth stands as a transiting phenomenon via which economic development is achieved. This means that there cannot be economic development without economic growth but there can be economic growth without economic development. This situation is evidenced in so many less developed countries (LDCs) like Nigeria and Cameroun. Economic growth is the increase in real GDP and this study considers it as economic development indicator.

Economic development is the process by which a nation improves the economic, political, and social well-being of its people. The term has been used frequently by economists, politicians, and others in the 20th and 21st centuries. The concept, however, has been in existence in the West for centuries. *Modernization*, *Westernization*, and especially *Industrialization* are other terms people have used while discussing economic development. Economic development has a direct relationship with the environment and environmental issues.

Whereas economic development is a policy intervention endeavour with aims of economic and social well-being of people, economic growth is a phenomenon of market productivity and rise in GDP. Consequently, economic growth is one aspect of the process of economic development".

The scope of economic development includes the process and policies by which a nation improves the economic, political, and social well-being of its people (Sullivan, 2003).

Although nobody is certain when the concept originated, some people agree that development is closely bound up with the evolution of capitalism and the demise of feudalism (Mansell, 1998).

Economic development has been understood since World War II to involve economic growth, namely the increases in per capita income, and (if currently absent) the attainment of a standard of living equivalent to that of industrialized countries (Schumpeter, 2003.&Joseph. 2011).

Economic development can also be considered as a static theory that documents the state of an economy at a certain time. According to Schumpeter and Backhaus (2003), the changes in this equilibrium state to document in economic theory can only be caused by intervening factors coming from the outside(Michael and Stephen ,2011). The definition of economic development by these writers fails to identify the basic ingredient of economic development such as poverty reduction, social infrastructure such good road, water, food, Shelter, health, education, facilities etc.

Economic development originated in the post-war period of reconstruction initiated by the United States. In 1949, during his inaugural speech, President Harry Truman identified the development of undeveloped areas as a priority for the west:

“More than half of the people of the world are living in conditions approaching misery. Their food is inadequate, they are victims of disease. Their economic life is primitive and stagnant. Their poverty is a handicap and a threat both to them and to more prosperous areas. For the first time in history, humanity possesses the knowledge and the skill to relieve the suffering of these people ... I believe that we should make available to peace-loving peoples the benefits of our store of technical knowledge in order to help them realize their aspirations for a better

life... What we envisage is a program of development based on the concepts of democratic fair dealing Greater production is the key to prosperity and peace. And the key to greater production is a wider and more vigorous application of modern scientific and technical knowledge.(Ake 2001,pg16).

There have been several major phases of development theory since 1945. From the 1940s to the 1960s the state played a large role in promoting industrialization in developing countries, following the idea of modernization theory. This period was followed by a brief period of basic needs development focusing on human capital development and redistribution in the 1970s. Neoliberals emerged in the 1980s pushing an agenda of free trade and removal of Import Substitution Industrialization policies.

In economics, the study of economic development was borne out of an extension to traditional economics that focused entirely on national product, or the aggregate output of goods and services. Economic development was concerned with the expansion of people's entitlements and their corresponding capabilities, morbidity, nourishment, literacy, education, and other socio-economic indicators (Sen,1983). Borne out of the backdrop of Keynesian, advocating government intervention and neoclassical economics, stressing reduced intervention, with rise of high-growth countries (Singapore, South Korea, Hong Kong) and planned governments (Argentina, Chile, Sudan, Uganda), economic development, more generally development economics, emerged amidst these mid-20th century theoretical interpretations of how economies prosper (Hirschman, 1981). Also, economist Albert O. Hirschman, a major contributor to development economics, asserted that economic development grew to concentrate on the poor regions of the world, primarily in Africa, Asia and Latin America yet on the outpouring of fundamental ideas and models(Hirschman, 1981).It has also been argued,

notably by Asian and European proponents of infrastructure-based development, that systematic, long-term government investments in transportation, housing, education, and healthcare are necessary to ensure sustainable economic growth in emerging countries.

Economic growth can be defined as the increase in the capacity of an economy to produce goods and services compared from one period to another. It is the increase in the amount of the goods and services produced by an economy over time. According to Milton (1980), economic growth is the rate of increase in an economy's full employment real output or income overtime. He expresses economic growth as the increase in total full employment in real GNP or GDP overtime.

Secondly, he defines economic growth as the increase in per capital full employment in GNP or GDP overtime. From the classification, the first of these measures has been employed to describe the expansion of nation's economic output, while the second is used to express the development of a country's material standard of living and to compare it with that of other nations.

Sen (1983) asserts that "economic growth has (2) tentacles namely extensive and intensive economic growth, is present when the output of a nation as measured by real GNP is expanding regardless of whether output per capital increases. While intensive economic growth on the other hand is a situation in which there exists an increase in output per person or expansion in the availability of goods and services per capital".

Thus, a nation may experience extensive economic growth even though the output per-capital is not rising. Therefore, since economists are interested primarily in the well-being of people, they focus on intensive economic growth.

Ogiogio (1998) also defines development as, a multidimensional process involving the reorganization and reorientation of the entire economic and social system. This involves, in addition to institution, social and administrative structures as well as in popular attitudes, customs and believes. The main argument against this definition is that, development is both a physical process and a state of mind. The transformation of institution is one aspect and the other aspect is that the thinking of the people must change.

In conclusion, economic development must address the issue of poverty, unemployment, high rate of diseases, child mortality, infant mortality, illiteracy, crime, human right abuses etc.

2.2 Empirical Review/Review of previous studies

2.2.1 History and development of SMEs

The success story of most multinational companies in the industrialized nations of the world today all began from small cottage industries. To better understand the roles and importance of SMEs in economic development there is need to fully know, understand and appreciate the history and development of SMEs throughout the world. The Italian fashion industry was virtually built on the backbone of "Mum and Pop" cottage industries. China has made a name for itself as the world's "work-house" just on the basis of low-tech manufacturing activities. Industrial revolution in Britain did not begin with large-scale manufacturing complex, it started with basic inventions like, spinning jenny and flying shuttle that dramatically accelerated productivity in the textile industry. (Peterside 2003.)

The earliest manifestations of SMEs in advanced countries were cottage industries that later transformed into industrial complexes and high tech factories. Today, SMEs account for the bulk of output in most countries and they have also a proven job-creator role. The share of SMEs in global productivity is over 30%, higher in some countries, but generally growing. In China SMEs employ over 50% of the work force. In the US, SMEs account for over 50% of GDP (Peterside 2003.)

2.2.2 An Overview of Small and Medium Scale Enterprises in Nigeria

Nigeria remains a country with very high potential but an equally high inertia to develop. The country is blessed with abundant supply of enormous human, agricultural, petroleum, gas, and large untapped solid mineral resources (Obadan, 2003). Since her independence from British rule in 1960, the country has gone through decades of political instability and this has brought with it a climate of social tension and an unpredictable market for business. The successive forceful takeover of government by the use of military coup and the indigenization policy of the late 70's has put off investors who hitherto saw the country as a large and growing market. Due to the nature of these governments, there is perceived corruption, policy instability, poor infrastructural development and lack of accountability of public funds. For these reasons, the World Bank described Nigeria as a paradox (World Bank, 1996). This is also true for most Sub-Saharan African countries as industrial production has declined or stagnated over the past decades (Lall, 1992).

According to Mambula (1997), since its independence, the Nigerian government has been spending an immense amount of money obtained from external funding institutions

for entrepreneurial and small business development programs, which have generally yielded poor results. Unfortunately these funds hardly reach the desired business because they may be lost to bureaucratic bottle necks and end up in accounts of public office holders. Despite these setbacks, the role of small business owned by middle class Nigerians, set up by individual savings, gifts and loans and sometimes sustained by profit cannot be ignored. According to Asmelash (2002), countries that have made economic breakthroughs in the last two decades demonstrated beyond doubt that the development of entrepreneurship has been the sine qua non of economic growth and development. According to Asmelah (2002), the significant role SMEs play in development is acknowledged world over. He cited the work of Schell, (1996), who noted that in developed countries such as the USA, where big corporations are dominant, SMEs still play enormous role in the country's economy.

Also, according to the report of the Indian working group on science and technology for Small- and medium-scale enterprises, SMEs occupy an important and strategic place in economic growth and equitable development in all countries. Constituting as high as 90% of enterprises in most countries worldwide, SMEs are the driving force behind a large number of innovations and contribute to the growth of the national economy through employment creation, investments and exports. Owing to the success of the Asian tigers, interest is running high globally particularly in developing countries that are in the rat race to meet up and reduce the economic and development gap. Chinese and foreign experts estimated that SMEs are now responsible for about 60% of China's industrial output and employ about 75% of the workforce in China's cities and towns (Schell, 1996). These SMEs creates jobs for workers who have been laid off from state-owned

enterprises due to the steady transition from communism to a market based economy.

According to Cook and Nisxon (2000), interest in the role of small and medium-sized enterprises (SMEs) in the development process continues to be in the forefront of policy debates in developing countries. Owing to the relevance of SME's, in 2006, the government of Taiwan launched a \$61 million "branding" initiative, which was aimed to push the economy from being production-based to knowledge-based. According to the report in EE Times Asia in August 2006, the so-called "Branding Taiwan Plan" is a seven-year program designed to help promising small-to-medium enterprises (SMEs) in developing their own brand, according to the Taiwanese government. This was initiated with the full consciousness of the ability of SMEs to drive the economy particularly in the medium term. Small businesses employ 72,000,000 people (Asmelash, 2002). More than 90 per cent of the industries in Indonesia, Philippines, Thailand, Hong Kong, Japan, Korea, India and Sri Lanka are small enterprises (Fadahunsi and Daodu 1997).

A 2004 survey conducted by the Manufacturers Association of Nigeria (MAN) revealed that only about ten percent (10%) of industries run by its members are fully operational. Essentially, this means that 90 percent of the industries are either ailing or have closed down. Given the fact that manufacturing industries are well-known catalysts for real growth and development of any nation, this reality clearly portends a great danger for the Nigerian economy. The acting director- general of the association, Mr. Jide Mike, who disclosed this fact, attributed the cause of this sorry state to such factors as poor infrastructure, multiple taxes imposed on manufacturers in Lagos state by all tiers of government and the difficulty in accessing finance. He noted, "The debris of dilapidated manufacturing concerns across the country is the outcome of years of harsh operating

conditions". Jide (2012), also remarked, "In addition to policy somersault, funding remains a challenge to all stakeholders in the manufacturing sector. the several palliatives, including the Small and Medium Industries Equity Investment Scheme (SMIEIS) and other sector-specific incentives notwithstanding". He added, "In summary, 30 percent of industries in Nigeria have closed down. About 60 percent are ailing companies and only 10 percent operate at sustainable level". The acting director-general of MAN (manufacturing association of Nigeria) emphasized that low capacity utilization has undermined the competitiveness of manufacturing industries, whose fortunes have been worsened by the impact of globalization. He recalled that at Nigeria's independence in 1960, the manufacturing sector's contribution to national Gross Domestic Product (GDP) was 3.8 percent and that despite the discovery of oil, manufacturing contributed as much as 9.9 percent to the GDP from 1975 to 1981 when capacity building was above 70 percent. Jide (2012), however regretted that the story is different today as the manufacturing sector is back at the independence level as it contributed a mere 4.7 percent to GDP in 2003 while industrial capacity utilization dropped to a paltry 48.8 percent in 2003.

The above is indeed not encouraging as it is representative of the fate of the manufacturing subsector of the SMEs. It was said that the large manufacturing companies are even better off given that those of them, which have international affiliation do get succor and support from their parent companies or technical partners overseas. The support and services the multinationals get from their parent companies could be driven by the profit repatriation, expansion of their overseas market and other motivations but overall, the Nigerian economy benefits if only through employment

generation. President Olusegun Obasanjo in his address on March 01, 2002 at the commissioning of the headquarters of SMEDAN (The Small and Medium Enterprises Development Agency of Nigeria) in Abuja also noted that there was a great disconnection between the SMEs and the large companies in Nigeria, pointing out that the multinational companies dominated business in the country even in the area of finished products. Because of these and other debilitating problems, only about 10 percent of SMEs in Nigeria are into manufacturing.

2.2.3 Small Business Enterprises in Nigeria

In many respects, small businesses cannot be completely isolated from the operational environment. Thus, the perception is highly dependent on the particular economy that provides the environment of its operation. In Nigeria, there seems to be no clear-cut definition or scope for determining small business enterprise. However, varied definition and scope were made by some agencies as follows:

- (a) The national directorate of employment defined it as being able to accommodate project with capital investment as low as N5,000 and employing as few as three persons.
- (b) The Central Bank of Nigeria in its monetary policy guidelines (1980) defined small scale business as an enterprise whose annual turnover ranges between N25,000 and N50,000. Also the Federal Ministry of Industries before the Structural Adjustment Programme (SAP) and Foreign Exchange Market, defined small scale business as any manufacturing, processing or service industry with capital investment of not more than N150,000 in plant and machinery.

(c) The Nigeria Bank for Commerce and Industry also defines the small scale enterprise as firms or companies with assets (including working capital but excluding land) not exceeding N750,000 and paid employment of up to 50 persons and such an establishment be wholly owned by Nigerians.

Measuring the appropriateness of some of these definitions, Nwakobi (2013) criticized most of the definitions describing them as merely “institutional” Nwabobi (2006) holds the views that the definitions do not paint a health picture of the growth of small scale business enterprise, considering the difficulties involved in capital formation and other discrimination of attitudes of the banks towards the owners of small scale business enterprise. In July (2001), the national council on industries at the 13th meeting in Markurdi, Benue State, reviewed and adopted the following classification of industrial enterprises and came up with the definition that “A small scale industry is an industry with total capital employed of over N1.5 million but not more than N50 million including working capital but excluding cost of land and of a labour size of 11 -100 workers.

However, comparatively, most developed countries seem to have agreed on a maximum unit of 500 employees as a small firm (Feldman 1989). However, a review of the performance indicators of small scale business can be best anchored on the United Nations industrial development organization definition of small scale business as “an economic venture” that is characterized by the following:

- Ownership and management being vested in the same Individual
- Capital being made available by an owner on whom the policy Decisions rest

-Having a coalised operational Area

- A situation of a venture controlling a small share of the market by constituting a little quota in the large sized market

-The owner participating very actively in all decision making Processes on a day-to-day operation basis with a high degree of rigid control.

Reflecting the characteristics, small-scale business enterprises have emerged, especially in the developing world, with roles of employment generation, encouragement of rural development, assisting substantially in lifting gross domestic product, developing entrepreneurship and proving avenue for self-employment.

2.2.4 Basic Characteristics of Small-scale Enterprise

The overall business scene and activities in Nigeria appear to be dominated by small businesses, which are established by individual, groups, companies and cooperatives.

Most business start off as small but with proper planning and management, then expand and grow. However, it will be risky to assume that small enterprises are exactly like big ones after all the difference is size. However, it is necessary to differentiate the small business from the large ones and to associate those characteristic with problems inherent in small business.

In summary, characteristics as identified by several writers among who Broom and Longnecker (1972), Musselman and Huglice (1973) and Yewande (1991) are presented here. It must not however be taken that these characteristics are all embracing or that all

must be present in the same magnitude in a business for such a business to qualify as a “small scale business”.

- i. Management is not independent- generally; the managers are also the owners. This means that the manager/ owner can run the business as he pleases. Discipline as the control factor in this case may sometimes be missing. This lack of proper managerial discipline leads to business failures.
- ii. The size of the small business firm within industry is usually small. Thus, they are not dominant in their individual field or operation.
- iii. (3)Capital requirement is small and therefore within reach of the indigenous entrepreneurs.
- iv. Majorities of the modern small business units are labor intensive and are able to achieve high productivity. These units are concentrated in areas of low technology.
- v. Capital is supplied and ownership is held by a small group or an individual. The initial capital usually equity holdings is supplied by the owner or co- owners of the business. Often for working capital, they depend on trade credit or credit finance or both.
- vi. The area of operation is mainly local employees / workers and owners all like in one home community. Most small-scale firms even those identified as modern utilizing plants and machinery are run along family line. However, markets served by them are not always local, modern small firm’s serves market across ethnic cultural and even nations or state boundaries.

- vii. On other all-embracing characteristic of small-scale business in Nigeria is the apparent lack of attention to managerial functions of planning, organizing, directing coordinating and controlling.

In Nigeria, the entrepreneur usually sets out to achieve high return on investment. The workers generally are not adequately remunerated or sufficiently motivate.

2.2.5 Types of Small Business

No doubt, the future of economic prosperity of Nigeria lies in the structuring and eventual growth of medium and small scale enterprises. This situation has been confirmed by the Nigeria institute of social and Economic Research (NISER), The National Association of small scale Industry (NASSI), and the German based Frederick. Elbert Foundation. It is the existence of this kind of scenario that had given impetus to the growth of some small scale industries like the ones that constitute the objects of the study. Their very existence also confirms Oshagbenius (2012) categorizing of small scale industries as those which include, weaving, carpentry, pottery, ceramics, farming, fishing, piggery animal husbandry, poultry, wood and metal works, brick and block making and a host of others, operating under registered names and depending largely on local raw materials.

Traditionally, and about sources, two types of capital are recognized. equity and borrowed. Baumbach is of the view that the distinction between equity and debt capital in a small business is blurred. In any case, one thing is clear; equity financing denotes ownership while debt financing implies an obligation to repay the principal amount plus interest. In providing initial capital, a small business enterprise has a good normal source

open to it. These include funds invested by the owner as well as funds made available by creditors. Credit takes the form of bank loans, trade credit, union loans from individuals, friends and relative and credit union loans. It is noteworthy that these and other sources of funds are made use of both at the beginning stage and in the subsequent day-to-day financing of business operations. Those more closely related with the growth of the business will be discussed later under “sources of development capital”

(a) **Personal Saving:** To a beginning firm, personal savings of the founder constitute a primary source of equity capital. Many writers are in support of this view. Broom says it is not only difficult but also quite hazardous to borrow venture capital. He is of the opinion that two third of initial should be form the owner. Nordi advices that the starting small business should not only be from borrowed funds if his personal resources are inadequate. Baumbach goes further to explain why initial capital should necessary come from those who have created the business. He said that there is general hatred for risk taking among human beings. The public thus is usually hesitating about investing in an unknown venture. Such recommended ownership equity is designed mainly to provide a margin of safely for the new entrepreneur.

(b) **Commercial Banks-** commercial banks are a primary source for debt capital. Although they tend to limit their learning to working capital needs of going concerns, some initial capital dose some from this source. The commercial bank has considerably changed from just supplying capital for an interest income to a more acceptable socio-economic role. It has development”. Tina confirmed this when he said that have increased the amounts given out for loans the 20 percent (proportion of deposits government requires that should be set aside for small business loans are also given. One

of those is the installment loans, which may not exceed certain amount. Such a loan is repayable monthly or quarterly as prearranged but the maximum maturity period is one year. Over draft for up to a period of two years is also given. In spite of the new interest in small businesses, their problem with the banks has not changed. Their greatest problem is to meet the requirement of the banks. The bank considers the mode and time of repayment of the principal amount plus the interest. Many small business many not be in a position to start paying interest not to talk of the principal as and when due.

[c] **Trade Credit-** Credit- extended by suppliers' plays an important role especially to the beginning business. Trade credit tends to be widely used source of short tends funds to the small firm. This according to Baumbach often provides a major point of the small businessman working capital needs especially in the retail fields. The amount of credit available to a particular firm depends upon the type of business and the supplier's confidence in the new firm. They extend credit more freely than the bankers. Competitions for sales volume force them to reach out for new small and financially weak customers by offering delayed payment. Even when such customer faulted in the credit terms, the suppliers often hesitate to react for fear that they might lose a promising customer.

(d) **Friends and Relatives-** very often, funds from friends and relatives are used to supplement initial owner equity capital. This usually character as poor business practice and in many cases based on erroneous assumptions may at times be necessary. This is with cognizance of the fact that many and family owned. It should be noted that family and business relationship are well as funds should not be mixed, if most desirable result are to be obtained. Loans from friends and relatives tend to create a highly personal

relationship such relationship may conflict with independence and business. The time for the repayment of the loan may not be defined. Interest payment may be deferred too. However, the problem in these associates may feel it a duty to offer advice and even insist that certain decisions be taken. These decisions may not be in harmony with the objectives of the proprietor. However, this problem can be easily avoided. A business loan should be taken as a business transaction and not a favor. In such case, the inexperienced associate's advice can be easily rejected. Terms of the loan should be clearly defined and loans could be getting from lending institutions instead of from friends and relatives.

(e) **Credit Unions-** Arniel defined a credit union as “a group of people bound by some intangible bond of association, perhaps the bond of the same employer, the same religion, the same politics, the same profession, trade, hobby or the same type of misfortune,” credit unions are cooperative that encourage saving and lending on attractive terms. They also provide financial advice to members. The prime purpose of a credit union is to teach thrift. People save with the credit union for various reasons. These may include absence of banking house.

The liberal lending policies of credit unions also attract membership. Credit unions obtain most of their funds from savings of members. Many small businesspersons usually obtain loans, which are eventually used up in business. Credit unions thus constitute an important source of funds for small business especially in the rural areas.

(f) **Other Sources of Funds-** in addition to the already discussed sources of funds for initial capital, a good number of small businesspersons still make use of some local

sources. Such include borrowings “isusu” (a group of persons who agree to contribute regularly). Members take turns to benefit from these contributions. Some of the funds got from the “isusu” are used for small business operation.

2.2.6 Sources of Working and Expansion Capital

For the business to survive and grow after successful launching, the continuous need for funds must be met the following sources are used largely for procuring initial capital namely, personal saving, commercial banks, trade credits, unions, and friends and relatives.

These sources may continue to provide funds for the going concern operations. Some of them could be eliminated. Brooms and Longnecker suggest this should be done by liquidating loans as those from friends and relatives personal savings too may become less important through funds could continue to come from there.

(a) Retained Earnings- retained earning provides a natural type of expansion for many small enterprises. As profit are realized, they are ploughed back into the business by foregoing dividends, for firms that use only retained earnings, the rate of expansion is limited by the amount of profit generated by the business. These funds are often insufficient to meet the heavy capital needs of a rapid expanding firm. The firm, thus still has to look for other avenues for funds.

(b) Sales of Capital Stock- the firms are usually faced with severe competition. In this situation, it may have to expand or die. To expand it need working capital, most of which must be inevitably be borrowed. The small firm has a disadvantage in: it has to

pay interest charges on the debt capital both in good and bad times. Sale of capital stock to outsiders eliminates these disadvantages.

In general, small firms have an inferior complex when considering themselves as candidates for public financing. Robert A. Weaver Jr. has tried to explain why small firms avoid public financing. Among his reasons are:

- (1) That the small firms do not have a clear picture of the advantages.
- (2) They do not know how to go about it.
- (3) They fear dilution of ownership
- (4) They believe they are too small for such a Venture Broom and Longenecker are of Weaver's view that the small firms are reluctant to sell stock because they fear dilution of ownership. They go on to say that, the owner may be wise or unwise to avoid outside equity prospects of the business. If other sources of funds are inadequate, the owner may decide to go to the public for financing if he feels that he will be better off by owning part of a larger business than by owning all of a small business. In any case, sale of stock is usually difficult for small firm. What makes for this is the fact that firm is now widely known and has no market for its securities. The firm also is expected to make a showing in at least one of the following:

- (a) Utility should have a satisfactory record of earnings
- (b) Good management
- (c) Strong growth possibilities - IN many cases, the small firms are not able to major up in public financing.

2.2.7 Government Influence on Small Business Enterprises

Government tax policies generally make it difficult for the small businesses to exist. In fact, government fiscal policies and the way they are designed are a major cause of discontent among small businesspersons. Tax problems of small concerns have not arisen because the tax measures were directed at small business as such. The central point is that the system weights disproportionately on them by virtue of their sizes and character. Most businesspersons fail to understand this and nurse the feeling that government does not want them to survive.

This is wrong, as the growth of small business organizations has become the concern of many governments. In Nigeria, the government's effort to promote small business was materialized in national development plans. With the aid of international organizations, a number of assistance centers to meet the technical and financial needs of small and medium sized enterprises were created. To further show government interest emphasis is laid on more effective use of the bodies responsible for the promotion and guidance of small, and medium sized enterprises. These bodies include:

- The National Directorate of Employment
- Small Industries Corporation
- National Economic Reconstruction fund
- Nigeria industrial development bank
- The Nigerian Agricultural & Cooperative Bank.

For such assistance to be given, the importance of the project has to be critically confidence the socio-economic point of view.

Obviously, there is evidence that with proper guidance, most small scale industries that do not depend solely on personal income have been known to have found it relatively easier to deal with these prescribed government agencies than with the conventional profit oriented commercial and financial institutions. However, it has also been revealed that most of the small-scale entrepreneurs have not made use of these facilities because they are not equipped to deal with the bureaucracies associated with procuring loans. This attitude of the small scale entrepreneurs has the tendency of effect the efficiency of some of these lofty. Government policies designed specifically for the growth of small scale business.

2.2.8 The Role of Government in Supporting Small and Medium Scale Enterprises

In view of the challenges and the potentials they represent, it has been universally acknowledged that Small and Medium Enterprises (SMEs) need support and protection if they will continue to provide the kind of services expected of them (Kondaiah, 2010). Globally, the role of government in enterprise development is therefore expected to be in the form of provision of encouraging business environment, promulgating appropriate policies, formulation of suitable schemes, provision of valuable incentives, institutional support and effectively implementing programmes that have been designed (Desai, 2010). In some cases, in spite of the mixed reactions towards government's involvement in business, governments have even been seen to take the lead in the establishment of some types of business enterprise.

However, Nigerian government according to SMEDAN scarcely interacts with individual MSMEs in the past, except through the cooperative or other officially recognized groups. Bank loans are rarely sought and very rarely obtained through government. In Nigeria, the two strong points in favour of SMEs are that they are numerous and are everywhere. Although the potential of SMEs has long been recognized, it was only in the mid-1980s that a conscious policy was made to promote and encourage their development. Since then, several schemes have been created to address employment creation, empowerment and poverty reduction through SMEs. These programmes and measures addressing the needs of SMEs have tended to concentrate on providing access to credit, capacity development and other critical measures. It is assumed that even a small improvement in their productivity and output will result in a more than proportionate improvement in employment, income and productivity in every nook and corner of the country (SMEDAN, 2012).

In Nigeria, the federal government is principally responsible for providing policy direction for the development of SMEs in the country. During the colonial era, for obvious reasons, local industries were neglected and in some cases discouraged in favour of import promotion. At independence, Nigeria inherited a small-scale manufacturing sector that was struggling to stand, against all odds and still accounted for 15% of output. The federal government adopted import substitution industrialization by encouraging foreign owned large-scale industries and even set up some. At the regional level, efforts were geared through micro credit schemes, though the real problems of small businesses were not assessed. This led to this sector shrinking to 10% of the manufacturing sector by 1980 (SMEDAN, 2012).

According to (Ahmed,2006), the government of Nigeria designed a new scheme called small and medium industries equity investment scheme (SMIEIS) to tackle the challenges of financing small and medium industries in Nigeria. This scheme makes it mandatory for banks to reserve 10% of their pre-tax profit for equity investment in SMEs. Other intervention programmes which the federal government of Nigeria has introduced to support SMEs include the establishment of the Central Bank of Nigeria Entrepreneurship Development Centres to provide basic business management skills training to SMEs and unemployed youth in the 6 (six) geo-political regions of the country. In a similar manner in government in August 2013 launched an N220 billion micro, small and medium enterprises development fund (MSMEDF) to provide loans at single digit interest rate for SMEs in the country. At the State level, each State is expected to follow suit and develop schemes and programmes that are suitable and peculiar to her own environment. It is in this direction that the Cross River State Government set up by law the Microfinance and Enterprise Development Agency in 2010 with the mandate to support the growth and development of micro, small and medium enterprises in the State (CRS Law No. 8, 2010).

2.2.9 The Role of Small Scale Business in the Development of Nigeria Economy

Hardly, can any major industry succeed in isolation of the services and contributions of small business enterprise. The relative strength of their importance and role vary from one industry to another. In fact the importance of small-scale business in any economy cannot be overestimated. Firstly, continuous growth in the economy of any nation depends largely on the startups of small businesses. Even on a recessionary economy, small scale enterprises are a legitimate and viable component in any strategy for

reconstructing the economy. Furthermore, it is emphasized that the small-scale enterprises make the possibility of the equitable distribution of national income more realistic of providing employment opportunities on a large scale.

According to Feldman (1989) by creating more employment the help mobilizing capital and human resources that would otherwise be left idle. Some small businesses no doubt, provide certain distinct services that in most cases may not be matched success of large businesses. Implicitly, if the small businesses would by and large find themselves over saddled with a myriad of activities that they would only be able to manage minimally. The role of small scale businesses in the development of Nigeria economy has made it very possible for firms to depend less on imported goods or materials. They often rather depend on locally made machines and local raw materials as inputs. One can buttress this point further by the fact that non dependence of small businesses on imported raw materials as inputs leads to a reduction in the demand of foreign raw materials thereby saving the foreign exchange earnings of the nation. Worthy of mention also is the advantage of solving payment problems because of less dependence on imported inputs. This has an attendant blessing of creating an interest in the promotion or homemade products. In this way, small business ventures generate revenues and strengthen the Nigeria economy.

Small industries have a shorter gestation period and as a result, yield quicker returns on investment. They facilitate balanced industrial development in that only such small-scale ventures can easily be established in many rural areas. In this regard, that presents a potent means of reducing rural urban migration and its consequential urban congestion, unemployment and other social vices. Small businesses also serve as a training school

for indigenous entrepreneurs and provide the opportunity for acquisition of skills for a large number of workers. They facilitate a speedy development of Nigeria economy.

Contribution of SMEs to Economic Development

SMEs have been seen as necessary component from national growth and development in both developed and developing countries. The history of economic growth and development cannot be complete without the involvement of SMEs. Ogujiuba Et al (2004) establishes that in addition to increase in per capital income and output. SMEs help in the creation of employment opportunities, enhance regional economic balance through industrial dispersal and generally promotes effective resource utilization leading to sterilization of economic growth and development. This is in agreement with Ola (1989) who observes that Great Britain and Japan trace its history of industrial and economic expansion to their broad base small and business establishment. World Bank (2006) report that greater a country ease of doing business, the greater the number of Jobs created in the formal sector. This is because the benefits of being formal usually outweigh the cost of sustaining SMEs especially tax. SMEs constitute a large percentage of the total employment growth of many countries. It produces a significant share of their increase in Gross Domestic Product (GDP) and the contributions of larger firms tend to be stable (ADB 2002). This assertion is true as OECD 2004 reported that SMEs and micro enterprise account for over 95% of firms, 60-70% of employment, 55% of GDP and generate the greater level of new employment. In the case of developing economies, the situation is not very different. For example, in Morocco, 93% of firms are SMEs and account for 38% of production, 33 percent investment, 30 percent export and 46 percent employment. In the same vein, in Bangladesh, enterprise of less than 100 employees

account for 99percent of all firms and 58percent employment. Similarly in Ecuador, 99percent of all private companies have less than 50 employees and account for 55percent of employment which all constitute part of the attributes of growth and development in economy of nations.

The seed of industrialization can be traced to SMEs. This is because a good number of them have extensive knowledge of resources and how goods and services are produced and distributed in the economy. SMEs also account for the chief supplier of input to larger firms, they serve as customers to larger firms, provides different kinds of products ranging from food, clothing, health care, education, recreation, entertainment, amongst others (Etuk, Et'al 2013). They further assert that, the enterprises help in economic development through industrial disposal and transformation of primary and intermediate product as well as supply of the material needs of the larger enterprises. In a common parlance, SMEs accounts for important sources of local supply and service render to larger firms.

In a related development, an empirical research conducted by Muritala et al (2012) titled "impact of small and medium enterprises on economic growth and development" shows that out of 200 respondents that represented the sample size of the population, 151 formed majority of the respondent which represents 75.5% agree that there is significant relationship between SMEs, economic growth and development. UNCTAD (2001) believe that countries with a high rate of small industrial enterprises have succeeded in making the income distribution more equitable. This is in turn a key distribution to ensuring long term social stability by alleviating export redistribution presume and by reducing economic disparities between urban and rural areas.

Further still, SMEs assist in fostering rural infrastructure development, improvement of living standard of the rural dwellers. utilization of local resources. output expansion. transformation of indigenous technology, production of intermediary goods, and increase in revenue generation to government (Odubanjo 2000, Nnanna 2001 and onwumere 2000). Nnanna (2001) added that, SMEs research in India and Japan shows that SMEs have 40 percent of India total industrial value added and 35% value of its export which translate to about 50 percent of India GDP. Japanese economy export about 70 percent of value output from SMEs which form larger part of her export of goods and services. This denotes that SMES played vital role to the growth and development of these countries.

2.2.10 SMEs and Economic Development in Nasarawa State

Small and Medium Enterprises (SMEs) play vital role in the economic development of Nasarawa State and are known to be the main engine of economic growth and a key factor in promoting private sector development and partnership. SME are generally responsible for the availability of goods and services, credits, motivating entrepreneurial spirit and repairs of second handed products. They create employment and a high standard of living, provide competition and fill needs of society and other firms. Obitayo (1991) has expanded these roles to include:

- a) Aiding in the development of local technology.
- b) Providing effective way of stimulating indigenous entrepreneurship.
- c) Mobilization and utilization of domestic savings.

Ensuring a structural balance in terms of large and small scale industrial sector, as well as urban areas.

- d) Ensuring the supply of high quality parts and components, and intermediate products,

thereby strengthening the international competitiveness of manufactured foods.

- e) Producing specialized items in small quantity to meet current and diverse demands.
- f) Mitigating rural-urban migration (Obitayo, 1991).

They contribute to employment of the teeming unemployed youths and also strengthen the manufacturing sector of the economy. In a survey carried out by Debbie (2004), it was shown that SMEs constitute about 97 percent of all businesses in Nigeria and generate about 50 percent of employment. They also produce 30 percent of manufacturing output (National Policy on Micro, Small and Medium Enterprises, NPMSMES, 2006). The 2010 National MSMEs Collaborative Survey puts the number of Micro, Small and Medium Enterprises (MSMEs) in Nigeria at 17,284,671 with a total employment of 32,414,884 and contributing 46.54 percent to the GDP in nominal terms (See Table I, II and III in Appendix). For the country to achieve her National Vision 20:2020 and the Transformation Agenda of government, all efforts must be put in place to grow these numbers (SMEDAN OLOP Report, 2014). Emphasizing further on creation of employment the Nigerian government confirms that since 2011 to date, 98 percent of the 1.8 million jobs created each year are from small and medium enterprises (NBS, 2014).

Hamilton and Nwokah (2009:299) report that the benefits of SMEs to any economy are easily noticeable. SMEs contribute to the Nigerian economy in terms of production of a variety of goods and services, creation of jobs at relatively low capital cost, especially in the growing services sector, providing a vehicle for the reduction of income disparities, developing a pool of skilled and semi-skilled workers as a basis for future industrial expansion. They continue, SMEs have been known to improve forward and backward

linkages between economically, socially and geographically diverse sectors of the economy, provide opportunities for developing and adopting appropriate technological approaches, offer an excellent breeding ground for entrepreneurial and managerial talent, promotion of industrial diffusion and regional balance, etc. Explaining further the issue of technology transfer and development, Acha (2009:180) asserts that many SMEs import, copy and indigenize the production techniques of developed and developing countries. They are vibrant in the export sector where they play an active role of providing the country alternative foreign earning sources. By so doing, SMEs are helping to diversify the economy by exporting agricultural produce semi-processed products.

Despite the benevolence of government in certain unique opportunities, the growth rate of SMEs has been slow and failure rate is quite high. What are the factors responsible for the trend? They include lack of action plan to deal with eventualities, the size, financial outlay and lack of managerial and marketing skill, lack of research appreciation and technical expertise.

SMEs activities received closer attention from the Nigeria government with an effort to diversify the economy. The over-dependence of government on the oil necessitated Nigeria government at the mid-1980s to mandate the banks to set up branches in the rural areas of the country to allow the dwellers to have access to financial services (Soludo 2008, cited in Eniola 2014). This bold policy of Nigeria government provides opportunity for much people especially entrepreneurs in the rural areas to have access to the money in banks as loan. Researches have shown that SMEs is the largest business sector in the world economy (Culkin & Smith 2000, cited in Eniola 2014). He added that SMEs encourages high growth rate of employment than the larger firms. In lieu of that, Nigeria

has attracted much growth and development potential more especially in Agricultural sector where small-scale selfemployed people partake in agro-allied processing activities. that the country is agriculturally inclined. In addition, OECD (2004) found that SMEs account for more than 90% of all firms outside the agricultural sector, a significant level of employment and generate major domestic and export earnings. This therefore constitutes a major key instrument in poverty reduction and alleviation in both developed and developing economies like Nigeria. Furthermore, SMEs assist in fostering rural infrastructure development, improvement of living standard of the rural dwellers, utilization of local resources, output expansion, transformation of indigenous technology, production of intermediary goods, and increase in revenue generation to government (Odubanjo 2000, Nnanna 2001 and onwumere 2000).

Wang Et al (2011) contended that petroleum oil is considered to contribute high to status of Nigeria but SMEs provides gainful employment for about 70% of Nigerian population. Available report suggests that agricultural sector accounts for close to 35% to 40% of the nations GDP. Most actors in the Agricultural sector are small-scale self-employed individuals engage in activities ranging from farming, handcraft, fishing, agro forestry and livestock rearing. These SMEs activities rescue government in areas of economic diversification. Oyekanmi 2003 & Osalor 2012 (cited in Joseph & Micheal 2013) stated that SMEs contribute substantially in encouraging job creation invention and innovation in technology, development of entrepreneurial skills, equal distribution of income and resources, emergence of more competitive industries and general improvement in the living standard of the people within an economic region. In addition, An empirical research conducted by Ogbo and Nwanchukwu (2012) on "The role of

Entrepreneurship in Economic Development: The Nigeria perspective” where a total of 100 SMEs were randomly selected from a cross section of all small and medium Enterprises in some States of Nigeria shows that SMEs play significant role in the growth and development of Nigeria. This portrays SMEs as a propelling engine or system for Economic growth and development of nations.

Kilby (1985) revealed a school of thought who found that SMEs are the solution for the economic growth and development of most developing economies. This assertion is confirmed by Rasak (2012) that the emergence of SMEs serves as a major catalyst and a key successful influence for the economic growth, development and sustenance of the Nigerian economy. Rasak added that many government and business organization considered the growth of SMEs as a foundation stone for economic growth and development.

2.2.11 Economic Impact of Small and Medium Scale Business in Rural Communities

Thus far we have argued that rural communities with entrepreneurial social infrastructures that promote inclusion, permeable boundaries, and constructive conflict are more likely to develop business networks, and that the networks developed will be more likely to possess highly committed partners with compatible goals. These attributes seem particularly important because they will increase the probability of success (Elmuti & Kathawala, 2001; Monczka et al., 1998; Newman, 1992).

Entrepreneurship could give rural communities access to the levers that appear to promote genuine development. Jacobs (2000) argues convincingly that economic development is simply an example of natural development. It involves specializations

and combinations of activities to produce innovative products or services that are differentiated from more general products or services of a similar type. This process relies on a sequence of co-development where particular kinds of innovations based on specialization encourage other specialized innovations to spring up alongside them. Thus, business networks can expand the ways in which a community can innovate from limited resources, partly by cooperation but also by stimulating the emergence of new and complementary enterprises.

There are two avenues for innovation in rural communities that appear promising and these avenues are not mutually exclusive. First, opportunities exist to export products or services to customers. Such opportunities are especially attractive when unique local resources are important, production in a rural setting increases marketability, and transportation costs represent only a small proportion of value added (Beyers & Nelson, 2000; North & Smallbone, 2006).

Potentially broader source of opportunities is the “countryside capital” found in rural communities that can lead to an influx of new customers (Garrod et al., 2006). Countryside capital consists of the stock of rural resources embedded in the landscape, biodiversity, historical structures, local customs, quality of life, and other amenities of a community. Aside from the obvious possibilities of tourism related ventures (Drabenstott, 2003), countryside capital is an important factor in attracting new residents of all ages. Indeed, Beyers and Nelson’s (2000) study of four rural communities in the western United States suggests that quality of life migrants were an important component of the economic development of those communities. Aside from increasing the demand for goods and services, the ability to attract new residents can

increase the human capital pool, lead to the development of new ventures, and stimulate a chain of investments in the community (Beyers & Nelson, 2000; Kceble et al., 1999).

Interestingly, there is also evidence of a high degree of connectivity between contiguous communities; developments occurring from tourism and quality of life migrants in one community tend to have positive spillover effects on the development in other communities (Beyers & Nelson, 2000). Thus, the ability of a community to import customers through the utilization of countryside capital can create a complex chain of developments involving rising consumption, demands for new goods and services, the creation of new ventures, and corollary opportunities for the surrounding area. Furthermore, such successes are likely to foster imitative efforts and new business networking opportunities.

For example, in several rural communities in the delta region of Mississippi, including Washington, Bolivar, and Tunica Counties, landowners have pooled their properties to create recreation and hunting preserves, an example of putting a general resource to a specialized use to create an alliance designed to import customers. Such land pools involve lease agreements and partnerships to operate recreational enterprises between adjacent landowners. In an effort to increase marketability, complementary alliances with local inns and bed and breakfast operations have been initiated. New businesses and alliances (e.g., outdoor equipment stores) have been created to support these enterprises and their clientele.

As another example, in Tunica County a casino operation saw the potential of attracting customers traveling to the area for recreation and hunting to the casino by

creating a sporting clays shooting center. The casino has formed complementary alliances with several adjacent recreational enterprises by positioning itself as a place to stay when not hunting, fishing, or engaging in related recreational activities. Alliances of this nature have increased the ability of the recreational enterprises to attract customers without substantially increasing their marketing expenses or requiring them to invest capital to build a lodge or open a restaurant.

As suggested above, the success of business networks in rural areas should be expected to have positive spillover effects, creating opportunities and encouraging entrepreneurs in other communities to imitate their success (Keeble et al., 1999; Peredo & Chrisman, 2006; Rosenfeld, (1995). Furthermore, if these early exemplars and the imitators they inspire increase the overall level and cultural acceptability of entrepreneurship in a rural community it is likely to have a long-term impact on the rate of entrepreneurship in that community (Minniti & Bygrave, 1999).

Thus, opportunities for entrepreneurship in rural communities may be multiplied when business networks are formed to produce products or coordinate the delivery of services with local content that can be exported or that can attract new customers to the community. Networks that build on these opportunities may be a key to a durable form of economic development that can evolve and expand to include a larger part of the community and surrounding region. As noted above, communities characterized by inclusion, permeability, and tolerance for constructive conflict seem particularly well suited for the development of such networks.

2.2.12 Challenges of Small and Medium Scale Enterprises (SMEs)

There has been gross under performance of the SMEs sub sectors in many countries of

the world; especially the developing economies. This undermines SMEs contribution to the economic growth and development of those countries. FSS 2020 SMES sector report 2007 as cited in CBN Report (2011) examined the issue affecting SMEs in these countries to include: Unfriendly business environment, poor funding, low management skills and poor access to modern technology. These factors seriously subdue the performance of SMEs activities and its contribution to economic growth and development in economies. Ikuyatum etal (2014) contended that anti export bias induced by import substitution strategies also discriminated against intensive SMEs, government regulation and tax authorities weighted more heavily on smaller firms in the shape of higher compliance cost, also constituted impediment to SMEs activities and economic growth and development in Nigeria (Tendler and Amorim 1996).

In a related development Survey Report on Micro, Small and Medium Enterprise in Nigeria MSMEs (2010) shows that other challenges confronting SMEs also include production technology, cost structure and financing, economic environment; such as venture capital, fluctuating value of currency etc, government policy and political consideration. It is when the above factors and variables are in a complex interaction that the success and failure of small and medium enterprises are determined in the economy.

In Nigeria many programmes were established by government to assist the smooth running of SMEs but expectation of the government intension was not achieved as argued by Ojo (2003) that all the SMEs assistance programmes have failed to promote the development of SMEs. Many a times, the finance provided have been misdirected, gone to wrong persons or found to be inadequate to impact on the expected development of the assisted firms. This idea was advocated by Tumkella (2003) as he affirms that all

these programmes could not achieve their expected desires due largely to abuses, poor project evaluation and monitoring as well as moral hazards involved in using public funds for purpose of promoting private sector enterprises. Lack of proper records or lack of any records at all, dumping of foreign goods and over concentration of decision making on one (key) person, usually the owner.

Limited Financing: National Bureau of Statistics (NBS)/SMEDAN survey of MSMEs reported that 73.24 percent of the top priority of assistance needed by MSMEs' operators is finance. In addition, only 4.2 percent of 17.2 million MSMEs have been able to access loans or overdrafts from financial institutions while new entrants or start-ups find it practically impossible to access funds from banks (SMEDAN OLOP Report, 2014). The amount of money available for investment and avenues for funding small and medium enterprises are not always adequate and enough. The business may resort to personal savings, donations or borrowing from associates. This may not be enough which is why the business firms resort to financial and allied institutions for borrowing. Financial institutions are always demanding for collaterals which are accompanied by stringent conditions to be fulfilled before lending funds to any person or any organisation. According to Essien (2006:13), financial institutions especially banks operate under stringent rules that seldom favour the new small scale businessman. Usually, banks require financial and legal documentation as well as acceptable collaterals prior to lending funds. These requirements are often too difficult for the small and medium scale business to meet. Government has done a lot to ensure that small businesses are properly financed by establishing Industry and Commerce Banks, Agricultural Banks, loan schemes and most recently Community Banks are being repositioned to Microfinance

Banks in order to expand financial infrastructures and make funds available to small and medium scale enterprises in Nigeria.

Onakoya, Fasanya and Abdulrahman (2013) indicated that credit to low-income operators enhances the growth of their enterprises while in the same vein interest rate has the reverse effect. From their findings, managerial capacity was assessed to be the major hindrance to the development of SMEs while access to capital was also found to be a contributory factor. Aremu and Adeyemi (2011) in their study concluded that SMEs sector plays a major factor in youth empowerment, poverty alleviation as well as a reduction in income disparities. Ooegbu, Akanbi and Joseph (2013), using Ilorin metropolis as a case study utilized Pearsons Correlation techniques, analysis of variance, log it regression methodology and paired sample T-test to assess an effect of a conceptual factor on the performance of small and medium scale enterprises in the country. From their findings, enabling environment, provision of adequate human and material resources as well as the erratic policy summersault by the government had a significant effect on the growth of SMEs in the country. Evboumwan (2012), in his study on the preference of micro, small and medium enterprises to financial products in the country found out that inadequate working capital was the most mentioned problem with a percentage share of 60.7% followed by the problem of poor power supply/adequate infrastructure which took 55.7% while 75.7% of the respondents relied mostly on equity capital to fund their operation. A study was undertaken by Akingunola (2011) using descriptive statistics to appraise certain financing indicators that assessed specific financing options available to SMEs in Nigeria and their contribution to economic growth via investment level. A statistical tool, a spearman's Rhocorrelation test was utilized to assess the impact of

SMEs financing and investment level whose result confirmed a significant impact on SMEs financing and economic growth in Nigeria via investment level. He recommended access to cheap credit as the panacea for the growth and development of SMEs in the country.

Inefficient Management Capacity: In most cases, SMEs require less specialist or strategic management skills than large companies. The basic problem of small businesses is the inability of the owner-manager to plan, organize, direct, coordinate and control both material and human resources in the organization to achieve results. This is so because SMEs by their nature are centered on the owner-manager who prefers to control his funds personally and take decisions in matters affecting the entire organisation. He hardly has time to develop or retrain to update skills and knowledge for effective business management. Most entrepreneurs are sometimes reluctant to employ key managerial staff because they are afraid that they may not know the nitty-gritty of the business any longer or that they may lose control of certain key decisions. Some claim that they cannot pay the type of salary the would-be staff are demanding. Opportunities should be exploited and threats dealt with as they arise in such a way that it will bring optimum result to the organisation. Managerial, marketing and financial skills are necessary factors for success. Some of these skills are acquired through training and experience.

Limited Range of Products: Limited range of goods and services is a direct fall-out of the two factors discussed above. In Nigeria, there is limited finance for expansion and new product development and as such the small and medium enterprises supply its customers with the same sets of its old products. A large scale business may float up to ten or more different products with some of them becoming profit centres. Some

products in the same company may become or develop into Strategic Business Unit (SBU) such that their profits, staff, management and marketing strategy are centered on each of the products.

Little or No Research: Another serious problem faced by small and medium businesses is their inability to carry out research of higher magnitude. Inadequate and incorrect data are sometimes available to small and medium scale businesses for decision making which may in turn lead to disastrous business consequences. The SMEs need adequate information to succeed, yet it lacks funds and skilled staff to carry out marketing and other related researches from primary sources or even secondary sources where data in Nigeria are treated either as classified, confidential or trade secrets. Information is a commodity rather than a social good therefore, accurate information seeks to provide data of value for formulating policies, planning, plan implementation and monitoring, forecasting as well as other decision making activities affecting consumers and the firm. Therefore, access to accurate and adequate data is fundamental to the ability and capacity of small and medium businesses in overcoming the process of undergrowth and lack of innovation. It helps the business to measure the substantiality and profitability/success of a given market. Relevant data are necessary for the business to know the capability of its competitors, the needs and tastes of customers and the type of market to direct its efforts.

Longevity: The death of the owners of most small/medium scale enterprises may mark the end of such business. The reason is simple: the planning, financing and controlling are always done by the owner(s) alone. He hardly employs outsiders and does not allow others any meaningful control of the business. He keeps all the business secrets to himself including his debtors and the sources of his supplies.

Lack of Adequate Infrastructures: One of the policies of government is to provide enabling environment for business to thrive. These include opening up the hinterland by providing tarred roads, electricity, pipe borne water and medical services, and industrial estates where investors can apply for plots to commence their business operations. In most cases, the above infrastructure only exist on the pages of newspapers and the airwaves. Small scale companies need power to propel their machines and also provide a comfortable working environment for workers to operate. Communication infrastructures like television Global System for Mobile communication (GSM) companies, internet and computers depend on energy. GSM companies use generators and stand-by plants which cost is highly prohibitive and sometimes unaffordable to consumers. SMEs like barbing salon, tailoring, restaurants, processing factories etc. need electricity to survive. Presently, power supply is irregular and erratic (about 4000 megawatts) thereby resulting in low-shading, making it difficult if not impossible for these agencies to perform efficiently.

Some of our important roads are impassable; they are filled with potholes, narrow bends and winding corners. It is the small scale businesses that suffer most with second hand cars and trucks. Because of the dearth of infrastructures, SMEs find it very difficult to operate properly.

Inconsistent Government Policies: The Federal Government's objective in promoting the development of small business was for the creation of employment opportunities, mobilization of local resources, mitigation of rural-urban migration and more even dispersal of industrial enterprises within the Nigerian State (Trade Journal, 1995). In all, the basic aim was to ensure that budding indigenous investors were assisted to get

established and eventually develop into future industrial giants. This is based on the fact that most Nigerian investors are small businessmen with low level of capital and entrepreneurial know-how. These were to be achieved through offering financial facilities and technical assistance to ensure their growth and usefulness to the state.

Government macroeconomic policies have been largely inconsistent due to political instability. In monetary terms, there has been an increase in loanable funds to small and medium scale businesses, loans to rural borrowers, more loans to agriculture and pegging of lending rate to below 21 percent, but during implementation, these laudable policy decisions are thwarted. The loans are always diverted to wrong sources and the conditions are made such that the small scale farmer or business owner cannot meet them. Some government officials are corrupt and they have no regards for the rule of law. The same could be said of fiscal policies such as reduction in personal income tax, tax reliefs to manufacturing companies, the establishment of Export Processing Zones (EPZ), as well as other industrial, agricultural and commercial promotion policies. To encourage foreign investment inflow, the government enacted the Nigerian Investment Promotion Commission Act (1995) in place of Nigerian Enterprises Promotion Decree which restricted foreign involvement in some aspects of our economy. Yet no noticeable result has been recorded for, despite the fact that government subsidized fertilizer procurement for farmers they hardly see the fertilizers at the government approved rates. The federal government has established the Ministry of Solid Minerals "to promote diversification of export revenue earnings and optimal exploitation of our natural resources, and establishment of the Ministry of Women Affairs to conduct the activities of women in the nation's march towards development (Isimoya, 2005:158). In all, the growth in this

sector has been moving at snail speed. It is hoped that government will now focus its attention on proper implementation of the above policies and any cog in the wheel of progress should be dismantled.

Marketing Problems of SMEs: Every organisation (big or small) needs marketing to survive because the role of marketing which is to identify consumers' needs and satisfy customers is the real business of all organisations. Marketing helps entrepreneurs to determine the size of markets, choose target market(s), concentrate and adopt strategies to satisfy the chosen markets or segments. It is the duty of the marketer to identify the real customers and what they really need. Sometimes these aspects are lacking in SMEs. Many entrepreneurs in SMEs are ignorant of the importance of marketing research and some of them regard it as a wasteful venture. Kotler and Armstrong (1991) support the view on research because they believe that managers of small business often think that marketing research can be done only by experts in larger companies with big research budgets. They recommend that managers of small-scale business can obtain good marketing information by observing things around them and can conduct surveys, using small convenience samples. Other marketing problems of SMEs include poor product design, poor product quality, lack of product standardization and lack of knowledge of marketing and stiff competition from their well-established local and foreign competitors (Agbonifoh & others, 2007:134-5).

Ude (2006:viii) in a recent research reports that small scale industries shy away from advertising their products and that they offer neither credit or home delivery services to their customers; and Scarborough (1996:377) asserts that "in too many small businesses, prices are according to vague, poorly defined techniques or even hunches

and that “small business owners frequently use the manufacturer’s suggested retail price because this avoids the necessity of making price decision” (p. 403).

One key problems of SMEs is Nigerians’ penchant for foreign products and it is observed that this bias against Nigerian products is due mainly to subjective biases and not objective superiority of our local products. It is suggested here that for SMEs to overcome these problems and become competitive, they need to improve their marketing strategies and operations in all ramifications.

Paucity of Infrastructural Facilities: The viability of Small and Medium Scale Enterprises in the country over the period have been hampered by inadequate infrastructural facilities like epileptic power supply, inadequate water supply, poor road network, as well as an unaffordable communication system. Since most business outlets survive on alternative source of power (generating plants) the cost of doing business has been outrageous resulting in poor performance in the real sector of the economy (Osoba, 2003).

Poor Performance in the Real Sector of the Economy: NCI in 2001 confirmed capacity utilization of between 30% to 35% of manufacturing capacity of established firms’ performance between 1995 to 1996 on a study involving 39 SMEs performance in Nigeria. In its finding, dilapidating power supply, as well as poor infrastructural facilities, had been found to have directly contributed to the low performance of the real sector of the country.

Inadequate Management and Planning: The ingredients of management include planning, organization, coordination, and control of material and human resources to

enable it to meet up its targets and goals (Basil 2005). Management and planning is the ability to execute efficiently and effectively the set target with and through the stakeholders. It is however sad to note that SMEs operating in developing countries hardly involve others in the running of their business and as such hardly have expert advice. This has led in most cases of wastages and underutilization of resources as well as declining profit margin. Gold (2005), however, reemphasizes the importance of planning as an essential management tool and brings into effect the importance of feasibility report in project management (Mogano, 2001).

Poor Literacy Rate and Experience Most SMEs operators have low literacy as well as lacking necessary experience for businesses. This problem has a direct link to planning and management (Alasan and Yakubu, 2011). The development of skills, attitude, and knowledge has also been identified as a crucial factor for the development and expansion of Small and Medium Enterprises in the country and most of the developing world (Essien and Udofia, 2006).

Availability of Raw Material Management as well as Appropriate Technology: The unavailability of the requisite resources as well as obtaining the appropriate technology has been identified by the Nigerian Economic Summit Group (2002) as the bane of SMEs development in the country as most of these are imported. Some of the issues associated with the non-availability include conservation and storage of materials, maintenance as well as procurement while the selection of suitable technical knowledge and expertise remain the bane of appropriate technology.

Absence of Conducive Enabling Environment: The need to provide conducive enabling environment by the government to SMEs in Nigeria remains one of the greatest challenges. The need for stable monetary and fiscal policy, as well as avoidance of policy summersault by the government, remains the tonic needed by SMEs to spur economic growth and development in Nigeria (Adebayo, 2003).

Small-scale enterprises owing to their peculiar nature are beset with myriad of special problems which directly or militate against their survival and growth. A lack of indigenous entrepreneurial initiative for industrial development is a characteristic of most development countries. Limited resource of capital and skilled labour, a lack of technological and managerial knowledge and limited markets are important handicaps to the acceleration of industrial development in Nigeria. In large industrial establishments, some of these handicaps are alleviated by foreign assistance collaboration.

Unfortunately, the small-scale industries do not enjoy such benefits and as such dependent almost entirely on indigenous entrepreneurs. Some of the problems facing small-scale industries come from the owners while some come from unpredictable environmental force, which is external to the business, and they include government unit's competition etc. Some other problems can be identified in different functional areas such as manufacturing marketing, financial and labour. However, generally, the following problem has been identified by the researched as the major factor militating against the establishment of small-scale enterprises in Nigeria.

Lack of Start-up Capital—According to Akpata (1990) The early stage financing is usually the most difficult and costly to obtain. There are two types of financing at this

stage. Seed capital and startup capital. Seed capital is relatively small amount of fund needed to prove concept and finance feasibility study. It is the most difficult to obtain because the venture capitalist is usually not interested at this level of funding. While start-up capital is involved in determines if commercial sales are feasible. It is also very difficult to obtain. No good business ideas can ever surface without fund.

Lack of Land and Good Locations- before any small-scale industry is established, there is the need to acquire land on which the factory site or the warehouse will be built. In urban areas, land is not usually available and when available, it will be very expensive beyond the reach of the small-scale entrepreneur. In the rural area where land is bound to be available at the reduced cost, other necessary infrastructures will be lacking. Good location of our businesses is very important for the easy survival of the enterprise but it is very difficult to get and where available, the cost will not be affordable for any small business operator.

Poor Government Policies- Nigeria government has not been able to help entrepreneurs in establishment process of small-scale business. Instead, one obnoxious policy or the other was used in making things difficult for young entrepreneurs. Government is only interested in revenue generation without noticing how it has hindered the establishment of more small business in Nigeria. Every new business that is still struggling to survive is expected to pay between N5,000 to N20,000 as business premises and a lot of other permit. The business is also expected to pay almost the same amount of the local government where it is situate. All these end up pulling the business down.

Insecurity of Lives and Properties- security problems are one of the major problems of establishing small-scale enterprise in Nigeria. Even the large scales businesses that can afford to employ the services of security personal are not free from this social menace. Any business that deals on highly valued products is not safe. Consequently, many prospective investors opted to keep their money in banks or use item and buy empty lands for re-sale in future than to risk the money by establishing any business at all.

Psychological Factors such as: Lack of Self Confidence. Lack of Creativity and Fear of Failure

Another factor that has seriously militates against the establishment of small scale enterprise in Nigeria is psychological factors. Although it has never been seen as a problem, but it has eaten deep on young entrepreneurs. Most people do not believe in themselves, they think they cannot do it. They are always waiting for others to take the lead or nothing for them. They also lack the foresight to think ahead of others, no creativity in them. Always afraid that the business must fail like other ones that failed. They think they cannot make a difference and therefore there is no point in trying to establish once. They make the money but the fear of the unknown will not allow them to invest.

2.2.13 The Survival of Small Business in Nigeria and its Implication to National Development

Despite the prevailing credit crunch in the Nigerian economy, government's renewed interest in the SME sector was corroborated by Ugwu, (2010), in his article: - 'Banks begin screening for N200billion SME's Loans'. According to the report, commercial

banks in the country had begun appraisal of the N200billion (\$1.25billion) small and medium enterprises credit scheme. The N200billion had been earmarked solely for small and medium scale enterprises and it was 80% guaranteed by the Central Bank of Nigeria (CBN). The main objectives of this Credit Guarantee Scheme by the CBN are: to fast-track the development of SME/manufacturing sector of the economy by providing guarantees; set the pace for industrialization of the Nigerian economy, increase access to credit by promoters of SMEs and manufacturers; and generate employment.

Taking cognizance of the prevailing high interest rates and other sharp practices in banks and other traditional sources of finance, the governments of most developing countries have initiated various industrial credit programmes. Such programmes have the objectives of assisting small-scale entrepreneurs to increase their income and to improve their living standards. It is believed that these programmes are veritable tools for redistributing resources that would lead to the wealth creation of the small-scale entrepreneurs. The above considerations have led to the establishment and recognition of many institutional credit markets in Nigeria including the Bank of Industry, Microfinance banks, Co-operative Societies etc.

With this initiative, Nigeria's small businesses could be well-positioned to contribute substantially to the nation's economy by creating jobs that would go a long way in absorbing the army of the unemployed.

On the global scene, it is no longer news that many countries in the world are facing a recession. One way of getting a large percentage of the people to work is to empower small-scale enterprises. No doubt, this will go a long way in ameliorating the scourge of

unemployment, which is the underlying cause of armed robbery, kidnapping, prostitution, and other dangerous vices prevalent in the Nigerian economy today.

Businesses have been quick to respond to the gloomy outlook by cutting jobs. There seems to be a general credit squeeze in Nigeria with most banks refusing to lend. With a gloomy global economic outlook, Nigeria, a largely mono-product economy, saddled with an undisciplined political leadership, no doubt, offers little hope for businesses, large and small, if the current global recession does not abate soon.

Available literature shows that 50% of small businesses will fail within the first five years of their establishment (Keough, 2012). If able-bodied men and women go into small businesses to escape the harsh reality of present day Nigeria and a bulk of such enterprises fails within so short a time, this portends a big problem, social, economic, and psychological, for the country. The causes of these failures may be due to lack of requisite training or education, inaccessibility to capital, hiring of close relatives as staff, marital indiscipline (e.g. marrying several wives and having many children).

In spite of the challenges confronting small and medium scale enterprises (SMEs) in Nigeria, government realized the role of small and medium scale enterprises (SMEs) as the catalyst for economic growth and development through employment and their contribution to macro-economic development. It is therefore only proper to say government is making tremendous effort in ensuring that these challenges are tackled. This explains why, apart from the past effort by government, the emergence of democracy has also increased government effort since democracy is tied with economic development, (Omotola, 2008). Government in the past has established various support

institutions and reliefs measures aimed at enhancing and improving the capacity of small and medium scale enterprises (SMEs). Example of such includes specialized banks meant to offer investment credits and loans to improve the investment capacity of small and medium scale enterprises (SMEs). In addition, government also initiates regulatory and preferential laws as a measure of protection and offers preferential treatment to small and medium scale enterprises (SMEs) for the purpose of its improvement and development.

However and despite government effort in the past there is a renew support for small and medium scale enterprises since 1999; the government has since commence economic reform which small and medium scale enterprises (SMEs) are central to its objectives. The opportunity on the future of small and medium scale enterprises (SMEs) has started yielding result, because the economic reforms had shown evidence of improvement in the legal and regulatory environment, particularly regarding company registration, taxation, infrastructural improvement (especially telecommunication). The establishment of bank of industry (BOI), small and medium scale enterprises (SMEs) development agencies of Nigeria, the facilitation of small and medium scale enterprises equity investment scheme (SMIEIS) and other employment generation and poverty alleviation scheme at various levels of government. Such as National Economic Empowerment and Development Strategies (NEEDS at national level), (SEED- at state level) and (LEEDS at Local Government level).

As Onugu (2005), put it the economic reform programme would aid the creating and consolidation of existing small and medium scale enterprises (SMEs) because of its focus on income generating opportunities for the people (Onugu, 2005). Similarly, Omotola

(2008), views the current effort of government since 1999 towards revamping small and medium scale enterprises (SMEs) as a sustainable process capable of building the prospect of small and medium scale enterprises and a path to national recovery of the Nigeria railing economy.

While landing government effort, the organized private sector is also making a vital contribution in this direction. As Onugu (2005), observed the capital market driven by the Nigeria Stock Exchange (NSE) have not only been expanding its facilities, but also for cost effectiveness for small and medium scale enterprises (SMEs to access funds from the market. In 2005. during the commissioning of small and medium scale enterprises development agency of Nigeria (SMEDAN), the former president of Nigeria. Olusegun Obasanjo urged the Central Bank of Nigeria (CBN) to realize the objective of small and medium scale enterprise equity investment scheme (SMIEIS) which is expected to complement the development effort of financial institution in terms of loan assessment on a short and long-term basis for investment purposes. The current thrusts of the establishment SMESAN give some measure of optimism as it portrays government serious engagement and cultivation of small and medium scale enterprises. Currently the agency has completed a nation-wide survey on small and medium scale enterprises (SMEs) as basis of articulating ideas for micro, small and medium scale enterprises policy thrust. This policy thrust would aid in facilitating improvement and capacity building programme, support service and intervention for the small and medium scale enterprises (SMEs) in Nigeria.

At the international front, the globalization and current economic reforms which has liberalization, commercialization and privatization has its main component has also open

up vista for the small and medium scale enterprises (SMEs) and entrepreneurs. The liberalization of trade through world trade agreement has open-up opportunity to small and medium scale enterprises (SMEs) to access international market and the African growth opportunity act which offer incentives to exporter from African Countries to the United State of America (Onugu, 2005, Omotola, 2008). This international effort is further enhanced by Tony Blair Commission for Africa. In February 2005, the President of the Institutes of Directors Mrs. Benedicta Molokwu confined that the Tony Blair commission for Africa is to assists small and medium scale enterprises (SMEs) in Nigeria by creating access to loan and on lending through banks. In the same direction, the government through SMEDAN has also called the G8 to assist in providing an enabling environment for small business to thrive in Nigeria. In a paper titled Developing Africa's small and medium scale enterprises (SME) potential. "How G8 can do more to help Africa organized by the Africa business roundtable and Tony Blair Commission for Africa in Lagos".

There is no doubt that, if the current economic reform programme in Nigeria can be sustained, the capacity of small and medium scale enterprises (SMEs) would be enhanced and improved. This would no doubt have a positive effect for employment generations, wealth creation, and poverty alleviation

Gap in Literature

Based on the literature reviewed, it is evident that there have been concerted efforts globally in addressing the challenges of economic development, Nigeria inclusive. The general consensus in the literature is that government policy and inefficient conditions

hamper sustainable development efforts. In other words, these policies, particularly the policy shift from small scale to large scale as they often do not achieve the primary objective of enhancing economic development.

2.3 Theoretical Framework

Innovative growth theory

Modern scholars have always opined theories in studying and explaining contemporary social problems and phenomenon. However, it is important to state that there are number of theories of political economy but for the benefit of this research. Innovative growth theory was introduced by Joseph Alois Schumpeter (1883- 1950), primarily in his work "Theory of Economic Development", first published in 1911. Schumpeter introduced into the economics the term "innovation" and in a new way considered the significance of the entrepreneur in terms of economic growth (Lavrov and Kapoguzov, 2006). The starting point, according to Schumpeter, was condition of pure equilibrium or steady state of economy. According to his view, the engine of development was the changes in the economic sphere. They were due to various reasons (for example sudden discovery of new sources of supply), but the main was entrepreneurial innovation, which caused the development. The driving force of development in Schumpeter's theory is the businessman and entrepreneur, innovator, a creative person. He is characterized as being initiative, foresight and risky.

Monopoly, from the point of view of Schumpeter, is a positive thing, as it is achieved by the implementation of new combinations of factors of production, revolutionary changes in technology, in production technology, creation of new products, entering new markets,

and so on (Lavrov and Kapoguzov, 2006). Schumpeter described the nature of economic development as the “carrying out of new combinations”. which he defined rather widely as follows (Maddison, 1982):

- i. Introduction of new goods;
- ii. Introduction of new methods of production;
- iii. Opening a new market;
- iv. Conquest of a new supply of raw materials;
- v. New organization of an industry. These specific forms of economic changes he viewed as development.

Small and Medium business constitute the very foundation upon which the large businesses were built, however. small and medium have been identified differently by various individuals and organization such that an enterprise that is considered small and medium in one place is seen differently in another. Although, the pro-SME view argues that small firms are more innovative than large firms; the micro economic evidence is at best inconclusive. Examining US firms, Andretch (1987) find small firms have higher innovation rates in high technology, capital intensive industries. For a sample, Schiuardi (2001) study on European industries show a larger average firm size is associated with faster innovation rates. In developing countries, there is little R & D activity such that technology transfer from abroad and initiative drive productivity improvement Rosenberg (1976). Thus, from a developing countries perspective, the firm level evidence does not favour SME subsidization as a mechanism for boosting innovation and productivity growth. Consistent with theoretical argument outlined, emerging empirical evidence supports the view that firm size responds to National characteristic. Maksimonie (2002)

find that financially, more developed countries tend to have larger firms. They indicated that it is a means by which productive activities indigenously owned and controlled and it is a means by which productive resources and talents that might not otherwise be put into productive uses. This will at least reduce the unemployment menace which Nufakho (1998) said have reached an alarming proportion. Brian Levy (1993) explained that the study of entrepreneurship has relevance today, not only because it helps small business or entrepreneurs better fulfill their personal needs, but also because of the economic contribution of the new ventures. Brian Levy therefore sees SMEs as a positive force in Economic growth and development. He stresses further by summarizing the importance of SMEs to include ensuring rapid development, increased utilization of local resources and provision of a training ground for indigenous managers and semiskilled workers. reduction of the rural-urban drift, development of indigenous technology and raising the living standard of rural dwellers and so on. In fact, SMEs accounts for the economic development in most developed economies of the World today. It has helped in the balance of payment position of countries; it reduces over dependence on inputs relative to their capital investment.

Economic Theory of Entrepreneurship

This theory was propounded by David McClelland. The theorists here saw an entrepreneur as an agent of economic change. They argued that changes either in the environment or organization are a transformation that can occur as a result of the reaction of some economic forces. Economists assume that entrepreneurs behave rationally towards some economic forces (business opportunities, resources etc.) that result to change in environment in form of enterprise.

Entrepreneurship was seen as a process or positive event to every economic revolution. Without entrepreneurs, the other factors of production such as land, labour and capital cannot transform themselves into economic value (product and services). Theorists such as Knight, et al (1978) argued that: Entrepreneurs play a distinct role in the market system through their evaluation of factors of production. While consumers evaluate goods in use, entrepreneurs evaluate the productivity of goods towards generating value in use – they assess the value of the factors of production in generating value useful to consumers. Unlike other theories, economic theory placed values on each of the factors of the production and saw them as distinct economic agents in the production process.

Eniola (2014) and OECD (2004b, 2009, 2013) shows that c steps to prove the market-based economy like Nigeria got to understand some specific conditions to advance SME to create chances to arise in different sectors of the economic system and entrepreneur ventures. The outcomes of studies Adejugbe (2013); Nguyen, Alam, Perry, and Prajogo (2009); Sobri Minai and Lucky (2011) conjointly indicated that within the absence of durable, economic process in these countries transmutation economies, the Government should wrestle a vital part to creating those conditions. In summation, the previous studies emphasize that government policies cause an impression on SMEs exploit, linkages and networking so as to hitch forces and resources utilization (Harvie et al., 2010; Okpara, 2011).

Eniola and Ektebang (2014) and Okpara (2011) have established Government policy that appears to be more consistent in determining the public presentation of the SMEs. Onwukwe and Ifeanacho (2011) assert that the red-tape or costs for complying with government regulations are extremely high in Nigeria. Oji (2006) observed that Nigeria

has no explicit policy for the SMEs sector, the closest been the Small and medium Enterprises development Agency (SMEDAN), established in 2003 to facilitate the growth of the small and medium enterprises sector in the country. Also, it was argue that the poor implementation of government policies concerning SMEs had resulted in confusion and quandary in business decisions as well as enervates the credence in the government's capacity to execute conscientiously its programmes (Omoruyi & Okonofua, 2005). The inability of government to execute favourable policies and policy inconsistencies has undermined the development of SMEs in Nigeria. Akinbogun (2008) in his study examine the impact of infrastructure and Government policies on survival of small-scale ceramic industries in South-West of Nigeria, and found that infrastructural facilities and Government policies have not encouraged viable small scale ceramic industries in Nigeria. He noted that while Nigerian physical environment and people's culture have been favourable towards the business enterprises, infrastructural facilities and Government policies have not. This has serious implication for the business performance and survival in Nigeria.

Development strategists

This theory have advocated the aggressive use of small and medium scale Enterprises (SMEs) to accelerate economic growth, especially in developing countries of the world (Daodu,1997). Most African countries are basically agricultural societies, and as observed by Osinowo (1997), with little capital to invest, it seems obvious that the process of industrialization should be based on c the development of the SMEs to link agricultural production with manufacturing activities. According to Arewu and Adeyemi (2011), Small and Medium Enterprises have been considered as the engine of economic

growth, and that the major advantages of the SMEs is their employment potential at low capital cost. This is because the SMEs are relatively more labour-intensive than large enterprises. Furthermore, Aremu (2004), contends that the role SMEs play in any country is always in consonance with the country's level of development. Adeyemi and Badmus (2001), in agreement with Aremu (2004) that there is high incidence of poverty in Nigeria, argued that only adequate financing of small and medium scale enterprises will reduce Nigeria's unemployment level. On the belief that jobs can be massively created through the development of SMEs, Gunu (2004) and Aremu (2010) posit that finance to small and Medium Scale Enterprises will provide more income, savings and employment.

The need to promote the industrial sector has continued to be a major concern of most governments worldwide, especially developing countries like Nigeria. With the growth of SMEs. Olorunshore (2002) and Egban (2004), believed that the Nigerian economy will have the potential of being competitive in the global market. In recognition of these potential roles of SMEs, successive governments in Nigeria have continued to express policy measures and programme to achieve industrial growth and development.

However the study adopt the Innovative growth theory because of it ability in analyzing the entrepreneurial innovation of Small and Medium Scale Enterprise and economic development in Nasarawa State.

Relevance of the Theory

It offers the advantage of analyzing how interactions occur and also identify such interactions that could aid economic development. It also forces scholars and

practitioners in the field to be constantly aware of the element, phenomenon that hinders economic development.

Similarly, this theory also provide us with the analytical tool to ascertain whether or not government policy in the economic sector in Nigeria has contributed in encouraging small and medium scale enterprises and also promoting economic development.

Weakness of the Theory

The usefulness of the theory is however limited owing to several factors. It has been argued that, the model appears to be too simplistic to serve as a useful aid to understanding the interaction aid economic development. The theory also ignores an important element of the policy process, namely, that the policy makers have considerable potential in influencing the environment within which SMEs operate.

CHAPTER THREE

REASERCH METHODOLOGY

3.1 Research Design

This entails the range of approach used in the research to gather data, which can be used as the bases for inference and interpretation for prediction, thus is necessary in other to have clear and better understanding and presentation of data to achieve desired result. The research set out to be empirical by being mainly both qualitative and partly quantitative. It relies on survey method and the method of collecting data is both primary and secondary in nature.

3.2 Population, Sample Size and Sampling Techniques

The study covers three Local Governments in Nasarawa State, which include: Keffi, Akwanga and Keana respectively. Keffi (92,550), Akwanga (111,902), Keana (81,801) Population.

It is not possible to cover all the area selected for study. In order to determine the sample size of the participants to be drawn from the population in the three Local Governments, this study adopt Taro Yamane (1969) formula to get the size for the study. The researcher use simple random sampling method to get these participants.

In simple random sampling, there are specific elements, which satisfy some predetermined criteria are selected. Although the criteria to be used are usually a matter

of the researcher's judgment in relation to what he thinks constitute a representative sample with respect to the research purpose.

In order to determine the sample size of participants to be drawn from the 286253 in three selected area, Taro Yamane formula (1969) for a sample size.

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

Where

S=sample size to be determine

N=population of selected three (3) Local government from Nasarawa State (286253)

l=constant

E=Margin of tolerable error=5% will be converted to a whole number of 0.05 for conformity substituting in to the formula

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

From the equation

$$\frac{286253}{1+286253(0.05)^2}$$
$$\frac{286253}{1+286253(0.0025)}$$

$$\frac{286253}{1 + 286253 \times (0.0025)}$$

$$\frac{286253}{1722}$$

$$= 400$$

Therefore, the sampling size for the study is 400 respondents

Keffi	$\frac{400 \times 92550}{286253}$	= 129
Akwanga	$\frac{400 \times 111902}{286253}$	= 156
Keana	$\frac{400 \times 81801}{286253}$	= 115

Table 1: Table showing distribution of sample size

Local Government	Population	Sample Size
KEFFI L.G	92550	129
AKWANGA L.G	111902	156
KEANA	81,801	115
Grand Total	286253	400

Source: Field Survey 2018

3.3 Methods of Data Collection

In order to achieve the objectives of this study, the researcher used both primary and secondary sources of data. Primary data was sourced through the administering of questionnaire, while secondary data was obtained from textbooks, journals.

ii. Interview:

Personal Interview between the researcher and respondents conducted among the targeted population. The interview nature is to find out the nature and contribution of SMEs in Nasarawa State. A purposive sampling techniques of not more than ten (10) respondent's among these targeted group mostly senior staff in the ministry of commerce and industry, national directorate of employment and successive entrepreneurs. The method of collecting information was through a structured interview, a set of predetermined questions, mostly on SMEs and economic development in Nasarawa State.

3.4 Techniques for Data Analysis

Data collected from the survey was analyzed statistically using descriptive statistical method. Statistical tools such as table, frequencies and simple percentage was used in the analysis of both qualitative and quantitative data obtained. The quantitative data was further subjected to qualitative analysis through content analysis with a view to bringing out the thematic views of the respondent through verbatim quotation, forecasting, critiques and drawing conclusion from the discussion of every relevant information gather.

3.5 Justifications of the Study

The choice of sample size and sample technique for this study was informed by the need to extract relevant information that will assist to make informed findings and recommendation at the end of the research. The objective of utilizing random sampling techniques in this research is necessary because is capable of reducing the cost of research as well as reduction of extremely large population.

CHAPTER FOUR
DATA PRESENTATION AND ANALYSIS

4.1 Data Presentation

This chapter deals with presentation, interpretation and analysis of data generated from the field through questionnaire, and observation where data obtained from field survey are presented with the use of the simple percentage statistical method. The total sample size for this study was 400 questionnaires administered and 378 were completed and returned by respondents. However, the chapter focused on the rate of return response of questionnaires analysis and interpretation of respondent's profile and data presentation

4.2 Data Analysis and Results

Table 4.1: Sex of Respondents

Respondents	No. of Responses	Percentage
Male	199	52.65
Female	179	47.35
Total	378	100

Source: Field Survey, 2019.

From the table above, it is clearly seen that majority of the respondents were male representing 199 (52.65%) while the remaining 179 (47.35%) were female. This shows that more male respondents were available and ready to respond to our request.

Table 4.2: Age distribution of the respondents

Age of Respondents	No. of Responses	Percentage
18-25	60	15.87
26-35	93	24.60
36-45	167	44.18
46-55	38	10.05
55 and above	20	5.29
Total	378	100

Source: Field Survey, 2019.

From the above table, it is revealed that 60 (15.87%) of the respondents were within the age bracket of 18-25 years, 93 (24.60%) of the respondents were within the age bracket of 26-35 years, majority of the respondents 167 (44.18%) were in the age bracket of 36-45 years, 38 respondents representing 10.05% were in the age bracket of 46-55 years and the remaining 20 (5.29%) were in the age of 56 years and above.

Table 4.3: Marital Status of respondents

Variables	No. of Responses	Percentage
Single	123	32.54
Married	156	41.27
Divorced	56	14.82
Widowed/Widower	43	11.38
Total	378	100

Source: Field Survey, 2019.

Table 4.3 clearly shown that 123(32.54%) of the respondents were single. 156 (41.27%) were married, 56 (14.82%) were divorced, 43 (11.38%) of the respondents were widowed.

Table 4.4: Educational Qualification of respondents

Educational Qualification	No. of Responses	Percentage
SSCE	72	19.05
NCE/ND	102	26.98
HND/B.Sc	194	51.3
M.Sc/others	10	2.63
Total	378	100

Source: Field Survey, 2019.

From the above table, it is shown that 72 (19.05) have SSCE certificate, 102 (26.98%) of the respondents have NCE/ND qualification, 194 (51.3%) of the respondents have HND/B.Sc degree while the remaining 10 (2.65%) of the respondents have M.Sc and others. From these statistics, it can be observed that the respondents were educated enough to understand and comprehend the research focus.

Table 4.5: Occupation of the respondents

Occupation of Respondents	No. of Responses	Percentage
Public service	187	49.47
Private sector	68	18.00
Professional service	52	13.76
Informal sectors	36	9.52
Retirees	35	9.26
Total	378	100

Source: Field Survey, 2019.

From the analysis, it can be deduced that majority of the respondents were public service (which is proven by 187 (49.47%) of the total population, 68 (18.00%) of the respondents were private sector staff, 52 (13.76%) were professional service, 36 (9.52%) worked at informal sector while the remaining 35 (9.26%) were retiree staff.

Table 4.6: Identification of local government.

States of respondents	No. of Responses	Percentage
KEFFI L.G.A.	129	30.9
AKWANGA L.G.A.	155	40.00
KEANA L.G.A.	114	29.1
Total	378	100

Source: Field Survey, 2019.

From the table above majority of the respondents were from keffi local government area, which is proven by 129 respondents representing 30.90% of the total population, 155 respondents, representing 40.00% are from Akwanga local government area and the

remaining 114 respondents with 29.10% are from Keana local government area. This implies that the Akwanga local government area constitute the highest number of our respondents.

Table 4.7: The nature of the rural economy is in good condition in Nasarawa State

Opinion	No. of Responses	Percentage
Strongly Agreed	101	26.72
Agreed	69	18.25
Strongly Disagree	56	14.81
Disagree	67	17.73
Indifferent	85	22.49
Total	378	100

Source: Field Survey, 2019.

Table 4.7 revealed that 101 (26.72%) of the respondents strongly agreed that, the nature of the rural economy is in good condition in Nasarawa State has significantly improve. 69 (18.25%) agreed with the assertion, 56 (14.81%) respondents strongly disagreed with the assertion, 67 (17.73) disagreed. while the remaining 85 (22.49%) respondents are indifferent. 101 (26.72%) respondents which form the majority of the respondents that strongly agreed that the nature of the rural economy is in good condition in Nasarawa state has significantly improve, this view is in line with the view of Musgrave (2004) lends credence to the fact that the requirements for economic development in low-income nations include those needed for consistent economic growth as compared with highly developed nations.

Table 4.8: nature of small and medium scale enterprises on rural economic development in Nasarawa State

Opinion	No. of Responses	Percentage
Strongly Agreed	101	26.72
Agreed	85	22.49
Strongly Disagree	65	17.19
Disagree	60	15.88
Indifferent	67	17.72
Total	378	100

Source: Field Survey, 2019.

From the above table, 101 (26.72%) strongly agreed with the nature of small and medium scale enterprises on rural economic development in Nigeria, 85 (22.49%) agreed with it, 65 (17.19%) strongly disagreed with it, 60(15.88%) disagreed while 67 (17.72%) are indifferent.101 (26.72%) respondents which form the majority of the respondents that strongly agreed that small and medium scale enterprises has impacted on rural economic development in Nigeria, this view is in line with the view of Feldman (1989) by creating more employment they help mobilizing capital and human resources that would otherwise be left idle.

Corroborating this view an interview conducted with Mr. Samson O. he states that:

The solution for solving the problem of economic growth in Nasarawa State often resides in the performance of small-scale enterprise industries. Small-scale enterprises are widely recognized for their role in social, political and economic development. Their importance is apparent in its ability to provide reasonably priced goods, services, income and employment to the number of peoples. Since, micro and small-scale enterprise in Ethiopia, in Guraghe zone, Wolkite town also employs a huge population, there positive performance bring hope to the problem of unemployment in Nasarawa State.

Table 4.9: Government measures for the smooth operation of small enterprises and medium scale in Nasarawa state

Opinion	No. of Responses	Percentage
Strongly Agreed	92	24.34
Agreed	67	12.73
Strongly Disagreed	81	21.43
Disagreed	67	17.73
Indifferent	71	18.78
Total	378	100

Source: Field Survey, 2019.

From the table 4.9, 92 (24.34%) of the respondents strongly agreed that Government has put in measures for the smooth operation of small enterprises and medium scale in Nasarawa state, 67 (12.73%) agreed, 81 (21.43%) strongly disagreed with the assertion, 67 (17.73%) disagreed with the assertion, while 71 (18.78%) respondents were indifferent.

Corroborating this view an interview was conducted with the Zonal Coordinator of NDE in Lafia, he stated that:

Small businesses irrefutably remain critical to the development of any nation's economy as they are an excellent, source of employment generation, help in development of local technology, and develop indigenous entrepreneurs The importance of small businesses to the citizens' standard of living and the nation's general growth cannot be overemphasised. Even co-existence of large-scale industries is seen as dependent on the activities of small businesses however, small businesses in Nigeria have not been able to add value to the economy due to many challenges confronting their operations. It is important to note that an increasing amount of development plans that have been inaugurated by successive government in Nigeria to empower small businesses have not lived to their expectations.

Table 4.10: Poor power supply, capital and insecurity are some of the main challenged facing small and medium scale enterprise in Nasarawa State.

Opinion	No. of Responses	Percentage
Strongly Agreed	152	40.21
Agreed	73	19.31
Strongly Disagreed	54	14.29
Disagreed	51	13.49
Indifferent	48	12.70
Total	378	100

Source: Field Survey, 2019.

From table 4.10 above, 152 (40.21%), strongly agreed that Poor power supply, capital and insecurity are some of the main challenged facing small and medium scale enterprise in Nasarawa state. 73 (19.31%). agree, 54 (14.29%), strongly disagreed 51 (13.49%) disagree respectively. While remaining 48 respondents (12.70%) are indifferent.

152 (40.21%) respondents which form the majority of the respondents that strongly agreed that small and medium scale enterprises has impacted on rural economic development in Nigeria, this view is in line with the view of Akpata (1990) he stated that the early stage of financing is usually the most difficult and costly to obtain while start-up capital is involved in determines if commercial sales are feasible. No business idea can ever surface without fund.

Table 4.11. Consumers' preference to imported goods adversely affects the establishment of small-scale enterprise in Nigeria.

Opinion	No. of Responses	Percentage
Strongly Agreed	98	25.93
Agreed	103	27.25
Strongly Disagreed	87	23.02
Disagreed	82	21.69
Indifferent	8	2.12
Total	378	100

Source: Field Survey, 2019.

The responses in the table 4.11 above show that 98 respondents representing 25.93% strongly agreed that Consumer, s preference to imported goods adversely affects the establishment of small-scale enterprise in Nigeria.103 respondents representing 27.25% agreed. 87 respondents representing 23.02 strongly disagreed. 82 (21.69%) disagreed respectively, while 8 respondents representing 2.12% were indifferent.

Table 4.12: Measures government can take to encourage small and medium scale enterprises in Nasarawa State.

Opinion	No. of Responses	Percentage
Strongly Agreed	187	49.42
Agreed	68	18.01
Strongly Disagreed	52	13.75
Disagreed	36	9.52
Indifferent	36	9.26
Total	378	100

Source: Field Survey, 2019.

The findings in the above table 4.12 shows that 187 respondents representing (49.42%) strongly agreed there are measures government can take to encourage small and medium scale enterprises in Nasarawa state, 68 (18.01%) agreed respectively, 52 representing 13.75% strongly disagreed and 36(9.52%) respondents disagreed. However, 36 respondents representing 9.26%) were indifferent.

In an interview conducted with Mal. Adamu Abubakar he states that:

The contribution of SMEs to the Nigerian economy is still very small and negligible when compared with other countries such as the Asian tigers. The SMEs in Nigeria still face a lot of problems ranging from financing to survival. The government has made a lot of efforts to ensure that the SMEs are given a helping hand to complement the modern day industrial structure like other developing nations of the world. Over the years, there have been serious divergent opinions as to what should be an appropriate policy to develop for Nigerian SMEs. In the recent times, the government merged the Nigerian Industrial Development Bank (NIDB), Nigerian Bank for Commerce and Industry (NBCI) and Nigerian Economic Reconstruction Fund (NERFUND) to form the Bank of Industry (BOI); all in the effort to assist SMEs in Nigeria. The government also established the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) as coordinating and

regulatory agency for SMEs sector. The government also went ahead to establish the National Guarantee Scheme for the collateral for SMEs so as to reduce the risk of financing. The Small and Medium Enterprises Equity Investment Scheme (SMEIS) was set up in 2001 by the Bankers Committee which was a response to government overture that banks should device ways of funding SMEs in Nigeria and despite all this effort by the government the challenges still persist.

Table 4.13 Challenges facing small enterprises and medium scale in Nasarawa State

Opinion	No. of Responses	Percentage
Strongly Agreed	165	43.65
Agreed	97	25.66
Strongly Disagreed	100	26.45
Disagreed	10	2.65
Indifferent	6	1.59
Total	378	100

Source: Field Survey, 2019.

From the table 4.13 above, 165 representing (43.65%) of the respondents strongly agreed, there are challenges facing small enterprises and medium scale in Nasarawa State 97 (25.66%) agreed, 100 (26.45%) said they strongly disagreed, 10 (2.63%) disagree, while the remaining 6 (1.59%) were indifferent.

Corroborating this view an interview was conducted with the managing director of Emmilson Nigeria Limited Mr. Emmanuel Godwin he states that:

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 559.13 million naira, only 18 per cent (1,470 projects) for a total of 46.66 million naira was disbursed. Majority of SMEs in Nigeria, having been harassed or merely tolerated by government and scorned by the formal

financial institutions with respect to access to credit, have resorted to alternative sources of financing among the informal financial institutions.

Table 4.14: Provision of basic infrastructures such as power supply. is one of the measures to be put in place for the smooth operation of small and medium scale enterprise in Nasarawa State.

Opinion	No. of Responses	Percentage
Strongly Agreed	193	51.06
Agreed	96	25.40
Strongly Disagreed	52	13.76
Disagreed	16	4.23
Indifferent	21	5.56
Total	378	100

Source: Field Survey, 2019.

From the above table 4.14, 193 (51.06%) strongly agreed that Provision of basic infrastructures such as power supply, is one of the measures to be put in place for the smooth operation of small and medium scale enterprises in Nasarawa State, 96 (25.40%) agreed with it. 52 (13.76%) strongly disagreed, 16 (4.23%) disagreed, 21 (5.56%) were indifferent.

Table 4.15: Problems of establishing small business enterprises in Nasarawa State

Opinion	No. of Responses	Percentage
Poor power supply	123	32.54
Capital	92	24.34
Insecurity	92	24.34
Foreign goods	65	17.20
Lack of ideas	6	1.59
Total	378	100

Source: Field Survey, 2019.

From the table above 4.15, 123 respondents representing (32.54%) strongly agreed that poor power supply are some of the problems of establishing small business enterprises in Nigeria, while, 92 (24.34%) capital , 92 (24.34%) insecurity, 65 of the respondents (17.20%) foreign goods, while 6 (1.59%) lack of ideas.

An interview conducted with Mal. Idris Usman he was of the opinion that:

Every business enterprise whether profit oriented or non-profit oriented is affected by the economic environment and it support in various ways. For instance, the issue of capital: virtually every organization needs capital, machinery, building, office equipment, tools and cash. While some organizations may produce the needed capital themselves, others may need to generate cash to purchase the capital items. This implies that all businesses are dependent on the availability and prices of these items. While some societies are endowed with natural resources, others may not be as lucky. The issue of funding and its availability is of paramount importance to the performance and survival of SMEs.

Tables 4.16 Measures government can put in to encourage small and medium scale enterprises in Nasarawa State

Opinion	No. of Responses	Percentage
Provision of electricity	76	20.11
Water	79	20.37
Capital	79	20.90
Good road network	80	21.16
Communication network	66	17.46
Total	378	100

Source: Field Survey, 2019.

From the table above 4.16, 76 (20.11%), provision of electricity, 79(20.37%) water respectively, 79 (20.90%), capital, 80(21.16) good road network respectively while 66 (17.46%) chose communication network.

Table 4.17: Nasarawa State indigenes benefit from government programme such as SMSE.

Opinion	No. of Responses	Percentage
Strongly Agreed	109	28.84
Agreed	81	21.42
Strongly Disagreed	72	19.05
Disagreed	97	25.67
Indifferent	19	5.03
Total	378	100

Source: Field Survey, 2019.

From the 4.17 above respondents, 109 respondents representing (28.84%) strongly agreed that Nasarawa State indigenes would benefit from government programme such as SMSE. 81(21.42%) Agreed with the assertion, 72(19.05%) strongly disagreed, 97(25.67%) Disagreed while 19 respondents representing (5.03%) were indifferent.

Table 4.18: How would you rate the performance of SMEs in Nasarawa State

Opinion	No. of Responses	Percentage
Strongly Agreed	109	28.84
Agreed	81	21.42
Strongly Disagreed	72	19.05
Disagreed	97	25.67
Indifferent	19	5.03
Total	378	100

Source: Field Survey, 2019.

From the 4.18 above respondents, 109 respondents representing (28.84%) strongly agreed that with the performance of SMEs in Nasarawa State 81(21.42%) Agreed with the assertion, 72(19.05%) strongly disagreed, 97(25.67%) Disagreed while 19 respondents representing (5.03%) were indifferent.

Table 4.19: What do you think can be done to stimulate and enhance the smooth operation of SMEs in Nasarawa State

Opinion	No. of Responses	Percentage
Provision of Amenities	76	20.11
Market	79	20.37
Capital	79	20.90
Provision of Soft Loans	80	21.16
Entrepreneurial Education	66	17.46
Total	378	100

Source: Field Survey, 2019.

From the table above 4.19, 76 (20.11%), provision of amenities, 79(20.37%) market respectively, 79 (20.90%), capital, 80(21.16) Provision of soft loan respectively while 66 (17.46%) were of the view that entrepreneurial education should be promoted.

Table 4.20: Do you think the Government or CBN should play any role to enhance smooth operation of SMEs in Nasarawa State?

Opinion	No. of Responses	Percentage
Strongly Agreed	109	28.84
Agreed	81	21.42
Strongly Disagreed	72	19.05
Disagreed	97	25.67
Indifferent	19	5.03
Total	378	100

Source: Field Survey, 2019.

From table 4.20 above respondents, 109 respondents representing (28.84%) strongly agreed that Government or CBN should play any role to enhance smooth operation of SMEs in Nasarawa State 81(21.42%) Agreed with the assertion, 72(19.05%) strongly disagreed, 97(25.67%) Disagreed while 19 respondents representing (5.03%) were indifferent.

Corroborating this view an interview was conducted with Mr. Bala Moses he states that:

Entrepreneurial deficiencies often pose more problems than is usually appreciated. The underlying attitudes and dispositions of entrepreneurs, which have deep roots in the traditional socio-cultural system, can seriously impede development of the entrepreneurial characteristics necessary for good performance of Nigerian SMEs. The availability of and accessibility to credit is also crucial to the effectiveness of SMEs in Nasarawa State. For local people to generate income from productive activities requires credit, especially to stimulate traditional heavily under-capitalized local enterprises. Availability of credit, more than any other service, awakens the aspirations of potential entrepreneurs.

Table 4.21: Any Suggestions on what you think can be done to improve the lot of SMEs in Nasarawa State.

Opinion	No. of Responses	Percentage
Infrastructural facilities	76	20.11
Soft Loans	79	20.37
Capital	79	20.90
Business Friendly policies	80	21.16
Tax Waiver	66	17.46
Total	378	100

Source: Field Survey, 2019.

From the table above 4.21, 76 (20.11%), were of the view that government should make available infrastructural facilities, 79(20.37%) were of the view that government should make available Soft Loans, 79 (20.90%), were of the view that government should make available capital to enable entrepreneurs have access to funds to start their business, 80(21.16) were of the view that government should make business friendly policies to improve SMEs in Nasarawa State while 66 (17.46%) were of the view that government should Grant tax waiver to SMEs to improve small business in Nasarawa State

Table 4.22: What relationship exists between provision of human capacity building programs by government and the development of SMEs in Nasarawa State?

Opinion	No. of Responses	Percentage
Strongly Agreed	193	51.06
Agreed	96	25.40
Strongly Disagreed	52	13.76
Disagreed	16	4.23
Indifferent	21	5.56
Total	378	100

Source: Field Survey, 2019.

From the above table 4.22, 193 (51.06%) strongly agreed that relationship exists between provision of human capacity building programs by government and the development of SMEs in Nasarawa State, 96 (25.40%) agreed with it, 52 (13.76%) strongly disagreed. 16 (4.23%) disagreed. while 21 (5.56%) were indifferent.

Table 4.23: What impact does provision of financial support by government have on the development of SMEs in Nasarawa state?

Opinion	No. of Responses	Percentage
Strongly Agreed	109	28.84
Agreed	81	21.42
Strongly Disagreed	72	19.05
Disagreed	97	25.67
Indifferent	19	5.03
Total	378	100

Source: Field Survey, 2019.

From the 4.23 above respondents, 109 respondents representing (28.84%) strongly agreed that provision of financial support by government have impacted on the development of

SMEs in Nasarawa state? 81(21.42%) Agreed with the assertion, 72(19.05%) strongly disagreed, 97(25.67%) Disagreed while 19 respondents representing (5.03%) were indifferent.

Table 4.24: What can be done to improve the performance of SME s in Nigeria generally to enable them play a major role in rural economic development in Nasarawa State?

Opinion	No. of Responses	Percentage
Strongly Agreed	109	28.84
Agreed	81	21.42
Strongly Disagreed	72	19.05
Disagreed	97	25.67
Indifferent	19	5.03
Total	378	100

Source: Field Survey, 2019.

From the 4.24 above respondents, 109 respondents representing (28.84%) strongly agreed that the performance of SME s in Nigeria can be improve by enable the SMEs play a major role in rural economic development 81(21.42%) Agreed with the assertion, 72(19.05%) strongly disagreed, 97(25.67%) Disagreed while 19 respondents representing (5.03%) were indifferent.

An interview was conducted with Mr. Ibrahim Abdullahi he states that:

Lack of access to external finance and weak capital base, inexperience in the field of business, particularly lack of technical knowledge plus inadequate managerial skills, lack of planning and lack of market research are the cause of small and medium scale enterprises failure. Sufficient financial resources are also required for the firms to make a continuous investment in terms of employee training and education, and to initiate any innovation process in an effort to sustain their competitive advantage. It is said that the performance of enterprise depends on the type of industry and

country it operates. The contribution of small and medium scale enterprises to development are generally acknowledged. Small businesses tend to have a higher failure rate as compared to large organizations, although they are commonly perceived as an engine of a country's economy.

In Malaysia, it was found that higher number of small and medium-sized enterprises (SMEs) indicated a worse performance in the first quarter of 2016 as compared to 2015. Many failure of SMEs reveal that fire-fighting mentality, resource limitations, informal strategies, flexible structures, and lack of strategic planning processes have contributed to their failures (Gnizy et al., 2014).

Table 4.25: To what extent has provision of infrastructural support programs by government influenced the development of SMEs in Nasarawa state

Opinion	No. of Responses	Percentage
Strongly Agreed	165	43.65
Agreed	97	25.66
Strongly Disagreed	100	26.45
Disagreed	10	2.65
Indifferent	6	1.59
Total	378	100

Source: Field Survey, 2019.

From the table 4.25 above, 165 representing (43.65%) of the respondents strongly agreed, that provision of infrastructural support programs by government influenced the development of SMEs in Nasarawa state 97 (25.66%) agreed, 100 (26.45%) strongly disagreed, 10 (2.63%) disagree, while the remaining 6 (1.59%) were indifferent.

Table 4.26: Impact of Government Support on Small and Medium Enterprises development in Nasarawa state

Opinion	No. of Responses	Percentage
Strongly Agreed	101	26.72
Agreed	85	22.49
Strongly Disagree	65	17.19
Disagree	60	15.88
Indifferent	67	17.72
Total	378	100

Source: Field Survey, 2019.

From the above table, 101 (26.72%) strongly agreed that they feel the impact of government support on small and medium scale enterprises on rural economic development in Nasarawa State, 85 (22.49%) agreed with it, 65 (17.19%) strongly disagreed with it, 60(15.88%) disagreed while 67 (17.72%) are indifferent. 101 (26.72%) respondents which form the majority of the respondents that strongly agreed that government support on small and medium scale enterprises has impacted on rural economic development in Nasarawa State, this view is in line with the view of Feldman (1989) by creating more employment they help mobilizing capital and human resources that would otherwise be left idle.

Table 4.27: The Growth and Development of Small and Medium Enterprises in Nasarawa State will be elevated if the Banking Sector comes into play

Opinion	No. of Responses	Percentage
Strongly Agreed	165	43.65
Agreed	97	25.66
Strongly Disagreed	100	26.45
Disagreed	10	2.65
Indifferent	6	1.59
Total	378	100

Source: Field Survey, 2019.

From the table 4.27 above, 165 representing (43.65%) of the respondents strongly agreed, that The Growth and Development of Small and Medium Enterprises in Nasarawa state will be elevated if the Banking Sector comes into play 97 (25.66%) agreed, 100 (26.45%) strongly disagreed, 10 (2.63%) disagree, while the remaining 6 (1.59%) were indifferent.

Table 4.28: Small and Medium Enterprises has a significant relationship with the Economic Growth and Development in Nasarawa State

Opinion	No. of Responses	Percentage
Strongly Agreed	193	51.06
Agreed	96	25.40
Strongly Disagreed	52	13.76
Disagreed	16	4.23
Indifferent	21	5.56
Total	378	100

Source: Field Survey, 2019.

From the above table 4.28, 193 (51.06%) strongly agreed that Small and Medium Enterprises has a significant relationship with the Economic Growth and Development in Nasarawa State, 96 (25.40%) agreed with it, 52 (13.76%) strongly disagreed, 16 (4.23%) disagreed, while 21 (5.56%) were indifferent.

Table 4.29: Baking Sector Are Willing to Assist SME's through Lower Interest Rates in Nasarawa State

Opinion	No. of Responses	Percentage
Strongly Agreed	92	24.34
Agreed	67	12.73
Strongly Disagreed	81	21.43
Disagreed	67	17.73
Indifferent	71	18.78
Total	378	100

Source: Field Survey, 2019.

From the table 4.29, 92 (24.34%) of the respondents strongly agreed that baking sector are willing to assist SME's through lower interest rates in Nasarawa state, 67 (12.73%) agreed, 81 (21.43%) strongly disagreed with the assertion, 67 (17.73%) disagreed with the assertion, while 71 (18.78%) respondents were indifferent.

Table 4.30: Loans Granted by Banking Sector have accelerated the Development of SME's in Nasarawa State

Opinion	No. of Responses	Percentage
Strongly Agreed	165	43.65
Agreed	97	25.66
Strongly Disagreed	100	26.45
Disagreed	10	2.65
Indifferent	6	1.59
Total	378	100

Source: Field Survey, 2019.

From the table 4.13 above, 165 representing (43.65%) of the respondents strongly agreed, that Loans Granted by Banking Sector have accelerated the Development of SME's in Nasarawa State 97 (25.66%) agreed, 100 (26.45%) said they strongly disagreed, 10 (2.63%) disagree, while the remaining 6 (1.59%) were indifferent.

Table 4.31: Banking Sector gives sufficient loans/credits for SME's development in Nasarawa State

Opinion	No. of Responses	Percentage
Strongly Agreed	101	26.72
Agreed	85	22.49
Strongly Disagree	65	17.19
Disagree	60	15.88
Indifferent	67	17.72
Total	378	100

Source: Field Survey, 2019.

From the above table, 101 (26.72%) strongly agreed that Banking Sector gives sufficient loans/credits for SME's development in Nasarawa State, 85 (22.49%) agreed with it, 65 (17.19%) strongly disagreed with it, 60(15.88%) disagreed while 67 (17.72%) are indifferent.101 (26.72%) respondents which form the majority of the respondents that strongly agreed that Banking Sector gives sufficient loans/credits for SME's development in Nasarawa State

Table 4.32: Accelerated economic growth and development is linked to improving the quality of life in Nasarawa State.

Opinion	No. of Responses	Percentage
Strongly Agreed	193	51.06
Agreed	96	25.40
Strongly Disagreed	52	13.76
Disagreed	16	4.23
Indifferent	21	5.56
Total	378	100

Source: Field Survey, 2019.

From the above table 4.28, 193 (51.06%) strongly agreed that Accelerated economic growth and development is linked to improving the quality of life in Nasarawa State, 96 (25.40%) agreed with it, 52 (13.76%) strongly disagreed, 16 (4.23%) disagreed, while 21 (5.56%) were indifferent.

Table 4.33: The economy depends on its working population for economic growth and development in Nasarawa State

Opinion	No. of Responses	Percentage
Strongly Agreed	165	43.65
Agreed	97	25.66
Strongly Disagreed	100	26.45
Disagreed	10	2.65
Indifferent	6	1.59
Total	378	100

Source: Field Survey, 2019.

From the table 4.27 above, 165 representing (43.65%) of the respondents strongly agreed, that The economy depends on its working population for economic growth and development in Nasarawa State 97 (25.66%) agreed, 100 (26.45%) strongly disagreed, 10 (2.63%) disagree. while the remaining 6 (1.59%) were indifferent.

Table 4.34: Small and medium scale enterprises contribute to global economic growth and development

Opinion	No. of Responses	Percentage
Strongly Agreed	92	24.34
Agreed	67	12.73
Strongly Disagreed	81	21.43
Disagreed	67	17.73
Indifferent	71	18.78
Total	378	100

Source: Field Survey, 2019.

From the table 4.29, 92 (24.34%) of the respondents strongly agreed that Small and medium scale enterprises contribute to global economic growth and development, 67

(12.73%) agreed, 81 (21.43%) strongly disagreed with the assertion, 67 (17.73%) disagreed with the assertion, while 71 (18.78%) respondents were indifferent.

Table 4.35: The role of enabling environment on sustainable employment generation should be re-echoed in Nasarawa State

Opinion	No. of Responses	Percentage
Strongly Agreed	165	43.65
Agreed	97	25.66
Strongly Disagreed	100	26.45
Disagreed	10	2.65
Indifferent	6	1.59
Total	378	100

Source: Field Survey, 2019.

From the table 4.13 above, 165 representing (43.65%) of the respondents strongly agreed, that the role of enabling environment on sustainable employment generation should be re-echoed 97 (25.66%) agreed, 100 (26.45%) said they strongly disagreed, 10 (2.63%) disagree, while the remaining 6 (1.59%) were indifferent.

Table 4.36: Sustainable employment generation solve socio-economic problem inherent in Nasarawa State

Opinion	No. of Responses	Percentage
Strongly Agreed	193	51.06
Agreed	96	25.40
Strongly Disagreed	52	13.76
Disagreed	16	4.23
Indifferent	21	5.56
Total	378	100

Source: Field Survey, 2019.

From the above table 4.28, 193 (51.06%) strongly agreed that Sustainable employment generation solve socio-economic problem inherent in Nasarawa State, 96 (25.40%) agreed with it, 52 (13.76%) strongly disagreed, 16 (4.23%) disagreed, while 21 (5.56%) were indifferent.

Table 4.37: The youth should be encouraged to develop and nurture entrepreneurial spirit in Nasarawa State

Opinion	No. of Responses	Percentage
Strongly Agreed	165	43.65
Agreed	97	25.66
Strongly Disagreed	100	26.45
Disagreed	10	2.65
Indifferent	6	1.59
Total	378	100

Source: Field Survey, 2019.

From the table 4.27 above, 165 representing (43.65%) of the respondents strongly agreed, that The youth should be encouraged to develop and nurture entrepreneurial spirit in Nasarawa state will be elevated if the Banking Sector comes into play 97 (25.66%) agreed, 100 (26.45%) strongly disagreed, 10 (2.63%) disagree, while the remaining 6 (1.59%) were indifferent.

Table 4.38: Entrepreneurship reduces poverty and improve standard of living in Nasarawa State

Opinion	No. of Responses	Percentage
Strongly Agreed	101	26.72
Agreed	85	22.49
Strongly Disagree	65	17.19
Disagree	60	15.88
Indifferent	67	17.72
Total	378	100

Source: Field Survey, 2019.

From the above table, 101 (26.72%) strongly agreed that Entrepreneurship reduces poverty and improve standard of living in Nasarawa State, 85 (22.49%) agreed with it, 65 (17.19%) strongly disagreed with it, 60(15.88%) disagreed while 67 (17.72%) are indifferent.101 (26.72%) respondents which form the majority of the respondents that strongly agreed that Entrepreneurship will reduces poverty and improve standard of living in Nasarawa State

Table 4.39: Youth employment reduces social vices in the economy of Nasarawa State

Opinion	No. of Responses	Percentage
Strongly Agreed	165	43.65
Agreed	97	25.66
Strongly Disagreed	100	26.45
Disagreed	10	2.65
Indifferent	6	1.59
Total	378	100

Source: Field Survey, 2019.

From the table 4.13 above, 165 representing (43.65%) of the respondents strongly agreed, Youth employment reduces social vices in the economy of Nasarawa State 97 (25.66%) agreed, 100 (26.45%) said they strongly disagreed, 10 (2.63%) disagree, while the remaining 6 (1.59%) were indifferent.

Table 4.40: Giving of right focus to the youth welfare prevent crime and other social vices in Nasarawa State

Opinion	No. of Responses	Percentage
Strongly Agreed	92	24.34
Agreed	67	12.73
Strongly Disagreed	81	21.43
Disagreed	67	17.73
Indifferent	71	18.78
Total	378	100

Source: Field Survey, 2019.

From the table 4.29, 92 (24.34%) of the respondents strongly agreed that Giving of right focus to the youth welfare prevent crime and other social vices in Nasarawa State, 67 (12.73%) agreed, 81 (21.43%) strongly disagreed with the assertion. 67 (17.73%) disagreed with the assertion, while 71 (18.78%) respondents were indifferent.

Table 4.41: The youth can enhance sustainable economy development of Nasarawa State

Opinion	No. of Responses	Percentage
Strongly Agreed	101	26.72
Agreed	85	22.49
Strongly Disagree	65	17.19
Disagree	60	15.88
Indifferent	67	17.72
Total	378	100

Source: Field Survey, 2019.

From the above table, 101 (26.72%) strongly agreed that The youth can enhance sustainable economy development of Nasarawa State, 85 (22.49%) agreed with it, 65 (17.19%) strongly disagreed with it, 60(15.88%) disagreed while 67 (17.72%) are indifferent.101 (26.72%) respondents which form the majority of the respondents that strongly agreed that The youth can enhance sustainable economy development of Nasarawa State.

Table 4.42: Entrepreneurship can promote industrial and technological growth in Nasarawa State

Opinion	No. of Responses	Percentage
Strongly Agreed	165	43.65
Agreed	97	25.66
Strongly Disagreed	100	26.45
Disagreed	10	2.65
Indifferent	6	1.59
Total	378	100

Source: Field Survey, 2019.

From the table 4.13 above, 165 representing (43.65%) of the respondents strongly agreed, that Entrepreneurship can promote industrial and technological growth in Nasarawa State 97 (25.66%) agreed, 100 (26.45%) said they strongly disagreed, 10 (2.63%) disagree, while the remaining 6 (1.59%) were indifferent.

Table 4.43: Promotion of SMEs and improvement will enhance employment generation in Nasarawa State

Opinion	No. of Responses	Percentage
Strongly Agreed	193	51.06
Agreed	96	25.40
Strongly Disagreed	52	13.76
Disagreed	16	4.23
Indifferent	21	5.56
Total	378	100

Source: Field Survey, 2019.

From the above table 4.28, 193 (51.06%) strongly agreed that Promotion of SMEs and improvement will enhance employment generation in Nasarawa State, 96 (25.40%) agreed with it, 52 (13.76%) strongly disagreed, 16 (4.23%) disagreed, while 21 (5.56%) were indifferent.

Table 4.44: Unemployment is detrimental to economic growth and development in Nasarawa State

Opinion	No. of Responses	Percentage
Strongly Agreed	109	28.84
Agreed	81	21.42
Strongly Disagreed	72	19.05
Disagreed	97	25.67
Indifferent	19	5.03
Total	378	100

Source: Field Survey, 2019.

From the 4.23 above respondents, 109 respondents representing (28.84%) strongly agreed Unemployment is detrimental to economic growth and development I Nasarawa State 81(21.42%) Agreed with the assertion, 72(19.05%) strongly disagreed, 97(25.67%) Disagreed while 19 respondents representing (5.03%) were indifferent.

Table 4.45: Youth unemployment increases the dependent ratio in the economy of Nasarawa State

Opinion	No. of Responses	Percentage
Strongly Agreed	101	26.72
Agreed	85	22.49
Strongly Disagree	65	17.19
Disagree	60	15.88
Indifferent	67	17.72
Total	378	100

Source: Field Survey, 2019.

From the above table, 101 (26.72%) strongly agreed that Youth unemployment increases the dependent ratio in the economy of Nasarawa State, 85 (22.49%) agreed with it, 65 (17.19%) strongly disagreed with it, 60(15.88%) disagreed while 67 (17.72%) are indifferent.101 (26.72%) respondents which form the majority of the respondents that strongly agreed that Youth unemployment increases the dependent ratio in the economy of Nasarawa State.

Table 4.46: Small and medium scale enterprises and sustainable development of the Nasarawa State economy are related

Opinion	No. of Responses	Percentage
Strongly Agreed	165	43.65
Agreed	97	25.66
Strongly Disagreed	100	26.45
Disagreed	10	2.65
Indifferent	6	1.59
Total	378	100

Source: Field Survey, 2019.

From the table 4.13 above, 165 representing (43.65%) of the respondents strongly agreed, Small and medium scale enterprises and sustainable development of the Nasarawa State economy are related 97 (25.66%) agreed, 100 (26.45%) said they strongly disagreed, 10 (2.63%) disagree, while the remaining 6 (1.59%) were indifferent.

Table 4.47: The youth occupies a pivotal role in national economic development through Small and Medium Scale Enterprise

Opinion	No. of Responses	Percentage
Strongly Agreed	101	26.72
Agreed	85	22.49
Strongly Disagree	65	17.19
Disagree	60	15.88
Indifferent	67	17.72
Total	378	100

Source: Field Survey, 2019.

From the above table, 101 (26.72%) strongly agreed that The youth occupies a pivotal role in national economic development through Small and Medium Scale Enterprise, 85 (22.49%) agreed with it, 65 (17.19%) strongly disagreed with it, 60(15.88%) disagreed while 67 (17.72%) are indifferent.101 (26.72%) respondents which form the majority of the respondents that strongly agreed that The youth occupies a pivotal role in national economic development through Small and Medium Scale Enterprise

4.3 Discussion of Findings

This section discusses the result from the data analysis carried out in the proceeding section. Several issues were examined under the subject matter of this study as the relate to small and medium scale enterprises and rural economic development in Nasarawa State (2010-2017).

The existence and operation of small and medium scale enterprises make it possible to produce goods that are locally manufactured instead of obtaining such good from

foreign countries. This saves Nigeria the foreign exchange that would have been spent in acquiring such good from abroad. The small scale enterprises also encourage technical innovation. More than half of the major technological innovations in the nation originated from individual investors and small business as shown in table 4.7, table 4.8, table 4.27 and table 4.28 respectively

The above result is not far from the work of Balogun, (2004), Small scale enterprises are small in size and so the owners try to put more effort to improve their skills to attract more customers. The promotion of small scale enterprises in the country can assist in providing a lasting solution to the current problem of spatial imbalance in the distribution of industries between the rural and urban areas and thus check the rural-urban migration which is heightening social tension in the big cities.

The findings revealed that they people feel the impact of small and medium scale enterprises on rural economic development in Nasarawa State as shown in table 4.8, table 4.17, table 4.8, table 4.26 and table 4.28 respectively.

According to Feldman (1989) by creating more employment SMEs has help mobilizing capital and human resources that would otherwise be left idle. Some small businesses no doubt, provide certain distinct services that in most cases may not be matched success of large businesses. Implicitly, if the small businesses would largely find themselves over saddled with a myriad of activities that they would only be able to manage minimally. The role of small-scale businesses in the development of Nigeria economy has made it very possible for firms to depend less on imported goods or materials. They often rather depend on locally made machines and local raw materials as inputs. One can buttress

this point further by the fact that non-dependence of small businesses on imported raw materials as inputs leads to a reduction in the demand of foreign raw materials thereby saving the foreign exchange earnings of the nation. Worthy of mention also is the advantage of solving payment problems because of less dependence on imported inputs. This has an attendant blessing of creating an interest in the promotion of homemade products. In this way, small business ventures generate revenues and strengthen the Nigeria economy.

The small scale enterprises also serve as sources of revenue generation in the local areas of their operation as the owners pay tax based on the size volume and nature of their business. The establishment of small scale enterprises leads to upward growth of the Gross Domestic Product (GDP), National Income and Per-capita Income thereby bringing an increase in the average standard of living of the people.

The findings also revealed that Poor power supply, capital and insecurity are some of the main challenges facing small and medium scale enterprise in Nasarawa state and as such government must make more effort in providing this basic infrastructures for the smooth operation of small and medium scale enterprise in Nasarawa State. According to Akpata (1990) The early stage financing is usually the most difficult and costly to obtain. There are two types of financing at this stage. Seed capital and startup capital. Seed capital is relatively small amount of fund needed to prove concept and finance feasibility study. It is the most difficult to obtain because the venture capitalist is usually not interested at this level of funding. While start-up capital is involved in determines if commercial sales are feasible. It is also very difficult to obtain. No good business ideas can ever surface without fund.

The result is also in line with work of Obitayo, (2001) Arguably, the Nigerian economy has not fared better because SMEs have not played their expected role. This is however in spite of concerted interventions by successive government administrations. The under-performance of this sector is perceivably indicative of unaddressed fundamental problems. Literature reveals a myriad of issues which include: inefficient and inadequate infrastructures such as power and water supply, poor road network, business incubation centers etc. SMEs are therefore compelled to provide such critical facilities thereby increasing their operational cost. Also, the administration of subsidies, incentives and other interventions are characterized by corruption and stringent requirements, thus discouraging potential entrepreneurs and crowding-out existing ones. Again, lack of access to finance attributable to the hesitations of banks and other financial institutions to extend credit to SMEs largely because of poor documentation, packaging and presentation of business proposals, lack of collateral of security and high interest rate (Obitayo, 2001; Fabunmi, 2004), are constraints that impede the growth of SMEs.

In addition to the aforementioned challenges, Nnanna,(2001), stated that inability to access appropriate technology at low cost and the near absence of facilities for research and development, dwindling demand for locally made products and the rising appetite for foreign goods. Weak organizational framework, product/ service marketing, low information technology usage, personnel management challenges, poor accounting records etc. Low formal educational and technical competence of the SME owners and employees are the major challenges of SMEs in Nigeria. Dimoji and Onwumere (2016), view of the challenges confronting SMEs in Nigeria can be

broadly summarized into: human resource and general management, finance, account and internal control, marketing, low technology adoption poor business support services and infrastructure

The findings reveals there are challenges facing small enterprises and medium scale in Nasarawa State. In spite of all the efforts and supports of governments and multilateral institutions such as World Bank, SMEs have not been able to make the desire impact on the Nigeria economy. This therefore, underscores the fact that there exist fundamental issues confronting small scale enterprises that have not been adequately addressed. From personal interviews of some small scale entrepreneurs in Akwanga Local Government of Nasarawa State and observation of their business activities; it is evident that SMEs are bedeviled by financial, management and technical problems. The financial problem of these enterprises is multifaceted. It ranges from lack of sufficient start-up capital to inadequate working capital. These are in addition to poor record keeping culture by these SMEs. Other problems that have constrained the role of SMSEs and make the realization of the benefits of their existence farfetched according to Mba and Emeti (2014) include:

- i. Discrimination from banks which are somehow averse to the risk of lending SMEs especially start-ups.
- ii. . Lack of knowledge on how to package appropriate bankable business proposals.
- iii. Weak demand for products arising low and dwindling consumer purchasing power and aggravated by preference for foreign products at the expense of locally produced goods.

- iv. High incidence of multiplicity of regulating agencies, taxes and levies that result in high cost of doing business and discourage entrepreneurship. This is due to the absence of a harmonized tax regime which would enable business owners to build in recognized and approved levies.
- v. Wide spread corruption and harassment of SMEs by some government agencies over unauthorized levies and charges.
- vi. Exorbitant interest rates charged by banks and other financial institutions on loans granted to SMSEs. This is a big disincentive to seeking financial support from these institutions and thereby stifling the growth of these SMEs.
- vii. Wide spread pilfering and outright stealing prevalent among most SMSEs staff constitutes a major financial challenge. Funds that could have grown the business end up in private pockets of staff.

Findings also revealed that Consumer, s preference to imported goods adversely affects the establishment of small-scale enterprise in Nigeria, the government most encourage Nigerians to patronize local made product than foreign goods.

The findings revealed that the Government has put in measures for the smooth operation of small enterprises and medium scale in Nasarawa State.

The study reveal many factors have been identified as determinants of SMEs success by government, these factors can be broadly situated within the context of the environment, broadly categorized into internal and external. Internal environmental factors: These are set of factors within an organization that are capable of influencing the performance or the attainment of goals. They include the following:

Human resource management (HRM) practices: This is people centered function and basically involves the attraction, motivation and retention of the human component required by an organization. Although, there are many managerial tasks to be performed, managing the human component is fundamental and indispensable since every other organizational functions rests on human resource management effectiveness. Flippo (1975) defines HRM as “the planning, organizing, directing and controlling of the procurement, development, compensation, integration and maintenance of people for the purpose of contributing to organizational goals”. Supporting this assertion, Stone (2005) sees human resource management as the productive use of people in achieving the organization’s strategic business objectives and the satisfaction of individual employees. Arguing further, Hall & Goodale (cited in Agulanna and Awoju (2005), see HRM as “ the process through which an optimal fit is achieved among the employee, job, organization and the environment so that employees reach their desired level of satisfaction and the organization meets its goals”.

An aggregation of the views above clearly reveals that the attainment of corporate goals and objectives in SMEs depend to a large extent on the availability of people in terms of right numbers, skills, competences and attitudes, and functioning at the right place and time. This is because the human beings in an organization are central in achieving competitive advantage and the catalyst for organizing and mobilizing other organizational resources including materials, machines and finance. This therefore calls for institution of appropriate internal structures, programmes, policies and plans to ensure the attraction, hiring, training, reward and retention of quality human elements in the organizations including SMEs. “The human resource of an

organization is therefore a significant and strategic resource of distinctive competence that requires to be managed, sustained and planned for in its totality, if the organization is to survive and grow and face future challenges” (Inyang and Akpama, 2002).

HRM practices such as recruitment and selection, training and development, reward and compensation, performance appraisal, health and safety are immensely vital for SMEs because of its largely labour-intensive nature of operation. However, despite the perceived importance of HRM practices to organizational survival, such practices are not receiving the required attention in SMEs when compared to large firms.

Marketing: Businesses, no matter their size and location, face severe competition capable of driving them to extinction, if proactive marketing programmes, strategies and tactics are not formulated and implemented. Consequently, the execution of core marketing functions (product, price, place and promotion) have become the precursor to business success. Carson (1990) however observed that marketing in SMEs has unique characteristics that distinguishes it from those practiced in large firms. These can be attributed to limited resources (e.g. finance, time, marketing and knowledge), lack of specialist manager and limited impact in the marketplace. Thus, SME marketing are often times chaotic, casual, impulsive, reactionary and blend to industry expectations (Scase and Goffer, 1980; Gilmore, Carson and Grant, 2001). The informality of SMEs marketing practice is again accentuated by dependent personal networks and informal contacts rather than on systematic market intelligence (Awan and Hashmi, 2014). The forgoing scenario perceivably account for why in Nigeria,

detailed attention is most times not paid by SMEs to scientifically determine the needs/ expectations of consumers, appropriate price, right market segment(s) for the products/services and the development of effective and efficient promotional tools capable of eliciting patronage and building customers' loyalty.

Finance: Finance has been recognized as an essential requirement for business survival. It is the lubricant that oils the wheels of any organization. This means that SMEs ability to survive, grow and contribute meaningfully to national productivity hinges on access to low cost long-term financing. Presently, Most SMEs in Nigeria are faced with the challenge of capital. There are a number of financing options available to SMEs, namely: owner- finance, equity and debt. Apart from owner finance which in most cases are grossly insufficient to meet the financial requirements of the business, other options carry with it a number of stringent conditions and obligations that majority of SMEs are often times unable to fulfill. Abereijo & Fayomi (2005), noted that the inability of SMEs in Nigeria to raise funds from external sources can largely be attributed to lenders and investors perception of SMEs high risk due to lean asset and capital base, susceptibility to market dynamics and high rate of mortality. Lack of proper accounting records, inadequate financial statements and business plans also makes appraisal of SMEs credit worthiness herculean task, as well as high transaction cost associated with SMEs lending. Government attempts at solving the problem of finance faced by SMEs through the establishment of institutions like the Bank of industry (BOI) and targeted intervention policy like SMEs Equity Investment Scheme (SMEEIS) have turned out to be a drop in the ocean and characterized

by weak capitalization, bureaucracy and poor knowledge of the sector it is supposed to serve.

Financial institutions in Nigeria perceive SMEs as high risk, thus unwilling to extend long-term loans. In cases where SMEs are able to secure debt financing through banks and other financial intermediaries (formal or informal), it is usually on short-term basis and at exploitative interest rate. On equity financing option, owners of SMEs in Nigeria are averse to opening up ownership of such business to “outsiders” in order to raise additional capital due to the fear of sharing ownership of the business with someone else (Akingunola, 2005; 2011).

External environmental factors: external environmental factors present opportunities and threat, and outside the direct control of the SMEs owner/ managers; however they have enormous implications on business success. Firms not only monitor this environment, but must adapt to its dynamics. Critical external environmental factors for SMEs are: Regulatory and legal framework: there are a myriad of regulatory/ legal framework and requirements SMEs have to satisfy depending on the sector it operates. Regulatory institutions in Nigeria include; Standards Organization of Nigeria (SON), National Agency for Food, Drug Administration and Control (NAFDAC), Corporate Affairs Commission, tax authorities. These institutional framework often set stringent and in most cases archaic requirements for business incorporation, permits/ licenses etc. In addition to these, policy guidelines in form of inconsistent monetary and fiscal policies direction manifesting in unpredictable interest/ exchange rates regimes as well as incidences of multiple/ high taxation are some of the regulatory/ legal impediments to SMEs success in Nigeria. Operators of SMEs are

often unaware of extant regulatory and legal requirements as they pertain to their businesses. Thus enormous time and resources may have been spent, only to be sanctioned by regulatory authorities for failing to meet prescribed standards. Since most SMEs possess neither the financial capacity to absorb such loss or the ability to negotiate favorable terms with regulatory agencies, they are forced to either shut or operate sub-optimally in order to avoid regulatory scrutiny.

Social infrastructure and business support services: Infrastructure is yet another determinant of SMEs success. Infrastructure like electricity, water supply, transport and communication network needed for smooth operation are not readily available or in short supply. Critical business support services such as business incubation centres, market research services etc. are also lacking. SMEs are therefore compelled to provide these basic services thereby increasing their operating cost. The cumulative implication of inflexible regulatory/legal framework and derelict infrastructure is the erosion of competitive capability of few surviving local SMEs in the face of cheaper imports on the one hand, and the closure of many others in droves on the other hand

Key Findings

Findings from table 4.7, table 4.8, table 4.27 and table 4.28 revealed that the existence and operation of small and medium scale enterprises make it possible to produce goods that are locally manufactured instead of obtaining such good from foreign countries also encourage technical innovation, technological innovations in the nation originated from individual investors and small business.

The findings in Table 4.8 revealed, 101 (26.72%) strongly agreed that they people feel the impact of small and medium scale enterprises on rural economic development in Nigeria.

The findings in Table 4.10 and Table 4.13 revealed that Poor power supply, capital and insecurity are some of the main challenged facing small and medium scale enterprise in Nasarawa State

The findings in Table 4.14: revealed that Provision of basic infrastructures such as power supply, is one of the measures to be put in place for the smooth operation of small and medium scale enterprises.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

This research work is on small and medium scale enterprises and rural economic development in Nasarawa State (2010-2017), the Government has put in measures for the smooth operation of small enterprises and medium scale in Nasarawa State but the government ought to do more by providing Poor power supply, capital and security, due to Consumer, s preference to imported goods, it has adversely affects the establishment of small-scale enterprise in Nigeria, the government most encourage Nigerians to patronize local made product than foreign goods.

This research work is summarizing into five chapters. Chapter one is the introduction and overview of the study. Chapter Two focuses on Literature review and Theoretical framework. Chapter Three is Methodology, which include Research design, Population, Sample size and Sampling Techniques, Methods of data collection and Technique for data Analysis. Chapter four is data presentation, analysis and discussion of findings while chapter five is Summary, Conclusion, Recommendations and limitation of the study.

5.2 Conclusion

Small scale enterprises are essential agents of economic growth and national development. Their activities affect the life of the rural and urban dwellers through the employment opportunities they provide to the generality of the people of Nigeria. More importantly, they are able to engage large number of applicants because they employ both unskilled and semi-skilled individuals. . Because people engaged to work earn

money, they can acquire goods and services to better their lives and thus there is general rise in the standard of living. There is the common saying that “The idle mind is the Devil’s Workshop”. The presence of the small scale enterprises and the provision of jobs to unemployed people keep the idle mind busy thinking and doing the job assigned to the individual. For this reason, there is no room to think evil, like engaging in armed robbery, taking part in cheating gullible masses and carrying out 419 operations. Thus the society is, a bit, at peace due to the actions and activities of the small scale enterprises.

The findings from the analysis of the questionnaires administered to respondents by the researcher shows that small scale enterprises contribute positively to the economic development of Nigeria. They provide employment to large number of unskilled and semi-skilled people in our society thereby solving the ugly problem of unemployment facing the nation today. Furthermore, their activities in the rural and urban centres help in the development of the society. As a result of employment opportunity they provide to the populace, the standard of living of the people is on the rise. Because people are being gainfully employed, the rate of social crimes such as armed robber, prostitution, 419 operation and other social ills are on the decline.

The Federal government of Nigeria needs to encourage the establishment and running of more small scale enterprises through the provision of funds to entrepreneurs. Money is needed to open new businesses and to expand the scope and size of the existing small scale businesses.

Conclusively, this research work is on small and medium scale enterprises and rural

economic development in Nasarawa State (2010-2017), most of our respondents agreed that the Government has put in measures for the smooth operation of small enterprises and medium scale in Nasarawa State but the government must do more by providing Poor power supply, capital and security, due to Consumer, s preference to imported goods, it has adversely affects the establishment of small-scale enterprise in Nigeria, the government must encourage Nigerians to patronize local made product than foreign goods, most Nigerians believed that foreign made goods are the best compare to local made good, Nigerians must change their mentality,

5.3 Recommendations

- i. The nature of the rural economy in Nasarawa State can be developed through SMEs. The government must encourage the small and medium enterprise to revamp the economy of Nasarawa State.
- ii. SMEs has make significant contribution to the economy of Nasarawa State through the provision of employment, improves standard of living and also enhance economy growth and development. The government should assist medium enterprisers with soft loan to encourage small and medium scale activities in Nasarawa State.
- iii. SMEs in Nasarawa State are face with the challenge of lack Capita, infrastructure Lack of patronage and also unfavorable government policy. The government must discourages importation of foreign commodities, this will encourage the activities of small and medium enterprise at the same time this will encourage industrialization and job creation.

- iv. Government has put in measures for the smooth operation of small enterprises and medium scale in Nasarawa State but government must do more by providing infrastructures such as power supply, capital and security.

5.4 Limitations of the Study

This study has been limited and constrained by some factors such as; finance, period for the research study, lack of some relevant data, high cost of transportation within the State due to transport difficulty in and around the state resulting from the poor geographical terrain, which has posed a lot of difficulty in transportation and other communication network.

5.5 Suggestions for Further Studies

- i. Challenges of small and medium scale enterprises in Nigeria
- ii. Rationale of small scale enterprises in Nasarawa State
- iii. Small and medium scale enterprise and youth unemployment
- iv. Youth empowerment and small scale business

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Appendix

Department of Political Science,
Faculty of Social Sciences,
Nasarawa State University,
P.M.B.1022,
Keffi.
Nasarawa State.

Dear Respondent,

SMALL AND MEDIUM SCALE ENTERPRISES AND RURAL ECONOMIC DEVELOPMENT IN NASARAWA STATE 2010-2017

I am a postgraduate student of the above named institution carrying out a research survey on the above topic in selected local government of Nasarawa State namely; Keffi, Akwanga and Keana. This is in partial fulfillment for the requirement for the award of Master of Science Degree (M.Sc.) in Political Economy and Development Studies.

This research study is particularly for academic purpose, and demands objective responses. Please be assured that the information provided will be use only for the purpose of this research survey and will be treated with strict confidence.

You are further required to supply the information needed by ticking (✓) where appropriate and other relevant information as requested.

Thanks for your cooperation.

Yours faithfully,

Alhassan Samuel Garba
NSU/MSC/PED/0017/16/17

SECTION A: Respondents Data

Instruction: Please tick (✓) in the boxes to indicate your choice of answer to the questions asked.

1. Sex:

Male Female

2. Age Group:

18-25 years 26-35 years 36-45 years 46-55 years
55 years and above

3. Marital Status:

Married Single Divorced Widowed

4. Educational Qualification:

SSCE NCE/ND HND/B.Sc M.Sc/others

5. Occupation:

Public Service Private Sector Professional Service Informal Sector
 Retiree

6. Identification of local government council: _Keffi Akwanga Keana

SECTION B:

Issues related to small and medium scale enterprises and rural economic development in Nasarawa State.

7. The nature of the rural economy in Nasarawa State is in comatose. Strongly agreed

Agreed strongly disagree Disagree Indifferent

8. Do you feel the impact of small and medium scale enterprises on rural economic development in Nigeria? Strongly agreed Agreed Strongly disagree Disagree Indifferent

9. Do you think government has put in measures for the smooth operation of small enterprises and medium scale in Nasarawa State? Strongly agreed Agreed Strongly disagree Disagree Indifferent

10. Are there challenges facing small enterprises and medium scale in Nasarawa State? Strongly agreed Agreed Strongly disagree Disagree Indifferent

11. Are there ways by which small and medium scale enterprises can be made to impact positively on the rural economy of Nasarawa State? Strongly agreed Agreed Strongly disagree Disagree Indifferent

12. Can small and medium scale enterprises impact on rural economic development in Nasarawa State? Strongly agreed Agreed strongly disagree Disagree Indifferent

13. What do you think are some of the problems of establishing small business enterprises in Nigeria? _____

14 What measures do you think can government take to encourage small and medium scale enterprises in Nasarawa State?

15. Poor power supply, capital and insecurity are some of the main challenged facing small and medium scale enterprise in Nasarawa State.

Strongly agreed Agreed strongly disagree Disagree Indifferent

16. Consumer, s preference to imported goods adversely affects the establishment of small-scale enterprise in Nigeria.

Strongly agreed Agreed strongly disagree Disagree Indifferent

17. Provision of basic infrastructures such as power supply, is one of the measures to be put in place for the smooth operation of small and medium scale enterprises.

Strongly agreed Agreed strongly disagree Disagree Indifferent

18. Provision of basic infrastructures such as power supply, is one of the measures to be put in place for the smooth operation of small and medium scale enterprise in Nasarawa

State. Strongly agreed Agreed Strongly disagree Disagree

Indifferent

19. Problems of establishing small business enterprises in Nasarawa State

Poor power supply Capital Insecurity Foreign goods

Lack of ideas

20. Measures government can put in to encourage small and medium scale enterprises in Nasarawa State

Provision of electricity Water Capital Good road network
Communication network

21. Nasarawa State indigenes benefit from government programme such as SMSE.

Strongly agreed Agreed Strongly disagree Disagree Indifferent

22. How would you rate the performance of SMEs in Nasarawa State

Strongly agreed Agreed Strongly disagree Disagree Indifferent

23. What do you think can be done to stimulate and enhance the smooth operation of

SMEs in Nasarawa State Provision of Amenities Market Capital

Provision of Soft Loans Entrepreneurial Education

24. Do you think the Government or CBN should play any role to enhance smooth

operation of SMEs in Nasarawa State? Strongly agreed Agreed Strongly disagree Disagree Indifferent

25. Any Suggestions on what you think can be done to improve the lot of SMEs in

Nasarawa State. Infrastructural facilities Soft Loans Capital

Business Friendly policies Tax Waiver

26. What relationship exists between provision of human capacity building programs by

government and the development of SMEs in Nasarawa State? Strongly agreed

Agreed Strongly disagree Disagree Indifferent

27. What impact does provision of financial support by government have on the development of SMEs in Nasarawa state? Strongly agreed Agreed Strongly disagree Disagree Indifferent
28. What can be done to improve the performance of SME s in Nigeria generally to enable them play a major role in rural economic development in Nasarawa State? Strongly agreed Agreed Strongly disagree Disagree Indifferent
29. To what extent has provision of infrastructural support programs by government influenced the development of SMEs in Nasarawa state Strongly agreed Agreed Strongly disagree Disagree Indifferent
30. Impact of Government Support on Small and Medium Enterprises development in Nasarawa state Strongly agreed Agreed Strongly disagree Disagree Indifferent
31. The Growth and Development of Small and Medium Enterprises in Nasarawa State will be elevated if the Banking Sector comes into play Strongly agreed Agreed Strongly disagree Disagree Indifferent
32. Small and Medium Enterprises has a significant relationship with the Economic Growth and Development in Nasarawa State Strongly agreed Agreed Strongly disagree Disagree Indifferent
33. Baking Sector Are Willing to Assist SME's through Lower Interest Rates in Nasarawa State Strongly agreed Agreed Strongly disagree Disagree Indifferent

34. Loans Granted by Banking Sector have accelerated the Development of SME's in Nasarawa State Strongly agreed Agreed Strongly disagree Disagree Indifferent

35. Banking Sector gives sufficient loans/credits for SME's development in Nasarawa State Strongly agreed Agreed Strongly disagree Disagree Indifferent

36. Accelerated economic growth and development is linked to improving the quality of life in Nasarawa State. Strongly agreed Agreed Strongly disagree Disagree Indifferent

37. The economy depends on its working population for economic growth and development in Nasarawa State Strongly agreed Agreed Strongly disagree Disagree Indifferent

38. Small and medium scale enterprises contribute to global economic growth and development Strongly agreed Agreed Strongly disagree Disagree Indifferent

39. The role of enabling environment on sustainable employment generation should be re-echoed in Nasarawa State Strongly agreed Agreed Strongly disagree Disagree Indifferent

40. Sustainable employment generation solve socio-economic problem inherent in Nasarawa State Strongly agreed Agreed Strongly disagree Disagree Indifferent

41. The youth should be encouraged to develop and nurture entrepreneurial spirit in Nasarawa State Strongly agreed Agreed Strongly disagree Disagree Indifferent
42. Entrepreneurship reduces poverty and improve standard of living in Nasarawa State Strongly agreed Agreed Strongly disagree Disagree Indifferent
43. Youth employment reduces social vices in the economy of Nasarawa State Strongly agreed Agreed Strongly disagree Disagree Indifferent
44. Giving of right focus to the youth welfare prevent crime and other social vices in Nasarawa State Strongly agreed Agreed Strongly disagree Disagree Indifferent
45. The youth can enhance sustainable economy development of Nasarawa State Strongly agreed Agreed Strongly disagree Disagree Indifferent
46. Entrepreneurship can promote industrial and technological growth in Nasarawa State Strongly agreed Agreed Strongly disagree Disagree Indifferent
47. Promotion of SMEs and improvement will enhance employment generation in Nasarawa State Strongly agreed Agreed Strongly disagree Disagree Indifferent

48. Unemployment is detrimental to economic growth and development in Nasarawa State Strongly agreed Agreed Strongly disagree Disagree Indifferent

49. Youth unemployment increases the dependent ratio in the economy of Nasarawa State Strongly agreed Agreed Strongly disagree Disagree Indifferent

50. Small and medium scale enterprises and sustainable development of the Nasarawa State economy are related Strongly agreed Agreed Strongly disagree Disagree Indifferent

51. The youth occupies a pivotal role in national economic development through Small and Medium Scale Enterprise. Strongly agreed Agreed Strongly disagree Disagree Indifferent