

Small Scale Enterprises and the Economic Siamese of Nigeria: Growth-Barrier Chain Analysis

John O. Alabi (PhD)

Department of Business Administration, Kogi State University, P.M.B. 1008, Kogi State, Nigeria

Akeem Tunde Nafiu

Department of Business Administration, Centre for Pre-Degree and Diploma Studies, Kogi State University,
Anyigba

Temidayo J. Oluwoyo

Department of Economics, Kogi State University

Abstract

This study investigated the SME growth-barrier chain in Nigeria. A target population of 39,600 was sampled using Taro Yamane method to achieve the surveyed 396 respondents. A well structured questionnaire was administered to collect the data. Percentage, descriptive, Likert analysis and regression analysis were used to explain the nature of the SME growth-barrier chain in Nigeria. Results of the study reveal that barrier factors have been influencing SMEs growth in Nigeria, and that the most significant among the barrier factors are entrepreneurial skill, irregular power supply and lack of business strategy. This study is limited by sample size and selection of SMEs at their clustered areas, and therefore may not be generalized to other sectors and countries. The study concludes that these factors cause epileptic growth or sudden death of SMEs in Nigeria. The study recommends that the government should engage in intervention programmes, and also ensure regular power supply in Nigeria. In addition, SME owner-managers should adopt and implement business strategies in their business environment.

Keywords: SMEs growth. Barrier factors, employment, Business Strategy, Entrepreneurial Skill

1. Introduction

Over the years, the economy of Nigeria has witnessed a turnaround due to increased entries of Small and Medium Scale Enterprises. The two threatening areas of the Nigerian economy are unemployment and poverty. The Central Bank of Nigeria (2011) observed that SMEs possess great potential for employment generation, improvement of local technology, output diversification, development of indigenous entrepreneurship and forward integration with large scale industries. Osotimehin *et al.* (2012) added that small and medium enterprises are also in a better position to boost employment, guarantee a more even distribution of industrial development in the country, including the rural areas, and facilitate the growth of non-oil exports. This implies that SMEs is a strategic tool for the achievement of growth in every economy, particularly in the Third World Nations. Thus, SMEs are paraphernalia for the strategic goals of every nation's economy in the world.

However, this underlying fact therefore place emphatic effort on the growth of SMEs as the only tool for a better economy in Nigeria. Despite relevant submission from economic experts, the government established policies and programmes, the roles of SMEs are yet to be felt in the Nigerian economy. In previous study, Sagagi (2006) pinpointed that not much changes and improvements have been achieved. Development experts have identified corruption and neglect of the strategic role of small and medium enterprises as some factors responsible for underdevelopment (Safiriyu and Njogo, 2012). Meanwhile, Basil (2005) succinctly identified the key factors as insufficient capital, lack of focus, inadequate market research, over-concentration on one or two markets for finished products, lack of succession plan, inexperience, lack of proper book keeping, irregular power supply, infrastructural inadequacies (water, roads etc), lack of proper records or lack of any records at all, inability to separate business and family or personal finances, lack of business strategy, inability to distinguish between revenue and profit, inability to procure the right plant and machinery, inability to engage or employ the right caliber staff, cut-throat competition. Some studies (Safiriyu and Njogo, 2012; Etuket *et al.*, 2014) conducted on the roles of SMEs in Nigeria established findings that were more or less similar. Ariyo (2005) submitted that the findings from a study by the Federal Office of Statistics revealed that small and medium enterprises make up 97% of the Nigerian economy. Yet the level of unemployment in Nigeria is still very high and poverty is plenty. Does it really mean the aforementioned barriers have heavy implications on the growth of SMEs to the point that less achievement is recorded despite the dominance of SMEs in Nigeria? Thus, it will be significant to investigate the SME growth-barrier chain in Nigeria.

2.1 Small and Medium-scale Enterprises

According to Ehinomen and Adeleke (2012), the focus on small and medium scale enterprises is predicated on

their impacts and potential contribution to the broad-based economic development as well as their catalytic effect in achieving macro objectives such as employment generation, diffusion of economic power and promotion of indigenous technology. These pretty economic potentials propelled many researchers into giving SMEs different accolades such as engine room, life-wires, and so on. In a different view, Anyawu (2003) added that SMEs have been generally acknowledged as the bedrock of the industrial development of any country. More so, a study by Onugu (2005) posited that because of their (SMEs) significant roles in the development and growth of various economies, they (SMEs) have aptly been referred to as “the engine of growth” and “catalysts for socio-economic transformation of any country”. Thus, this present study views SMEs as the heart of a living economy. These accolades are borne out of the intent to create a pictorial view of vibrant SMEs in any economy. However, SMEs are used as vehicles of establishing business enterprises in developing countries like Nigeria (Oyeniyi and Adeniji, 2010).

Ariyo (2005) submitted that the findings from a study by the Federal Office of Statistics revealed that small and medium enterprises made up 97% of the Nigerian economy. This implies that the entries of SMEs lately in Nigeria are measurable in geometric progression. It is evident in Nigeria that the discovery of businesses as savior prompted people into jump-starting ventures rather than minding the political voodoo that are widely engineered by unfair act of some political dramatists. Under fairly perfect political settings, it remains factual that this geometric entry of SMEs is dialectic to the growth and development of an economy. The development of SMEs has long been regarded as crucial for the achievement of broader development objectives, including poverty alleviation, economic development and promotion of more democratic and pluralist societies (Henriques, n.d).

2.2 Impact of Small and Medium Scale Businesses in Nigeria.

It is no doubt that SMEs take the lead at the forefront of development of any nation. The awareness of this prompted Oyeniyi and Adeniji (2010) to uphold that SMEs are the driving force for the achievement of economic development and creation of jobs and contributing to personal development of both employees and the owners. SMEs are assuming the position of the messiah the Nigerians have long waited for, particularly, at this turbulent time of economic breakdown. It is now a reality that the exigency of new and small ventures is the main reason why the economy is yet to breakdown holistically even when the government has failed in her economic responsibilities woefully. Small Businesses are the backbone of all economies and their importance as an impetus to economic development especially in developing economies cannot be over-emphasized (Abdulraheem, 2011).

However, the roles of SMEs are indisputably perceived a *sine qua non* for the Nigerian economy. Onuoha (2008) stated some of the roles as follows:

- i. Small business helps to sustain economy and economic recession.
- ii. Small firms avoid diseconomies
- iii. Small business provides the public with consumer goods which would have been imported
- iv. Small scale business have helped in export promotion especially in the area of agriculture thus enabling the country to even the much needed foreign exchange which is used for financing other projects and schemes that are very crucial to economic development.

A review of historical experience of economic growth and development in various countries is replete with success stories of the salutary effect and positive impact and contributions of SMEs in industrial developments, technological innovations and export promotion (Onugu, 2005). In the case of Nigeria, SMEs' contribution to the economy is highly immeasurable; as the existence of some highly performing, but registered SMEs still remains unknown. This implies that a small number of SMEs would have been identifying with the Gross Domestic Product of the Nation. It appears that increasingly healthy SMEs may skyrocket the performance of the economy. Notably, not all SMEs in Nigeria are healthy, and this accounts for the birth and quick death of their operations. Pavon (2010) estimated that the total SMEs that open their doors each year, only 17.5% can survive two years.

2.3 Theoretical Framework

No SME has ever operated in a vacuum. SMEs' goal and objective will often be realistic to reasonable extent if resources to accomplish them are skillfully combined. According to Hussainet *al.* (2012), every SME has a set of distinctive resources that provides the foundation for its growth and development. Thus, the resource based theory is adopted for the study because of its exploratory power of understanding the relevance of these resources for growth. Many scholars and authors have asserted in trying to classify these resources, but few agree that the necessary SMEs resources can be man, material, money and machine.

In previous study, Hitt et al. (2002) described a firm's resources as a key input and categorized them into tangible and intangible resources. Though, lack of these resources restricts SMEs growth in developing countries (Hussainet *al.*, 2012), but there are essential question to ask regarding the extent of goal achievement

provided these resources are abundant. Can the availability of resources guarantee the achievement of objectives at the phase of globally fierce competition?

The study is innovative on the resource based theory by exposing the necessity of strategy. However, the nature of competition today has proven that no single business firm will survive regardless of its accessibility to resources without distinctive approach. This is because competition in business environment is conceived as a business game. In a recent study, Nafiu et al. (2014) pinpointed that business games are increasingly becoming fierce, and avoidance of the application of strategy by the playing firms could be dangerous. Though, Hussain et al. (2012) particularly analyzes that how lack of three key resources; finance, human capital and technological resource affect SMEs growth and how PPPs can be a way for overcoming this lack of resource to SMEs and enhancing their growth and development. The fact still remains that limited supply of these resources will achieve the desired result if they are adequately and strategically planned

2.4 Approaches to SME growth

Nevertheless, the table below shows the approaches and criteria to SMEs growth.

Table 1: Approaches and criteria explaining SME growth and non-growth

| | External criteria | Internal criteria |
|---|--|---|
| | The company's environment | The look inside the company |
| 1. Static approach: There are different size levels and types of SMEs. There is no automatic "passing through" from level 1 to level 2 and further | Field 1.1 There are <i>external</i> reasons that support or hamper the transformation from a "level 1"- to a "level 2"-type company. | Field 1.2 There are internal reasons that may explain why a company remains on "level 1", while the environment would permit the passing on to "level 2". |
| 2. Dynamic approach: The growth of SMEs is compared to the development of living organisms: Over time the individual entity passes through different stages of the life-cycle | Field 2.1 During its life-cycle the relationships between the company and its environment changes, thus in different moments the special setting in the environment may support or hamper growth. | Field 2.2 During the growth process, the internal organisation and relations within the company change. The necessary adaptations affect the performance of the company in different stages of its life-cycle. |

Schmitt-Degenhardt, S., Stamm, A. and Zehdnicker, M. (2002). *The Growth Gap: A small enterprise phenomenon*. Federal Republic of Germany. Pp. 1-19

The third approach "strategic management perspectives on SMEs growth" will be helpful for this study. Strategic approach has its origin with the famous war lord and Chinese general called Sun Tzu during the 1900. This approach finds its path into the business world due to the retirement of ex-military personnel to business. This approach was adopted in business by these ex-militaries resulting in corporate victory for each application to business situations. The strategic management approach then gained credence as many business owners copied it into their business operations. The relevance of this approach is that it views business environment as a battle field, and that all activities within this field are games that pose threat and opportunities. Thus, the ability of a firm to utilize opportunities implies strength for a firm, and its inability implies weakness. It is then imperative to consider the activities in this battle field as competition which requires the application of strategic approach. A study by Johnson et al (2007) stressed that in the competitive environment, it is crucial for the organizations to shift their strategy making from the conventional well-defined systems of periodical planning and decision making into a much more continuous process which rooted in more day-to-day activities and involve more people in any level of the organization. The owner/manager's competitive development and personal goals determine the understanding and use of strategic management and planning (Postma and Zwart, 2001). Strategic management has the potentials of giving any business competitive advantage over others. Under a competitive situation, if the threat of the other firm outwits the strength of a competing firm; this denotes weakness, *ceteris paribus*. Meanwhile, the success of any strategy does not depend on the formulation and implementation only, but on skill and expertise to make it efficient. Therefore, not all effective strategies are efficient.

The relevance of this approach to this study is that it gives an insight into how SMEs can adequately prepare against the competition in the business environment. It is also noteworthy of this approach that it is a road map to SMEs growth. If SME owner-managers adopted strategic approach on a constant basis for competitive situation, expansion into a giant firm can then be possibly achieved.

2.5 Rationale behind LowPerformed of SMEs in Nigeria

Gbandi and Amissah (2014) asserted that the SMEs in Nigeria have underperformed despite the fact that the SMEs in Nigeria constitute more than 90% of Nigerian businesses, their contribution to the nation's GDP is

below 10%. This has been associated with a load of barriers militating against the growth and performances of SMEs in Nigeria. Waribugo and Onuoha (2016) classified the barriers as financial or institutional. According to them, examples of institutional barriers are legal issues, taxation, government restrictions and regulations, while, financial barriers include credit restrictions, unavailability of external debt and equity capital. It is observed that other factors leading to barriers of SME growth and performance are missing. These are corruption, insufficient capital, lack of focus, inadequate market research, lack of succession plan, inexperience, lack of proper book keeping, irregular power supply, lack of business strategy and access to technology as gathered from previous literatures (Basil, 2005; Ariyo, 2005).

However, the underperformance of SMEs in Nigeria is blamable on both the government and SME owners for their contributory negligence. The causes of SMEs' underperformances may be viewed from two parts as follow:

On the Part of Government

- i. Tough policies for business practices.
- ii. Corrupt practices by government agencies.
- iii. Lack of adequate entrepreneurship empowerment programmes.
- iv. Low concentration on SMEs development.
- v. Lack of faith on the potentials of SMEs
- vi. Discrimination between the rural and the urban entrepreneurship.
- vii. Low support for women entrepreneurship.

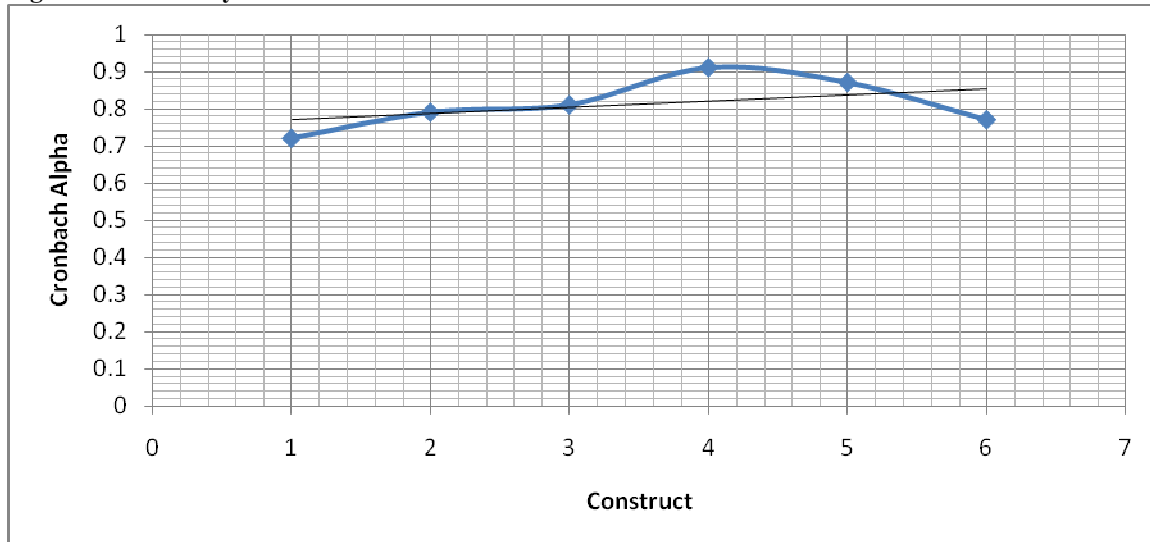
On the Part of SME owners

- i. Illiteracy
- ii. Blaming of failure or business challenges on ancestral or familiar spirits
- iii. Fear of risk extension, leading to no business expansion
- iv. Lack of business strategic planning in business operations
- v. Avoidance of human resource training due to the level of cost.
- vi. The use of low standard resources.
- vii. Under-utilization of resources, etc.

3. Research Methodology

For the purpose of this study, survey research design was adopted. The researcher used well structured questionnaires which were administered to respondents (at SMEs' clustered areas). The study used cronbach alpha to test the reliability of instrument.

Figure 2: Reliability of Research Constructs



Note: 1- Insufficient Capital; 2- Inadequate Market Research; 3- Lack of Entrepreneurial Skill; 4- Irregular Power Supply; 5- Lack of Business Strategy; and 6- Business Growth

The Cronbach alphas of the reliability test of the constructs (Insufficient Capital – 0.72; Inadequate Market Research- 0.79; Lack of Entrepreneurial Skill- 0.81; Irregular Power Supply- 0.91; Lack of Business Strategy- 0.87; and Business Growth- 0.77) indicate that the instruments are reliable. This is based on the fact that the constructs' Cronbach alphas are more than the critical point of 0.70.

However, the study gathered its primary data through these questionnaires, and information was also gathered through interviews, published research journals, text, and thesis and so on. The study selected SMEs

from manufacturing, food processing and service industries. The population for this study was 39,600. The study determined its sample size of 396 using Taro Yamane method as shown below:

$$n = \frac{N}{1 + N(e)^2} \text{ where } n = \text{sample size; } N = \text{population of the study; } e = \text{error estimated at 5\% (0.05).}$$

$$n = \frac{39600}{1 + 39600(0.05)^2} = \frac{39600}{1 + 39600(0.0025)} = \frac{39600}{1 + 99} = \frac{39600}{100} = 396$$

Thus, the study adopted multi-stage sampling techniques, and used simple random sampling techniques to select its required sample. This study analyzed the data collected with descriptive method and tested the hypotheses with regression model.

4. Result and Discussion

Table I: Questionnaire Administration

| Questionnaire | Frequency | Percentage |
|----------------------|-----------|------------|
| <i>Administered</i> | 396 | 100 |
| <i>Retrieved</i> | 322 | 81.3 |
| <i>Not Retrieved</i> | 74 | 18.7 |

Source: Field Survey, 2016

From the table I above, it could be observed that the total questionnaires administered was 396 (100%); 322 questionnaires (81.3%) were retrieved and 74 questionnaires (18.7%) were not retrieved. Thus, the study focused analysis on the number of questionnaires returned.

Table II: Demographic Characteristics of the Respondents

| Variables | Frequency | Percentage | Mean / Mode |
|----------------------------------|------------|------------|-------------|
| Age | | | |
| 15 – 25 | 98 | 30.4 | 33 |
| 26 – 36 | 115 | 35.7 | |
| 37 – 47 | 71 | 22.0 | |
| 48 & above | 38 | 11.8 | |
| Total | 322 | 100 | |
| Sex | | | |
| <i>Male</i> | 261 | 81.1 | 261 |
| <i>Female</i> | 61 | 18.9 | |
| Total | 322 | 100 | |
| Education Qualification | | | |
| <i>FSLC</i> | 7 | 2.2 | 165 |
| <i>SSCE</i> | 165 | 51.2 | |
| <i>NCE / OND / DIPLOMA</i> | 115 | 35.7 | |
| <i>HND / BSC</i> | 20 | 6.2 | |
| <i>MSC & above</i> | 15 | 4.7 | |
| Total | 322 | 100 | |
| Experience | | | |
| 0 – 10 | 39 | 12.1 | 20 |
| 11 – 20 | 152 | 47.2 | |
| 21 – 30 | 87 | 27.0 | |
| 31 – 40 | 44 | 13.7 | |
| Total | 322 | 100 | |

Source: Field Survey, 2016

From the table II above, it is observed that 98 respondents (30.4%) fall within the age range of 15 to 25;

115 respondents (35.7%) fall within the age range of 26 to 36; 71 respondents (22.0%) fall within the age range of 37 to 47; and 38 respondents (11.8%) fall within the age range of 48 and above. The value of the mean for the frequency of these age group indicates that majority of the respondents are 41 year old.

Also, table II revealed that 265 respondents (81.1%) were male; and 61 respondents (18.9%) were female. The mode for this frequency of sex (168) indicates that majority of the respondents are male. In addition, the table revealed that 7 respondents (2.2%) hold first school leaving certificate; 165 respondents (51.2%) hold Senior School Certificate; 115 respondents (35.7%) hold National Certificate (or its equivalent); 20 respondents (6.2%) hold Higher National Diploma/ Bachelor of Science Certificate; and 15 respondents (4.7%) hold Master of Science (or its equivalent) and above. Similarly also, the mode for this frequency of educational qualification (97) indicates that majority of the respondents have Higher National Certificate (or its equivalent).

Finally, the table reveals that 39 respondents (12.1%) have business experience of 0 to 10 years; 152 respondents (47.2%) have experience of 11 to 20 years; 87 respondents (27.0%) have experience of 21 to 30 years; and 44 respondents (13.7%) have experience of 31 to 40 years. Likewise, the value of the mean for the frequency of experiences indicates that majority of the respondents have business experience of 12 years.

Table III: Barrier Factors of SMEs in Nigeria

| Factors | N | Range | Minimum | Maximum | Mean | Std.Deviation |
|---------------------------------------|-----|-------|---------|---------|--------|---------------|
| <i>Insufficient Capital</i> | 322 | 4.00 | 1.00 | 5.00 | 2.1615 | 1.13511 |
| <i>Inadequate Market Research</i> | 322 | 4.00 | 1.00 | 5.00 | 2.1087 | 1.20383 |
| <i>Lack of Entrepreneurship skill</i> | 322 | 6.00 | 1.00 | 7.00 | 2.2702 | 1.28433 |
| <i>Irregular Power Supply</i> | 322 | 4.00 | 1.00 | 5.00 | 2.2795 | 1.23657 |
| <i>Lack of Business Strategy</i> | 322 | 4.00 | 1.00 | 5.00 | 1.8168 | 1.28032 |

Source: Field Survey, 2016

From the table III above, the mean of 2.16 shows that insufficient capital is a strong barrier factor. The standard deviation of 1.14 shows that there is little divergence of insufficient capital among Small and Medium scale Enterprises. These results implies that this barrier factor is strongly connected with problem of business start-up and expansion, and equally the acquisition of capital assets in Nigeria; and that the effect of this factor varies among Small and Medium scale Enterprises in Nigeria. This may be as a result of lack or insufficient access to finance in Nigeria.

The table shows inadequate market research with the mean of 2.11 is also a strong barrier factor. The standard deviation of 1.20 shows that there is little divergence view among respondents that inadequate market research exists among Small and Medium scale Enterprises. These results imply that this barrier factor is strongly connected with the inability to manage operation process and achieve customer satisfaction. Furthermore, it is believed that inadequate market research is one of the causes of some SMEs entropy within five years of existence.

The table shows that lack of entrepreneurial skill with the mean of 2.27 is a stronger barrier factor. The standard deviation of 1.28 shows that all the respondents experience similar barrier in the same or similar magnitude. These results imply that this barrier factor offers a very strong explanation on the management and growth of Small and Medium scale Enterprises in Nigeria. This implies that some owner-managers of SMEs have little or no tangible knowledge about their ventures; and as such adopt fire-brigade approach in their routine business chores, particularly, in a period of tough economic hardship.

The table shows that irregular power supply with the mean of 2.28 is the strongest barrier factor. The standard deviation of 1.24 shows that Small and Medium scale Enterprises are affected in various ways by irregular power supply in Nigeria. These results imply that this barrier factor places Small and Medium scale Enterprises on narrow life-line in Nigeria. This implies that SMEs have faced serious bottlenecks due to epileptic power supply in Nigeria; and as such several owner-managers have been frustrated to quit the business or solicit alternatives to earning incomes.

The table shows that lack of business strategy with the mean of 1.82 is a weak barrier factor. The standard deviation of 1.28 shows that there is more divergence of the factor among Small and Medium scale Enterprises in Nigeria. This result implies that many owner-managers of Small and Medium scale Enterprises have little concern for the adoption of strategy in the business competitive environment of Nigeria. This also implies that SMEs have little to worry about; as majority of owner-managers are indifferent about competing for growth and expansion into larger enterprises.

Table IV: Growth Factors of SMEs in Nigeria
 Source: Field Survey, 2016

| Growth Measure | VGE | GE | LE | VLE | Total | TVGE | TGE | TLE | TVLE | Total | Mean Score | Remark |
|---------------------------------------|-----|----|----|-----|-------|------|-----|-----|------|-------|------------|-----------------|
| Business contribution to job creation | 98 | 82 | 75 | 67 | 322 | 392 | 246 | 150 | 67 | 855 | 2.7 | Moderately High |
| Market Share | 113 | 65 | 81 | 63 | 322 | 452 | 195 | 162 | 63 | 872 | 2.7 | Moderately High |
| Improvement of local technology | 123 | 71 | 28 | 100 | 322 | 492 | 213 | 56 | 100 | 861 | 2.7 | Moderately High |
| Revenue | 181 | 48 | 52 | 41 | 322 | 724 | 144 | 104 | 41 | 1013 | 3.1 | Very High |

Note: VGE-Very Great Extent; GE- Great Extent; LE-Low Extent; VLE-Very Low Extent; TVGE-Total Very Great Extent; TGE- Total Great Extent; TLE- Total Low Extent; TVLE- Total Very Low Extent

As indicated on table IV above, business growth measured with business contribution to job creation have the mean score of 2.7, market share and improvement of local technology respectively, also having the mean score of 2.7. It is observed that these SMEs' growth factors were moderately high. It was observed that revenue (with a mean score 3.1) among these SMEs' growth factors was very high.

Table V: Summary of Regression Analysis of Barriers and Growth of SMEs in Nigeria

| Covariate | Coefficients(β) | Standard Error(β) | Value of t – Statistic | Value of R ² | Value of F – Statistics |
|-----------|-------------------------|---------------------------|------------------------|-------------------------|-------------------------|
| | BGT | BGT | BGT | BGT | BGT |
| INC | 0.458 | 0.112 | 16.788 | | |
| IMR | 0.017 | 0.063 | 0.075 | | |
| LES | 0.640 | 0.119 | 29.133* | 0.927 | 325.131* |
| IPS | -0.036 | 0.024 | 2.227* | | |
| LBS | -0.113 | 0.061 | 3.450* | | |

Note: * Correlation is significant at the 0.01 level (2-tailed): N= 322; INC- Insufficient Capital; IMR- Inadequate Market Research; LES- Lack of Entrepreneurial Skill; IPS- Irregular Power Supply; LBS- Lack of Business Strategy

The Table V above shows that 92.7% of the variation in SMEs growth is explained by five barrier factors (such as insufficient capital, inadequate market research, lack of entrepreneurial skill, irregular power supply, lack of business strategy). The presence of 7.3% unexplained variation suggests that there are other barrier factors which may affect variations in SMEs growth in Nigeria that are not captured in the model. The co-efficient for insufficient capital (0.458, $p > 0.05$); inadequate market research (0.017, $p > 0.01$); and lack of entrepreneurial skill (0.640, $p < 0.05$) show a positive chain with SMEs growth. Though, lack of entrepreneurial skill appears to be the only significant among these factors; distinct from the apriori result. This implies that SME owner-managers have experienced luck overtime or possessed sophisticated resources that can enhance business growth. In addition, irregular power supply (-0.036, $p = 0.01$); and lack of business strategy (-0.061, $p = 0.01$) show an inverse relationship with SMEs growth. These results will be upheld based on the significance. These imply that the business growth and its sustainability rely on both regular power supply and business strategy. However, the R²-value of 0.927 shows a very strong predictor. The value of ANOVA (325.131, $p = 0.01$) shows a good fit, and we therefore deduce that these barrier factors have been influencing SMEs growth in Nigeria.

5. Conclusion

It is empirically evident that factors such as insufficient capital, inadequate market research, lack of entrepreneurial skill, irregular power supply and lack of business strategy among others are barriers to Small and Medium scale Enterprises' growth in Nigeria. These barrier factors have limited SMEs' contribution to job creation, market share and improvement of local technology recently. Meanwhile, insufficient capital and inadequate market research are no longer significant to SMEs growth in Nigeria. Many business owners now benefit from the increasing inflation rate in Nigeria; as this provides avenue for more profit opportunity even at the expense of high volume sales. These SME owner-managers now retain profit for business expansion and other purposes. Also, Nigeria is observed to be a market where SME owner-managers attach little importance to research due to low level of understanding about its significance. SME owner-managers are of the tenet that they

can always keep the memory of all customers within their niche.

Though, some SME owner-managers lack entrepreneurial skills. But, they experience luck overtime or possess sophisticated resources that can enhance business growth. The two most critical barrier factors to SME growth in Nigeria are irregular power supply and lack of business strategy. These factors cause epileptic growth or sudden death of SMEs in Nigeria.

Recommendations

The study therefore recommends that:

- i. Governments should accelerate the development of markets for financial and nonfinancial services suited to the special characteristics of small enterprises by promoting product innovation and building institutional capacity. In financial markets, improving SME access to credit requires an increase in the number of financial institutions that find lending to SMEs to be profitable, and therefore sustainable in other to ameliorate the challenges of insufficient capital identified as barrier in the study.
- ii. Incentives should be made in order to motivate the growth of Nigerian SME clusters. Opening new markets opportunities and dismantling some trade barriers that affects SMEs development negatively is imperative in current wave. Hence policies should be directed on overall production efficiency of the SMEs. This will in turn lower costs at the same time increase the purchasing power of the consumers, when the prices are reduced. Besides reducing costs, increasing the efficiency will also position the SMEs in the cluster to compete effectively in an open economy.
- iii. Government should engage in intervention programmes to reshape the perception of some small entrepreneurs in Nigeria. It is viewed that the economy itself motivates these entrepreneurs into venturing in business with little or no entrepreneurial knowledge, skill and the right attitude. The current economic recession poses entrepreneurship necessity in a dangerous way.
- iv. SME owner-managers should adopt and implement business strategies in their business environment. Competition is a good event that enhances business growth, and the use of strategy is the key to it.
- v. Government should ensure regular power supply in Nigeria. This is an urgent demand necessary to revive the dying SMEs in Nigeria. Furthermore, the business growth of SMEs and their sustainability rely heavily on regular power supply in Nigeria.

References

- Abdulraheem, A. (2001), Inventory Management in Small Business Finance: Empirical Evidence from Kwara State, Nigeria, *British Journal of Economics, Finance and Management Sciences*, Vol. 2(1).
- Achumba, I.C., Ighomereho, O.S. and Akpor-Robaro, M.O.M. (2013), *Security Challenges in Nigeria and the Implications for Business Activities and Sustainable Development*, Journal of Economics and Sustainable Development, Vol.4(2).
- Acs, C. Mork, R. and Young (1999). Productivity, Growth and Size Distribution. In A.M. Safiriyu and B.O.Njogo (eds.). Impact of Small and Medium Scale Enterprises in the Generation Of Employment In Lagos State. *Arabian Journal of Business and Management Review*. Vol. 1(11): 107-141
- Anietie, E.E. (2008). Entrepreneurship and Small Businesses Problems and Prescriptions, *African Journal of Entrepreneurship*, Vol. 1 (2).
- Anyawu, C. M. (2003). *The Role of Central Bank of Nigeria in Enterprises Financing*. Lagos, CBN Training Centre, Vol. 4: 20-33.
- Ariyo, D. (2005). *Small Firms are the Backbone of the Nigerian Economy*. Retrieved December 16th, 2014 from: <http://www.africaeconomicanalysis.org/articles/gen/smallhtm.html>.
- Basil, A. N. O. (2005). *Small and Medium Enterprises (SMES) in Nigeria: Problems and Prospects*, Ph.D. Thesis, St. Clements University.
- Beugelsdijk, S. (2007). *Entrepreneurial Culture, Regional Innovativeness and Economic Growth*. In O.J. Oyeniyi and A.A. Adeniji (eds.). Entrepreneur Psychological Traits and Performance: Implications For Nigerian Non-Oil Smes Exporting Companies. *Review of Economic and Business Studies*, Vol. 3(2): 211-220
- Central Bank of Nigeria (2011). *SMEs financing in Nigeria*. Retrieved on April 23rd, 2015 from <http://www.cenbank.org>
- Chu, H.M., Kara, O. and Benzing, C. (2008). *An Empirical Study of Nigerian Entrepreneurs: Success, Motivations, Problems and Stress*. In S.A. Ojeka (eds.). Tax Policy and the Growth of SMEs: Implications for the Nigerian Economy. *Research Journal of Finance and Accounting*, Vol. 2(2).
- Cole G. A. (2005). *Management, Theory and Practice; Book Power*. Sixth Ed. London, TJ International, Padstow, Cornwall Publications Ltd.
- Davis S.J., H. John and Scoh, S. (1996). Small Business and Job creation: Dissenting the myth. In A.M. Safiriyu and B.O. Njogo (eds). Impact of Small and Medium Scale Enterprises In The Generation Of

- Employment In Lagos State. *Arabian Journal of Business and Management Review*. Vol. 1(11): 107-141
- Ehinomen, C. and Adeleke, A. (2012). Strategies For Re-Positioning Small And Medium Scale Enterprises In Nigeria For Global Competitiveness. *Journal of Business Management and Economics*, Vol. 3(7): 266-274
- Etuk, R.U., Etuk, G.R. and Baghebo, M. (2014). Small And Medium Scale Enterprises (SMEs) and Nigeria's Economic Development. *Mediterranean Journal of Social Sciences*. Vol. 5(7): 656-662.
- Gbandi, E. C. and Amisah, G. (2014). Financing Options For Small And Medium Enterprises (SMEs) In Nigeria. *European Scientific Journal*, Vol. 10(1): 327-340
- Gbandi, E. C. and Amisah, G. (2014). Financing Options for Small and Medium Enterprises (SMEs) In Nigeria. *European Scientific Journal*, Vol. 10(1): 327-340
- Gbandi, E. C. and Amisah, G. (2014). Financing Options for Small and Medium Enterprises (SMEs) In Nigeria. *European Scientific Journal*, Vol. 10(1): 327-340
- Henriques, M. (n.d). *Business Development Services for SMEs: Preliminary Guidelines for Donor Funded Interventions*. Washington: World Bank
- Hitt M.A., Ireland, R.D. and Hoskisson, R.E. (2002). *Ireland RD and Hoskisson RE., 'Strategic management: competitiveness and globalization*. In I. Hussain, Z. Farooq and W. Akhtar (eds.). SMEs Development and Failure Avoidance in Developing Countries through Public Private Partnership. *African Journal of Business Management*. Vol. 6 (4): 1581-1589
- Hussain, I., Farooq, Z. and Akhtar, W. (2012). SMEs Development and Failure Avoidance in Developing Countries through Public Private Partnership. *African Journal of Business Management*. Vol. 6(4): 1581-1589
- Johnson G., Scholes K. and Whittington R. (2007). *Exploring Corporate Strategy*. In M. Chen and B. Liu, (eds.), *Strategic Management in Chinese Manufacturing SMEs*. Master Thesis Within Business Administration, Jönköping International Business School, Jönköping University.
- Kazeem, A. and Van derHeijden, B. (2006). *Exporting Firms' Strategic Choice: The Case of Egyptian SMEs in the Food Industry*. In O.J. Oyeniyi and A.A. Adeniji (eds.). Entrepreneur Psychological Traits and Performance: Implications for Nigerian Non-Oil Smes Exporting Companies. *Review of Economic and Business Studies*, Vol. 3(2): 211-220
- Lee J (2001). Education for technology readiness: Prospects for developing countries. In I. Hussain, Z. Farooq and W. Akhtar (eds.). SMEs Development and Failure Avoidance in Developing Countries through Public Private Partnership. *African Journal of Business Management*. Vol. 6(4): 1581-1589
- Little, M.D. Mazumdar, D. and Page, J. M. (1987). Small Manufacturing Enterprises: In A.M. Safiriyu and B.O. Njogo (eds.). Impact of Small and Medium Scale Enterprises in the Generation of Employment In Lagos State. *Arabian Journal of Business and Management Review*. Vol. 1(11): 107-141
- Nafiu, A.T., Sule, J.G and Orugun, J.J. (2014). The Imperatives Of Strategy In Business Games Among Nigerians' Small Scale Businesses. *Business and Management Quarterly Review*, Vol. 5(3): 42-48
- O'Farrell, P. and Hitchens, D. (1988). *Alternative Theories of Small-Firm Growth: a Critical Review*. In S. Schmitt-Degenhardt, A. Stamm and M. Zehdicker (eds.). *The Growth Gap: A small enterprise phenomenon*. Federal Republic of Germany. Pp. 1-19
- Ojeka, S.A. (2011). Tax Policy and the Growth of SMEs: Implications for the Nigerian Economy. *Research Journal of Finance and Accounting*, Vol. 2(2).
- Onugu, B. A. N. (2005). *Small and Medium Enterprises (SMEs) In Nigeria: Problems And Prospects*. Dissertation Submitted To The St. Clements University In Partial Fulfillment Of The Requirements For The Award Of The Degree Of Doctor Of Philosophy In Management
- Onuoha, B.C. (2008), *Fundamentals of Business and Management in Nigeria*, 3rd Edition, Owerri, Avan Global Publications.
- Onwuchekwa C.I (2000). Business Policy and Strategic Management. In M. Osemeke (eds.). Entrepreneurial Development and Interventionist Agencies in Nigeria. *International Journal of Business and Social Science*, Vol. 3(8). Pp.256-265
- Osemeke, M. (2012). Entrepreneurial Development and Interventionist Agencies in Nigeria. *International Journal of Business and Social Science*, Vol. 3(8): 256-265
- Osoimehin, K.O., Jegede, C.A. and Akinlabi, B.H. (2012). An Evaluation of the Challenges and Prospects of Micro and Small Scale Enterprises Development in Nigeria. *American International Journal of Contemporary Research*. Vol. 2(4): 174-185
- Oyeniyi, O.J. and Adeniji, A.A. (2010). Entrepreneur Psychological Traits And Performance: Implications For Nigerian Non-Oil SMEs Exporting Companies. *Review of Economic and Business Studies*, Vol. 3(2): 211-220
- Postma, T.J. and Zwart, P.S. (2001). *Strategic research and performance of SMEs*. In P. Gibus and R.G.M. Kemp

- (eds.), *Strategy and Small Firm Performance*, Zoetermeer, January 2003, Research Report H200208.
- Romijn H (2001). Technology support for small industry in developing countries. In I.Hussain, Z. Farooq and W. Akhtar (eds.). *SMEs Development and Failure Avoidance in Developing Countries Through Public Private Partnership. African Journal of Business Management*. Vol. 6 (4): 1581-1589
- Safiriyu, A.M. and Njogo, B.O. (2012). Impact Of Small And Medium Scale Enterprises In The Generation Of Employment In Lagos State. *Arabian Journal of Business and Management Review*. Vol. 1(11): 107-141
- Sagagi, M.S (2006). Entrepreneurship development policy: A renewed perspective for achieving economic development in Nigeria. *Nigerian Academy of Management Journal*, Vol. 1 (1): 179-192.
- Schmitt-Degenhardt, S., Stamm, A. and Zehdnicker, M. (2002). *The Growth Gap: A small enterprise phenomenon*. Federal Republic of Germany. Pp. 1-19
- SMEDAN (2006), *National Policy on Micro, Small and Medium Enterprises*. In E.E. Anietie(eds.), *Entrepreneurship and Small Businesses Problems and Prescriptions, African Journal of Entrepreneurship*, Vol. 1(2).
- Snagross, D. and Briggs T. (1996). Industrialization and Small Firms Pattern and Policies. In A.M. Safiriyu and B.O.Njogo (2012). *Impact of Small and Medium Scale Enterprises in the Generation of Employment In Lagos State. Arabian Journal of Business and Management Review*. Vol. 1(11): 107-141
- Udechukwu, F.N. (2003). *Survey Of Small And Medium Scale Industries And Their Potentials In Nigeria*. Lagos, CBN Training Centre, Vol. 4: 6-18
- Waribugo, S. and Onuoha, B.C. (2016). Organizational Learning Capability, Perceived Organizational Support and Growth of Auto Parts Manufacturing Firms in Nigeria. *European Journal of Business and Management*. Vol.8(17): 104-117
- Yusuf S (2003). *Innovative East Asia: The Future of Growth*. Washington, D. C. In I.Hussain, Z. Farooq and W. Akhtar (eds). *SMEs Development and Failure Avoidance in Developing Countries Through Public Private Partnership. African Journal of Business Management*. Vol. 6 (4): 1581-1589