CONTRIBUTION OF SMALL AND MEDIUM ENTERPRISES DEVELOPMENT AGENCY OF NIGERIA (SMEDAN) TO THE GROWTH AND DEVELOPMENT OF MICRO, SMALL AND MEDIUM ENTERPRISES IN KADUNA AND KANO STATES

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AUGUST, 2015

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A DISSERTATION SUBMITTED TO THE SCHOOL OF POSTGRADUATE STUDIES, AHMADU BELLO UNIVERSITY, IN PARTIAL FULFILLMENT FOR THE AWARD OF DOCTOR OF PHILOSOPHY IN PUBLIC ADMINISTRATION

DEPARTMENT OF PUBLIC ADMINISTRATION

AHMADU BELLO UNIVERSITY, ZARIA, NIGERIA.

AUGUST, 2015

Declaration

I declare that the work in this dissertation entitled "Contribution of Small and Medium Enterprises Development Agency (SMEDAN) to the Growth and Development of Micro, Small and Medium Enterprises in Kaduna and Kano States" has been carried out by me in the Department of Public Administration.

The information derived from the literature has been duly acknowledged in the text and a list of references provided. No part of this dissertation was previously presented for another degree or diploma at this or any other institution.

Fatima J.S. Bahago _____ _____

Signature Date

Certification

This dissertation entitled Contribution of Small and Medium Enterprises Development Agency (SMEDAN) to the Growth and Development of Micro, Small and Medium Enterprises in Kaduna and Kano States by Fatima Jummai Shawai BAHAGO meets the regulations governing the award of the degree of doctor of philosophy in Public Administration of the Ahmadu Bello University, and is approved for its contribution to knowledge and literary presentation.

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Dedication

This work is dedicated to my children-Jemima Shawai Bahago, Abigail Akinsanmi, Esther Modupe C. Akinsanmi and Florence Eyitayo D Akinsanmi I love you all.

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Abstract

Small and Medium Enterprises Development Agency of Nigeria(SMEDAN) was established to perform certain functions which are taken as the objectives which include promoting and facilitating development programmes, instruments and support services to accelerate the development and moder nization of micro small medium enterprises, linking MSMEs to internal and external sources of finance, and providing access to industrial infrastructure, such as layouts, incubators and industrial parks among others. This study seeks to investigate why SMEDAN has not been able to effectively carry out these functions. The main objective of this study is to examine the extent to which SMEDAN has been able to contribute to the growth and development of the MSMEs sector in Kano and Kaduna States through the performance of its functions. Sub objectives include to examine the effect of SMEDAN's development programmes and support services on the growth and development of MSMEs entrepreneurs in Kano and Kaduna States ; the extent to which SMEDAN has been able to link MSMEs entrepreneurs in Kaduna and Kano States to internal and external sources of finance, the extent to which SMEDAN has been able to provide industrial infrastructure to MSMEs entrepreneurs in Kaduna and Kano States, and the extent to which the efforts of SMEDAN has facilitated the productivity of MSMES entrepreneurs in Kano and Kaduna States.The hypotheses are; there is no significant relationship between SMEDAN's development programmes and support services provided and the growth and development of MSMEs entrepreneurs in Kaduna and Kano States, there is no significant relationship between SMEDAN's linkage to internal and external sources of finance and the growth and development of MSMEs in Kaduna and Kano States, there is no significant relationship between SMEDAN's provision of industrial infrastructure and the growth and development of MSMEs entrepreneurs in Kaduna and Kano States.Data were collected from both primary and secondary sources. Primary data were collected through the use of questionnaires and interviews while secondary data were collected from documents of SMEDAN, and internet materials amongst others. Tables, percentages and chi-square goodness of fit were used for the presentation and analysis of the data. Findings from the study revealed that SMEDAN did not assist the entrepreneurs in securing industrial infrastructure, the workspaces are not convenient because of inavailability of infrastructural facilities such as access roads, water supply and electricity. The entrepreneurs were not able to access funds through the help of SMEDAN because the requirements of the financial institutions were too stringent. The study also revealed that SMEDAN is grossly underfunded. In view of the findings, recommendations were made that State government s should come in to assist in providing and developing workspaces which should be given to entrepreneurs who will pay back instalmentally, also, the conditions of loan from the financial institutions should be reviewed and made easier to enable the entrepreneurs to borrow .SMEDAN should be adequately funded to enable her achieve her objectives.

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List of Abbreviation

BDS	Business Development Services
BOA	Bank of Agriculture
BOI	Bank of Industry
CBN	Central Bank of Nigeria
CBs	Community Banks
DI	Domestic Investment
ETP	Entrepreneurship Training Programme
EYB	Expand Your Business
FDI	Foreign Direct Investment
FEAP	Family Economic Advancement Programme
GDP	Gross Domestic Product
GYB	Generate Your Business
IFC	International Finance Corporation
ILO	International Labour Organization
MFIs	Micro Finance Institutions
MOLSS	Ministry of Labour and Social Security

MSMEs	Micro Small Medium Enterprises
NACB	Nigerian Agricultural and Cooperative Bank
NACRDB	Nigerian Agricultural, Cooperative and Rural Development Bank
NAFDAC	National Agency for Food and Drug Administration Control
NAPEP	National Poverty Eradication Programme
NBCI	Nigerian Bank for Commerce and Industry
NBCI	Nigerian Bank for Commerce and Industry
NBE	National Directorate for Employment
NBFIs	Non – Bank Financial Institutions
NERFUND	National Economic Reconstruction Fund
NERFUND	National Economic Reconstruction Fund
NIDB	Nigeria Industrial Development Bank
NIDB	Nigerian Industrial Development Bank
OECD	Organization for Economic Cooperation and Development
PBN	People's Bank of Nigeria
SIYB	Start and Improve Your Business
SMEDAN	Small Medium Enterprises Development Agency of Nigeria

SMEs	Small Medium Enterprises
SON	Standard Organization of Nigeria
SSICS	Small Scale Industrial Credit Schemes
SYB	Start Your Business
UIA	Uganda Investment Authority
UNDP	United Nations Development Programme
UNIDO	United Nations Industrial Development Organization
WBCSD	World Business Council for Sustainable Development

CHAPTER ONE
INTRODUCTION

1.1 Background to the Study

Micro, Small and Medium Enterprises (MSMEs) occupy a central place in the economic growth of nations. MSMEs have a fundamental role to play in the development of an economy and this cannot be over emphasized. MSMEs serve as training arena for local skills and entrepreneurs, and could become channels for mobilizing local savings, ensuring a more equitable distribution of income and reducing the migration of manpower from the rural to urban areas. The reduction of rural-urban migration is desirable and where the MSMEs are given the required support, this will lead to development of the rural areas in the long-run.

The MSMEs provide employment opportunities, create wealth and lead to poverty reduction in the long run. According to the World Business Council for Sustainable Development (WBCSD, 2004 : 2) in Organization for Economic Cooperation and Development (OECD) economies, Small Medium Enterprises and Micro enterprises account for over 95% of firms , 60-70% of employment, 55% of GDP and generate the lion share of new jobs. In developing countries, more than 90% of all firms outside the agricultural sector are SMEs and microenterprises, generating a significant portion of Gross Domestic Product (GDP). Morocco is cited as an example; with 93% of industrial firms as SMEs and account for 38% of production, 33% of investment, 30% of exports and 46% of employment.

MSMEs in Nigeria have not been able to contribute substantially to the Country's Gross Domestic Product (GDP). The overall economic activities of small and medium enterprises in Nigeria have been estimated to amount to less than ten percent(10%) of the GDP. (SME Sector National Technical Working Group,2009). 60% of Nigerians still live below the poverty level

(UNDP,2005). The percentage of those living below the poverty line indicates that the percentage of those gainfully employed in the SME sector is quite low. s

For governments all over the world, well-managed and healthy SMEs are a source of employment opportunities and wealth creation. They can contribute to social stability and generate tax revenues. According to the international Finance Corporation (IFC), (WBCSD:4) there is a positive relationship between a country's overall level of income and the number of SMEs per 1,000 people. The World Bank's Doing Business reports indicate that a healthy SME sector corresponds with a reduced level of infsormal activities.(WBCSD:3)

For large corporations, SMEs can constitute an important source of local supply provision to them. The SMEs usually have extensive local knowledge of resources, supply patterns and purchasing trends. Developing countries also represent a huge, largely untapped market for large corporations. By working closely with SMEs, large corporations can develop a new customer base that may not be accessible to the traditional distribution networks of these corporations.

MSME in developing countries are however confronted with several drawbacks and challenges they have to overcome in order to operate successfully. Major obstacles include for example access to finance (Arthur, 2003:14), competition (Murphy, 2007:45), market access (Mead and Liedholm, 1998), appropriate technology (UNIDO, 2002) and access to raw materials (Mead and Liedholm, 1998).

Assistance and support to strengthen these small " informal and formal businesses can lead to higher profits , wages, and employment levels which in turn can contribute to a bottom up transition out of poverty for entrepreneurs and workers" (Michalowski, 2008: 2) (Sievers and Vandenberg,2007: 134). The formalization of informal business activities can contribute to

increasing tax-incomes for the government and enable the government in the long run to invest the money, for instance in health care and education systems.To strengthen the position of MSMEs , access to financial and non-financial services are important as they are necessary prerequisite to improved performance and expansion of these enterprises. Financial services include the provision of micro credit and loans while non-financial services incorporate a wide range of Business Development Services (BDS). BDS activities refer to " group training, individual counseling and advice, the development of new commercial entities , technological development and transfer , information provision , business links and policy advocacy ''. (Kapila and Mead, 2002: 1 in Michalowski: 2008;2).

Apart from strengthening and expanding existing MSMEs, the support of new enterprises (start up enterprises) can contribute to development and growth. (Mead and Liedholm, 1998:61 in Michalowski, 2008: 2). The aim of MSME development and the provision of MSME services is to enable the entrepreneurs to take advantage of market opportunities and improve the access to skill development opportunities that strengthen entrepreneurial capabilitiess (UNIDO 2003:10).According to UNIDO, in its industrial development report (2004) wealth creation strategies have a multiplier effect in economies dominated by SMEs than those dominated by large scale firms. Also according to Chisala (2008), investors or large scale firms, be it foreign or domestic, look at the reliability of the supporting industries before they make their investment decisions as they consider supporting industries (SMEs) to be a very important determinant for the success of their businesses. According to this writer, this may perhaps be the reason why south eastern Asian countries have concentrated much in developing their home grown enterprises which in turn have attracted more Foreign Direct Investments (FDI). For example Singapore, Korea and Malaysia which receive considerably high levels of FDI, have focused

much on developing their SMEs, which was one of the strategies used for their industrial development. Nigeria in an attempt to borrow from the experiences of these industrializing nations established Small Medium Enterprises Development Agency of Nigeria (SMEDAN).

The agency SMEDAN trained a total of 16,379 existing business owners and startups under its various Entrepreneurship Development Programmes (EDPs) such as general EDP, Youth EDP, Corper's EDP, Women EDP and other Enterprise support services. The EDP is necessary to encourage enterprise development in the country which in turn is expected to trigger entrepreneurial activities among groups and individuals to improve and sharpen their business skills. This will ultimately provide employment for the nation's growing population

The Small and Medium Enterprise Development Agency of Nigeria (SMEDAN) is the first major attempt to tackle the problems in the SMEs sector in a coordinated manner in the sense that it is not only concerned with the provision of financial services, it is also meant to take care of the non financial services required by MSMEs to enhance their development. Before this period, most government efforts in the SMEs sector have been on the financial aspect but SMEDAN was formed with a view to facilitating access to credit, technology and market for the SMEs .The agency is meant to support and develop the SME sector in the country.

1.2 Statement of the Research Problem

According to Gonzalez (2003), Small and Medium Scale Enterprises (SMEs) have played important roles in the development process in most of the developed economies, and have proved to be one of the most viable sectors with economic growth potentials. The successes recorded by countries generally in this sector arise as a result of the high priority considerations and future rewards from sustained investment in this sector. Due to their size these enterprises require relatively small capital investment to start, thereby offering a relatively high labour – to -

capital ratio .They also demand low technology and managerial skills, which are readily available within the society. The extent to which the opportunities offered by SMEs are exploited and their contributions maximized in any economy depend on the enabling environment created through the provision of requisite infrastructural facilities. These include roads, telecommunications, Power, Ports, etc and the introduction and pursuit of policies such as concessionary financing that encourage and strengthen the growth of SMEs.(Gonzalez,2003 in Olatunji,2008).

In Nigeria, the SMEs sector has not been able to perform the expected vital and vibrant role in bringing about economic growth and development of the country.This is because the SMEs are confronted with several drawbacks and challenges they have to overcome in order to operate successfully. These obstacles include for example access to finance, competition ,access to market ,appropriate technology and lack of adequate infrastructural facility. These challenges have hindered SMEs from employing as much as they should, the SMEs are unable to generate wealth as they should and their contribution to poverty reduction is also hindered. Unemployment is endemic and more than 54% of the Nigerian population lives on less than $1 per day (Osalor,2010www.sudesca.org).The government through budgetary allocations, policies and pronouncements have shown interest and acknowledged the crucial role of SMEs in the economy and hence made policies for promoting the growth of same. One of the most notable policies geared towards the promotion of the MSMEs was the setting aside of 10% pre – tax profits of commercial banks for equity investment. In 2009, the Nigerian government announced the disbursement of $20 million in small scale industry loans (Osalor, 2010 www.sudesca.org) . There have also been fiscal incentives, grants, bilateral and multilateral agencies support and aids as well as specialized institutions all geared towards making the SME sub-sector vibrant. There

were institutions like the National Economic Reconstruction Fund (NERFUND), The Nigeria Industrial Development Bank (NIDB), Nigeria Bank for Commerce and Industry (NBCI) and so on. SMEDAN is an agency that have been established with the aim of promoting the growth and development of the SME sector. It was established by the SMEDAN Act of 2003 to promote the development of the Micro, Small and Medium Enterprises sector of the Nigerian Economy. Its mission is to facilitate the access of Micro, Small and Medium entrepreneurs / investors to all resources required for their development .The establishment of SMEDAN is justified by the need to trigger the development of Nigeria's MSMEs in a structured and efficient manner.

The agency is to provide information on raw materials, machinery, equipment, market and the activities of agencies of governments such as Standard Organisation of Nigeria (SON),National Agency for Food and Drug Administration Control (NAFDAC),Corporate Affairs Commision (CAC). The organization is also to provide training and capacity building areas such as bookkeeping and accounts management ,preparation of business plans, quality control , computer (or IT) appreciation . It is to help in accessing finance, improved work space, mentoring, advisory services and facilitation of linkages and or cooperation with other enterprises for improved production. SMEDAN also Partners with regulatory bodies such as the Standard Organisation of Nigeria (SON), National Agency for Food and Drug Administration Control (NAFDAC), Export Promotions Council and other regulatory Agencies for the benefit of MSMEs. SMEDAN is to provide the MSMEs all the needed information to enable them fulfill the requirements of the regulatory agencies.

Inspite of the fact that SMEDAN has been in active operation since 2005, though established in 2003, with its establishment act empowering it to perform certain functions which are taken as the objectives. The functions include promoting and facilitating development

programmes, instruments and support services to accelerate the development and modernization of MSMEs, linking MSMEs to internal and external sources of finance, appropriate technology, technical skills as well as to large enterprises and promoting and providing access to industrial infrastructure, such as layouts incubators and industrial parks among others. SMEDAN seem not to have been able to effectively carry out these functions so as to enable the MSMEs create wealth which leads to poverty reduction in the long run. This study therefore seeks to investigate why SMEDAN has not been able to assist MSMEs to function effectively. This is with particular reference to MSMEs sector in Kaduna and Kano States in the North-West Zone. In doing this, the following research questions were raised;

1.3 Research Questions

i) organize development programmes and provide support services to MSMEs entrepreneurs in Kaduna and Kano States?

ii) provide industrial infrastructure to MSMEs entrepreneurs in Kaduna and Kano States?

iii) link MSMEs entrepreneurs in Kaduna and Kano states to internal and external sources of finance?

iv) Has the efforts of SMEDAN facilitated the productivity of the MSMEs entrepreneurs in Kano and Kaduna States?

1.4 Objective of the Study

The main objective of this study is to examine the extent to which SMEDAN has been able to contribute to the growth and development of the MSMEs sector in Kano and Kaduna States through the performance of its functions

Specific objectives include to examine;

i) the effect of SMEDAN's development programmes and support services on the growth and development of MSMEs entrepreneurs in Kano and Kaduna States ;

ii) the extent to which SMEDAN has been able to provide industrial infrastructure to MSMEs entrepreneurs in Kaduna and Kano States.

iii) the extent to which SMEDAN has been able to link MSMEs entrepreneurs in Kaduna and Kano States to internal and external sources of finance.

iv) the extent to which the efforts of SMEDAN has facilitated the productivity of MSMES entrepreneurs in Kano and Kaduna States.

1.5 Statement of Research Hypotheses

The following hypotheses were formulated for this study

i) Ho: there is no significant relationship between SMEDAN's development programmes, support services provided and the growth and development of MSMEs entrepreneurs in Kaduna and Kano States.

ii) Ho: there is no significant relationship between SMEDAN's provision of industrial infrastructure and the growth of MSMEs entrepreneurs in Kaduna and Kano States.

iii) Ho: there is no significant relationship between SMEDAN's linkage to internal and external sources of finance and the growth and development of MSMEs in Kaduna and Kano States .

1.6 Significance of the Study

This Study is significant because the SME sector occupies a vital place in the economic development of the country. If the SME sector is well developed, and is effective and efficient, it creates employment opportunities, decreases the level of poverty and reduces inequality among

the citizens of the society. Considering the importance of the SME sector, the Nigerian government established the Small and Medium Enterprises Development Agency of Nigesria to facilitate the access of Micro, Small and Medium entrepreneur investors to all resources required for their development. It is therefore very important that a study of this nature be undertaken to examine if the aim of establishing the agency is being actually realized. And if not this will be brought to light. Performance assessment is very important as it gives direction in the realization of goals in every organization**.**That is the study will help improve the implementation of MSMEs policy in Kaduna and Kano states and the nation in general. The study will also be a contribution to knowledge.

Most studies such as Evbuomwan G.O et al (2013)focused on sources of finance for MSMEs in Nigeria, Gregory N (2013)focused on financing small and medium enterprises-its about demand as well as supply, Sokoto A.A & Abdullahi Y.Z (2013) wrote on Strengthening Small and Medium Enterprises (SMEs) as a strategy for Poverty Reduction in North Western Nigeria among others.These have focused on aspects such as SME financing; government efforts in providing financial support to the SME sector, problems of SMEs, and the role SMEs play in employment creation and the economy in general. But this particular study is an attempt to examine SMEDAN and its contribution to the growth and development of SMEs. SMEDAN is an agency whose scope of operation is wider than SMEs financing. This study is therefore much more encompassing and therefore more crucial to the advancement of SMEs and the economy at large.

SMEDAN was established to perform certain functions to assist the MSMEs sector by way of helping it to overcome obstacles and challenges confronting the sector –that is both financial and non-financial challenges . This study will benefit the government as it will help to

bring out whether or not SMEDAN has been able to effectively carryout its functions or not, and if not the reason (s) will be brought to light and this will help the policy makers to see how to address the problems identified.

1.7 Scope of the Study

This Study assessed the contribution of SMEDAN to the growth and development of small and medium scale enterprises between 2005 and 2014. This time frame is being considered because the duration is long enough after the establishment of the agency to allow for evaluation on the impact it might have made on MSMEs and the consequent impact on the economy.

The Study covered two states in the North West Geo-political Zone of Nigeria, that is Kaduna and Kano States. The Study is being limited to these two States to allow for in depth study, and also because of time and financial constraints. These States are important in the North-West zone. Kano is known as a commercial city, we want to see the extent to which SMEDAN has helped its economic development. Although Kaduna is not known for commerce, it has MSMEs entrepreneurs operating there and SMEDAN had contact with some of the MSMEs entrepreneurs. This study actually focused on those that SMEDAN had had contact with. In addition the two States are among the pioneer States SMEDAN has worked.

1.8 Definition of Concepts

Managerial Skills refers to the ability required to effectively run a business. For this study, managerial skills include ability to keep proper record of all revenues and expenditures, proper financial management, relationship with customers amongst others.

Training Programme: This is concerned with the process of learning the skills that is needed to do a job. In this context this refers to the event organized by SMEDAN with the aim of exposing the entrepreneurs to skills that will enhance their businesses.

Access to better work places; This is concerned with having access to good shops, sites that have adequate space, water , light, good drainage , good road networks and all other infrastructural facilities needed for the business concerned.

Accessing finance: This is concerned with the ability of the entrepreneurs to be able to get financial assistance through SMEDAN. This financial assistance come in form of loans given by bank of industry or other financial institutions. The entrepreneur will be required to repay the loan over a period of time.

Increased expansion and productivity: in this context, it means growth in their business and increase in their production capacity.

Small Scale; Small Scale enterprises are those with employees between 10 and 49 with assets of between 5 and less than 50million naira excluding land and building.

Medium Enterprises: Medium enterprises are those enterprises with employment of between 50 and 199 with assets of between 50 and less than 500 million naira excluding land and building.

1.9 Plan Of The Study

The work is divided into six chapters. The chapter one is the introductory chapter which consists of the background to the study, the statement of the research problem, the research questions,Objective of the study,statement of research hypotheses,significance of the study,scope of the study ,plan of the study and the definition of concepts.The chapter two consists of the literature review and the theoretical framework. The chapter three is the methodology,the chapter four is made up of the organizational chart,functions and problems of the organization. The chapter five is the data presentation and analysis chapter,while the chapter six is the summary, conclusion and recommendation.

CHAPTER TWO

LITERATURE REVIEW AND THEORETICAL FRAMEWORK

2.1 Literature Review

This chapter reviewed literature on studies that have to do with Micro, small and Medium Enterprises, (MSMEs). Several aspects relating to MSMEs were examined in this section. SMEDAN as an agency was established because of the MSMEs. It is a body that is to ensure that the MSMEs sector develop into a very vibrant sector of the Nigerian economy so as to enhance and strengthen the national economy as a whole.

2.1.1 Concept of Micro, Small and Medium Enterprises

Defining small business has always been very difficult and controversial. A small scale business is defined as one which is independently owned and operated and not dominant in its field of operation. (Tushabomwe-Kazooba 2006). It can also be defined in terms of sales volume and by the number of employees in the business. According to Ogunleye (2004), what might therefore be defined as Small and Medium Scale Enterprise (SME) in a developed country, can be regarded as a large-scale enterprise in a developing country, using such parameters as fixed investment and employment of the labour force. It is important also to recognize that definitions change over time and hence, even in a developing country, what was previously classified as SME could be regarded as a large-scale industry when the quantities of relevant parameters change during the production process.The term ‘small business’ covers a variety of firms (Hertz, 1982; Nguyen and Bellehumeur, 1983) and it is used loosely in most of the literature. According to Peterson, Albaum and Kozmetsky (1986), a small business is one which is independently owned and operated and which is not dominant in its field of operation. Researchers and other interested parties have used specific criteria to operationalize the small business, from the

perspective of value added, value of assets, annual sales, and number of employees. Annual sales and number of employees are most often used to delimit the category. The problem of definition confronts all researchers as well as operators in the field.

A review of the literature on Micro, Small and Medium Enterprises (MSMEs) shows that the definition of MSMEs significantly varies from country to country depending on factors such as the country's state of economic development, the strength of the industrial and business sectors, the size of MSMEs and the particular problems experienced by MSMEs (Harabi, 2003). Hence, there is no uniform or universally accepted definition of MSMEs (Investment Climate Assessment (ICA), 2009). In Nigeria, parameters such as asset base (excluding land), the number of workers employed and the annual turnover are used for the classification of MSMEs. Carpenter (2001) maintains that there is no one definition for SMEs; they are defined in Nigeria and other countries based on one or all of the following: the size or amount invested in assets excluding real estate; the annual turnover and the number of employees. The 1992 review by the National Council on Industrial Standards (NCIS) defined small and medium scale enterprises (SMEs) as enterprises with total cost (including working capital but excluding cost of land) of more than ₦31m, but not exceeding ₦3,150million, with a labour size of between 11 and 100 employees. There is, however, a consensus of opinions when it comes to defining SMEs in terms of asset base than on any other parameter. This is because in case of an economic depression, the impact on turnover and employment base would be greater than the impact on asset base. For instance, during a depression, there is a tendency for turnover and the number of people employed to fall substantially, while the asset base may be unaffected (NCIS,1992).

MSMEs can be divided into micro, small and medium enterprises. The Federal Ministry of Industries defines a medium-scale enterprise as any company with operating assets less than ₦200 million, and employing less than 300 persons. A small-scale enterprise on the other hand,

is one that has total assets of less than ₦50 million, with less than 100 employees. Annual turnover is not considered in the definition of an SME. The National Economic Reconstruction Fund (NERFUND) defines an SSE as one whose total assets are less than ₦10 million, but makes no reference either to its annual turnover or the number of employees.

The World Bank Group prescribed the following definition based on number of employees, total assets and turnover. The body defined MSMEs as follows;

Micro-enterprise: Employs 10 or less, with total assets of $100,000 or less, and turnover of $100,000 or less.

Small enterprise: Employs between 11 – 50 people, with total assets of $100,000.00 - $3m, and turnover of $100,000.00 - $3m.

Medium enterprise: Employs 51 – 300 staff, total assets of $3m - $15m, and turnover of $3m - $15m.

The Nigerian Industrial Policy (1989), defined MSMEs as those with total investment of between $13,000 and $260,000 (₦100,000 and ₦2m) excluding land and working capital, while micro enterprises and cottage industries were defined as those with investments not exceeding $13,000 (₦100,000) excluding land but including working capital (Naira/Dollar exchange rate 1989 is N7.6/$1, CBN Statistical Bulletin, 2005).

The MSMEs of the World Bank Group proposed the following definitions: Micro Enterprises: Employment, 10 or less, Total assets; $100,000 or less, and Turnover; $100,000 or less. Small Enterprises: Employment, 10 – 50, Total Assets; $100,000 - $3m, and Turnover; of $100,000 - $3m. Medium Enterprises: Employment; 50 – 300 staff, total assets; of $3m - $15m, and Turnover; $3m - $15m (World Bank, 2007).

Small and Medium Enterprise Equity Investment Scheme (SMEEIS), a private initiative by the Bankers' Committee defined MSME as enterprises with an asset base not exceeding $3.85 million (N500 million) excluding land and working capital with staff strength of not less than 10 and not more than 300 (Sanusi, 2003).

A common feature of these definitions is that MSMEs are usually small, owner or family managed businesses with basic goods and services. MSMEs also tend to lack the organizational and management structures, which characterize large-scale enterprise. Urban MSMEs tend to be

more structured than their rural counterparts.The National Policy on MSMEs adopts a classification based on the dual criteria: of employment and assets (excluding land and buildings), as follows:

Microenterprises are those having less than 10 employees with assets of less than N5 million.

Small enterprises are those having between 10 to 49 employees with assets of between N5 to less than N50 million

Medium enterprises are those having between 50 to 199 employees with assets of between N50 to less than N500 million (SMEDAN, 2007).

Where there exists a conflict in classification between employment and assets criteria (for example, if an enterprise has assets worth seven million naira (N7m) but employs 7 persons), the employment-based classification would take precedence and the enterprise would be regarded as micro. Employment-based classification tends to be relatively a more stable definition, given that inflationary pressures may compromise the asset-based definition. In choosing these definitions, cognizance was taken of all possible factors, including international comparisons and peculiarities of the various sub-sectors/enterprises (SMEDAN,2007). It is obvious that there is no universal definition of MSMEs. Some countries define MSMEs according to number of employees; others define them based on the level of assets or turnover or both. However, most definitions are based on a mix of the above parameters. This creates a definite problem for MSME operators. Lack of proper definition makes it difficult for them to take advantage of government-assisted programmes meant for them.

For the purpose of this study, the definition adopted is that contained in the National Policy on MSMEs. It is based on dual criteria; employment and assets (excluding land and buildings).

Table 2.1 Classification adopted by National Policy on MSMEs

	Size category	Employment	Assets (Nmillion) excluding land and building
1.	Micro enterprises	Less than 10	Less than 5
2.	Small enterprises	10-49	5-less than 50
3.	Medium enterprises	50-199	50-;less than 500

Source: National Policy on MSMEs.

2.1.2 Factors Determining the Performance of Small and Medium Enterprises

Financial: Funds can be termed to be the blood stream of any established enterprises (Akinruwa T. E., Awolusi O. D. and Ibojo B.O., 2013). It determines substantial part of the enterprises performance. The effective and efficient utilization of fund bring into manifestation of other determinant factors. According to Ogunjuiba, Ohuche and Adenuga (2004) empirical research work indicates that finance contributes to the tune of 25% SMEs success among the determinant factors. Many SMEs failed in Nigeria because of their inability to gain access to credit facilities. Uduak (2009) in Banabo and Koroye (2011) shed more light on these by revealing that through lending activities, finance is injected into the economy which if effectively utilized will improve

the standard of living, enhance enterprises performance and invariably add value to the bottom line of the economic development. It can be reasonably agreed that the inability of enterprises owners' to have easy access to funds in financial institutions constitute a great problem both on the enterprises and the owners. As a result,it has pushed most enterprises owners' to alternative source of finance which in most cases cannot sustain the long – term growth which the enterprises need to survive.

Actually, many entrepreneurs are not able to access funds from financial institutions because they lack the requirements demanded by the banks. This indeed has made the entrepreneurs to resrsources such as loans from friends and relations, and ploughed back or retained profit. These alternative sources many a times is inadequate to actually assist the growth and development of the enterprises which can bring about employment creation and assist in poverty reduction.

Political: Political factors affects the performance of small and medium enterprise according to Awe (2008) through fundamental change in government policy. For instance where government encourage private initiative, foreign investment and non-oil export will indeed yield various incentives that can enhance the performance of SME through the creation of conducive environment. Continuity and stability in government that will ensure the consistent implementation of good policy is an area through which politics affect SME performance. Where there is constant change in government, this leads to unstable government policies which can affect the performance of the SMEs.

Infrastructure: The important role it plays in performance of SME cannot be overemphasized. Infrastructure here includes power supply, good road network, steady water supply, effective

communication system and market. The problem of eratic power supply is a challenge to the performance of SMEs. It results in decline in production and increased cost of production as alternative source of power has to be sourced. (Akinruwa T. E., Awolusi O.D. and Ibojo B. O., 2013).Power supply is very critical to the performance of SMEs as it is required for many production activities, good road network is essential for transportation from production site to the market, steady water supply is also necessary in production.

Government policies: Akinruwa T. E., Awolusi O.D. and Ibojo B. O., (2013), government polices are tools in the hand of government to create enabling environment for the SMEs to thrive. Government creates rules and frameworks in which enterprises are able to compete against each other favourably from time to time. Favourable government policies assists in the development of SMEs

Raw Materials: Are the input with which the firm works with to produce output. The absence or the low supply of these raw materials increase cost of production. Manufacturers Association of Nigeria in Ibrahim (2008) observed that inadequate supplies of raw materials cause stagnation, low quality of products, and poor performance among others. This shows that adequate supplies of raw materials ensure the good performance of the enterprises (Akinruwa T.E., Awolusi O.D., and Ibojo B. O. (2013). Good quality materials where in adequate supply enhances good performance of the enterprises.

2.1.3 Development Programmes and SME performance

The level of investments in the upgrading of training and skills contributes to growth. According to the OECD study on high-growth SMEs good management is vital for better performance. Available evidence shows that there is a relationship between the degree of

management training and the bottom-line performance of a firm. In some instances, this "bottom-line" performance is expressed in terms of survival; in others it is reflected in higher profits or sales (OECD 2002:7). Development programmes organized for SMEs assist in the growth of the MSMEs through bringing about informed decision making, better leadership skills and goal setting.

The way SMEs are managed is vital and important, therefore development programmes aimed at assisting SMEs cannot be overlooked or undermined. Managerial weaknesses may be at the heart of (Small) firm failure when combined with the observation that the individuals who own/manage many smaller businesses are generally less well educated than those working in managerial positions in large firms, and are less likely to be formally trained, the inference is that small-firm managers "need" training. This implies that, if training were provided, it would enhance managerial skills and so lead to improved firm performance as reflected in lower failure rates. (OECD 2002:7). According to a study of Canadian small firms:

> *Almost half the firms in Canada that go bankrupt do so primarily because of their own deficiencies rather than externally generated problems. They do not develop a basic internal strength to survive. Overall weakness in management, combined with a lack of market for their product, cause these firms to fail…the main reason for failure is inexperienced management. The managers of bankrupt firms do not have the experience, knowledge or vision to run their businesses. (OECD 2002:7).*

According to OECD, 2002:7, other studies of the impact of human resource management practices on firm performance in North America corroborate these findings. Huselid pioneered the US studies which found that the heavy use of a number of specified management practices was associated with an increase in company profits of nearly USD 4,000 per employee per year (OECD 2002:7). A study of formal training provision in Canadian work places also found positive outcomes for firms which trained:

> *Organizations with training programmes had more favourable performance trends in a number of areas including revenues, profitability, employee relations, quality and productivity and their business viability and outlook… multivariate analysis sustained this link between training and firm performance. Even after controlling for other establishment characteristics, we found that establishments with the strongest commitment to training were significantly more likely than other firms to report positive revenue and productivity trends over the previous two years. (OECD,2002:7)*

According to OECD 2002:8, there is a need for caution in hypothesizing a direct link between management training and firm performance. In the case of the Huselid analysis, it was based on large firms which are known to be much more likely than small firms to provide training for their workers. Such firms are also unlikely to fail so the impact of training on survival cannot be assessed.

The main Huselid result is that it is the combination of management measures which influences performance. These measures include not only training but also recruitment, employment security, use of self-managed teams, wages linked to performance and information-sharing. Moreover, this combination of managerial practices which fosters enhanced performance in larger firms parallels the managerial approaches (e.g. flexibility, decentralization, teamwork) practiced in the majority of high-growth SMEs (OECD 2002:8).

According to OECD 2002:8, analysis of the links between management training and firm performance in smaller firms have certain methodological weaknesses: the influence of training falls when more "controls" are introduced or when other non-training managerial practices are included. These are shown to have a stronger link to performance than training; no link between training and productivity trends is apparent and, even if a positive correlation were to exist, the methodology is unable to disentangle whether small firms that train perform better or whether small firms that perform better can afford to train. According to OECD 2002:8, analysis in the

United Kingdom found a positive association between current training measures and historic performance, but no clear association between current training and subsequent performance. The implication is that prior performance may generate the resources to undertake training, but that it is difficult to assert that training expenditure enhances future performance (Cosh et al., 1998).

Upgrading the skills of all types of workers, including managers is central to firm performance. The quality of management is particularly important for small and medium-sized enterprises (SMEs),which must be able to adapt quickly to evolving markets and changing circumstances,but which often have limited resources. There is a positive correlation between the degree of management training and the bottom-line performance of an SME. There is preliminary evidence that formal management training can reduce the failure rates of small firms, which are more likely to fail than larger firms, especially in the early years.

Davies, Hides and Powel (2002) in the annual Global Entrepreneurship Monitor (GEM) reported that there is an overall lack of entrepreneurship elements in the education system in most countries. This corresponds with the study carried out by Orford, Wood, Fisher, Herringon and Segal (2003) in South Africa who noted that the most frequently mentioned weakness among South African Entrepreneurs was the lack of education and training.

> *Experience has shown that loan advancement cannot substitute knowledge or competence capability. Without technical and management capability, financial capability or empowerment becomes parochial and self-serving. It will be erroneous to think that, once financial capability is given, managerial or technical capability automatically follow. While large scale enterprise or cooperation may require skills specialization up to some level, small scale enterprises automatically require all types of skills. In fact generalization of skills without the required entrepreneurial expertise, huge financial provisions are wasted. Entrepreneurial skills therefore should be adequately acquired in marketing, accounting, personnel and production management. The objectives must be to make them generalists instead of specialists (Ogechukwu and Latinwo, 2;2010).*

This therefore call for concerted efforts to build entrepreneur capacity in the SME sector as a way to integrate it into mainstream economic activities.

2.1.4 Micro Small and Medium Enterprises financing

Small and mediumenterprises (SME) play a major role in economic development in every country, including in African countries. Studies indicate that in both advanced economies and developing countries, SMEs contribute on average 60 percent of total formal employment in the manufacturing sector (Ayyagari et al, 2007). A crucial element in the development of the SME sector is access to finance, particularly to bank financing, given the relative importance of the banking sector in serving this segment. According to data collected by the World Bank, access to finance is perceived as one of the main obstacles to doing business (World Bank, Various years).

A number of studies have shown that financing is a greater obstacle for SMEs than it is for large firms, particularly in the developing world, and that access to finance adversely affect the growth of the SME sector more than that of large companies (schiffer weder, 2001,Beck et al, 2005; Beck et al, 2006). It is, therefore, not surprising that the international development community has listed SME access to finance as an important policy priority. Financing MSMEs is very important and crucial to its survival.

It has been recognized that among the constraints to effective development of MSMEs in Nigeria is the limited access of the investors to long term credit and the general non availability of comprehensive information which can guide potential investors and hence reduce the cost of pre-investment information gathering which may be very high and prohibitive (Inang and Ukpong1993, Essien 2001, Owualah, 5.1. 2002, Adenuga 2004, Akinyosoye 2006, Adelaja, 2007, Adam U, 2009 in Evbuomwan G.o et al, 2013,p85)

Though financing is obviously not the only problem militating against the MSME sector, it is certainly the most formidable. Like any other investment in the real sector of the economy (where the MSMEs are dominant), investment in MSMEs is relatively bulky because of the need

for fixed assets such as land, civil works, buildings, machinery and equipment and movable assets. Moreover, empirical studies (Udechukwu,2003: NISER,2005 in Evbuomwan et al, 2013,p85) Show that the incidence of the extra outlays required to compensate for deficiencies in the supply of basic utilities in Nigeria, is relatively heavier on MSMEs than large enterprises. According to the world Bank 1989 report, finance is the key to investment and hence to growth. (World Bank, (1989).

Different funding initiatives have been instituted in the past to improve the access of MSMEs to long term funds in order to improve their performance and contribution to the economy. Funding consists of the financial resources required to transform the ideas of an entrepreneur into a viable project. It can take the form of loans, equity capital, venture capital, working capita or any other form (Raji,2000 in Evbuomwan G.o et al. 2013 p85)

Government around the world want to help small and medium enterprise (SMEs) with between 10 and 250 employees get better access to finance so that they can grow and create jobs. The G20 estimates that SMEs contribute 49% of formal GDP in high-income countries and 29% in low-in come countries. Moreover, across 99 countries, SMEs account for an average of 66% of employment (Ayyagari M.A.K., 2011). This move by the government's worldwide is in recognition of the vital role SMEs play in economic growth by means of employment creation, wealth generation and reduction in the level of poverty in the long run.

The majority of SMEs do not use external finance (Gregory, N. 2013, 1) In world Bank Enterprise surveys (World Bank, 2012) only 36% of firms access external finance, and, even in OECD countries, firm access only reaches 40%. According to the survey, most private investment is internally financed (68%), with only 17% financed by banks and 4.5% through

equity. 31% of firm in these surveys see access to finance as a major constraint, and only 16% say it is their most important constraint.

For example, in Tanzania, 72% of firms say they can borrow from banks or Non-Bank Financial Institutions (NBFIs), but only 4% actually do so. In Zambia,52% of firms say they can borrow , but only 3% actually do. Consistent with this, 80% of SMES surveyed say they used retained earnings to finance their most recent purchase of machinery or equipment (Gregory, N 2013, 3).This clearly shows that most MSMEs access their funds from non bank sources, however this may not be adequate for the needed expansion.

Financing options of SMES in Nigeria

It is generally accepted by both the practitioners and academicians that SMEs serve as catalysts for the economic growth of the economy of any nation. However, the SMEs are faced with many challenges. In Nigeria, one of the major challenges faced by SMEs is that of capital to finance their operations (Fatai, 2009). Empirical evidence shows that finance contributes about 25% to the success of SMEs. (Ogujuiba, et al 2004). A World Bank report showed that 39% of small scale firms and 37% of medium scale firms in Nigeria are financially constrained. (World Bank report, 2001). Many SMEs in Nigeria lack the capital to continue their business and they are forced to close shop because they are unable to access the required funds.What are therefore, the financing options of SMEs in Nigeria? Every enterprise is financed either through debt or equity or a combination of both. Both types of financing are usually sourced from either the informal finance sector (IFS) or the formal finance sector (FFS). The two fundamental financing concepts of SMEs, the formal and informal forms of financing, have been identified by previous researchers, scholars and practitioners (Gelinas, 1998; Aruwa, 2004). The researchers identified

commercial banks and development banks in the formal sector as the most popular source of finance for enterprises. The informal sector which consists of borrowing from friends, relatives and cooperatives are also important source of financing SMEs. Another source of enterprise financing is through personal savings.The informal finance sector consists of informal finance institutions like money lenders, landlords, friends, relations, credit and savings associations (co-operative societies), esusu, also known as ayo among the Yorubas, isusu or atu among the Ibos, osusu among the Edos, adashi among the Hausas, dashi among the Nupes and etibe among the Ibibios. (Okorie & Miller, 1976). The formal finance sector is made up of formal finance institutions such as commercial banks, microfinance banks, international development agencies etc.

Finance according to Muktar (2009) is a precondition to the growth of enterprises. The sources of finance available to SMEs were enumerated by Ewiwile, S. Azu, B. and Owa, F. (2011) as follows:

i. The owner-savings and his or her associates including family and friends who may or may not be partners or shareholders in the venture.

ii. Partners and shareholders in the venture

iii. Banks and lending institutions

iv. The small business administration and financial assistance programme.

v. Small Business Administration licensed small business investment companies.

vi. Members of the trade, including suppliers of materials such as manufacturers and wholesalers, and in some instances, customers who prepay their contracts.

vii. Other businesses, local capitalist sales finance companies, factor and other sources.

Among the sources mentioned above, personal savings is the most convenient source of financing to quite a number of people. In a study conducted by Aggarwa, S. Klapper, L. and Singer, D (2012) on financing businesses in Africa; the role of Microfinance, respondents were asked about the most important reason why people save money, 29 percent provide a precautionary motive behind their most important reason to save, stating saving for either "a rainy day" or "in case we get sick". The second most important reason that people report saving is "to start a business" (almost 20%). These numbers suggest that almost half of the people surveyed are actually using savings for purposes that credit was either supposed to, or is billed to, serve. Other sources of finance available to SMEs for example financial institutions loans are practically not accessible. Banerjee and Duflo (2007) have documented that a huge proportion of the poor still lack access to formal banking services. Gaul (2011) calculates the absolute difference between the population living below the poverty line and the population with access to financial services, and finds that the numbers are as high as 80 million for Nigeria and 48 million for Congo. While this is a somewhat crude and imprecise way to measure financial inclusion, it does underline the fact that a vast majority of the very poor continue to be bypassed by financial institutions. Besley (1995) documents that money lenders in Western Africa have been successfully charging significant withdrawal fees on deposits.

However, to provide solution to unemployment problems and enhanced the growth and development of the nation, various efforts had been made by the Nigerian government to spur entrepreneurship activities in the country. Such efforts include the promulgation and establishment of the National Directorate for Employment (NDE), Nigerian Industrial Development Bank, (NIDB), Nigerian Enterprises Promotion Decree, Peoples Bank of Nigeria, Community Banks, Family Economic Advancement Programme (FEAP), and National Poverty

Eradication Programme (NAPEP) to mention but a few (Olagunju, 2004; Muktar, 2009; Ojo, 2009, and Oni et.al 2012). Micro Finance Institutions (MFIs) in Nigeria were also established with the aim of assisting SMEs in providing capital for expansion, although poor assets base and demand for collateral by banks, denies most SMEs access to capital (Oni, Paiko and Ormin, 2012). This has been attributed in part to the failure of credit markets. The argument goes that the poor have so little to offer by way of collateral, and borrow such small amounts, that it is too risky and too expensive to lend to them (Aggarwal, S. Klapper, L. and Singer, D. 2012). The in ability of the poor to access credit for SMEs financing makes them unable to undertake profitable investments and hence remain poor. If this could be checked however, one of the greatest challenges of SMEs will be improved. The inability of MSMEs entrepreneurs to access finance is an obstacle to business expansion.

Why SMES do not seek external finance

i) Lack of tangible equity to leverage by borrowing: Given their risk profile, SME balance sheets may not contain sufficient tangible equity to enable borrowing while maintaining a reasonable leverage ratio. Too much debt relative to equity results in over-leverage, increasing the risk of insolvency. This risk is heightened for SMEs, as their cash flow tends to be more volatile compared to larger companies.

ii) Lack of collateral: Few SMEs, especially in the early stages of growth, possess significant unencumbered assets on their balance sheet that can be used as loan collateral. Consequently, banks often required SME owners to pledge personal assets as collateral or provide personal loan guarantees. This exposes the business owner to additional liability for business failure, which discourages SMEs from borrowing.

iii)Unwillingness or inability to provide information: SMEs tend to have weaker accounting and management reporting than large firms for two reasons. The first reason is that the fixed cost element in preparing accounts, management reports etc. are a greater proportion of revenues for small firms, so they are likely to produce less information than larger firms. Secondly, SMEs are often controlled by family or a small group of insiders (La Porta, 1999), many of whom may be directly involved in managing the firm. These insiders may be satisfied with less information and re in a better position to understand and interpret the limited information that is available. As such, SMEs find the information requirements of accessing external finance more by burdensome than larger firms. SMEs may also have a greater incentive to avoid record keeping,, which would expose them to additional taxation or government regulation, which also tend to be more burdensome on SMEs.

iv)Unwillingness to incur insolvency risk. Many SMEs end their life in insolvency, so the efficiency and transactions costs of the insolvency regime in distributing the remaining capital to creditor and share holders are also important factors for their owners to consider. An efficient insolvency regime enable SME owners to terminate their liability of an unsuccessful enterprise-without such limits, lunching an enterprise can be a once-in-a-lifetime gamble, which discourages entrepreneurs from borrowing and risking insolvency in the event that they cannot repay.

Government funding schemes for micro, small and medium enterprises in Nigeria

a).The Nigerian industrial development Bank (NIDB).the NIDB was established in 1964 and charged with the function of harnessing local and foreign skills private capital in the development of new industries and the expansion of existing ones.

b) Small-scale industries credit schemes (SSICS). The small-scale industries credit scheme was introduced in 1971 as a revolving grant by the federal and state governments to assist in meeting the credit needs of small-scale enterprise on liberal terms.

c)Promotion of small-scale Enterprises: the CBN, from 1970, was instrumental in promoting wholly owned Nigerian enterprises. In its then policy guidelines, the Bank directed that with effect form April 30, 1970, credit to indigenous borrowers was to be at least 35% of Commercial and Merchant banks' total loan and advances. The proportion of loans to indigenous borrowers was raised in subsequent years with special emphasis on small-Scale enterprises.

d) Promotion of Agricultural and Manufacturing activities: Through its Monetary Policy circulars (before its abrogation in 1996), the CBN prescribed that not less than 15% of commercial and 10% of Merchant Banks' Credit be granted to agricultural activities. The banks were to allow grace periods on agricultural loans: one year for small-scale peasant farming, four years for cash crop farming, five years for medium and large-scale mechanized farming and seven years for ranching. To promote manufacturing activities, the Bank stipulated in its guidelines that not less than 35% of Commercial and 40% of merchant banks' credit be granted to manufacturing enterprises.

e) Promotion of Rural Banking: To encourage banking habit nation wide and channel funds into rural development, the CBN introduced the rural banking scheme in June 1977 in three phases – 1977-1980, 1980-1985 and 1st August, 1985 through 31st July, 1989. As at end of June 1992, 765 of the 766 branches stipulated by the CBN had been opened.

e)The Nigerian Bank for Commerce and Industry (NBCI) It was established by Decree 22 of May, 1973 and charged with the function of providing equity capital funds by way of loans to small and medium scale industries.

f)The National Economic Reconstruction Fund (NERFUND). NERFUND was set up by Decree No. 25 of 1988 as a funding mechanism aimed at bridging the gap in the provision of local and foreign funds to small and medium scale enterprises. The federal government set it up to provide relatively long-term loans (5-10 years) to small and medium scale enterprises at relatively concessionary rates of interest.

g)People's Bank of Nigeria: the People's Bank of Nigeria (PBN) was established by the Federal government in 1988 with an initial take-off grant of N30 million to meet the credit needs of small borrowers who cannot satisfy the stringent collateral requirements normally demanded by conventional banks. The bank was deigned to cater for the credit needs of informal sector operators such as artisans and petty traders' in both the Urban and rural areas and there by increase their self-reliance.

h)Community Banks (CBs). They were established in 1990 with the objectives of providing effective financial services for the rural areas as well as micro-enterprises in the urban centres. Community banks in Nigeria were self-sustaining financial institutions owned and managed by local communities such as community development associations, town unions, cooperative society's farmers' groups, social clubs, etc. to provide financial services to the respective communities.

i)The Nigerian agricultural, cooperative and rural Development Bank (NACRBD) (Bank of Agriculture BOA). The bank was set up in October 2000 as an amalgam of the old peoples Bank of Nigeria (PBN). Nigerian Agricultural and cooperative Bank (NACB) and Family Economic advancement Programme (FEAP). It is jointly owned by the Federal Ministry of finance Incorporated (MOFI) and the Central Bank of Nigeria (CBN) with a shareholding ratio of 60 and 40 % respectively. the primary aim is to finance agriculture as well as small and medium

enterprises. While micro credit facilities account for 7%, the balance of 30% is for macro-credit facilities.

j)The bank of industry (BOI): this is an amalgamation of the former Nigerian industrial development Bank (NIDB) the Nigerian Bank for commerce and industry (NBCI) and the National Economic Reconstruction Fund (NERFUND). It was set up in 2000 principally to provide credit to the industrial sector. The mandate of the BOI include providing financial assistance for the establishment of large, medium, and small projects; as well as expansion, diversification and modernization of existing enterprises, and rehabilitation of ailing industries. The percentage of its annual lending to MSMEs increased to 96% by December 2010 from 35% in 2005 (Bank of industry, 2011).

These various schemes, programmes and institutions initiated to assist the SME sector were not very effective.The vast majority of MSMEs have not been able to secure finance from these institutions. Finance and management skills are crucial to SMEs survival . The management skills could be learnt through organized development programmes. SMEs indeed if well taken care of can assist in bringing about employment creation which can lead to poverty reduction.

Models of funding SMES from other countries

• **Indian model***:* The basic principle guiding the funding of SMEs in India is that the government regards small business as the 'eggs' that hatch big businesses. Apart from adequate incentives, the government supports SMEs by bulk purchasing their products and retailing them both for the domestic market and for exports. To facilitate their access to bank credits, the government issues SMES LPOS. Banks accept such contract papers as collateral. When small business bid for Government contracts with small ones, big businesses must bid 15% less than small businesses

for them to supply government needs. Payments are promptly made to the SMEs and this encourages their growth.

• **Bangladesh-the gramen model**: Prof Yunus Mohammed developed the GRAMEN MODEL. In this model, banks target potential borrowers for its core operations and form them into groups. Then soft loans are made available to these SMES, repayable within a specific period before others in that strategic group can benefit from the scheme. With this system there is a subtle pressure from other SMES that are members of this strategic core on the benefiting group to repay so that others can benefit from the scheme. This has introduced healthy capitalization among SMES in Bangladesh through factoring the credibility of the borrowers.

• **The Brazilian model**: The main thrust of the Brazilian model is that apart from heavy funding and subsidies, the Government provides infrastructure in an area and encourages the cluster of industries in such areas. The SINOS VALLEY shoe cluster industries in Brazil have revolutionized the Brazilian shoe industry. For the past 30 years, over 500 SMEs that produce shoes are located there.Today Brazil is the worlds third largest shoe exporter.

2.1.5 The concept of business workspace for entrepreneurs

In both developed and developing economies, policies supporting small and medium enterprises (SMEs) are widely promoted as their role for economic and social development in universally recognized. In most developing countries, although figures may vary considerably across countries and over time, micro and small scale enterprises account for the majority of firms and a relevant share of employment, and play a crucial role for economic growth (World Bank, 2002;4) support programme range from technical assistance to tax incentives, from direct supply at capital to regulatory provisions, training, support to innovation and other types of incentives. One of the mechanisms employed to nurture small firms for more than two decades is

business incubation. These are different ways of providing assistance to the MSMEs sector across the globe.

Business incubation can have several definitions and approaches. According to the National Business Incubators Association (NBIA), business incubation catalyzes the process of starting and growing companies, providing entrepreneurs with the expertise, networks and tools they need to make their ventures successful. Incubation programmes diversify economies, commercialize technologies, create jobs and build wealth. (World Bank, 2002;4). Incubators are generally characterized by some relevant features, which generally include:

i. A managed work space providing shared facilities, advisory, training and financial services and a nurturing environment for tenant companies.
ii. A small management team with core competencies
iii. Selection of start-up companies entering the incubator, 20 to 25 in the average, to generally after 3 years

A business incubator is a model where both existing and prospective business people are offered an organized resource rich environment and support services dedicated to start-ups, strengthen their micro business at grass root level. A good incubation programme is an integral part of a community-wide network aimed at providing financing, services and cultural support for entrepreneurial companies. The incubator should pull stakeholders together and endeavor to build linkages to appropriate knowledge-bases, finance providers, and market channels. Good incubator management values networking and promotes a dynamic community of entreprenuers, both within and outside its building.

2.1.6 Empirical studies on Small and Medium Scale Enterprises.

A number of empirical studies were conducted, for example, in attempt to evaluate the challenges and prospects of small and medium enterprises in Nigeria, Osotimehin, Charles, Babatunde, & Olajide (2012) used non-parametric simple percentages and Z-test statistical technique for sample of 100 SMEs randomly selected from 10 local governments of Lagos state south Western Nigeria to examine the challenges and prospects of micro and small scale enterprises. The findings showed that lack of finance and management skills affects the efficient performance of SMEs in Nigeria. Therefore, the authors recommend that both government and non-governmental organization should always organize seminars and educate them on how to plan, organize, direct as well as control their business. Similarly, Oluchukwu (2012) used simple percentage and chi-square for the sample of 150 questionnaires, out of which 120 were retrieved and analyzed to investigate the impact of small and medium enterprises in employment generation for Lagos state Nigeria. Findings from the study revealed that SMEs promotes sustainable development in Lagos state. Thus, the study recommend that government should encourage the youth to develop entrepreneurial skills so as to be self employed.

Furthermore, Kadiri (2012) used binomial logistic regression for the sample of 650 SMEs consisting of 180 agro-allied and 470 non-agro allied SMEs in Nigeria to examine the contribution of SMEs in employment generation. The author revealed that SMEs were unable to generate much employment because of their in ability to secure adequate finances. Also, the study revealed that most of the SMEs sampled relied on informal sources of finance to start their business. However, in an attempt to determine the level of loan delinquency among small and medium enterprises in Ondo state Nigeria, Obamuyi (2007) used descriptive statistic on 9 commercial banks and 115 SMEs from selected local governments in Ondo state. The results

showed various factors responsible for not expanding SMEs loan portfolio with poor credit worthiness, lack of collateral security and constraints based on regulation topping the list. The study also showed that loans delinquency rate was low at 6.90% of total loan obligations among SMEs in Ondo state Nigeria.

Another study by Taiwo, Ayodeji, & Yusuf (2012) examined the role of Small and Medium Enterprises (SMEs) as a veritable tool in economic growth and development of Ogun State South-Western Nigeria. The authors randomly selected 200 SMEs from five local governments and analyzed using both descriptive and inferential statistics in the form of simple percentages and Spearman correlation coefficient, respectively. The results showed that lack of financial support, poor management, corruption, lack of training and experience, poor infrastructure, insufficient profit and low patronage served as the most common constraints to the growth and development of SMEs in Nigeria. Sokoto & Abdullahi (2013) examined the role of Small and Medium Enterprises (SMEs) in poverty reduction in North-Western Nigeria. The authors sampled 400 SMEs in both Sokoto and Zamfara and analyzed using the student T-test. Empirical findings from the study revealed that employment generated by the SMEs is small when compared with the large enterprises. The findings of this study contradict the apriori expectation that SMEs contribute more to employment generation than large enterprises.

Oduyoye, Adebola, & Binuyo (2013) applied both inferential and descriptive statistics for 140 respondents classified into 27 executive and 180 nonexecutive (SMEs owners) to investigate the critical role of SMEDAN in Ogun state Nigeria from the period 2005-2010. The authors conclude that SMEDAN performed below expectation in linking SMEs with cheaper sources of finance.

In addition, Victoria, Samuel, Lioyd & Lazarus (2011) used ordinary least square (OLS) to examine the major causes of SMEs failure in Bindura Zimbabwe taking change in return on investment as a proxy for SMEs failure. The authors employed formal and informal interviews, questionnaires and focus group discussion to source the data for the study. The results showed that lack of general knowledge on business management, unavailability of credit and high cost of raw material are among the major causes of SMEs failure in Bindura. Similarly, Kihimbo, Ayoka, Omoka & Otuya (2012) applied descriptive statistics in the form of average, standard deviation and simple percentage on 60 SMEs in Kakamega Kenya. The authors found that less than half of SMEs in Kakamega municipal used formal financing as a source of capital. While, the challenge faced by SMEs include stiff competition, high running costs, low sales and low profit.

Another study by Aldaba (2012) used simple percentage for 97 SMEs comprising garment, textiles, automobile, electrical and electronics, and food manufacturing industries to examine the difficulties faced by SMEs in accessing finance in Philippines. The results showed that 41% of the respondents intend to expand their size and scope of their business in future. Also, 67% SMEs showed their sources could only be expanded through bank loan. Also, Nawi, Ismail, Zakaria, Noor, Ahmad, Hazri, Salleh, Tajuddin & Sallem (2012) used simple percentages to analyze the data generated through direct observation to examine the roles of government funding in accelerating the competitiveness and found that government funding are instrumental in the success of the efforts to accelerate the competitiveness level of SMEs in Sabah, Malaysia.

Shaik, Shafiq, & Shah (2011) applied simple percentages for the 200 simple randomly selected SMEs to examine their impact on rural development in Sidh. The findings revealed a significant increase in the growth of SMEs in the last decades particularly with active

participation of women in Sidh. The study therefore recommend for the government to encourage women in various parts of Pakistan. Syed, Abidi, Ghumro, Chandio & Shaikh (2011) examined sustainable development via women participation in Small and Medium Enterprises (SMEs) for 400 randomly selected respondents. The authors applied simple percentages and found that the biggest challenges encountered were doing business at home and lack of marketing facilities.

In a study carried out by Afolabi B and Macheke R (2012) entitled "An Analysis of Entrepreneurial and Business Skills and Training needs in SMEs in the Plastic Manufacturing Industry (PMI) in the Eastern Cape Province , South Africa",they found out that the SMEs in the PMI depend on the entrepreneurial and business skills for their success. The SMEs in the industry therefore need training in these skills so as to succeed.

Many studies have established specific entrepreneurial and business skills essential for the success of SMEs. According to Botha (2006), the absence or low levels of key skills like motivation, ability to gather resources, financial management, human resource management, marketing and technical skills, may lead to zero performance, while weakness in a particular element would decrease effectiveness in the overall performance of the venture. This thus means that the increase in the capacity of any of these skills can lead to an increase in the entrepreneurial performance of the entrepreneur (Botha, 2006). Supportive skills on the other hand, their absence would reduce performance, yet not completely destroy the business. This also means that an increase in the capacity of any of these supporting skills will also assist with SMEs performance. This gives a view that it is important to have all the core skills in place so as to get the desired performance and also the supportive skills to boost the business performance.

Entrepreneurial and business skills can be acquired through learning on the job or training. According to Antonites, A.J. (2003), the transfer of skills can effectively take place by means of participation of skilled individuals/employees in the learning of unskilled individuals. This study, based on the ways of entrepreneurial learning, emphasised on the importance of the development of entrepreneurial skills in order to lead a competitive entrepreneurial business. The Umsobomvu Youth Fund also offered some training programs which allude to the fact that to be successful entrepreneurs, required being equipped with both entrepreneurial as well as business skills to secure competitive businesses. It pointed out that all the business and entrepreneurial skills are vital to the sustainability of the business and should, therefore, be taught to the aspiring entrepreneurs.Training given to SMEs go a long way in boosting the knowledge of the owners in various aspects which will enhance the growth and development of the sector.

Furthermore, Solomon (2004), in his study on entrepreneurial training, also discovered the need for entrepreneurial skills and business skills for the upkeep of the business. Kunene (2008) argues that the entrepreneur's initiative and skill are significant determinants of success. Training for small business is primarily internally focused and imparts generic management skills such as marketing, finance, record-keeping, human relations, as well as industrial relations (Solomon, 2004). In conclusion it is maintained that entrepreneurial training improves SME performance over time, showing that the business and the entrepreneurial skills are really of importance in the business world, especially for entrepreneurs. Business and entrepreneurial skills are important for the sustainability and profitability of businesses (Smith &Perks, 2006).

Onugu. N.A.B (2005) using the Chi-square test statistics wrote a Ph.D dissertation on Small and medium enterprises (SMEs) in Nigeria : Problems and Prospects. The study outlined the problems of the SME sector in Nigeria. Babajide . A (2010) using multiple regression

analysis wrote a Ph.D dissertation on Effects of Microfinancing on Micro and Small Enterprises in South-West Nigeria.

One of the ways by which SMEDAN is supposed to ensure the survival of small businesses in the country is the establishment of business support centres or business information centers in each state of the federation (SMEDAN). Unfortunately, according to an empirical study of Ogun state, Nigeria, the state is yet to be a beneficiary of this laudable scheme (Oduyoye, Adebola and Binuyo 2013) such centres are expected to provide internet/website facilities, free business consultancy services for MSMES including cooperatives. Such businesses are also expected to obtain useful information on available business plans and prototypes useful to cooperative societies as well as other enterprises. Where such do not exist, the result is stunted growth for these businesses with all attendant consequences that border on eventual failure (Oduyoye, Adebola and Binuyo, 2013).

The purpose of the study was to use scientific and empirical means to proof the presence or otherwise of business support centres operated by SMEDAN in Ogun state, Nigeria and to appraise the operations of such support agencies in the survival of selected businesses in Ogun state, south – western Nigeria within the study period between 2005 and 2010. (Oduyoye, Adebola and Binuyo, 2013) variables that were tested include establishment of business support centres in the state to assist small businesses, extent of collaboration of SMEDAN with the Ogun state government in the establishment of industrial parks that would facilitate easy access among SMEs to land, good infrastructure and security in the state.

According to (Oduyoye, Adebola and Binuyo 2013) the study revealed that with a large population of enterprises requiring different forms of assistance to develop their business coupled with the challenge of covering the entire country, funding, according to the Agency was

a major challenge.The results of the study, revealed that SMEDAN has not been of much support to cooperative – financed businesses in Ogun state, Nigeria by the establishment of business support centres within the 2005 – 2010 study period.

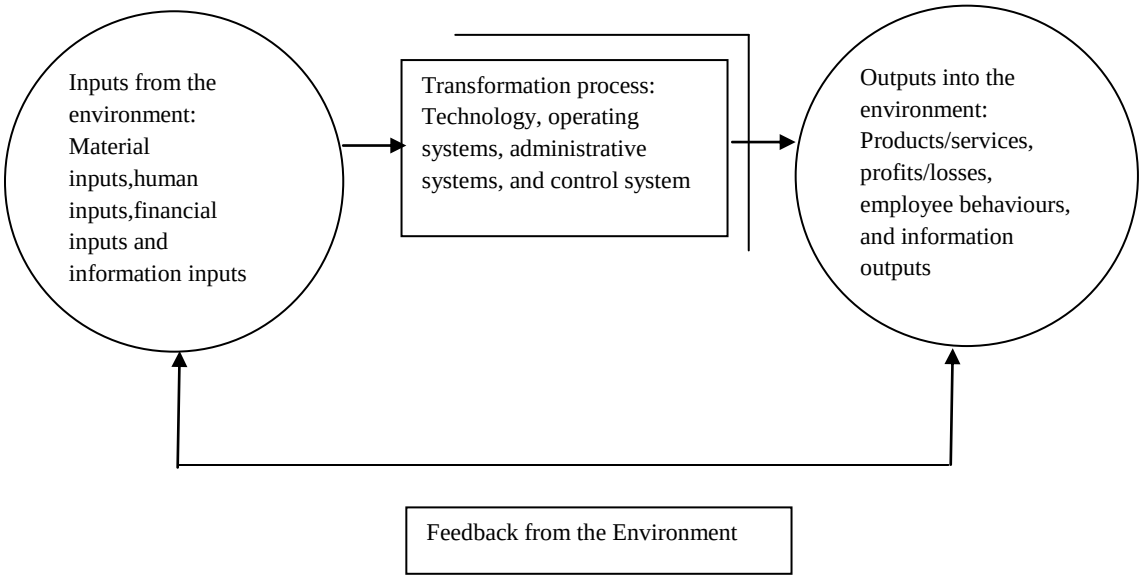
In another study of SMEDAN entitled "Services of small and medium enterprises development agency of Nigeria (SMEDAN) and small business survival in Ogun State, Nigeria", the findings revealed did not measure up to public expectation as far as its mandate to the SME sector is concerned (Oduyoye, Adebola and Binuyo 2013). However, judging from a special report on the agency in the guardian newspaper of September 3, 2008 (pg 85), there were some militating factors against SMEDAN's non performance – it include inadequate financial support from government to carry out its mandate. With a large population of enterprises requiring different forms of assistance to develop their businesses coupled with the challenge of covering a large country like Nigeria, funding according to the agency was a major challenge. (Oduyoye, Adebola and Binuyo 2013) SMEDAN, from the study has not been a success as far as the enhancement of cooperative – financed businesses in Ogun State, Nigeria is concerned. The federal government of Nigeria is advised to appraise all constraining factors in the performance of SMEDAN and make necessary adjustments that will ensure that the agency perform according to its mandate.

This particular work differs from the studies discussed above in the sense that it is an attempt to examine why SMEDAN is unable to effectively carry out its functions. For this study, the functions are taken as the objectives the organization seeks to achieve.What reasons have made SMEDAN unable to function as an agency established to bring about development and growth in the MSMEs sector.

2.2 Theoretical Framework

The theoretical framework adopted for this study is systems theory. General systems theory was originally proposed by biologist Ludwig Von Bertalanffy in 1928.Thomas Dye also used the theory in political science.

Figure 2.1 The Systems view of Organizations.



Source; Griffin, 1990,p 58 in Burton et al,2007 p.56

A system is "an organized or complex whole; an assemblage or combination of things or parts forming a complex or unitary whole." (Rosenzweig J.E. et al1964; 367).SMEDAN as an organization could be seen as a system .It consist of four basic elements of a system .The inputs, transformation process, outputs and feedback. The inputs required include the human resources, that is the staff of the organization, financial resources; that is the funds made available to the organization from the government and United Nations body, material such as vehicles and other working equipments and information resources. These include data on MSMEs operations in and outside the country. These inputs are put through the transformation process of administrative practices, and control techniques, in order to produce the output. The output here is the outreach

and impact made on MSMEs in the larger society which is also a system. These impact could be inform of more and better access to finance, new and better methods of production resulting in improved products, establishment of new MSMEs, accessibility to better work space and a general achievement of organizational goal of SMEDAN.

The Systems theory is used for this study because of the input through put and output components. SMEDAN as an organization was established and given resources to act and produce result in the MSMEs sector. Through the application of the Systems theory, we shall see the output in terms of changes in the MSMEs sector and feedback accordingly.

SMEDAN is to facilitate MSMEs access to all they need in terms of financial and non-financial needs to be able to achieve this, the system must function effectively. There must be synergy among the various component units.

The input into SMEDAN include the staff, the consultants SMEDAN involve in carrying out its development programmes, the vehicles and equipments such as computer systems. These things are provided to aid SMEDAN in carrying out its functions, funds allocated to SMEDAN and data it collects onMSMEs.

Conversion process; the identifiable variables here include the training given to the staff, the Bank of industry and other financial institutions, the contacts made by staff of SMEDAN to the beneficiaries contacts made by SMEDAN to other organizations in order to boost their activities could also be seen as a process.

Output: This relates to the concrete impact that is made on the beneficiaries. This we see in terms of development programmes organized for beneficiaries, the access to both financial and non financial assistance needed by the beneficiaries. This could be in terms of better infrastructure, expanded production and market among others.

Environment: the immediate environment here are the MSMEs which expects SMEDAN to have influence on its activities so that it can experience growth and development which in turn will affect the wider society economically.

Feedback; through the feedback mechanism, SMEDAN is able to know whether or not its making impact on the MSME. When the output are sent into the environment, a feedback is sent to SMEDAN as par its performance. This reveals whether or not the intended effect is being achieved.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter is a presentation and description of the various instruments used in carrying out the study. They include explanation on the design of the research, the population of the study, the sample, sampling technique, sources of data and the technique used for analyzing the data and testing the hypotheses.

3.2 Research Design

In this study, the survey research method as an investigative technique of generating relevant data from the field was used. The survey research studies both large and small groups of population. The survey method studies large and small populations whose samples are selected and studied in order to obtain relative incidence, distribution and inter relation of variables in the study, (Kerlinger 1999; Obasi 2000, Osuala, 2005). To Osuala, (2005: 255), this kind of survey by definition is the sample survey and is found more appropriate in describing and interpreting existing situations, through face – to – face interviews and questionnaire administration.

This technique provides information on facts, attitudes and opinion of people towards an event, problem or object. The survey research helps in the use of the representative sample of the target population to make inferences, deductions and generalization of the entire population. Therefore, the views of respondents on the contribution of SMEDAN to the growth and development of MSMES in Kaduna and Kano were captured using the survey method.

3.3 Population and Sample Size

The population for this study is four hundred and ninety – seven (497) drawn from the beneficiaries of SMEDAN programmes, staff of SMEDAN and the consumers of the products of the beneficiaries of SMEDAN: the first category are the staff of SMEDAN headquarters Abuja which are one hundred and thirty – eight (138), twenty – six (26) are junior staff while one hundred and twelve (112) are senior staff (2009 SMEDAN annual report).

The second category of the population are those who have benefited form SMEDAN's activities. Bearing in mind that not all micro, small and medium enterprises might have benefited from SMEDAN's activities, the target population therefore are those who came in contact with and benefited from SMEDAN in one way or the other. For this purpose, the researcher got a list of those SMEDAN had contact with. SMEDAN made contact with 221 entrepreneurs belonging to cooperatives and clusters both in Kaduna and Kano. (SMEDAN Headquarters, Abuja).

The third category of the population is the general public that is the consumers. This population is an unknown population. We took a sample of 200, that is 100 from each state. Five (5) people were interviewed. One from SMEDAN head office at Abuja, the other four were from the enterprises involved in the study.

Table 3.1: Summary of Population and Sample Size

Group/Cluster	Population size	Sample size
Staff of SMEDAN	112	20
Kano Waste recycling, oil mill, leather processing	178	108
Kaduna Kasuwar barchi tailoring cluster wood/metal panteka	207	113
Consumers	Unknown	200
Total	496	441

Source: Field Survey, 2014

3.4 Sampling Technique

Using the purposeful sampling techniques, we used 20 out of the 112 senior staff population of SMEDAN headquarters Abuja. We sampled only the senior staff because they are the ones that actually go to field for work. The purposeful sampling technique is a strategy in which particular settings, persons or activities are selected deliberately in order to provide information that cannot be gotten from other sources.

The second category of the population which are the beneficiaries of SMEDAN are 385. This is, 240 males + 145 females. Using the formula of paler – calmorin and calmorin, (2006) we arrived at a sample size as shown below:

$$n = \frac{NZ + Se^2 \times P - P}{NSe + Z^2 \times P - P}$$

Where n = Sample size

N = Total number of population

Z = The standard value (2.58) of 1% level of probability with 0.99 reliability

Se = Sampling error (0.01)

P = The population proportion

$$n = \frac{385 \times 2.58 + 0.01^2 \times 0.5 - 0.5}{885 \times 0.01 + 2.58 \times 0.5 0.5 - 0.5}$$

$$\frac{993.3 + 0.0001 \times 0.5}{3.85 + 0.645}$$

$$\frac{993.3 + 0.00005}{4.495} = \frac{993.30005}{4.495} = 220.97 \approx 221$$

For the beneficiaries, the sample size is 221.

Therefore the sample for this study shall be 441.The justification for this sample is based on Asika (2006). According to Asika (2006), the manner of selecting the sample is as important as the size of the sample. A sample of 100 elements selected randomly from a population of 1,000 elements is to a great extent representative of the population, and the findings from a study

of the sample can be generalized for the population. According to him, in the United States of America, most survey organizations consider a sample size of 1200- 1300 randomly selected from the entire USA as being 'adequate' for generalization for the country. For this study, though we have a total known population of 496, we shall use a sample size of 441 because of the differences in the size of the different clusters that make up the entire study population. Also considering we have an unknown population.

3.5 Sources of Data

The data for this study were sourced from both primary and secondary sources. The primary source includes the use of questionnaires and interviews. The questionnaires in this research consisted of questions relating to the three hypotheses administered to the staff of SMEDAN, the beneficiaries of SMEDAN and the customers of the beneficiaries of SMEDAN to examine the extent to which SMEDAN performs some of its functions. Interviews were conducted on both staff of SMEDAN and the beneficiaries. In all, five (5) interviewees were interviewed. The study also consulted secondary sources such as text books, journal articles, internet materials, SMEDAN publications, and documents and publication from other sources.

3.6 Administration of Instrument

The instruments used were questionnaires and interview schedule. Four hundred and forty-one (441) questionnaires were administered through the help of research assistants. The questionnaires were divided among all the clusters involved in the study. The interview was conducted by the researcher.

3.7 Method of Data Presentation and Analysis

For this study, tables, percentages were used to present data. Statistical package for social sciences (SPSS) was used for analysis. The Chi – square according to Leven and Rubin

(2007:586) is used to measure the level of discrepancy between observed and expected frequencies and is given as follows:

$$X^2 = \sum \frac{(O - E)^2}{E}$$

Where X^2 = Chi – square

O = observed frequencies

E = expected frequencies

∑= sigma or summation

The expected frequency is usually calculated by multiplying the column total by the row total and dividing the result by the grand total for each cell.

$$E = \frac{CT \times RT}{GT}$$

The level of significance refers to the maximum probability with which we could be willing to risk: for the purpose of this study, our level of significance is 0.05 because it agrees with the Yamane's formula for sampling adopted by the study. This means that the maximum probability we are willing to risk is 5%.

Test Of Hypotheses:

hypotheses one was tested using the chi-square statistical instrument to test the impact SMEDAN has had on MSMEs entrepreneurs in Kaduna and Kano States. For hypotheses one which states that there is no significant relationship between SMEDAN's development programmes, support services and the growth and development of MSMEs entrepreneurs in Kaduna and Kano staes, the variables considered are SMEDAN's development programmes and MSMEs Entrepreneurs improved business skills in Kaduna and Kano States, that is ;

SMEDAN's development programmes ---------- growth and development of MSMEs

Independent variable dependent variable

For hypothesis two, which states that there is no significant relationship between SMEDAN's provision of industrial infrastructure and the growth and development of MSMEs entrepreneurs in Kaduna and Kano states, the variables considered are SMEDAN's facilitation of MSMEs access to industrial infrastructures and growth and development of MSMEs in Kaduna and Kano States.

SMEDAN's facilitation to industrial infrastructure ----------growth and development

Independent variable dependent variable

And chi-square was used to test the hypothesis.

For hypothesis three which states that there is no significant relationship between SMEDAN's linkage to internal and external sources of finance and the growth and development of MSMEs entrepreneurs in Kaduna and Kano states, the variables considered are SMEDAN's linkage of MSMEs to finance and growth and development in Kaduna and Kano States

SMEDAN's linkage to finance ---------- growth and development

Independent variable dependent variable

And chi-square was used to test the hypothesis.s

CHAPTER FOUR

HISTORY, FUNCTIONS AND ORGANISATIONAL STRUCTURE OF SMEDAN

4.1 The History of Small and Medium Enterprises Development Agency of Nigeria [SMEDAN]

The Small and Medium Enterprises Development Agency of Nigeria [SMEDAN] was created via the Small and Medium Scale Industries Development Agency (Establishment) Act 2003 and charged with the responsibility for promoting and facilitating the development programmes in the small and medium scale industries sub-sector. The Act enacted by the National Assembly came into force on 19th June, 2003. Mrs Modupe Adelaja was appointed in June 2003 as pioneer Director-General of SMEDAN. Her tenure ended on July 10, 2008. The second Director-General/CEO Muhammad Nadada Umar and he assumed duties on 4th December, 2008 . The third Director-General is Alhaji Bature Masari. (SMEDAN head office , Abuja,2011.)

The agency is to provide information on raw materials, machinery, equipment, market and the activities of agencies of governments such as Standard Organisation of Nigeria (SON),National Agency for Food and Drug Administration Control (NAFDAC),Corporate Affairs Commision (CAC). The organization is also to provide training and capacity building areas such as bookkeeping and accounts management ,preparation of business plans, quality control , computer (or IT) appreciation . It is to help in accessing finance, improved work space, mentoring, advisory services and facilitation of linkages and or cooperation with other enterprises for improved production. SMEDAN also Partners with regulatory bodies such as the Standard Organisation of Nigeria (SON), National Agency for Food and Drug Administration

Control (NAFDAC), Export Promotions Council and other regulatory Agencies for the benefit of MSMEs. SMEDAN is to provide the MSMEs all the needed information to enable them fulfill the requirements of the regulatory agencies.

Vision: The vision of the Agency is to establish a structured and efficient micro, small and medium enterprises sector that will enhance sustainable economic development of Nigeria.

Mission: To facilitate the access of micro, small and medium entrepreneurs to all the resources required for their development.

4.2 The Functions of SMEDAN

The functions of the Agency as enunciated in the SMIDA Act, 2003 are listed below:

i. Initiating and articulating policy ideas for micro, small, and medium enterprises growth and development;

ii. Stimulating, Monitoring and Coordinating the development of the MSMEs sector;

iii. Promoting and facilitating development programmes, instruments and support services to accelerate the development and modernization of MSMEs;

iv. Serving as a vanguard for rural industrialization, poverty reduction, and job creation and thus facilitating enhanced sustainable livelihoods;

v. Linking MSMES to internal and external sources of finance, appropriate technology, technical skills as well as to large enterprises;

vi. Overseeing monitoring and coordinating the development of the MSMEs sector;

vii. Promoting and providing access to industrial infrastructure, such as layouts incubators and industrial parks;

viii. Providing assistance to MSMEs in marketing their products.

ix. Mobilizing internal and external resources, including technical assistance, for the development of MSMEs;

x. Promoting the familiarization, sub-contracting, networking, and crosscutting strategic linkages between MSMEs and other economic sub-sectors;

xi. Creating beneficial linkages between MSMEs and research institutes/universities;

xii Providing extension services to MSMEs;

xiii. Monitoring implementation of government directives, incentives and facilities for MSMEs development;

xiv. Recommending to government required amendments to business regulatory frameworks for ease of enterprise development.

xv. Working in concert with other institutions in both public and private sectors to create a good enabling environment of business in general, and MSMEs activities in particular.

(www.smedan.gov.ng).

4.3 The target beneficiaries

i) Micro, small and medium enterprises;

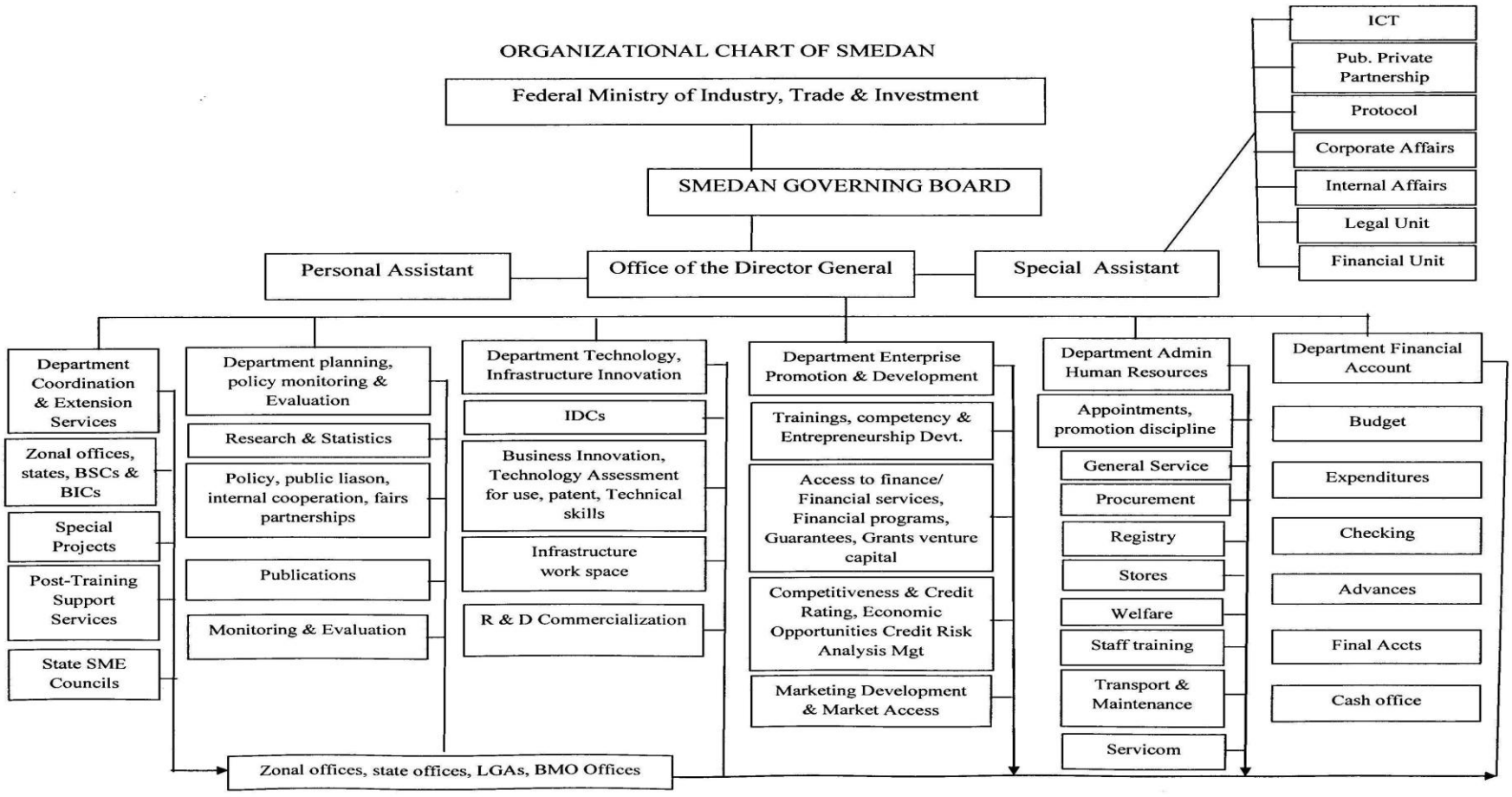
ii) Prospective entrepreneurs;

iii) MSMEs support institutions;

iv) Non-Governmental Organizations [NGOs], Faith-based Organizations [FBOs], Community-based organizations [CBOs] and Business Membership Organizations [BMOs] in the MSME sub-sector;

v) Federal government [through a functional feedback mechanism].(www.smedan.gov.ng)

4.4 Organizational Structure



Source: www.Smedan.gov.ng, 2015.

SMEDAN has six major Departments/Groups under the supervision of the Director-General/Chief Executive, as shown below :

i) Planning, Research and Library [PR&L];

ii) Enterprise Promotions Management and Extension Services [EPMES];

iii) Engineering, Technology and Infrastructure [ET&I];

iv) Monitoring and Evaluation [M&E];

v) Finance and Accounts;

vi) Administration; and

vii) Corporate Affairs.

There are also Legal, Internal Audit, ICT/Data Processing Units and Corporate Affairs Units attached to the Office of the Director-General/Chief Executive. (www.smedan.gov.ng)

4.5 Challenges and Constraints facing SMEDAN

i) The agency's major challenge is in the area of diminishing budgetary allocation. The agency witnessed a steady decline of its statutory allocation while activities, awareness and demands are increasing, and this significantly affected its programmes, in view of a large population of enterprises requiring different forms of assistance coupled with the challenge of covering a large country like Nigeria. Below is SMEDAN's budget between 2003 and 2010 and the allocation it got from the federal government.

Table 4.1 SMEDAN 2003 capital budget

FEDERAL MINISTRY OF INDUSTRY

	SMALL AND MEDIUM INDUSTRIES DEPARTMENT			
022601000317	(1) Physical and Infrastructural Development of existing Industrial Development Centres (IDCs)	10,000,000		Port-Harcourt and Makurdi Centres are being upgraded to Zonal and referral Centres of Excellence to ensure geo-political spread by having 1 Zonal IDC in each of the 6 geo-political zones of the country before the take-off of SMIDA = N50.0m.
	(iv) Upgrading the IDC Abuja to a Model Centre of Excellence and making it Functional.	5,000,000		
	Workshop Training Equipment for IDCs	55,000,000		
	SUB-TOTAL: SMALL AND MEDIUM INDUSTRIES DEPARTMENT	**70,000,000**	**0**	
	SPECIAL PROJECTS			
	Subsidy on Tractors		304,000,000	Federal Govt Subsidy for Purchase of Tractor for distribution all over the Federation.
	SUB-TOTAL: Special Projects	**0**	**304,000,000**	
	TOTAL DEPARTMENTS:-	**262,992,000**	**304,000,000**	

Source: Budget Office, Abuja.,2011

Table 4.2 SMEDAN 2004 capital budget

	Small scale and Medium enterprises development agency	
	Establishment of business support symptoms	150,000,000
	Purchase of office building	275,000,000
	SME development programme	250,000,000
	SME Trade and technology exposition	50,000,000
	International Donor counterpart funding	50,000,000
	Industrial Part	175,000,000
	Operational Vehicles	50,000,000
	SMEDA Total	**1,000,000,000**

Source : Budget Office, Abuja, 2011

Table 4.3 SMEDAN budget 2005

THE 2005 FEDERAL BUDGET
EXPENDITURE ENVELOPES

	Personnel costs	Overheads	Sub-total	Capital	Total
Small & Medium Scale Enterprises Development Agency of Nigeria	66,191,749	150,000,000	216,191,749	749,999,800	966,191,549

Source: Budget Office, Abuja, 2011

Table 4.4 SMEDAN 2006 Budget

FEDERAL GOVERNMENT OF NIGERIA 2006 BUDGET

		2006 APPROPRIATIONS APPROVAL
200775	**SMALL AND MEDIUM SCALE ENTERPRISES DEVELOPMENT AGENCY OF NIGERIA**	
	TOTAL ALLOCATION:	**700,000,000**
CLASSIFICATION NO.	**EXPENDITURE ITEMS**	
020077507000001	**PERSONNEL COST – GENERAL**	**87,170,229**
020077507000010	**SALARY & WAGES - GENERAL**	**30,116,789**
020077507000011	BASIC SALARY	30,116,789
020077507000020	**BENEFITS AND ALLOWANCES – GENERAL**	**50,653,622**
020077507000021	REGULAR ALLOWANCES	23,425,253
	MONETIZATION IMPACT	27,228,369
020077507000030	**SOCIAL CONTRIBUTION**	**6,399,818**
020077507000024	NHIS	3,011,679
020077507000025	PENSION	3,388,139
020077507000000	**GOODS AND NON-PERSONNEL SERVICES-GENERAL**	**287,520,338**
020077507001401	OVERHEADS	287,520,338
	TOTAL CAPITAL	**325,309,433**
020077510000000	**ONGOING PROJECTS (OTHERS)**	**325,309,433**
020077510010000	MSME MONITORING AND EVALUATION PROGRAMS	92,456,800
020077510020000	ESTABLISHMENT OF SEVEN (7) BUSINESS SUPPORT CENTRES (BSCs)	92,233,633
020077510030000	ESTABLISHMENT OF NINETY (90) BUSINESS INFORMATION CENTRES (BICs) IN 90 LOCAL GOVERNMENT AREAS OF THE COUNTRY	49,419,000
020077510040000	BUSINESS DEVELOPMENT SERVICE PROVIDERS	91,200,000

Source: Budget Office, Abuja 2011

Table 4.5 SMEDAN 2007 Budget

FEDERAL GOVERNMENT OF NIGERIA 2007 BUDGET

		2007 APPROPRIATIONS APPROVAL
0200775	**SMALL AND MEDIUN ENTERPRISE DEVT. AGENCY OF NIGERIA**	
	TOTAL ALLOCATION:	**645,887,251**
Classification No.	**EXPENDITURE ITEMS**	
020077507000001	**TOTAL PERSONNEL COST**	**95,924,353**
020077507000010	**SALARY & WAGES - GENERAL**	**33,522,146**
020077507000011	BASIC SALARY	33,522,146
020077507000020	**BENEFITS AND ALLOWANCES - GENERAL**	**54,371,024**
020077507000021	REGULAR ALLOWANCES	54,371,024
020077507000030	**SOCIAL CONTRIBUTION**	**8,031,183**
020077507000031	NHIS	3,352,215
020077507000032	PENSION	4,678,968
020077507001401	**TOTAL GOODS AND NON - PERSONAL SERVICES – GENERAL**	**247,343,266**
	TOTAL CAPITAL PROJECT	**302,619,632**
020077510000000	**ONGOING PROJECTS (OTHERS)**	**302,619,632**
020077510010000	ESTABLISHMENT OF BUSINESS INFORMATION CENTRE	32,515,551
020077510020000	ESTABLISHMENT OF BUSINESS SUPORT CENTRE	86,567,829
020077510030000	ENGAGEMENT OF BUSINESS SERVICE PROVIDERS FOR CAPACITY BUILDING PROGRAMME	91,200,000
020077510040000	MEDIUM AND SMALL SCALE ENTERPRISES MONITORING AND EVALUATION PROGRAMME	92,336,252

Source: Budget Office, Abuja.,2011.

Table 4.6 SMEDAN 2008 Budget

FEDERAL GOVERNMENT OF NIGERIA 2008 BUDGET

		2008 APPROPRIATIONS APPROVAL
0200775	**SMALL AND MEDIUN ENTERPRISE DEVT. AGENCY OF NIGERIA**	
	TOTAL ALLOCATION:	**1,118,029,538**
Classification No.	**EXPENDITURE ITEMS**	
020077507000001	**TOTAL PERSONNEL COST**	**123,910,497**
020077507000010	**SALARY & WAGES - GENERAL**	**110,142,664**
020077507000011	CONSOLIDATED SALARY	110,142,664
020077507000020	**BENEFITS AND ALLOWANCES - GENERAL**	**0**
020077507000021	NON-REGULAR ALLOWANCES	0
020077507000030	**SOCIAL CONTRIBUTION**	**13,767,833**
020077507000031	NHIS	5,507,133
020077507000032	PENSION	8,260,700
020077507001401	**TOTAL GOODS AND NON - PERSONAL SERVICES – GENERAL**	**201,341,598**
	REGULAR OVERHEAD	
	BUSINESS DEVELOPMENT SERVICES FOR MICRO-SMALL AND MEDIUM ENTERPRISES	
	MEDIUM AND SMALL SCALE ENTERPRISES MONITORING AND EVALUATION PROGRAMMES	
	SMALL AND MEDIUM ENTERPRISES SURVEY AND CLOSTERS STUDIES NATION-WIDE	
	SENSITAZATION AND AWARENESS, PUBLICITY PROGRAMMES	
	TOTAL CAPITAL PROJECTS	**792,777,443**
020077510000000	**ONGOING PROJECTS (OTHERS)**	**792,777,443**
020077510010000	ENGAGEMENT OF BUSINESS SERVICE PROVIDERS FOR CAPACITY BUILDING PROGRAMME	792,777,443
	ESTABLISHMENT OF BUSINESS SUPPORT CENTRE IN STATE OF THE FEDERATION INCONJUCTION WITH STATE GOVERNMENTS	
	OPERATIONAL VEHICLES	
	UPGRADE OF I. C. T. CENTRES NATION-WIDE	

Source: Budget Office, Abuja,2011

Table 4.7 SMEDAN 2009 Budget

FEDERAL GOVERNMENT OF NIGERIA 2009 BUDGET

		2009APPROPRIATIONS APPROVAL
0200775	**SMALL AND MEDIUM ENTERPRISE DEVELOPMENT AGENCY OF NIGERIA (SMEDAN)**	
	TOTAL ALLOCATION:	**966,014,473**
Classification No.	**EXPENDITURE ITEMS**	
020077507000001	**TOTAL PERSONNEL COST**	**115,304,043**
020077507000010	**SALARY & WAGES - GENERAL**	**102,492,483**
020077507000011	CONSOLIDATED SALARY	102,492,483
020077507000030	**SOCIAL CONTRIBUTION**	**12,811,560**
020077507000031	NHIS	5,124,624
020077507000032	PENSION	7,686,936
020077507001401	**TOTAL GOODS AND NON - PERSONAL SERVICES – GENERAL**	**300,710,429**
	TOTAL CAPITAL PROJECT	**550,000,000**
020077510000000	**ONGOING PROJECTS (OTHERS)**	**550,000,000**
020077510010000	ENGAGEMENT OF BUSINESS SERVICE PROVIDERS FOR CAPACITY BUILDING PROGRAMME	500,000,000
200775100110000	OSUN EAST MICRO-CREDIT SCHEME	50,000,000

Source: Budget Office, Abuja, 2011

Table 4.8 SMEDAN 2010 Budget

FEDERAL GOVERNMENT OF NIGERIA 2010 BUDGET

		2010 AMENDMENT APPROPRIATION
0200775	**SMALL AND MEDIUM ENTERPRISE DEVELOPMENT AGENCY OF NIGERIA (SMEDAN)**	
	TOTAL ALLOCATION:	**1,549,430,660**
Classification No.	**EXPENDITURE ITEMS**	
020077507000001	**TOTAL PERSONNEL COST**	**202,136,195**
020077507000010	**SALARY & WAGES - GENERAL**	**179,676,618**
020077507000011	CONSOLIDATED SALARY	179,676,618
020077507000030	**SOCIAL CONTRIBUTION**	**22,459,577**
020077507000031	NHIS	8,983,831
020077507000032	PENSION	13,475,746
020077507001401	**TOTAL GOODS AND NON - PERSONAL SERVICES – GENERAL**	**1,003,664,252**
	REGULAR OVERHEAD	281,164,252
	CAPACITY ENHANCEMENT PROGRAMMES	212,500,000
020077510140000	SMALL AND MEDIUM SCALE ENTERPRISE SKILLS ACQUISITION SMEDAN	510,000,000
	TOTAL CAPITAL PROJECT	**343,630,214**
020077510000000	**ONGOING PROJECTS (OTHERS)**	**343,630,214**
020077510010000	PROVISION OF GENERAL ENTERPRISE DEVELOPMENT SERVICES (EDS) IN PLATEAU STATE BY GEO ASSIST NIG LTD.	8,662,500
020077510020000	PROVISION OF GENERAL ENTERPRISE DEVELOPMENT SERVICES (EDS) IN BENUE STATE BY PETER DRUCKER CONSULTIG.	8,662,500
020077510030000	PROVISION OF GENERAL ENTERPRISE DEVELOPMENT SERVICES (EDS) IN ADAMAWA STATE BY COINE INTERNATIONAL ASSOCIATES.	8,662,500
020077510040000	CAPACITY ENHANCEMENT FOR 100 WOMEN ENGAGED IN MICRO AND SMALL ENTERPRISES (MSES) IN NIGER STATE	4,331,250

020077510050000	CAPACITY ENHANCEMENT FOR 100 WOMEN ENGAGED IN MICRO AND SMALL ENTERPRISES (MSES) IN BAUCHI STATE STATE BY MCWELL RESOURCES LTD.	4,331,250
020077510060000	CAPACITY ENHANCEMENT FOR 100 WOMEN ENGAGED IN MICRO AND SMALL ENTERPRISES (MSES) IN BORNO STATE.	4,331,250
020077510070000	CAPACITY ENHANCEMENT FOR 130 YOUTHS INVOLVED IN MICRO AND SMALL ENTERPRISES (MSES) IN TERMS OF KNOWLEDGE, SKILLS AND RIGHT ATTITUDE TO BUSINESSES IN TARABA STATE BY SAGES CONSULT	5,180,625
020077510080000	CAPACITY ENHANCEMENT FOR 130 YOUTHS INVOLVED IN MICRO AND SMALL ENTERPRISES (MSES) IN TERMS OF KNOWLEDGE, SKILLS AND RIGHT ATTITUDE TO BUSINESSES IN BAUCHI STATE BY JOS BUSINESS SCHOOL LTD.	5,180,625
020077510090000	CAPACITY ENHANCEMENT FOR 130 YOUTHS INVOLVED IN MICRO AND SMALL ENTERPRISES (MSES) IN TERMS OF KNOWLEDGE, SKILLS AND RIGHT ATTITUDE TO BUSINESSES IN BORNO STATE BY ROAD MASTER LINK LTD.	5,180,625
020077510100000	CAPACITY ENHANCEMENT FOR 130 YOUTHS INVOLVED IN MICRO AND SMALL ENTERPRISES (MSES) IN TERMS OF KNOWLEDGE, SKILLS AND RIGHT ATTITUDE TO BUSINESSES IN KEBBI STATE BY FIRST ICON CONSULTING LTD.	5,180,625
020077510110000	PROVISION OF OTHER ENTERPRISE SUPPORTS SERVICES TO 833 SMES IN THE NORTH EAST REGION BY CHIKA CONSULTIUM LIMITED	6,926,464
020077510120000	ENTREPRENEURSHIP AND VOCATIONAL TRAINING OF WOMEN AND YOUTHS IN NINE (9) LGA OF OYO SOUTH SENETORIAL DISTRICT	277,000,000

Source: Budget Office, Abuja ,2011

Table 4.9 Dwindling Budgetary Allocation from the Federal Government.

Year	2004	2005	2006	2007	2008	2009
Amount (N'm)	1,000.00	600.17	325.31	217.62	105.00	550.00

Source: SMEDAN Head Office Abuja, 2011

This decline in capital is happening at a time when the entrepreneurial campaign launched by the Agency is recording positive responses as well as swelling the population of those to be served. Some elements of frustration are becoming evident as wetted appetites of prospective MSMEs, especially youths and women, could not be satisfied. It becomes even more worrisome as paid employment opportunities dwindle while more people are forced into early retirement in view of the prevailing/general economic slow-down. Virtually all the Agency's fixed assets (especially IT equipment and vehicles) have passed their economic replacement age, resulting in very high running costs. Yet, the Agency's activities have a high fieldwork and information networking content.

i) Weak Access of MSMEs to Finance. After an MSME has undergone necessary business/entrepreneurship training, including the acquisition of requisite skills to prepare his business plan and start/expand his operation, the next step should be a smooth access to credit. Unfortunately, this is not the case. MSMEs are highly discriminated against, and it is a matter for regret that less than one percent of the beneficiaries from SMEDAN's Enterprise Development Programmes (EDPs) have been able to access credit to translate their knowledge into concrete business. This is a worrisome development since the provision of entrepreneurial education is not an end in itself but a means to an end.

iii) High Cost of Funds. Where MSMEs succeed in accessing funds, they do so at rates which exceed their rate of returns on investment.

iv) Weak Access to Workspace. This is a major constraint to start ups – as they find it difficult to pay rent for multiple years, and the Agency, unfortunately, is not in a position to help them.

v) The uncooperative attitude of some state government and public sector institutions posed a major challenge to the agency in its quest to emancipate MSMEs at the grassroots.

vi) Dearth of reliable/up-to-date data in designing specific intervention programmes for different segment of enterprises remains a challenge though the Agency has been able to improve the situation. Much still requires to be done in the future in this regard.

vii) Also, the cost of doing business in Nigeria is still high due to operational infrastructural inadequacies, legal/ regulatory challenges and weak operation capacities of MSMEs. Expenses such as payment of commercial rates for training and capacity building, and mandatory regulatory fees by National Agency for Food and Drug Administration & Control (NAFDAC), Standards Organisation of Nigeria (SON) and to lesser degree Corporate Affairs Commission (CAC) are hardly affordable, especially by start-ups. (SMEDAN Head Office, Abuja, 2011).

4.6 Key Policy and Programme Areas

The Overall objective of the National Policy on MSME is to create, nurture and promote the necessary conditions for the growth and development of MSMEs. The Policy is based on close partnership and cooperation between the various levels of government and community organizations on one hand and private enterprises and business organizations on the other. It encompasses seven broad policy / programme areas as follows :

a. Institutional , Legal and Regulatory Framework

b. Human Resource Development

c. Technology, Research and Development

d. Extension and Support Services

e. Marketing

f. Infrastructure

g. Finance.

A) **Institutional, Legal and Regulatory Framework**

Most MSMEs Operate in the informal Sector, refered to as the informal economy and are largely outside the official framework of regulation and support . The National Policy on MSMEs provides an appropriate institutional and legal framework for the promotion and support of the development of MSMEs and their full integration into the key concerns of national economic policy. MSME policy will focus on the following key areas :

a) Business Registration

b) Land Use Planning, Land and Property Rights

c) Contract Enforcement and Dispute Resolution

d) Labour Laws and Regulations

e) Tax Administration

f) Standards and quality Regulations

g) Alternative Dispute Relations(www.smedan.gov.ng)

a) Business Registration

Objectives

i) To promote the transformation of informal MSMEs to formal sector so that they can be fully integrated into the economy

ii) To facilitate and simplify the registration of MSMEs in order to obtain and maintain up – to – date information on the number, performance and needs of MSMEs.

Strategies

i) Sensitize MSMEs on the benefits and advantages of formal registration

ii) Establish one stop shop at all tiers of government.

iii) Establish a fee paying Structure that enhances MSMEs Development.

iv) Set up registration desks or liaison offices in MSMEs- Clusters around the Country.

v) Partner with business membership organizations to facilitate the registration of MSMEs with the relevant authorities.(www.smedan.gov.ng).

b) Land Use Planning, Land and Property Rights

Objectives

i) To ease access to land and land registration for business and commercial purposes.

ii) To ensure orderly and environment –friendly location of businesses including industrial parks and estates in towns and communities.

Strategies

i) Review the Land Use Law in order to simplify and regularize access to land business

ii) Ease the processes and procedures for registering land, property title and consent.

iii) Facilitate MSMEs access to workspace and physical development.(www.smedan.gov.ng)

C) Contract Enforcement and Dispute Resolution

Government is committed to the rule of law and enforcement mechanisms to protect private property, ownership and contract rights.

Objectives

i) To promote investor Confidence by ensuring a legal System that is simple, fair, transparent and accessible to MSMEs, their clients and customers.

ii) To minimize cost and time taken to settle disputes arising from commercial contracts.

iii) To encourage the development of institutionalized alternative dispute resolution mechanisms throughout the country.

Strategies

i) Strengthen the existing and planned alternative dispute resolution systems to serve MSMEs more effectively and sustainably.

ii) Sensitise MSMEs on the availability and workings of the alternative dispute resolution systems and encourage them to utilize them.

iii) Support training and capacity building programmes in alternative mediation, arbitration and conciliation.(www.smedan.gov.ng)

D) Labour Laws and Regulations

Objective

To Promote labour laws and regulations, that protect the mutual interest of workers and employers.

Strategies

i) Review existing labour laws to provide for the special needs of MSMEs.

ii) Grant reliefs and exemptions in the application of existing laws as would protect and advance the special interests of specific groups of MSMEs

iii) Sensitize MSMEs on labour legislations such as workmen Compensation Act, Factories Act etc.

iv) Facilitate MSMEs access to safety, health and environment information services and support.

v) Support Training and skills building to promote safety and health issues within MSMEs.

(www.smedan.gov.ng)

E) Tax Administration

Objectives

i) To reduce the cost and time taken to process tax payments by MSMEs

ii) To streamline the taxes paid by MSMEs in order to reduce incidence of multiple taxation

iii) To simplify the tax administration system in order to make it more predictable, transparent and less cumbersome.

Strategies

i) Promote the reform of tax laws at the Federal, State and Local Government levels in order to make the tax institutions more friendly to MSMEs.

ii) Eliminate tax raids and multiple check points for collecting different types of rates, tolls, permits and levies from MSMEs.

iii) Document and disseminate the tax obligations of MSMEs on regular basis in order to improve awareness and predictability of tax payments.

iv) Through dialogue and consultation between the various tiers of government and business organizations to rationalize, reduce and simplify the taxes paid by MSMEs.

v) Extend tax holidays and other incentives to MSMEs.(www.smedan.gov.ng)

f) Standards and Quality Regulation

Objectives

i) To promote awareness on the vital roles standards and quality play in economic development

ii) To encourage Utilization of National and International Standards and regulations by MSMEs towards sustainability and global competitiveness.

Strategies

i) Sensitize MSMEs on the existing standards and regulations and the benefits thereof.

ii) Establish MSMEs friendly windows at all tiers of government that will facilitate easy access to standards and regulations.

iii) Provide incentives that will encourage MSMEs towards meeting National and International Standards for Competitiveness.(www.smedan.gov.ng)

g) Alternative Dispute Resolution

Objective

To provide a less cumbersome swift and cheaper ways of settling disputes between Small business operators.

Strategy

Initiate, publicise and institutionalize negotiation, mediation, conciliation, judicial mini-trial (also called pre-trial Conference), expert determination and Ombudsman as possible options for dispute settlement. (www.smedan.gov.ng)

B) Human Resource Development

The Policy agenda is to create a critical mass of entrepreneurial, managerial and technological skills for the growth and competitiveness of Nigeria's MSMEs. Towards this, government will pursue capacity building for swelling numbers of school leavers, University graduates and existing SMEs and existing SMEs operators.

Objectives

i) To ensure an effective provision of relevant educational and skills training for MSMEs by educational and training institutions.

ii) To support the creation and expansion of opportunities for in-service and continuing education and training for MSMEs owners, managers and workers.

iii) To create avenues and programmes for the nurturing and dissemination of special skills needed for the improvement of product range and quality, output and productivity of MSMEs.

Strategies

i) Incorporate entrepreneurial and business skills in the curricula of tertiary institutions.

ii) Establish special non-formal education and training courses and programmes for MSMEs owners, managers and workers

iii) Promote and establish Business Support Centres (BSCs) in all the States and Local Government Areas (LGAs) in collaboration with State Governments, Business Membership Organisations (BMOs).

iv) Promote and establish Business information Centres (BICs) in all the Local Government Councils in collaboration with the LG authorities, business communities and apex cooperatives.

v) Establish special Programmes for updating the skills and upgrading the technology and process of enterprises.

vi) Encourage MSMEs to conduct regular skills audit to identify skill gaps and measures to mitigate them.

vii) Establish special programmes for updating the skills and upgrading the technology and processes of enterprises in traditional crafts and industries, such as textiles , leather works , iron working, pottery, basketry, which have high potential not only for meeting the basic needs of the communities but also of powering the development of tourism and export markets.

viii) Design industry – specific technical and management training modules to take into account the needs of entrepreneurs in special target areas.

ix) Establish institutional mechanisms to accredit and certify MSMEs entrepreneurs and managers.

x) Set up special science, engineering and technology training centres for practical hands – on training for both existing and aspiring entrepreneurs and their managers.

xi) Privatise the Industrial Development Centres to make them responsive, viable and demand – driven.

xii) Partner with Private Sector Organisations to implement cluster-based entrepreneurship training programmes.

xiii) Create "One stop shops' for the development of MSMEs at the Local and State levels.

xiv) Strengthen existing vocational centers.(www.smedan.gov.ng)

C) Technology, Research and Development.

Government is committed to promoting sound technological infrastructure as well as effective research and development (R& D) systems for the growth and competitiveness of MSMEs.

Objectives

i) To promote MSMEs utilization of modern and appropriate technology and innovation from Research and Development Institutions.

ii) To strengthen infrastructure and nurture improved local innovative and productive capacity

iii) To maximize the beneficial impact of R & D in areas such as raw materials sourcing, production technology and methods product development and market exploration.

iv) To improve confidence in the patenting and copyright systems and so encourage private investments in R & D activities. (www.smedan.gov.ng)

Strategies

i) Support the activities of complementary Public technology – promoting institutions, such as: Industrial Training Fund (ITF), National Office for Technology Acquisition and Promotion (NOTAP) , Federal Institute for Industrial Research , Oshodi (FIIRO) , Project Development Agency (PRODA) Enugu, Raw Materials Research and Development Council (RMRDC), National Center for Technology Management (NACTEM), Technology Incubation Center (TIC), and National agency for Science and Engineering Infrastructure (NASENI) , Energy Commission, etc.

ii) Provide Universities and research institutes with special grants for research and innovation activities relating to growth and development of MSMEs.

iii) Facilitate the process for the commercialization of innovative products and technologies produced by research institutes.

iv) Support the production of prototypes and local fabrication for more efficient production by MSMEs through grants and capacity building.

v) Create improved access to patents and benefits from intellectual property in relation to MSMEs development.

vi) Establish technological acquisition windows through licensing, franchising, technical assistance, consultancy services, technical partnership and support for strategic alliances among firms.

vii) Create joint cooperation between business and academia in such areas as joint research, program development and internship arrangements at both graduate and post graduate levels.

viii) Support MSMEs to make Strategic use of information and communications technology to maximize their efficiency and develop new business methods and market opportunities.

ix) Research institutes should be encouraged to buy research results en bulk and improve them for the Nigerian situation. This should entail acquisition of expired patents abroad that are still relevant to us and use reverse engineering to customize them.(www.smedan.gov.ng)

D) Extension and Support Services

Government will take measures to promote capacity building for MSMEs to ease business start-ups and expansion

Objectives

i) provide relevant, adequate, timely, accessible and affordable extension and support services to MSMEs.

ii) To establish and promote the operations of specialized support services to MSMEs in critical areas such as information resources , business development services, market linkages and liason, technical support services, information and communication technology (ICT).

Strategies

i) Information Resources

a) Compilation of comprehensive, updated and accessible database (directory) on MSMEs in Nigeria.

b) Establish network of regularly updated and accessible business information centres to serve as one –stop information shops for MSMEs.

c) Dedicate aspects of SMEDAN website to promote resources on Nigeria's MSMEs.(www.smedan.gov.ng)

ii) Business Development Services

a) Establish business support centres (BSCs) to provide training, mentoring, management and technical advisory and counseling to MSMEs.

b) Provide training for business development service providers (BDSPs) to supply affordable and relevant technical and advisory services to MSMEs.

c) Institute accreditation procedure for BDSPs to ensure quality control on services delivered to MSMEs.

d) Forge organic (continuous or natural) relations between MSMEs and business development service providers to ensure relevance and impact

E) Marketing

Every MSMEs operator has profitability at the back of his mind. This can only be achieved when goods and services are successfully exchanged for a reasonable value. This makes the issue of marketability very pertinent in the MSMEs sector in Nigeria. MSME

operators have a range of products and services which need to be marketed but unfortunately are bedeviled with a lot of constraints. Government has expressed commitment to ensure that MSMEs share of local markets is enhanced through building tendering capacities, improved share of public sector procurement and strategic alliances and greater cooperation between MSMEs and the large enterprises. The broad approach should be Public – Private sector partnership in harnessing domestic and export markets.

Objectives

a) To promote production and marketing of products and services that are locally/ internationally competitive and which meets global standards

b) To provide access to market information and available marketing facilities .

Challenges

i) Poor packaging

ii) Inadequate market information

iii) Multiple and over lapping regulatory framework which leads to high costs as well as loss of self confidence.

iv) High cost of advertisement

v) Poor infrastructure

vi) Poor quality products

vii) Market identification and development

ii) Weak access to market

iii) Weak Product Competitiveness

Strategies

i) Provision of improved infrastructure and marketing facilities with special emphasis on transportation, communication and electricity.

ii) Government procurement of at least 40% of her needs from MSMEs.

iii) SMEDAN should create necessary apparatus for marketing research for MSMEs, the result of which must be disseminated to interested MSMEs.

iv) Establishment of annual competition / awards for quality

v) Organisation of product fairs for quality comparison and improvements.

vi) Harmonization of activities of regulatory agencies like NAFDAC, SON and CAC to eliminate multiple charges and enhance competitiveness.(www.smedan.gov.ng)

F) Infrastructure

Government is committed to providing adequate and reliable infrastructure power, water, sanitation, social amenities, in order to improve the growth and competitiveness of the MSMEs sector, particularly in designated industrial clusters and business districts.

Objectives

i) To establish a conducive environment for enterprise development through the provision and maintenance of infrastructural facilities and services, in consultation and cooperation with the private sector.

ii) To promote special infrastructure provision mechanisms designed to ease high production costs among MSMEs.

Strategies

i) Provide basic infrastructural facilities, such as access roads, transportation facilities, power and water supply and other utilities to designated MSMEs locations and clusters.

ii) Establish Public –Private Partnership systems to support business estates and industrial clusters with essential technical facilities and services.

iii) Utilize the system of economic, industrial and free trade zones to promote MSMEs development.(www.smedan.gov.ng)

G) Finance

Many financial problems constrain the development and performance of MSMEs . Lacking a strong assets base and viable securities, the typical MSMEs has very limited access to bank such as insurance, equipment leasing, and hire purchase further limits their financing opportunities. Government is committed to eliminating the financing constraints to MSMEs. The key step in this direction is the enunciation of the Microfinance policy for Nigeria, under the auspices of the Central Bank of Nigeria. Government will take measures to enhance state resources for MSMEs financing as well as provide tacit encouragement and support to private sector and social/ non- profit organizations to supply innovative and diverse financial services.

Objectives

i) To reduce the financial constraints on the creation, operation and expansion of viable and sustainable development of MSMEs sector.

ii) To improve sustained access to and beneficial utilization of finance for business start –up and expansion.

iii) To ensure synergy between financing schemes and other complementary enterprise support programmes.

Strategies

i) Promote Business Development Service (BDS) to enhance the access of MSMEs to finance and equity investment.

ii) Create Micro, Small and Medium Enterprise Development Funds that is Private- Public sector driven.

iii) Provide fiscal incentives, including tax exemption for MSMEs.

iv) Sensitize and supporting the MSMEs to form cooperative societies, association and clusters to enable them access loan and credit facilities.

v) Establish special Credit guarantee scheme for MSMEs.

vi) Include MSMEs operators in implementation of MSMEs Policy

vii) Revamp the 2nd tire market and establish a 3rd tire market at the stock exchange.

viii) Create Credit bureau to collate and document information about MSMEs, borrowers and their risk ratings.

ix) Broaden the scope of acceptable collateral for MSME lending.

x) Promote the integration and modernization of the traditional lending and micro finance institutions into the MSME financing framework.

xi) Developed finance institutions such as BOI, NACRD et cetera should device instruments to be able to lend not less than 75% of their portfolio to MSMEs.

xii) Dedicate a proportion of the SMEEIS for capacity building and marketing programmes for the MSMEs.

xiii) Support the implementation of the Microfinance Policy for Nigeria to generate maximum benefits to MSMEs.

xiv) Establish a Small and Medium Enterprise Development Fund dedicated to the specific requirements of Small and medium enterprises.

xv) Organize capacity building and institutional support programmes for venture capital and equipment leasing firms.

xvi) Support the establishment of non – governmental microfinance as provided for in the Micro finance Policy for Nigeria.

xvii) Encourage groups of MSMEs to initiate mutual funds and other credit institutions for collective self help.(www.smedan.gov.ng)

CHAPTER FIVE

PRESENTATION AND ANALYSIS OF DATA

5.1 Introduction

This chapter is concerned with the presentation and analysis of data collected in order to assess the contribution of SMEDAN to the growth and development of MSMEs in Kaduna and Kano States. Data were collected from three sets of respondents along with interviews with staff of SMEDAN and some beneficiaries. The respondents to the three sets of questionnaires were the beneficiaries who are entrepreneurs or business owners who have had contact with SMEDAN in Kaduna and Kano States, the staff of SMEDAN and the customers of the beneficiaries.

Secondary data collected from documents sourced from SMEDAN, empirical studies, internet materials were used to support data collected from questionnaires administered on staff of SMEDAN, the beneficiaries of SMEDAN and the customers generally. Frequency tables and percentages were the instruments used to present and analyse the data. The three hypotheses stated in chapter one were tested using Chi-square goodness of fit. Out of the four hundred and forty one (441) questionnaires administered among all the clusters involved in the study, four hundred and nine (409) were returned. The 409 constitutes 93% of the total. Below is a tabular presentation of the questionnaires administered and returned.

Table 5.1 Questionnaires Administered and Returned

Group or Cluster	No administered	No returned	Percentage response(%)
Staff of SMEDAN	**20**	**18**	**90**
Beneficiaries(Entrepreneurs)	**221**	**209**	**95**
Consumers	**200**	**182**	**91**
Total	**441**	**409**	**93**

Source; Field Survey, 2014

From the table above, we see the rate of return of the questionnaires administered to the various clusters that constituted the sample size for the study. For the staff of SMEDAN, the rate of return was 90 percent, while for the beneficiaries, the rate of return was 95% and the rate of return from the consumers was 91%. The total response rate was 93%. Results derived from analysis of these responses is considered sufficient for valid conclusions.

The data are hereby presented and analyzed below;

5.2.1 Presentation of Data on Beneficiaries

Table 5.2 State of Beneficiaries

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Kano	110	52.6	52.6	52.6
	Kaduna	99	47.4	47.4	100.0
	Total	209	100.0	100.0	

Source: ***Field Survey, 2014***

From table 5.2 above, 110 representing 52.6 % of the beneficiaries are based in Kano, while 99 representing 47.4% of them are in Kaduna, the return from Kano was higher.

Table 5.3 Type of Business

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Leather Production	76	36.4	36.4	36.4
	Oil mill	65	31.1	31.1	67.5
	Welding	30	14.4	14.4	81.8
	Retailer	16	7.7	7.7	89.5
	Tailoring	18	8.6	8.6	98.1
	Plastic Waste Recycler	4	1.9	1.9	100.0
	Total	209	100.0	100.0	

Source: Field Survey, 2014.

The table shows a breakdown of the type of business of the respondents. Leather processing or production has the highest frequency with 76 representing 36.4% of the entire responses. Oil Mill has 65 representing 31.1%of respondents, welding has 30 representing 14.4% of the respondents , 16 representing 7.7% are retailers , 18 representing 8.6% are into tailoring , and Plastic waste recyclers are 4 representing 1.9%.

From this we can say that those in the leather processing, Oil milling, Plastic waste recyclers, welding and tailoring are the main beneficiaries of SMEDAN .This suggests that the organization should make more efforts to reach other forms of businesses within the states.

Table 5.4 Sex of Respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	168	80.4	80.4	80.4
	Female	41	19.6	19.6	100.0
	Total	209	100.0	100.0	

Source: Field Survey 2014.

The table above shows that 168 respondents were male.representing 80.4% while 41 representing 19.6 %were females.

Table 5.5 Educational Qualification

		Frequency	Percent	Valid Percent	Cumulative
Valid	NIL	2	1.0	1.0	1.0
	Primary School	42	20.1	20.1	21.1
	WAEC/NECO	85	40.7	40.7	61.7
	Diploma/NCE	57	27.3	27.3	89.0
	HND/BSC/B.ED	10	4.8	4.8	93.8
	Higher Degree	1	.5	.5	94.3
	Others	12	5.7	5.7	100.0
	Total	209	100.0	100.0	

Table 5.6: ***Source : Field Survey, 2014.***

The educational qualification revealed that majority of the respondents, that is 85 representing 40.7% are WAEC/NECO holders, the second highest are the diploma/NCE holders, they are 57 representing 27.3%, the primary school graduates are 42 representing 20.1%, the

HND/B.Sc /B.ED holders are 10 representing 4.8%, those with others are 12 representing 5.7% while 1 representing .5 % indicated higher degree and 2 representing 1.0% indicated they had no education whatsoever. This shows that most of those involved in these businesses have limited educational exposure, which to a large extent affect the management of the business.

Table 5.6: Marital Statuss

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Married	157	75.1	75.1	75.1
	Single	48	23.0	23.0	98.1
	Others	4	1.9	1.9	100.0
	Total	209	100.0	100.0	

Source: Field Survey, 2014

The table above revealed that 157 representing 75.1% are married while 48 representing 23% are single and 4 representing 1.9% belong to others which could be widowed or divorced or separated. These shows that being married people they have responsibilities to cater for and so are in need of a lot of finance. Therefore they need all the support to boost their businesses.

Table 5.7: Awareness Of The Existence Of SMEDAN And Its Activities

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	209	100.0	100.0	100.0

Source: Field Survey, 2014.

The above revealed that all the respondents are aware of SMEDAN's existence. Of course it is those who are aware that could have benefited from the package offered by the organization. It was a purposive selection. In a collaborative survey, carried out by SMEDAN and NBS on MSMEs in Nigeria, most of the respondents are not aware of SMEDAN. According to the study, the awareness is more in the FCT and Delta State representing 76.9% and 69.7%

respectively. Nationally, the survey revealed that more than nine in every ten micro enterprise operators (95.2%) are not aware of SMEDAN and benefits they can enjoy, only 4.8% are aware of SMEDAN

Table 5.8. Source of Knowledge

	Frequency	Percent	Valid Percent	Cumulative Percent
The media	15	7.2	7.2	7.2
Fellow business partners	82	39.2	39.2	46.4
Personal contact with the staff of smedan	112	53.6	53.6	100.0
Total	209	100.0	100.0	

Source: Field Survey, 2014

From the table above, we see that 15 of the respondents representing 7.2% claimed that they got to know of SMEDAN through the media. This percentage is too low considering the fact that much publicity should be made on SMEDAN so that a large number of MSMEs can benefit from what the agency offers. Efforts should be made by the agency to advertise its services through the media, so as to reach out to MSMEs. 82 representing 39.2% got their knowledge of SMEDAN from fellow business partners while 112 representing 53.6% got to know of SMEDAN through personal contact with the Staff of the organization. To some extent there is a tendency for the agency to be selective as to which clusters of MSMEs to reach out to. This will not encourage a fair spread out of the services of the agency. This implies that those that cannot be reached will not benefit. It will be more beneficial to a larger number of enterprises if the agency's services are publicized through the media periodically. In addition, the organization should make contact with various associations of enterprises in order to reach out to their members.

Table 5.9; Development programmes are Organized by SMEDAN

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	7	3.3	3.3	3.3
	Undecided	7	3.3	3.3	6.7
	Agree	38	18.2	18.2	24.9
	Strongly agree	157	75.1	75.1	100.0
	Total	209	100.0	100.0	

Source: Field Survey, 2014

The table above indicates that 7 representing 3.3% strongly disagreed, 7 representing 3.3% were undecided, 38 representing 18.2 % of the respondents agree while 157 representing 75.1% of the respondents strongly agree that SMEDAN organizes development programmes, and. This shows that almost all the respondents agree that development programmes are organized by SMEDAN. Development programmes are important as it enlightens the entrepreneurs on better ways of organizing and running their enterprises, which will lead to increased efficiency, which in turn will result in higher productivity and growth when the knowledge acquired is put to practice.

Table 5.10 Enhancement of Business Knowledge and Opportunity to invest

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly disagree	13	6.2	6.2	6.2
Disagree	5	2.4	2.4	8.6
Agree	31	14.8	14.8	23.4
Strongly agree	160	76.6	76.6	100.0
Total	209	100.0	100.0	

Source: Field Survey ,2014.

We can see that 13 representing 6.2% strongly disagreed, while 5 representing 2.4% disagreed, 31 representing 14.8% agreed and 160 representing 76.6% of the respondents strongly agreed that their business knowledge has been enhanced. From this, we can draw an inference that the development programmes that was held for them, actually contributed to their

knowledge, therefore the development programme had a positive impact on them. By implication, SMEDAN should organize more of such development programmes to boost the knowledge of the participants.

Table 5.11 Utilization of Knowledge acquired in the business

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	4	1.9	1.9	1.9
	Disagree	4	1.9	1.9	3.8
	Undecided	4	1.9	1.9	5.7
	Agree	46	22	22	27.8
	Strongly agree	151	72.2	72.2	100.0
	Total	209	100.0	100.0	

Source: Field Survey, 2014.

We see that 4 representing 1.9% strongly disagreed, another 4 representing 1.9% disagreed, while 4 representing 1.9% were undecided, 46 representing 22% agreed and 151 representing 72.2% strongly agree that they made use of the knowledge acquired in their business. This shows that the majority of the beneficiaries put into practice what they were taught.

Table 5.12 Growth and Development from Knowledge Implementation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	8	3.8	3.8	3.8
	Disagree	6	2.9	2.9	6.7
	Undecided	6	2.9	2.9	9.6
	Agree	51	24.4	24.4	34.0
	Strongly agree	138	66.0	66.0	100.0
	Total	209	100.0	100.0	

Source: Field Survey, 2014

The table shows that 8 representing 3.8% of the respondents strongly disagree that they experienced growth and development as a result of application of knowledge acquired in the

business, 6 representing 2.9% disagreed, 6 representing 2.9% were undecided as to whether they had growth and development, another 51 representing 24.4% agreed while 138 representing 66% strongly agreed. From this, we can say that there was growth and development in the businesses of those who applied the knowledge. Therefore, there should be opportunities for more training so as to enhance greater productivity.

Table 5.13 SMEDAN and Contribution to Growth of Businesses

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	1	.5	.5	.5
	Disagree	5	2.4	2.4	2.9
	Undecided	2	1.2	1.2	8.9
	Agree	48	23	23	25.8
	Strongly agree	155	74.2	74.2	100.0
	Total	209	100.0	100.0	

Source; Field Survey,2014

The table above reveals that 1 representing .5% of the respondents strongly disagreed that SMEDAN contributed to the growth of their business,5 representing 2.4% disagreed that SMEDAN contributed to the growth of their business, 2 representing 1.2% were undecided another 48 representing 23% agreed and another 155 representing 74.2% stronglyagreed. This shows that SMEDAN contributed in some way to strengthening the business.

Table 5.14 SMEDAN and Work Space Provision

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	18	8.6	8.6	8.6
	Agree	19	9.1	9.1	17.7
	Undecided	13	6.2	6.2	23.9
	Disgree	73	34.9	34.9	58.9
	Stronglydisagree	86	41.1	41.1	100.0
	Total	209	100.0	100.0	

Source: Field Survey, 2014

From the table above, we see that 18 representing 8.6% strongly agreed that SMEDAN assisted them in securing a workspace, 19 representing 9.1% agreed to this,13 representing 6.2% were undecided,73 representing 34.9 disagreed and 86 representing 41.1 strongly disagreed. As at the time the data was collected, the greater percentage of the beneficiaries said they had secured their workspace and have been in business before encountering SMEDAN. In the course of interview conducted, with the desk officer at SMEDAN head office Abuja, he said the Kano state government had given the leather processing cluster a land, but they were yet to move there.

Table 5.15 Convenience of Workspace

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	54	25.8	25.8	25.8
	Disagree	34	16.3	16.3	42.1
	Undecided	1	.5	.5	42.6
	Agree	84	40.2	40.2	82.8
	Strongly agree	36	17.2	17.2	100.0
	T**otal**	209	100.0	100.0	

Source: Field Survey, 2014.

From the table 54 representing 25.8% of the respondents strongly disagreed that their workspace or workshop is convenient, 34 representing 16.3% disagreed, 1 representing .5 was undecided another 84 representing 40.2% agreed and 36 representing 17.2% strongly agreed. That is to say 42% of the respondents are not satisfied with their present work space. They desire another better one. Further discussions in the course of administering the questionnaires revealed that many of the respondents expressed dissatisfaction with the size, facilities and location of their workspaces. Some complained it is too small and tight .For example, the leather processing cluster at Kofar Wambai in Kano is sited in a residential area, where there is no accessible road, with no water supply and very poor drainage facility. The members of the tailoring cluster in Kasuwar Barchi also complained of tight space. This implies that SMEDAN should do something about securing more conducive workspaces for the entrepreneurs. The collaborative survey revealed that majority of the enterprises, precisely 39.8% made daily use of alternative source of power in the range of 1-5 hours , about 34.9% of the enterprises made daily use of alternative source of power in the range of 6-10 hours. Another remarkable observation is that , about 12% of the enterprises made daily use of alternative source of power in the range of 16-20hours. According to the study, the provision of infrastructure like access roads, market workspace and so on are part of the aspects the enterprises need help.

Table 5.16 Accessibility to Financial Support Through SMEDAN

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	14	6.7	6.7	6.7
	Agree	25	12	12	18.7
	Undecided	28	13.4	13.4	32.1
	Disagree	59	28.2	28.2	60.3
	Stronglydisagree	83	39.7	39.7	100.0
	Total	209	100.0	100.0	

Source: Field Survey, 2014

The above table revealed that 14 representing 6.7% of the respondents strongly agreed to having access to financial support through SMEDAN,25 representing 12% agreed, 28 representing 13.4% were undecided,59 representing 28.2% disagreed and another 83 representing 39.7% strongly disagreed. This clearly shows that most of the respondents have not accessed finance through SMEDAN. Enterprises need finance to expand their activities, without finance they cannot grow, hence it is important for SMEDAN to support Micro Small Medium Enterprises(MSMEs) by helping them to have access to finance. Further interview in the course of questionnaire administration revealed that some of the things learnt during the training organized were not implemented as a result of inadequate capital. The MSMEs are not able to expand production because they lack finance to purchase equipments and machines needed in the production process. For example, the tailoring Cluster at Kasuwar Bachi Kaduna disclosed they need power supply to run the industrial machine, and in the absence of electricity which is a big problem in our society, the use of generator become indispensable. Finance is required to purchase the generator. Finance is also required to purchase materials for the sewing .The collaborative survey revealed that a ranking of problems in order of severity militating against enterprises development in Nigeria revealed lack of access to finance as the most severe, then weak infrastructure and inconsistency in government policies.

Table 5.17 Reasons for Inability to Access Finance Through SMEDAN

	Frequency	Percent	Valid Percent	Cumulative Percent
No comments	46	15.4	15.4	15.4
They promised but failed	135	68.0	68.0	83.4
Do not know why	15	8.9	8.9	92.3
We were unable to meet requirement	11	3.6	3.6	95.9
We never discussed finance	8	2.4	2.4	98.3
Yet to start processing	3	1.8	1.8	100.0
Total	209	100.0	100.0	

Source: Field Survey, 2014.

Table 5.26 above reveals the responses of the beneficiaries as to why they were unable to access financial support through SMEDAN. 46 representing 15.4% of the respondents made no comments.135 representing 68.0% said SMEDAN promised to assist them to access finance , but were unable to keep their promise.15 representing 8.9% said they did not know why 11 representing 3.6 % said they were unable to meet requirement. 8 representing 2.4% said they never discussed finance and 3 representing 1.8% said they were yet to start processing. Those whose opinion is that SMEDAN promised but failed had the highest percentage, one actually wonder what was responsible for their inability to keep to their promise. In an interview with the desk officer, Ado Bello on 18th of July, 2012 at SMEDAN head office ,specifically in the Enterprises Promotion department revealed that SMEDAN has not been able to help enterprises access finance because of the stringent conditionalities attached to such loans from Bank of Industry.He mentioned the Dangote's fund which is under the control of Bank of Industry.

Table 5.18 Major Source of Finance in Business

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No comments	4	2.5	2.5	2.5
	Loan from friends & relatives	12	7.5	7.5	10.0
	Ploughed back profit	152	76.9	76.9	86.9
	Personal savings	41	13.1	13.1	100.0
	Total	209	100.0	100.0	

Source: Field Survey, 2014-

The table 5.22 above shows that 4 representing 2.5% did not make any comments on their major source of finance. 12 representing 7.5% said it is loan from friends and relatives, 152 representing 76.9% said it is ploughed back profit, and 41 representing 13.1% said its from their personal savings. Here it is clear that the formal banking system has not been a source of finance to any of the respondents. These major sources of finance they tap from is not sufficient to adequately take care of the needs of the enterprises which could result in expansion of their activities that could warrant the employment of more workers thereby creating employment opportunity and consequently contributing to poverty reduction in the society.

5.2.2 Data from SMEDAN Staff

Table 5.19 SMEDAN Sensitizes the Public.

	Frequency	Percent	Valid Percent	Cumulative Percent
Disagree	1	5.6	5.6	5.6
Undecided	1	5.6	5.6	11.2
Agree	10	55.6	55.6	66.8
Strongly agree	6	33.3	33.3	100.0
Total	18	100.0	100.0	

Source; Field Survey ,2014

The table above is a sample of the staff of SMEDAN. It reveals that 6 of the respondents representing 33.3% strongly agree that SMEDAN sensitizes the public, 10 representing 55.6% agree while 1 representing 5.6% is undecided and another 1representing 5.6% disagreed as to whether SMEDAN sensitizes the public on its activities or not. Those who affirm that SMEDAN sensitizes the public are more, therefore we take it that SMEDAN sensitizes the public. This is good, as more entrepreneurs will get to know of SMEDAN's activities and become beneficiaries.

Table 5.20 SMEDAN Assists MSMEs Frequently

	Frequency	Percent	Valid Percent	Cumulative Percent
Disagree	1	5.6	5.6	5.6
Agree	12	66.7	66.7	72.3
Strongly agree	5	27.8	27.8	100.0
Total	18	100.0	100.0	

Source : Field Survey,2014

From the above table, we see that 5 representing 27.8% strongly agreed that SMEDAN assists MSMEs frequently, 12 representing 66.7% agreed while 1 representing 5.6% disagreed. This shows that SMEDAN assists MSMEs, this is good and should be continued as the MSMEs need a lot of assistance. A follow up question was asked as regards the specific area in which the assistance takes place.

Table 5.21 Specific Areas In Which This Assistance Takes Place.

	Frequency	Percent	Valid Percent	Cumulative Percent
No response	1	5.6	5.6	5.6
Capacity training in vocational & entrepreneurship training programme	12	66.7	66.7	72.2
Can not really talk about it	1	5.6	5.6	77.8
Provide advisory services	4	22.2	22.2	100.0

Source : Field Survey, 2014.

From table 5.25 above, we see that 1 representing 5.6% of the respondents did not respond to the question,12 representing 66.7% indicated in the area of capacity training in vocational and entrepreneurship training programme, another 1 representing 5.6% of the respondents cannot really talk about it , while 4 representing 22.2% indicated provision of advisory services. This clearly shows that the major area which SMEDAN has been able to impact on the MSMEs has been in the non-financial aspect. This is further demonstrated in the responses of the beneficiaries as seen on table 5.19 which shows their opinions on specific areas of contribution. We see clearly that they are all non-financial that is training and advisory services has 55.9% and 17.8% respectively..

Table 5.22 SMEDAN Established And Strengthened Already Existing MSMEs In Kano/Kaduna States

	Frequency	Percent	Valid Percent	Cumulative Percent
Disagree	2	11.1	11.1	11.1
Undecided	5	27.8	27.8	38.9
Agree	8	44.4	44.4	83.3
Strongly agree	3	16.7	16.7	100.0
Total	18	100.0	100.0	

Source : Field Survey,2014

The table above reveals that 3 representing 16.7% of the respondents strongly agree that SMEDAN established and strengthened already existing enterprises, 8 representing 44.4% agreed, 5 representing 27.8% are undecided , 2 representing 11.1% disagreed. This clearly shows that a greater percentage of the respondents support that SMEDAN indeed contributed in some way to helping existing enterprises.

Table 5.23 Specific Examples of Established Enterprises

	Frequency	Percent	Valid Percent	Cumulative Percent
No response	11	61.1	61.1	61.1
Kano leather	3	16.7	16.7	77.8
Waste recycle	2	11.1	11.1	88.9
Existing smes have been strengthened	2	11.1	11.1	100.0
Total	18	100.0	100.0	

Source : Field Survey, 2014.

From the table above, we see that 11 representing 61.1% made no response as to the specific examples of enterprises strengthened by SMEDAN , 3 representing 16.7% said the Kano Leather was established, 2 representing 11.1% said the waste recycle cluster were strengthened and another 2 representing 11.1% simply said existing SMEs have been strengthened. One wonders why majority of the respondents were unable to respond to this issues.

Table 5.24 SMEDAN Secured Financial Support for Msmes in Kaduna/Kano States

	Frequency	Percent	Valid Percent	Cumulative Percent
Disagree	4	22.2	22.2	22.2
Undecided	9	50	50	72.2
Agree	4	22.2	22.2	94.4
Strongly agree	1	5.6	5.6	100.0
Total	18	100.0	100.0	

Source : Field Survey,2014.

From the table abve 4 representing 22.2% disagreed that SMEDAN secured any financial support for MSMES in Kaduna/Kano States,9 representing 50% were undecided, another 4 representing 22.2% agreed while 1 representing 5.6% strongly agreed. From the

above we can clearly see that only 27.8% of the staff of SMEDAN agreed that MSMEs secured financial support for MSMEs in Kaduna and Kano States. We can infer from this that in actual sense MSMEs were not able to secure finance through SMEDAN. Those who claim to be undecided would have had no doubts if really SMEDAN assisted the enterprises to secure finance. This is also corroborated in table 5.26 where majority of the respondents that is 95.8% of the respondents affirmed that SMEDAN did not help them to secure financial assistance.

Table 5.25 Specific Examples of Enterprises which Secured Finances Through SMEDAN.

	Frequency	Percent	Valid Percent	Cumulative Percent
No response	11	61.1	61.1	61.1
Yet to do that	3	16.7	16.7	77.8
I'm not aware of any	3	16.7	16.7	94.4
There is too much bureaucracy	1	5.6	5.6	100.0
Total	18	100.0	100.0	

Source: Field Survey,2014

From the table above we see that 11 representing 61.1% of the staff of SMEDAN made no response on the issue, 3 representing 16.7% said the organization was yet to do that , 3 representing 16.7% said they were not aware of any, and1representing 5.6% said there is too much bureaucracy .This further confirms that SMEDAN was not able to help the enterprises to secure any financial assistance.

Table 5.26 SMEDAN Given Adequate Funding by the Government.

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly disagree	7	38.9	38.9	38.9
		55.6	55.6	94.5
Disagree	10	5.5	5.5	100
Undecided	1			
Total	18	100.0	100.0	

Source : Field Survey, 2014

From the table above, 7 representing 38.9% of the respondents strongly disagreed that SMEDAN is been adequately funded, 10 representing 55.6% disagreed, that is they are of the opinion that there is inadequate funding, while 1 representing 5.5% was undecided. This shows that 94.5% of the respondents are of the opinion that the funding received by SMEDAN is inadequate. This is further illustrated by the table shown below. If SMEDAN is to perform its functions well, it must have sufficient funds to run its activities. The Government should therefore ensure adequate provision of funds.

Table 5.27 Dwindling Budgetary Allocation from the Federal Government.

Year	2004	2005	2006	2007	2008	2009
Amount (N'm)	1,000.00	600.17	325.31	217.62	105.00	550.00

Source ; SMEDAN Head Office Abuja.

It can be observed that there was fluctuation in the funds given to the agency.

Table 5.28 Reasons for Inadequate Funding of SMEDAN .

	Frequency	Percent	Valid Percent	Cumulative Percent
No response	8	44.4	44.4	44.4
Poor funding	8	44.4	44.4	88.9
Political interference	1	5.6	5.6	94.4
Govt has not seen the infrastructural need of SMEs	1	5.6	5.6	100.0
Total	18	100.0	100.0	

Source: Field Survey, 2014

From the table above, we see that 8 representing 44.4% made no response as to why SMEDAN is not been adequately funded by the government. 8 representing 44.4% were of the opinion that is poor funding, 1 representing 5.6% said political interference, another 1 representing 5.6% said the government has not seen the infrastructural needs of SMEs. From this we can clearly see that the staff of SMEDAN cannot actually say why the organization is not adequately funded by the government.

Table 5.29 Opinion on which of the MSMEs in Kaduna/Kano States have Benefited more from SMEDAN

	Frequency	Percent	Valid Percent	Cumulative Percent
No response	7	38.9	38.9	38.9
No data	2	11.1	11.1	50.0
I dont know	2	11.1	11.1	61.1
Kaduna	1	5.6	5.6	66.7
Kano leather	6	33.3	33.3	100.0
Total	18	100.0	100.0	

Source : Field Survey, 2014.

From the table above, we see that 7 representing 38.9% made no response as to which of the MSMEs in Kaduna and Kano benefited more from SMEDAN , 2 representing 11.1% said that there is no data, another 2 representing 11.1% said I don't know, 1 representing 5.6% said Kaduna, 6 representing 33.3% said Kano leather . From this we can say that the greater percentage of the respondents that is 61.1% are not able to clearly tell the actual facts of the difference between the two states. This clearly shows a problem of improper documentation of the organisation's activities. It was 38.9% that were able to say something, and from what they said, Kano State appear to have benefited more than Kaduna State.

Table 5.30 Constraints or Challenges Facing the Agency

	Frequency	Percent	Valid Percent	Cumulative Percent
Poor Funding	11	61.1	61.1	61.1
Lack of cooperation from state & L.G.	1	5.6	5.6	66.7
Poor synergy among agencies of FGN	1	5.6	5.6	72.2
Bottle necks in accessing funds for entrepreneurs	1	5.6	5.6	77.8
Inadequate support from govt	1	5.6	5.6	83.3
Poor staff motivation	3	16.7	16.7	100.0
Total	18	100.0	100.0	

Field Survey. 2014

From the table above, we can see that 11 representing 61.1% said that poor funding is a challenge facing SMEDAN, 1 representing 5.6% said lack of cooperation from State and Local Government, another I representing 5.6% said poor synergy among agencies of FGN, 1 representing 5.6% said bottle necks in accessing funds for Enterpreneurs, 1 representing 5.6%

said inadequate support from government, and 3 representing 16.7% said poor staff motivation. Here we see that the organization SMEDAN is confronted by many problems.

5.2.3 Data from Customers of Beneficiaries *:-*

Table 5.31 Period of being a Customer

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	11-15 years	1	.5	.5	.5
	6-10 years	53	25.4	29.1	29.7
	0-5 years	128	61.2	70.3	100.
	Total	182	87.1	100.0	

Source: Field Survey,2014

From the table above we see that 1 representing .5 have been customer for 11-15years while 53 representing 25.4% have been customer for 6-10years and 128 representing 61.2% which is majority have been customer for 0-5years.This revealed that majority of the customers have been with them for about 5 and less years.

Table 5.32 Improvement In Product Or Service

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	123	69.8	69.8	69.8
	Agree	57	29.0	29.0	98.8
	Undecided	1	.6	.6	99.4
	Disagree	1	.6	.6	100.0
	Total	182	100.0	100.0	

Source: Field Survey ,2014

From the table above, we see that 123 representing 69.8% strongly agreed that there was improvement in the product or service, 57 representing 29.0% agreed, 1representing .6 was undecided, and another 1 representing .6 disagreed. This shows that 98 .8% of them believed that there has been improvement in the product. We can say here that the training received

through SMEDAN impacted on the products.

Table 5.33 Responses on whether Customers relate well with the beneficiaries

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Stronglydisagree	1	.5	.5	.5
	Disagree	2	1.0	1.1	1.6
	Undecided	1	.5	.5	2.2
	Agree	58	27.8	31.9	34.1
	StronglyAgree	120	57.4	65.9	100.0
	Total	182	87.1	100.0	

Source: Field Survey , 2014

The table above shows that 85.2% were positive that their customers (that is the beneficiaries of SMEDAN) relates well with them. This is very good for the progress of the business. A good relationship with the customers will enhance more demand for the products and services being rendered which will result in increased productivity and could lead to more employment generation.

Table 5.34 Love to Maintain your Customer Because of his Attitude.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	51	24.4	28.0	28.0
	Stronglyagree	131	62.7	72.0	100
	Total	182	87.1	100.0	

Source: Field Survey,2014

From the table above we see that 182 representing 100% of the respondents were positive that they love to maintain their customers because of the attitude. This goes to show that good and positive attitude is important for the growth of every enterprise.In every business enterprise, it is important to have good relationship as it promotes the enterprise

Table 5.35 Positive Improvement in Your Customer's Attitude.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	18	8.1	9.3	9.3
	Yes	164	78.5	90.1	99.5
	Total	182	87.1	100.0	

Source : Field Survey, 2014.

From the table above, we see that 164 representing 78.5% said there was positive improvement in their customers' attitude. 18 representing 8.1% said there was no positive improvement in their attitude. We can say that the training they received was helpful.

5.5 Test of Hypotheses

Test of Hypothesis 1:

The hypothesis was stated in null(Ho) form as follows;

H_o; There is no significant relationship between SMEDAN'S development programmes, support services provided and the growth and development of MSMEs entrepreneurs in Kaduna and Kano States.

Variables: Independent,: SMEDAN's development programmes and support services

Dependent: growth and development of MSMEs

Table 5.36 Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	36.563[a]	9	.0054
Likelihood Ratio	34.838	9	.0052
Linear-by-Linear Association	0.887	1	.000
N of Valid Cases	209		

Source; Field Survey, 2014

Decision rule: If the calculated chi-square value (X^2) is greater than the critical chi-square value x^2), we reject the null hypothesis and accept the alternate hypothesis. At a significant level of 0.05%.

The Pearson Chi-square (X^2) value calculated is 36.563 with a degree of freedom of 9. The critical Chi-square (X^2) value is 16.919 at 0.05% level of significance. Since the calculated 36.563 is greater than the critical 16.919, we reject the null and accept the alternate. Therefore, the Ho which states that there is no significant relationship between SMEDAN's development programmes and support services provided and the growth and development of MSMEs in Kaduna and Kano states is rejected.

Test of Hypothesis two:

The hypothesis was stated in the null form

Ho: there is no significant relationship between SMEDAN's provision of industrial infrastructure and the growth and development of MSMEs in Kaduna and Kano States.

Variables: Independent: SMEDAN's provision of industrial infrastructure

Dependent: growth and development of MSMEs

Table 5.37 Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	21.524[a]	16	.027
Likelihood Ratio	21.754	16	.026
Linear-by-Linear Association	2.963	1	.085
N of Valid Cases	209		

Source:Field Survey, 2014

Decision rule: If the calculated Chi-square value (X^2) is greater than the critical chi-square (x^2), we reject the null hypothesis and accept the alternate hypothesis at a significant level of 0.05%,and if the calculated chi-square value (X^2) is less than the critical value, we accept the null hypothesis at a significant level of 0.05%.

The Pearson Chi-square (X^2) calculated value is 21.524 with a degree of freedom of 16. The critical value is 29.296, we accept the null and reject the alternate.

Test of hypothesis three:

The hypothesis was stated in null form

Ho: there is no significant relationship between SMEDAN's linkage to internal and external sources of finance and the growth and development of MSMEs in Kaduna and Kano States.

Variables :

Independent: SMEDAN's linkage to internal and external sources of finance

Dependent: growth and development(expansion)

Table 5. 38 Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	20.491[a]	16	.199
Likelihood Ratio	20.135	16	.214
Linear-by-Linear Association	4.075	1	.044
N of Valid Cases	209		

Source : Field Survey, 2014

Decision rule: If the calculated Chi-square value X^2 is greater than the critical Chi-square (X^2), we reject the null hypothesis and accept the alternate hypothesis at a significant level of 0.05%. The Pearson Chi-Square (X^2) calculated value is 20.491 with a degree of freedom of 16. The critical value is 29.296 at 0.05% level of significance. Since the calculated 20.491 is less than the critical 29.296 we accept the null.

5.2.4 Discussion of Results

For hypothesis one the null which states that there is no significant relationship between SMEDAN's development programmes and support services and the growth and development of MSMEs in Kaduna and Kano States was rejected because the findings revealed that there was growth and development through implementation of knowledge derived from the development programmes. This may probably be because the development programme was easy to organize as all SMEDAN needed to do was to make contact with the consultants that handled the development programmes.These consultants are part of the input into SMEDAN .Secondly, there were no requirements to be met. This accounted for the success recorded as relates to the training of beneficiaries. According to the collaborative survey conducted by SMEDAN and NBS, in the ranking of services respondents benefited ,entrepreneurship training and vocational skill

upgrading were ranked as most important. This goes to buttress the importance of the development programme. The development programme is linked with the third function of SMEDAN as contained in its enabling act. The function is to promote and facilitate development programmes, instruments and support services to accelerate the development and modernization of MSMEs. Improvement in managerial skills of entrepreneurs is qualitative and not quantitative. Improvement in managerial skills is an output which is seen as an impact on the entrepreneurs.

The second hypothesis which relates to the issue of industrial infrastructure is directly linked with the seventh (7^{th}) function which is promoting and providing access to industrial infrastructure, such as layouts, incubators and industrial parks. Here , the null hypothesis which states that there is no significant relationship between SMEDAN's provision of industrial infrastructure and the growth and development of MSMEs entrepreneurs in Kaduna and Kano States was accepted. This situation is explained by the fact that the beneficiaries are yet to obtain infrastructural facilities from SMEDAN. For example, one of the clusters used for the study, that is the Majemar Kofar Wambai leather processing in Kano occupy a land which is too small for their operations. The site is located within a residential area.There is no accessible road,there is insufficient water for their production activities and the drainage system is very poor. Infact the place is choked up. In an interview conducted with Ado Bello on the 17^{th} of July 2012,at SMEDAN head office Abuja,he disclosed that SMEDAN in an attempt to help the situation, wrote to the Kano State government to give the Leather Cluster a land. A land close to the modern tanneries at chalawa was given to them. But the people said they could not develop it. SMEDAN made contact with UNIDO who donated modern tanneries equipment.

Also, the members of the tailoring cluster in Kasuwar Barchi from discussions that

ensued in the course of questionnaire administration, disclosed their space for work is tight. Infact in some instances, four (4) to five (5) of them shared a single shop and share the rentage. In addition to this, the collaborative survey revealed that majority of the enterprises made daily use of alternative source of power.

The third hypothesis which relates to the issue of entrepreneurs linkage to finance, is linked with the fifth (5^{th}) function of SMEDAN which is linking MSMEs to internal and external sources of finance, appropriate technology, technical skills as well as to large enterprises. Here the null hypothesis which states that there is no significant relationship between SMEDAN's linkage to finance and the growth and development of MSMEs in Kaduna and Kano States was accepted. This situation is explained by an interview conducted with the desk officer, Ado Bello on the 18^{th} of July, 2012 at SMEDAN head office in the Enterprises Promotion department.The interview revealed that SMEDAN had not been able to help enterprises access finance because of the stringent conditionalities attached to such loans from Bank of Industry. He mentioned the Dangote's fund which is under the control of Bank of Industry.

5.3 Major Findings

The following were the major findings of the study:

1) SMEDAN organizes development programmes which has resulted in improved managerial skills of MSMEs entrepreneurs.The training exposed the entrepreneurs to the need to register with CAC,the importance of record keeping, efficient financial management, good customer relationship and the importance of having fine finishing on products. From SMEDAN's 2010 annual report, the agency trained a total of 16379 existing business owners and start ups under its various Entrepreneurship Development Programmes (EDPs) such as general EDP, Youth EDP,Corper's EDP,Women EDP and other Enterprise support services. The EDP is necessary to

encourage enterprise development in the country which in turn is expected to trigger entrepreneurial activities among groups and individuals to improve and sharpen their business skills. This will ultimately provide employment for the nation's growing population.

2) The Study revealed that SMEDAN did not assist the MSMEs entrepreneurs in securing infrastructure because of the uncooperative attitude of some State governments. Majority of the respondents' workspaces are not convenient because, for some, it is tight, like the tailors in Kasuwar Barchi Kaduna, the leather processing cluster at Kofar Wambai Kano. The leather cluster has no access roads, no good water supply and no drainage system. The tailoring cluster also has need of light and with constant power outages in the society, they need to get generating system. For the Oil mill, most of them said it was convenient ,but they need electricity. Same applied to the waste recyclers in Kano. The wielders and fabricators at Panteka in Kaduna also needed certain equipments and machines. From the 2011 annual report, the attitude of some state government has made it difficult for SMEDAN to assist the MSMEs infrastructurally.

3) The study revealed that the enterprises were unable to access funds through the assistance of SMEDAN .The major source of capital for the entrepreneurs is their ploughed back profit.This is because the conditionalities attached to borrowing from the bank of industry are too stringent.

4) According to the study, the organization SMEDAN is not being adequately funded by the government. The issue of funding is the major challenge confronting the organization. According to the 2011 annual report, the agency's major challenge is in the area of diminishing budgetary allocation.The agency witnessed a steady decline of its statutory allocation while activities , awareness and demands are increasing ,and this significantly affected its programmes,in view of a large population of enterprises requiring different forms of assistance coupled with the challenge of covering a large country like Nigeria.

CHAPTER SIX

SUMMARY, CONCLUSION AND RECOMMENDATIONS

6.1 Summary

Small Medium Enterprises Development Agency of Nigeria (SMEDAN) was established in 2003. This agency was established to adequately cater for the needs of the Micro Small and Medium Enterprises Sector (MSMES) of the economy. The MSMES is a very vital sector of the economy. If there is going to be economic growth and industrialization, this sector cannot be neglected in any nation, and particularly in Nigeria.

From literatures, we see that many economies such as India, Malaysia, Japan and Taiwan amongst others have been transformed through this vital sector of the economy. They were able to transform their economies because of the priority given to it. For Nigeria to experience economic growth, the development of the MSME sector should and must form one of the country's development objectives. The MSMES are training grounds for local skills and entrepreneurs, and could become channels for mobilizing local savings and ensuring a more equitable distribution of income and reduction of rural-urban migration.

SMEDAN as a government agency which is expected to tackle the problems in the MSMEs sector in a coordinated manner has only been able to provide non-financial support to the MSMEs.The services needed to boost the MSMES sector are both financial and non-financial . The financial services include the provision of micro credit and loans, while non-financial services incorporate a wide range of Business Development services (BDS). BDS activities refer to group training, individual counseling and advice, the development of new commercial entities, technological development and transfer, information provision, business links and policy advocacy.

SMEDAN has only been able to provide non-financial support to the MSMES sector. This non-financial support has been mainly training provided to selected clusters at some intervals and advisory services given to these entrepreneurs. Even some aspect of the non-financial services such as the development of new commercial entities, technological development and transfer and business links have not been carried out.

6.2 Conclusion

In conclusion, we see that SMEDAN has not been able to effectively perform some of its functions because of certain challenges confronting the agency. The agency's funding is inadequate, the trained entrepreneurs are unable to access finance to start or expand their operations. The provision of entrepreneurial education is not an end in itself but a means to an end. Finance is needed for them to expand and employ other people.

If there is going to be economic growth, poverty reduction and wealth creation in the Nigerian economy, the MSMEs sector must and should be given utmost priority. SMEDAN should be given all the support it needs and also monitored regularly to ensure that it is performing the functions it was established to perform so as to ensure the strengthening of the MSMEs sector in Nigeria.

6.3 Recommendations

SMEDAN as an organisation is very much relevant and important as the coordinating body for the MSMES sector in Nigeria. In line with the importance and relevance of SMEDAN, we recommend the following

1) SMEDAN should keep organizing the development programmes from time to time and also reach out to others who are yet to benefit from such trainings. Also, SMEDAN should go beyond training programmes, advisory services, it should also engage in

technological development and transfer through liaising with research intuitions to develop technology and transfer it to the entrepreneurs. According to the interview held with Ado Bello on the 17th of July 2012 at SMEDAN head office Abuja, the Department of Finance and International Development (DFID) gave one professor in Bayero University Kano money for research on an equipment to assist the processing of the leather product, but there was nothing to show.We recommend that such projects should not be solely handled by an individual, it should be given to a research institute and properly monitored to ensure results.

2) State governments should come in to assist in the area of work space. The state governments should make available land areas which should be developed, and given to different clusters. The entrepreneurs could then be asked to make gradual payment back to the government. For instance, from interviews conducted with Ado Bello on the 17th of July 2012, at the SMEDAN's head office Abuja, he revealed that SMEDAN wrote to the Kano State government to give Leather Cluster a land. A land close to the modern tanneries at Chalawa was given without development, and the people said they could not develop it. SMEDAN made contact with UNIDO who donated modern tanneries equipment. SMEDAN asked the state government to help pay the port charges to move them to Kano. If such efforts can be made by the various state governments, it will go a long way in assisting SMEDAN to effectively carry out its functions.

3) The government should step in to assist SMEDAN in enabling it to facilitate entrepreneurs access to finance. This means something has to be done about the conditionalities of Bank of industry and other financial institutions. Finance is necessary to enable the entrepreneurs transfer the knowledge they received through training into

practice. Finance is needed for expansion which will consequently lead to employment of more workers. Finance is also needed to enable new entrepreneurs start. Finance is a critical issue.

4) The Nigerian government should give SMEDAN adequate funds to enable her function effectively. The agency's activities have a high fieldwork, a lot of finance is required to efficiently and effectively perform its functions.

6.4 Suggestion For Further Research:

This study examined the contributions of SMEDAN on the growth and development of MSMEs in Kaduna and Kano States. In doing this, the performance of some of the functions were examined, to what extent has SMEDAN been able to carry out these functions?. The other functions could be examined to determine the extent to which they have been carried out by SMEDAN.

APPENDICES

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QUESTIONNAIRE

Department of Public Administration,
Faculty of Administration,
Ahmadu Bello University,
Zaria.

Dear Respondent,

I am a Ph.D Student of the above mentioned department. I am undertaking a research work on the " Contribution of SMEDAN to the growth and development of Micro, Small and Medium Enterprises Entrepreneurs in Kaduna and Kano States"

I need your assistance in responding to the following questions candidly. Whatever information obtained will be used strictly for academic purpose and will be kept confidential.

Thank you for your anticipated cooperation.

Yours Faithfully,

Signed
Fatima J.S. Bahago.

QUESTIONS TO BENEFICIARIES OF SMEDAN

SECTION A

BIODATA

1) Sex

a) Male ( ) (b) Female ( )

2) Age

a) 15-25 ( ) b) 26-35 ( ) c) 36-45 ( ) d) 46-55 ( ) e) 56- and above ( )

3) Educational Qualification

a) NIL( ) b) Primary sch ( ) c) WAEC/NECO ( ) d) Diploma/ NCE ( ) e) HND/B.Sc/ B.ed ( ) f) Higher degree ( )

Marital Status

a) Married ( ) b) Single ( ) c) others ( )

SECTION B

1) You are aware of the existence of SMEDAN and its activities.

a) Yes ( ) b) No ( )

2) If yes, what was the source of your knowledge?

a) The media b) fellow business partners c) personal contact with the staff of SMEDAN.

3) Training Programmes are being organized by SMEDAN

Strongly Agree	Agree	Undecided	Disagree	Strongly disagree
5	4	3	2	1

4) You have participated in the training programme organized by SMEDAN

a) Yes ( ) b) No ( )

5) Your participation in the SMEDAN training has enhanced your business knowledge and opportunities to invest .

Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
5	4	3	2	1

6) Please state the specific areas in which you have discovered such opportunities.

_____

_____

_____

7) If your answer to question 5 is negative, please give reasons .

8) You have utilized the knowledge acquired from the training in your business.

Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
5	4	3	2	1

9) If your answer is negative , please give reasons.

10) The implementation of the new knowledge acquired has resulted in growth and development of your enterprise?

Strongly agree	Agree	Undecided	Disagree	Strongly disagree
5	4	3	2	1

11) If the answer to the question above is negative, please give reasons and if positive, in what ways?

12) SMEDAN contributed to the starting up of your business.

Strongly agree	Agree	Undecided	Disagree	Strongly disagree.
5	4	3	2	1

13) SMEDAN contributed to the growth or establishment of your business.

Strongly agree	Agree	Undecided	Disagree	Strongly disagree
5	4	3	2	1

14) If your answer to the question above is positive ,in what way was the contribution? Please mention specific areas.

15) The present location of your enterprise was secured through assistance from SMEDAN.

Strongly agree	Agree	Undecided	Disagree	Strongly disagree
5	4	3	2	1

16) SMEDAN's facilitation of your access to workspace has resulted in the growth and development of your enterprise?

Strongly agree	Agree	Undecided	Disagreed	Strongly disagree
5	4	3	2	1

17) The location of your business is convenient in all respects for the business.

Strongly agree	Agree	Undecided	Disagree	Strongly disagree
5	4	3	2	1

18) The business has enjoyed better productivity as a result of the activities of SMEDAN

Strongly agree	Agree	Undecided	Disagree	Strongly disagree
5	4	3	2	1

19) If the answer to the question above is negative,please give reasons

20) The business enterprise has been able to employ more workers as a result of expansion through the influence of SMEDAN

Strongly agree Agree Undecided Disagree Strongly disagree .

5 4 3 2 1

21) If the answer to the question above is negative , please give reasons

_____

_____

_____

22) Your Product has come to enjoy greater marketability as a result of the influence of SMEDAN.

Strongly agree Agree Undecided Disagree Strongly disagree

5 4 3 2 1

23) If your answer to the question above is negative, please give reasons

_____

_____

_____

24) Your enterprise has been able to access financial support through the help of SMEDAN

Strongly agree Agree Undecided disagree Strongly disagree

5 4 3 2 1

25) If your answer to the question above is negative, please give reasons.

_____

_____

_____

26) The finance through SMEDAN has resulted in expansion of your business enterprise

Strongly agree	Agree	Undecided	Disagree	Strongly disagree
5	4	3	2	1

27) What has been your major source of finance in the business?

QUESTIONNAIRE FOR OFFICALS OF SMEDAN

Profile Of Respondents

1) Sex a) male ( ) b) female ( )

2) Age a) 20 -30 ( ) b) 31- 40 ( ) c) 41-50 ( ) d) 51-60 ( )

3) Marital Status a) Married ( ) b) Single ( )

4) Highest Qualification a) Diploma/NCE ( ) b) HND/ B.A/ B.Sc ( ) C) Masters ( )

d)P.hd ( )

5) Length of service in SMEDAN a) 5 years and below ( ) b) 6 years and above

6) The Organization SMEDAN sensitizes the members of the Public about its existence and acivities frequently.

Strongly agree	Agree	Undecided	Disagree	Strongly Disagree
5	4	3	2	1

7) The Organisation SMEDAN gets in touch with MSMEs frequently to assist them.

Strongly agree	Agree	Undecided	Disagree	Strongly Disagree
5	4	3	2	1

8) Which of the following activities did SMEDAN actually carried out in Kaduna and Kano States? Please tick and indicate the state concerned beside it.

a) Linking MSMEs with sources of finance ( )

b) Establishment of new enterprises ( )

c) Entrepreneurship training ( )

d) Providing access to workspace ( )

e) Establishment of business information centers ( )

9) Has SMEDAN been able establish new clusters in Kaduna and Kano States?

a) Yes ( ) b) No ( )

10) If no, what are the possible reasons----------

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11) If yes, how many and please state the state where the cluster is located.----------

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12)SMEDAN is being given adequate funding by the government.

Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
5	4	3	2	1

13) If your response is negative, please give possible reasons.----------

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14) In your own opinion which of the MSMEs in Kaduna and Kano States have benefited more from the activities of SMEDAN?

15) What are the constraints or the challenges facing the Agency?

DATA FROM CUSTOMERS OF BENEFICIARIES

1. Sex of respondents

   a. Male [ ] b. Female [ ]

2. Age of respondents

   a. 15 – 25 [ ] b. 26 – 35 [ ] c. 36 – 45 [ ] d. 46 – 55 [ ]

3. Educational qualification

   a. Nil [ ] b. Primary School [ ] c. WAEC/NECO [ ]

   d. Diploma/NCE e. HND/B.Sc./B.ED f. Higher Degree

4. Marital status

   a. Married [ ] b. Single [ ]

5. How long have you been a customer?

   a. 5 and below years [ ] b. 6 – 10 years [ ] c. 11 – 15 years [ ]

   d. 16 and below [ ]

6. Are you satisfied with the product or service

   a. Yes [ ] b. No [ ]

7. Have you noticed improvement in the product or service?

   a. Strongly agreed [ ] b. Agreed [ ] c. Undecided [ ]

   d. Disagree [ ] e. Strongly disagree [ ]

8. Time improvement noticed

   a. Less than a year [ ] b. About a year [ ] c. About 5 years [ ]

   d. Cannot say specifically

9. Does your customer relates well with you all the time?

   a. Strongly agreed [ ] b. Agreed [ ] c. Undecided [ ]

   d. Disagree [ ] e. Strongly disagree [ ]

10. You are happy with your customer's personal disposition

    a. Yes [ ] b. No [ ]

11. Do you love to maintain your customers because of his attitude

    a. Strongly agreed [ ] b. Agreed [ ] c. Undecided [ ]

    d. Disagree [ ] e. Strongly disagree [ ]

12. Have there been positive improvement in your customer's attitude?

a. Yes [ ] b. No [ ]

13. What time did you notice improvement in attitude?

a. Less than a year [ ] b. About a year [ ] c. About 5 years [ ]

d. Cannot say specifically

Interview Schedule for SMEDAN Official (Ado Bello)

1. How many contacts had SMEDAN with the Entrepreneurs?
2. What services were offered to the Entrepreneurs?
3. Were the entrepreneurs assisted with workspaces?
4. Were the entrepreneurs assisted with finance?
5. What are the challenges the organization is faced with?

Interview Schedule to beneficiaries

1. What exactly did you benefit from your encounter with SMEDAN?
2. How many times did you have contact with SMEDAN?
3. What specific challenges do you have in your enterprise?
4. Were you able to get finance through SMEDAN?
5. Why could you not get finance through SMEDAN?jjjh