SMALL BUSINESS PROBLEMS IN NIGERIA: A COMPARISON WITH SWEDEN

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ABSTRACT

The study aimed to identify the problems that are associated with starting and running small business enterprise in Nigeria, in comparison with Swedish small business enterprises and determine the ranking of these problems.

In carrying out the study, a qualitative research method was used. The most important method data was sourced by primary data using interviews, utilizing a questionnaire and by secondary data using literatures collected from books, journals, past research work and electronic web. The researchers also used purposive sampling technique to select some of the top ranking personnel in Premier Bakeries, Booms Nig, Café Master Hans and Marianne Bageri. The analytical strategy used was in relying on theoretical propositions.

On the basis of the analysis of data collected during the interview, the study revealed that small business managers in developing countries such Nigeria face many problems when compared with developed country like Sweden. The problem facing Nigerian small business managers are ranked as follows: lack of finance in starting and developing business, poor infrastructures, inappropriate legislation, competition, lack of managerial skills; further problems are corruption and inflation. Small business managers in Sweden are face with the problems of high increase of work absentee due to cases of sicknesses by personnel and the effect of the weather on business.

The study concluded with some recommendations on the need of the developing countries to emulate from developed nations in creating enabling environment that will promote and sustain the growth and development of small businesses.

Key words: Small business enterprises, business growth and development, developing countries, small business policies.
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<th>Description</th>
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<tr>
<td>CAC</td>
<td>Corporate Affairs Commission</td>
</tr>
<tr>
<td>CBN</td>
<td>Central Bank of Nigeria</td>
</tr>
<tr>
<td>CESLS</td>
<td>Commerce and Export Stimulation Loan Scheme</td>
</tr>
<tr>
<td>CIRD</td>
<td>Centre for Industrial Research Development</td>
</tr>
<tr>
<td>CMD</td>
<td>Centre for Management Development</td>
</tr>
<tr>
<td>ECU</td>
<td>European Currency Unit</td>
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<tr>
<td>ESRC</td>
<td>Economic and Social Research Council</td>
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<td>EU</td>
<td>European Union</td>
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<td>FEAP</td>
<td>Family Economic Advancement Programme</td>
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<tr>
<td>GDP</td>
<td>Gross Domestic Products</td>
</tr>
<tr>
<td>G.M</td>
<td>General Manager</td>
</tr>
<tr>
<td>HRM</td>
<td>Human Resource Management</td>
</tr>
<tr>
<td>ICT</td>
<td>Information and Communication Technology</td>
</tr>
<tr>
<td>IDC</td>
<td>Industrial Development Centre</td>
</tr>
<tr>
<td>ILO</td>
<td>International Labour Organisation</td>
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<tr>
<td>MSE</td>
<td>Micro and Small Enterprises</td>
</tr>
<tr>
<td>MSME</td>
<td>Micro, Small and Medium Enterprises</td>
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<tr>
<td>NACB</td>
<td>Nigerian Agricultural Cooperative Bank</td>
</tr>
<tr>
<td>NAFDAC</td>
<td>National Agency for Food and Drug Administration and Control</td>
</tr>
<tr>
<td>NBC</td>
<td>Nigerian Bank for Credit</td>
</tr>
<tr>
<td>NBCI</td>
<td>Nigerian Bank for Commerce and Industry</td>
</tr>
<tr>
<td>NDB</td>
<td>Nigerian Development Bank</td>
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<tr>
<td>NDE</td>
<td>National Directorate Employment</td>
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<tr>
<td>Acronym</td>
<td>Description</td>
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<tr>
<td>NGN</td>
<td>Nigeria Naira</td>
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<td>NEPA</td>
<td>National Electricity Power Authority</td>
</tr>
<tr>
<td>NERF</td>
<td>National Economic Reconstruction Fund</td>
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<tr>
<td>NOA</td>
<td>National Open Apprenticeship</td>
</tr>
<tr>
<td>PHC</td>
<td>Power Holding Company</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>Research and Development</td>
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<tr>
<td>SMBs</td>
<td>Small and Medium Businesses</td>
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<td>SMEs</td>
<td>Small and Medium Enterprises</td>
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<tr>
<td>SMMEs</td>
<td>Small, Medium and Micro Enterprises</td>
</tr>
<tr>
<td>SON</td>
<td>Standard Organizations of Nigeria</td>
</tr>
<tr>
<td>UK</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>UNDP</td>
<td>United Nations Development Programme</td>
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<tr>
<td>UNIDO</td>
<td>United Nations Industrial Development Organisation</td>
</tr>
<tr>
<td>USA</td>
<td>United State of America</td>
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<tr>
<td>USAID</td>
<td>Agency for International Development</td>
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<tr>
<td>USD</td>
<td>United State Dollar</td>
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<tr>
<td>VAT</td>
<td>Value Added Tax</td>
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<tr>
<td>WBS</td>
<td>World Bank Scheme</td>
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<td>WTO</td>
<td>World Bank of the United Nations</td>
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CHAPTER ONE

1.1 INTRODUCTION

Small business enterprise is a sector of the economy that needs Nigerian government attention and other developing nations due to the role it plays in job creation and economic growth in the nation’s economy. In many developed countries, the government assists them with favourable policies, plans and programmes in reversion of the older practices of giving interest to the big businesses.

As described by Mambula & Sawyer (2004) strategies for meeting development goals in the new millennium in Africa cannot overlook the important role of small business and entrepreneurship as the engine for growth.

According to Ekpenyong (2002) the government of Nigeria has at various time tried to help the growth of this sector (small business enterprises) of the economy by establishing agencies such as National Directorate Employment (NDE), Peoples Bank, Community Bank, Family Economic Advancement Programme (FEAP), others are, National Economic Reconstruction Fund (NERFUND), Nigerian Bank for Credit (NBC) and Commerce, and Export Stimulation Loan Scheme, etc.

These agencies as mentioned by Ekpenyong were created to support small business managers in the areas of finance such as borrowing funds in starting or expanding their businesses, and also to train those individuals who have interest in going into various types of businesses in Nigeria. Despite the efforts of the government to sustain small business enterprises, none of these agencies mentioned by Ekpenyong (2002) has come up with a well articulated plan or method or strategy to make sure that small business enterprises are given adequate attention.

According to Aiyedun (2004) government is expected to provide adequate enabling environment for the private sector to invest and operate in a free market system. Once policy decisions have been made by government, they should be implemented. No matter how well intentioned and well-articulated such policies on small business enterprises may be, they cannot be successfully implemented without effective administrative public sector-driven machinery whose technical competence, loyalty and commitment should translate into action.

Frequently, the unintended side-effects of investment, trade, credit, and other policies, implemented with the goal of promoting the expansion of large-scale industries created a bias against small enterprises. Investment laws frequently restrict tax concessions to large-scale firms. When such overt restrictions do not occur, small enterprises are often ignorant of the concessions available; or they are unable to undertake the protracted bureaucratic procedures required to obtain them (Aiyedun 2004).

Furthermore, Aiyedun (2004) stress that in Nigeria, micro and small business enterprises (such as those in business of restaurant, beverages, café and bakeries etc) by the nature of their activities and locations, often transgress health and hygiene laws, traffic rules and
construction regulations. Such violation of law by small business enterprises in Nigeria often provide government officials including the police, Standard Organizations of Nigeria (SON), National Agency for Food and Drug Administration and Control (NAFDAC), Health Inspectors, etc., opportunities to harass small entrepreneurs to obtain bribes and benefits. Operators of small enterprises are also subjected to other risks and uncertainties, including harassment by government authorities in the form of seizure of stock or equipment and demolition of illegally erected shops and workshops, without compensation.

In developed countries as summarized by Stevenson and Lundström (2001) government attention to the SME policy agenda was considerably heightened following the breakthrough research of Birch (1979). Birch discovered that over 80% of new jobs were being generated in small rather than large US firms and that, in fact, new and young firms were the engines of growth in the US economy. Attention to entrepreneurship policy is currently being heightened by research on the importance of new firms to economic renewal and dynamism and efforts to benchmark entrepreneurial activity levels across nations. These bodies of work point to, and reinforce, the critical contribution of new firms to job creation, innovation, productivity and economic growth in the economy. Evidence exists that new firms and a small number of rapidly growing young firms are responsible for a significant proportion of gross and net new jobs. Between 1997 and 1998, 45% of gross new jobs in Australia were created by new firms (Australian Bureau of Statistics, 1999); between 1994 and 1998, start-up and high growth companies generated more than 80% of new jobs in the Netherlands.

Examples of government supports of SMEs are taken from countries such as Taiwan, China and Japan, Sweden and Germany whose performance of their economies are attributed to the role of individuals or group of individual who are captains of small business enterprises in these countries. These countries were able to achieve such high interest in business through the encouragement by their various governments which provided well articulated programmes of providing soft loans and skill acquisition for the people who have shown interest in establishing businesses of their own.

The researchers have the conviction that development and sustenance of small business in the Nigeria will go a long way in helping Nigerian economic recovery. Although economy may be the engine room of any meaningful national development, small and medium scale enterprises (which may pass for entrepreneurship) play an important role in a nation’s economy. Their role in the economy of the country is such that the “large businesses” can hardly survive without the small business enterprises, as they give the important links between the large business enterprises and the consumer.

Therefore, the importance of small business enterprises cannot be over emphasized also it is believed that small business is beneficial and can adapt to new situations more easily than large corporations. Small business enterprises can also be innovative and it already probably makes a larger contribution pro rata in the economy. With efficient control and management techniques of SMEs the benefit it gives can be much greater.
1.2 STATEMENT OF THE PROBLEM

Okpara & Wynn (2007) research on small-business development has shown that the rate of failure in developing countries is higher than in the developed world.

According to Arinaitwe (2006) small business enterprises are faced with the problems of lack of technological know how, lack of managerial skills, lack of adequate legislature to protect small business enterprise against the competitions from multinational and imported goods and lack of finance or difficult in obtaining soft loan. Credit policies in Nigeria have also tended to discriminate against small scale enterprises; consequently, most of these enterprises have been forced to obtain funds from family members or from micro credit markets which interest rates are very high and often injurious.

Again, while small business is being acknowledged for its development contribution, it still faces many obstacles that limit their long term survival and development. Research on small-business development has shown that the rate of failure in developing countries is higher than in the developed world (Okpara & Wynn 2007)

In Nigeria, Arinaitwe (2002) in Okpara & Wynn (2007) stress that “scholars have indicated that starting a business is a risky venture and warn that the chances of small-business owners making it past the five-year mark are very slim”(p.24). Okpara & Wynn (2007) further stated that the obstacles facing SME include a lack of financial resources, lack of management experience, poor location, laws and regulations, general economic conditions, as well as critical factors such as poor infrastructure, corruption, low demand for products and services, and poverty. The big firms dominate every opportunity for obtaining loans and raw materials. They attract employees by offering better wages and benefits, and secure most of government procurement and contracts.

Carter & Jones-Evans (2006) also identified the followings as the strategic problems of small business enterprises- lack of financial resources, marketing problems and customer concentration, management and human resources, lack of systems and controls, and technology skills. They further explained that most small business are undercapitalized and are inappropriately capitalized in terms of both a high debt-equity ratio and an over-reliance on short term debt. Small business managers engage in little marketing activity and have no experience of marketing, prefer to devote their time to activities that are more familiar products.

Small business enterprises mostly lack managerial skills and hardly offer training and development to their employees. They are also characterized by informality and poor information systems which results to poor decision making. Small business enterprises mostly lack the capabilities of assessing new technological developments which enhances innovations. However, there are still rooms for improvement in Nigeria; hence small business enterprise sector is acknowledged to have huge potential for employment generation and wealth creation in any economy.

The problem therefore is to find out how Nigerian small business enterprises could be encouraged and sustained when compared with Swedish small business enterprises.
1.3 RESEARCH QUESTIONS

1. What problems do small business managers in Nigerian face when compared with that of developed country like Sweden?
2. How do they rank this problem?

1.4 RESEARCH OBJECTIVE

- Identify small business enterprises problems in Nigeria
- Compare with Swedish small business enterprises and,
- Determine the ranking of these problems facing small business enterprises.

1.5 Chapter Organization

This study is organized in five chapters. Chapter one is the introduction, background of the study, statement of the problem, the research objectives and research questions. Chapter two is basically the literature review that forms the study. It will deal on the concepts of small business enterprises, problems of small businesses, some of the existing government policies being pursued as well as theories on business enterprises, economic growth and development. Chapter three is the research methodology. Chapter four is an overview of the companies - Premier Bakeries Ltd, Booms Nig, Café Master Hans and Marianne Bageri. The analyses of the data was discussed in chapter five. Finally, chapter six is the summary of the study, the conclusion drawn from the analyses, the recommendations based on the findings and the limitation of the study.
CHAPTER TWO

2.0 LITERATURE REVIEW

This chapter deals on the relevant literatures in some selected areas. It is believed that this review will aid in explaining the core terms in the selected topic and the research aims with significant literature in the field. The chapter begins by looking into an overview of the varying definitions and concept of small business enterprises, characteristics, and also discusses some of the issues involved in the problems facing small business enterprises. It will further discuss some of the past policies by the government, a look at the strategies that could use by the government in supporting small business enterprises and concluded on the economic growth and development theory.

2.1 CONCEPTS OF SMALL BUSINESS ENTERPRISES

The first point to underscore in our subject of discussion is the noting that there is no general accepted definition of small business enterprises. The most logical questions may therefore be: what is an enterprise and by extension, what is small business enterprise? By what index can mark out a company as a small business enterprise?

According to Wikipedia, - the free encyclopaedia small and medium enterprises are companies whose headcount or turnover falls below certain limits. The abbreviation SME occurs commonly in the European Union and in international organizations, such as the World Bank of the United Nations and the WTO. The term small and medium-sized businesses or SMBs is predominantly used in the USA. In South Africa the term SMME, for Small, Medium and Micro Enterprises, is used. Elsewhere in Africa, MSME is used, for Micro, Small and Medium Enterprises. Size thresholds vary from country to country. In United States when small business in defined by the number of employees, it often refers to those with fewer than 100 employees. In most economics; smaller enterprises are much greater in number. In the EU, SMEs comprise approximately 99% of all firms and employ between them about 65 million people. In many sectors, SMEs are also responsible for driving innovation and competition. Globally SMEs account for 99% of business numbers and 40% to 50% of GDP. (Source: Wikipedia [Online] available: May 2009).

A more elaborate definition by Ude (1999:2) said that small scale enterprise is “any modern business enterprise, including all manufacturing and non-manufacturing small activities in commerce, service, maintenance, distribution, construction and production employing a limited capital outlay”. The function and general management of such an enterprise revolves on one or at most two or three people who make all important decision in the business.

In the above definition, small business enterprise could be described as a private or jointly business which is usually own and operate by the owner/s; the owner/s takes control over operations and decisions. The sourcing of capital which is usually limited or say fund is personally guaranteed by the owner/s and the equity is not publicly traded. It is not dominant in its area or is not a monopoly.
Most small firms are family businesses, where the owner and the manager are the same person and where the family members are usually involved (Bengt & Hans 1999).

In February 1996, the European Commission adopted a communication setting out a single definition of SMEs and applied this across EU programmes and proposal with effect from 1 January 1998. The details are set out in Table 1. The communication also includes a (non-binding) recommendation to Member States, the European Investment Bank and the European Investment Fund encouraging them to adopt the same definition for their programmes. The communication permits them to use lower threshold figures, if desired (Carter & Jones-Evans, 2006).

**Table 1: European Commission definition of SMEs**

<table>
<thead>
<tr>
<th>Criterion</th>
<th>Micro</th>
<th>Small</th>
<th>Medium</th>
</tr>
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<tbody>
<tr>
<td>Max. number of employees</td>
<td>10</td>
<td>50</td>
<td>250</td>
</tr>
<tr>
<td>Max. turnover</td>
<td>-</td>
<td>7m ecu</td>
<td>40m ecu</td>
</tr>
<tr>
<td>Max. annual balance sheet total</td>
<td>-</td>
<td>5m ecu</td>
<td>27m ecu</td>
</tr>
<tr>
<td>Max. % owned by one, or jointly several, enterprise(s) not satisfying the same criteria</td>
<td>-</td>
<td>25%</td>
<td>25%</td>
</tr>
</tbody>
</table>

*Source: Adapted from (Carter & Jones-Evans, 2006)*

*Note: To qualify as SME, both the employee and the independence criteria must be satisfied and either the turnover or the balance sheet total (Carter & Jones-Evans, 2006).*

Sweden officially applies the definition recommended by European Union Commission which state that all enterprises with fewer than 250 employees are categorized as small and medium-sized enterprises and those with fewer than 50 employees are categorized as small business enterprises (NUTEK 2004). Ojukwu (2001) further explained these categories of business enterprises as follows; small business enterprises as those that operate with a capital outlay or investment of between 1,018,336.07 to 10,183,611.46 NGN which is equivalent to 6,791.171 USD to 67,911,715 USD, medium scale enterprise are those that operate with a capital between 40,733,445.83 to 152,750,421.11 NGN also equivalent to 271,646.86 USD to 1,018,675.72 USD while others that operate with 1,018,675.72 and above are large scale enterprises.

In Inegbenebor (2006)-according to the guidelines for the scheme (Bankers Committee) - a small and medium enterprise is defined as an enterprise with a maximum asset base of N200 million (excluding land and working capital), and number of employees of not less than 10 and not exceeding 300 persons.

In the Nigerian context, the definition of small business enterprise which concentrates on the level of capital, and workers employed. Today, we cannot accept such definition based on the number of workers, unless the level of technology employed is specified. This is because it is possible for computer robots and few technicians to “man” an industrial undertaking into which thousands of dollars have been invested. The number of human beings directly employed can no longer be related to the scale of operation; it is now based on the technology adopted.
In Nigeria, considering these various definitions regarding small business enterprise for official policy decision by the government, emphasis has been placed on the higher limit of capital investment and number of employees. There has been no attempt made so far to stipulate the low limit that can qualify an establishment for government recognition as small scale enterprises for the purpose of credit facilities in Nigeria. In the absence of this situation of low limit which is not necessary, it could be well assumed that all industrial establishments, no matter how small the capital investment and the number of people employed, should qualify for recognition. In the circumstances therefore, cottage and craft should qualify for the government attention and patronage.

In practice, however, the majority of these small business enterprises are discriminated against. Thus no adequate consideration is given to the peculiar problem that confronts this group of industrial establishment when policies concerning small business enterprises are being formulated in the government circles.

2.2 CHARACTERISTICS OF SMALL BUSINESS ENTERPRISES

Since it became obvious that it is quite hard to conceptualise a general accepted definition of small scale enterprise – we could therefore consider common features of SMEs based on the above definitions to include the followings:

- For a business to be regarded as a small scale enterprise, it must have limited capital outlay. This means that there has to be a maximum amount of capital which the organization must be operating with so as to still be regarded as small scale enterprises.
- A small scale enterprise has the characteristics of being owned and managed by one or jointly owned by people, it is mostly financed from personal and family resources.
- It has a limited number of employees and uses labour-intensive techniques.
- It must have a certain maximum annual turnover and annual balance sheet total, etc.

2.3 ROLE AND SUPPORT OF SMALL BUSINESS ENTERPRISES IN DEVELOPED COUNTRIES

According to NUTEK (2004) Swedish industrial policies have traditionally focused on large enterprises and individual sectors. Earlier, policies regarding industry mainly supported sectors that experienced problems due to structural changes in the economy. Policies regarding small enterprises and entrepreneurship have grown over the last two decades and we have seen a shift in perspective from existing enterprises to an increased interest in the processes that contribute to the creation and survival of enterprises. There are several reasons why the focus of industrial policy has shifted more towards small enterprises. The main reason is that small business enterprises have become an increasingly important source of employment and growth.

NUTEK (2004) further stress that recent developments have shown that large enterprises no longer create the same number of jobs, due to globalization and the rationalization of operations. Small enterprises, then, can replace larger enterprises in providing employment opportunities. Furthermore, the public sector in Sweden has been downsized and its relative share of employment has decreased, even though it is still of significant importance. The
objective of the government is, in other words, to promote favourable institutional preconditions for business in general, i.e. rules of the game, access to markets, financial support, etc. This policy change has been primarily in response to new imperatives, and to a marginal extent to evaluations of previous policy measures.

In Sweden, especially in the area of small firms in ICT, the small business policy literature has identified specific measures in support of small business enterprises in high technology sectors that might provide a basis for understanding cross national performance of small business in ICT. These measures include direct financial support to small business enterprises, the provision of advisory services to small business enterprises, the education and training of PhDs in science and technology and linkages between small business enterprises and publicly funded research institutions (Parker & Rachel 2006).

As summarized by Lauder et al. (1994), examples of the difference support for small business enterprises can be shown in the following countries. Germany for example allows for subsidized finance of small business enterprises in addition to offering a lower inflation and interest rate. The interest rate for small business enterprises is 2 per cent in the Euro zone and also lower in both the US and Japan at under 1 per cent. Recently, tax rates in the UK for small business enterprises have been lower than in the past. The UK has moved even further and the VAT for small business start-ups has been reduced by 4 per cent in the pre-budget report in 2003.

Floyd and John (2005) summarized as follows: Small firms and enterprise policy has evolved out of many previous EU policies associated with the industrial policy framework. Recent industrial policy has begun to focus on supply-side measures and deregulation in order to complete a single market, this approach was very much evident in the white paper on growth, competitiveness and employment (European Commission, 1993). The policy expands on the fifth framework in that there has been an attempt to link together the key priority areas. However much of these funds have gone to larger firms with research records in the past. Small firms can also benefit from regional policy initiatives including start-ups and ESF funding. Small firms have in addition participated in education and business partnerships including ESPRIT and RACE and recent organizational contact schemes such as Europartemariat and the establishment of 275 European business information centres linking chambers of commerce. There is advice for those wishing to export and use new information technology.

Again Floyd and John (2005:148) “Moreover, there is a European charter for small businesses established in 2002. This is to support a friendly environment for small business. The main areas focus around improving skills and education, advice and support on start-ups and streamlining the legal and regulation process for small business enterprises. Networking is also encouraged for small firms in order to create knowledge and expertise as well as clustering firms in key sectors in order to create additional benefits and trade. Risk taking and sound management applicable to all business sectors are other key attributes. There has also been a movement in EU countries to simplify taxation procedures and introduce more favourable rates for small business enterprises”

From the above discussions on the role of small business enterprises in different economies, it could be seen that there are strong and viable policies created and improved for
supporting the growth and development of small and medium scale enterprises in these developed countries.

2.4 PROBLEMS FACING SMALL SCALE ENTERPRISES

The problems facing small business enterprises in Nigeria and that of developing countries could be much differentiated with the developed countries. The result of this is mostly the government of this developed countries make good provision with policies that are favourable to them.

Table 2: Categories of Small business- Problems

<table>
<thead>
<tr>
<th>Categories of Small Business Problems</th>
<th>ADMINISTRATIVE PROBLEMS</th>
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<td></td>
<td>• Accounting</td>
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<td>• Finance</td>
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<td>• Personnel</td>
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<td>• Management Issues</td>
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<th>OPERATING PROBLEMS</th>
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<td>• Marketing</td>
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<td>• Inventory Control</td>
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<td>• Production</td>
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<td>• Operations</td>
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<th>STRATEGIC PROBLEMS</th>
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<tr>
<td>• Planning</td>
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<td>• Market Research</td>
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<td>• Financial Analysis</td>
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<th>EXTERNAL PROBLEMS</th>
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<td>• Infrastructure issues</td>
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<td>• Corruption</td>
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<tr>
<td>• Technology</td>
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<td>• Management issues</td>
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Source: Adapted from (Okpara & Wynn 2007)
The table above shows the summary of the problems facing small business enterprises in their development in most developing countries. Though these problems looks like general in nature but could be described as also being peculiar to those of the developing country and Nigeria.

Some of the major constraints often mentioned as limiting the realization of the full potentials of small business enterprises in Nigeria are the weak management structure and practice in the enterprise, poor record keeping and low financial discipline (Inegbenebor, 2006). However, we are going to look into these problems facing small business enterprises one after the other.

### 2.4.1 Financial Problems

As summarized by Stevenson and Lundström (2001) access to financing is one of the oldest small business enterprises policy issues; it has a history of at least half a century (e.g., the US Small Business Act of 1953; Canada’s Small Business Loans Act of 1961). Central governments in each of our cases have policies related to improving access to small business enterprises financing. Historically, the major rationale for government intervention was ‘market failure’. Conventional lenders preferred to do larger loans (lower transaction costs) and deal with established firms (lower risk). Small firms were disadvantaged in capital markets because they lacked the collateral security or knowledge to secure conventional financing, were perceived as higher risks and deemed less profitable. Therefore, small firms lacked access to the resources necessary to expand, modernize or grow. Their stunted growth prevented small firms from increasing employment and productivity and contributing fully to overall economic growth in the economy. Governments responded with policy measures to address these financing gaps. In today’s economy, capital markets are much more developed. Myths about the higher risk and lower profitability of small business lending are being debunked and traditional lenders are increasingly targeting the small business sector as a profitable growth market. Australia was the strongest example of the latter case. Many Australian experts noted that grants and subsidies are out.

Starting business whether small, medium or large requires enough capital or finance. To acquire finance in starting small business enterprise in Nigeria could be identified as one of the major, if not the biggest constraint facing them.

Ford (2004:6) stresses that “one of the factors which divide industrialized economies from those in sub-Saharan Africa is the lack of access to credit. If a small businessman in the US, UK or Western Europe has a good idea for a new venture, or is seeking funding to help expand an already successful company, the chances are that a local bank will be able to provide a loan on reasonable terms. Medium sized companies also have the option to offer equity participation to lenders or larger companies working in the same field. The financial sector in most of Africa, however, does not work in the same way”.

Most African small businessmen or women must save before they can invest, or at the very least rely upon their extended family to provide financial support. There are few local banks
willing to provide credit facilities for smaller firms and those that do often impose unattractive terms of repayment.

Carter & Jones-Evans (2006) described bank as a considerable evidence of the main source of finance for many different sizes and types of small firms in the UK, for example, the results of one survey (ESRC Centre for Business Research 1996) indicates that over 50% of small and medium-sized companies are financed by banks.

Inegbenebor (2006) stresses that even though banks are a major source of funds for small and medium enterprises in the developed world, in Nigeria, this is not the case. He further mentioned that Levitsky summarized the reasons why small enterprises in developing countries have difficulty in accessing credit from formal banking system includes the following:

- The reluctance of banks to lend funds to small business enterprises due to perceived high risk of lending to small business managers.
- The bias of banking institutions in favour of lending more funds to larger-scale businesses than small business enterprises.
- There is high transactions cost of lending to small business enterprises by banks.
- The reluctance of small-scale entrepreneurs to borrow from banks because of the costly formalities involved in obtaining bank finance and administrative set-up needed to deal with banking institutions.
- The inability or unwillingness of small business enterprises to present full accounting records and documentation needed by banks to appraise loan applications.
- The inability of small business enterprises to provide needed collateral and security required by banks.

The table below showed by Mambula (2002) was in comparing small business perceptions with those of other groups. The interview was made with senior officials from four leading development banks. Procedures for obtaining loans were seen by the small business respondents as cumbersome and over-bureaucratic, and collateral demands were seen as excessive.

**Table 3: Main Growth and Performance Constraints of small business enterprises in Nigeria**

<table>
<thead>
<tr>
<th>Constraint</th>
<th>Number of Respondents</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Lack of finance</td>
<td>23</td>
<td>72</td>
</tr>
<tr>
<td>Poor infrastructure</td>
<td>14</td>
<td>44</td>
</tr>
<tr>
<td>Difficult in getting machines and spare parts</td>
<td>13</td>
<td>41</td>
</tr>
<tr>
<td>Difficult in getting raw materials</td>
<td>11</td>
<td>34</td>
</tr>
</tbody>
</table>
Tucker and Lean (2003) summarized their knowledge on this matter as follows: Smallest firms generally have smaller financial reserves geared compared to larger firms due to the difficulty and expense of attracting new equity finance. Thus, such firms do not only bear higher business risk but a so higher financial distress risk. Banks tend to respond to this risk by adopting a capital-gearing rather than an income-gearing approach to lending. Thus, rather than focusing their attention on evaluating income streams flowing from an investment project they may focus more on the value of collateral available in the event of financial distress. This creates a problem for small firms in that they often do not have significant fixed assets to secure on in their early years of establishment. The stage of development then may be an important determinant of, and constraint on, the type and amount of external fund. Particularly in developing countries like Ethiopia, where the financial market is weakly efficient, there is high information asymmetry between financial institutions and small business enterprises. As a result, financial institutions face severe problems of adverse selection. That is why access to formal finance is usually difficult for small business enterprises.

The case above is not only an Ethiopia’s small business problems but also one of the problems facing small business enterprises in Nigeria and other developing countries. For a proper sustenance and development of small business enterprises in these parts of the world, there is need for adequate attention hence these sectors can not be well developed without banks and other financial sectors providing an easier accessibility of funds for them instead of paying more attention to large enterprises.

2.4.2 Adequate legislature

Aiyedun (2004) mentioned that another area in which small enterprises have disadvantaged is with regard to the inordinate impact, which government regulations have on them. First, the mere existence of regulation is a burden to these small enterprises. Second, the cost of compliance with such regulations could be prohibitive, since such firms possess neither the necessary technical know-how nor legal expertise. A case in point is the centralized approach to registering businesses at the Corporate Affairs Commission (CAC) in Abuja, which is not only cumbersome and time consuming but financially prohibitive.

Operators of small enterprises are also subjected to other risks and uncertainties, including harassment by government authorities in the form of seizure of stock or equipment and demolition of illegally erected shops and workshops, without compensation (Aiyedun 2004).

As summarized by Ekpenyong (2002) on the past government policies focused on small scale enterprises development which has the capacity to exploit local endowments and propel the engine of growth if properly managed. This policy focus on small scale enterprises which started with the Third National Development Plan (1975-1980) as follows:

- Nigerian Bank for Commerce and Industry (NBCI), the Nigerian Development Bank (NDB), the National Economic Reconstruction Fund (NERF), the World Bank Scheme (WBS) administered through the Central Bank of Nigeria (CBN), the introduction of
Rural Banking Scheme, the People’s Bank of Nigeria (now closed), and the Community Bank were the measures taken to meet the financial needs of small business enterprises.

- The effort towards the development of small business enterprises from international organizations such as: UNIDO, UNDP, ILO, USAID, the British Council, the Dutch Government and Japan International Cooperation Agency were directed towards the training of Nigerians in various institutions directly linked to small scale enterprises. Such training institutions were made for: Industrial Development Centre (IDC), the Centre for Management Development (CMD), and Centre for Industrial Research Development (CIRD), and the Nigerian Agricultural Cooperative Bank among others.

- To generate employment and stimulate economic development, the Federal Government established the National Directorate for Employment (NDE) to train the youths to become self – employed.

- The National Open Apprenticeship (NOA) an offshoot of NDE was established to provide them with take – off loans.

However, these functions have not been properly managed as was meant for due to the absence of a well articulated organizations, political instability, corruption and unorganized policy making, lack of commitment and political will to implement accepted policies.

Okpara & Wynn, (2007) stated that over the past six years, the present government has pursued a policy that should provide fertile ground for small – business including trade liberalization and making the operating environment friendly to entrepreneurs, in light of this support and incentive programs it would be reasonable to see and to expect that small business enterprises would grow and flourish in Nigeria. However, the effectiveness of these programs remains unclear and the rate of business failure continue to increase.

According to NUTEK (2004) Sweden has during the last decades, taken a number of initiatives to improve the microeconomic climate. A more dynamic competitive environment has emerged through the deregulation of telecom, transportation, energy and media industries, and the opening of financial and currency markets. Improvements in the intensity of local competition, availability of venture capital, company innovativeness and quality of science and engineering talent have contributed to strengthening Sweden’s position. This has resulted in an increased interest in entrepreneurship, not least among the young, over the last decade.

In United States of America for example, recently the House Speaker Nancy Pelosi said that Congress is set to consider a measure increasing the amount of money the federal government can loan to small businesses. She further stated that the House of Representatives will detective debate a bill increasing the ceiling on Small Business Administration loans from $2 million to $5 million. The bill, backed by President Barack Obama, also would increase the maximum size of Small Business Administration (SBA) backed microloans from $35,000 to $50,000. On the same period, President Barack Obama unveiled a separate measure designed to stimulate small business growth in part by making capital cheaper for community banks (http://politicalticker.blogs.cnn.com/2009/10/22/stimulus)

In Sweden, another significant reform with a likely substantial impact on the SME sector is a statutory obligation (SFS 1998:1828) for public authorities to carry out an ex-ante impact
assessment of all regulations in regard of possible consequences on the SME sector. This ex-ante impact assessment should mainly focus on costs for the enterprise, if the regulation will have an effect on the competitiveness of SMEs, the necessity of launching an information campaign, and so on. This regulation was enacted in January 1999. The SimpLex team is responsible for this work but each agency carries out its impact assessments independently of Government influence. The Government reports annually to the Riksdag on its progress. The SimpLex team’s main task since the start has been to ensure the quality of the impact assessments of new or altered regulations issued at Government level, NUTEK (2004).

Also there should be proper provision of facilities such as tax incentives for small business enterprises, and special incentives targeted at investors who would specialize in exporting to foreign markets and review and implement a codified tax and incentives structure reform that support large businesses to promote growth of small business enterprises in their value and supply chain. The Provision of targeted tax deductibility incentive for science, technology, research and development spending will create a good opportunity for small business enterprises (Aiyedun 2004).

In Sweden, according to Liedholm and Dilek (2000) there has been an important change of regulations. Swedish taxes were reformed in the 1990/91 period. The maximum personal income tax was reduced to 55 – 58% from as high as 85% while corporate tax rate which was kept at 30% subsequently lowered to 28% in 1994. This reduction in personal tax rates encouraged individuals to channel their savings into investments in equity markets.

2.4.3 Managerial skills

Lundström (2005) stated that the ability to enterprise underlines the technical and business conditions necessary for running companies. As such, entrepreneurs need a collection of competencies in order to manage these functions. For example research and development (R&D), financial control and market management all demand education and experience. Rapid developments also require current advanced knowledge in multiple business sectors. The management of business also demands efficient training in leadership, production, financial control, marketing, etc.

Ude (1999) claimed that small business owners mostly in developing countries have the problem of mastering the art and science of managing their business and this has posed a great problem to small scale enterprises development, growth and sustenance. Most often, the owners of small scale enterprises pay more attention in acquiring skills in producing one item or the other while they pay little or no attention on how to acquire knowledge in managerial skills concerning their businesses.

According to Okafor (1984) this managerial problem comes to manifest especially when their businesses have grown, they find it difficult to cope with new challenges they are faced with. As a result of this, some of them remain at the small level instead of growing with the expansion that is supposed to be associated with business if properly managed.

In Sweden, the share of new entrepreneurs with post secondary education has increased slightly since 1996, when information on the educational background of new entrepreneurs
was made available. Approximately half of those who start a new enterprise have post secondary education (NUTEK 2004).

In Nigeria, the managerial aspect of doing business is something that needs a cogent attention by these small business owners. Their attention should not only be on having access to finance in staring business but should also know the importance of having a good knowledge of doing business these they will achieve by acquiring higher education or formal training to attain managerial abilities. Since inadequate management is recognised as one of the constrains facing SMEs development in Nigeria, these business owners should emulate their Swedish counterpart who usually have at least post secondary education before venturing into businesses.

Also mentioned by Carlson (1991) is that in terms of marketing, small business enterprises do also face a lot of challenges due to their ignorance of the appropriate method associated with marketing procedures. This is usually a common case facing developing countries such Nigeria and therefore must not be left out in our discussions.

For those small business owners who have the intention of going into market activities abroad; Smallbone et al. (1998) find that within a recent seven-country study of internationalization and small business enterprises development, in all countries small business enterprises faced difficult in obtaining information about foreign markets, which was, in part at least, due to their tendency to rely on informal marketing methods. It was felt that whilst reliance upon informal methods is typically appropriate in some domestic markets, such methods may be inadequate abroad.

Carlson (1991) suggests that the understanding and enhancing of small-business marketing will derive from greater consideration of factors such as the character and personality of the owner-manager and the inherent flexibilities and informalities of small-business management.

The marketing problem as suggested by Smallbone et al and Carlson is not different with those associated with the Nigeria Small business enterprises.

Furthermore, Akande (1994) stated that managerial problem having been identified as one of the constraints of small business enterprises in Nigeria, this is the area where small business owner have much role to play on their own than the government. Small business enterprises should not be seen in Nigeria as business meant for people with informal training and low level of education.

However, the government still has an important role to play here in the sense that the provision of vocational programmes and training institutions for this sector has become highly necessary.
2.4.4 Infrastructure and Technological Application

As summarized by Aiyedun (2004:4) “this is another area worthy of note concerning the problems facing small business enterprises in Nigeria”. Inadequate and inappropriate technology; or non use of modern equipment, lack of engineering capacity to translate scientific research results into finished goods and maintain existing machinery as well as low level of entrepreneurial capacity in their production has posed a major treat to the growth and development of small scale enterprises in developing countries. Most of small business enterprises in Nigeria still use crude methods in their production of goods and services thus resulting to their goods being looked upon as inferior ones. Some of the small business owners still lack the appropriate training in using modern technologies for their businesses. Governments at various levels should encourage proper development of infrastructure and technology, that is, the relevant qualified and well-trained technical and management manpower, as well as the physical plants, materials and other facilities required to respond to the needs of small business enterprise.

Okpara & Wynn (2007) further stress that it is pathetic to note that access to internet services, modern information and communication technology (ICT) is still perceived as things made for certain class of people in Nigeria. However, this problem is as a result of lack of fund to purchase modern equipments, inadequate participation in their development by government and low level of literacy among small business owners who usually find it difficult in using facilities.

The government should be adequate attention in pursuing a local content policy in the areas of communication, electricity, telecommunication, electrical and electronic equipment, internet services, accessories and components, rural wireless telephony, and software development, road networking, water supply/boreholes, vocational training, simple tools and equipment, alternative energy source etc for this important sector of the nation’s economy in Nigeria (Aiyedun 2004).

2.4.5 Further constraints include:

Competition
According to Lundström (2005), the limited resource base of small businesses often means that this group of companies faces certain disadvantages in the market and cannot compete on the same terms as large companies.

Small business enterprises do not only face competition from their fellow small and medium businesses but from multinational corporations and imported goods from overseas by large scale enterprises. This situation has posed a big treat to small business enterprises since they cannot withstand these large scale enterprises in terms of their quality and quantity of products. It is important for the government to protect this important sector of economy (Aiyedun 2004).

Aiyedun (2004) lack of political will to implement local content and technical know-how policies, non-existence of institutional monitoring and technological support and paucity of trained artisanal skills; fakes, counterfeit and smuggled or substandard products; financial
and information management systems and practices and under-developed payment system; absence of an effective and efficient postal services; insecurity of life and property.

2.5 SMALL BUSINESS ENTERPRISES, ECONOMIC GROWTH AND DEVELOPMENT

According to Dorfman (1991), there are some distinctions that are considered in economic growth and development though believing that both have similar meanings and links, and therefore treated interchangeably. He further stressed that when economy grows it does not merely become larger as is changed, or transformed in many respects. He noted strongly that the inquiry into the nature and causes of the wealth of nations was essentially about economic development.

Okpara & Wynn (2007) further stated in Mamede (2004) that economic growth and development is an expression frequently used to refer to improvements in social well being within nations. Through it, economists intend to draw attention to the main and most used measures of economic welfare, that is, growth in wealth and distribution of wealth.

As summarized by Todaro & Smith (2003, p. 17):

\[
\text{Development must therefore be conceived of as a multidimensional process} \\
\text{involving major changes in social structures, popular attitudes, and national} \\
\text{institutions, as well as the acceleration of economic growth, the reduction of} \\
\text{inequality, and the eradication of poverty. Development, in its essence, must} \\
\text{represent the whole gamut of change by which an entire social system, tuned} \\
\text{to the diverse basic needs and desires of individuals and social groups within} \\
\text{that system, moves away from a condition of life widely perceived as} \\
\text{unsatisfactory toward a situation or condition of life regarded as materially} \\
\text{and spiritually better. Therefore, economic development includes distribution} \\
\text{of wealth and even more than that. It encompasses the benefits of this} \\
\text{wealth distribution on the whole social system making a significant} \\
\text{difference in the life of those who belong to it.}
\]

Beaver (2002) noted that small business is a subject that fascinates society; the people who start up small businesses are often revered as entrepreneurs- the self made people of today who have generated their own wealth rather than inherited it. Furthermore, he stated that for much of the last 25 years the UK government has promoted small businesses sector as the way forward out of recession, claiming that small firms create jobs, economic prosperity, structural balance, consumer choice and personal opportunity. They are also regarded as the preferred economic instrument to act as a brake on large company dominance and the misuse of monopoly power for competitive advantage.

Martin Carree et al (2002) stated that “in the Theory of Economic Development” Schumpeter emphasizes the role of the entrepreneur as prime cause of economic development. He describes how large firms outperform their smaller counterparts in the innovation and appropriation process through a strong positive feedback loop from innovation to increased R&D activities. Industries in a Schumpeter Mark II regime are likely to develop a more concentrated market structure in contrast to industries in a Schumpeter Mark I regime where small firms will proliferate. From the Second Industrial Revolution till the 1970s the
large firm share was on the rise in most industries and the economy as a whole. However, from the 1970s onwards times have changed. There is ample evidence that the share of small businesses in manufacturing in Western economies has started to rise. Large firms have been downsizing and restructuring in order to concentrate on “core business” again. High-technology innovative small firms have come at the forefront of technological development in many (new) industries.

Beck et al (2005) argued that in “small business enterprises, growth, and poverty: cross-country evidence” stated that the reasons behind (World Bank, 1994, 2002, 2004) small business enterprises policy support is based on three core arguments. First, small business enterprises advocates argue that small business enterprises enhance competition and entrepreneurship and hence have external benefits on economy-wide efficiency, innovation, and aggregate productivity growth. From this perspective, direct government support of small business enterprises will help countries exploit the social benefits from greater competition and entrepreneurship. Second, small business enterprises proponents frequently claim that they are more productive than large firms but financial market and other institutional failures impede small business enterprises development. Thus, pending financial and institutional improvements, direct government financial support to small business enterprises can boost economic growth and development. Finally, small business enterprises expansion boosts employment more than large firm growth because small business enterprises are more labour intensive. From this perspective, subsidizing small business enterprises may represent a poverty alleviation tool.

NUTEK (2004:16) “Small business sector in Sweden is of major importance both in terms of employment and economic contribution, the economic contribution is about as significant as the contribution to employment”.

It could be deduced that in some nation’s economy, small firms have surpassed the large companies in job creation and innovations. Therefore it will be appropriate for the government of developing nations to give adequate and proper attention to small businesses and their role in today’s global economy.

2.6 Summary of Chapter and Implication of Study

Conclusively, this chapter tried to review some scholars’ views on small business enterprise in Nigeria both in comparison with that of the developed countries and some regulatory measures taken by some developed countries in supporting small business enterprises in their various countries. The chapter helped to further showcase on the various concepts and characteristics of small business enterprises, problems that have hindered the development and growth of this sector of the economy. Various policies that were made to promote small business enterprises and what strategies that can be implored by government in enhancing these policies were looked upon.

In summary, small business enterprises could play more important role in Nigeria’s economy both in empowerment of the people if an enabling environment is created for it. A well articulated encouragement from the government will go a long way in reviving this sector.
CHAPTER THREE

3.0 METHODOLOGY

A detailed on how this research was carried out is explained in this chapter. It gives a clear understanding to the reader on how the research was conducted and analyzed. This means that these explanations will be segmented into data collection and data analysis.

3.1 METHODOICAL APPROACH

3.2 DIFFERENT TYPES OF DATA

The research method applied in this study is qualitative and data was sourced by primary and secondary data. Yin (2003) has identified six sources of evidence that work well in qualitative research settings: documentation, archival records, interviews, direct observations, participant observation and physical artefacts. In this research, the most important method data was collected was by an interview, utilizing a questionnaire and electronic database. A closer look was taken at a description of some of the support measures made by the government to sustain and develop small business enterprises in the past.

3.2.1 Primary Data

Primary data refers to original data or information compiled and studied for a specific purpose. Thus it helps in providing the appropriate answers to research questions and however this research made use of primary data through interviews and by utilizing a self administered questionnaire. The questionnaire items were clearly simplified and structured in a manner void of any ambiguity, but there were still some technical performance measurement terms and details. The questionnaire was open and closed ended items which the respondents provided answers for them. A practical approach was used in the sense that it aids in sourcing rich and quality information in a case study. The purpose of the interview was to a clear picture of the current situation of these companies.

3.2.2 Secondary Data

Secondary data is collected by someone other than the user. In addition to the interviews, this study made use of literatures collected from books, journals, past research works and the internet.
3.3 DATA COLLECTION METHODS

3.3.1 CHOOSING DATA SOURCES

In this study, the researchers used purposive sampling technique to select some of the top ranking personnel in Premier Bakeries and Booms Nig located at the heart of popular business cities in Nigeria, Café Master Hans located in the cities of Malmo and Marianne Bageri located in the cities of Goteborg, Boras and Bollebygd- Sweden. Thus an open and close ended questionnaire was used. This was purposively done since much and quality information is needed from them concerning some of their problems and various support measures concerning the past policies made by various government to help develop their activities and to establish how effective these measures has affected their growth and sustenance.

In other to get first hand information regarding the problems facing small business enterprise interviews were administered to the directors as well as some personnel in the companies as mentioned above. The researchers considered their analyses and discussions majorly on the most important factors concerning the development of small business enterprises in Nigeria and Sweden. These factors include financial problems, managerial problems, inadequate legislature, competition, infrastructural problems and lack of infrastructures, also considered were some supports policies made by government to support small business enterprises in the past.

3.4 METHOD OF DATA ANALYSIS

Analyzing qualitative data is about examining, categorizing, tabulating and recombining the empirical evidence to address the initial propositions of the study. The purpose of analyzing qualitative material is to make the material more clear and distinct, making sure not to loose the extent of information that the material includes (Yin 2003).

According to Yin (2003), every investigation should start with a general analytic strategy to treat evidence fairly, produce compelling analytic conclusions and to rule out alternative interpretations. The two main strategy alternatives for case study data analysis is either to rely on theoretical propositions derived from literature or to develop a case description. In this study, the analytical strategy used is relying on theoretical propositions. According to Yin (2003), rely on theoretical propositions is to follow the theoretical propositions that led to your case study. The original objectives and design of the case study is base on each propositions, which in turn reflected a set of research questions, views of the literature and propositions.

In this research work, for data reduction, the interview transcript was carefully read to identify points that match with the conceptual framework. The empirical findings were made more clear and distinct and then compared to the recommendations of the recent performance measurement literature. It was then possible to conclude if the company abides by the theoretical propositions.
3.5 REASONS FOR CHOOSING THE COMPANIES

These four business enterprises mentioned in this study helped us with relevant information in our findings as we could not find any association/union of the above body under one umbrella especially in the Nigerian case. Secondly, these companies have been quite established in business for more than a decade and therefore have the knowledge of pros and cons of doing business. Thirdly, the founders of these companies have also been currently active in business even when there has been economic meltdown that affected most companies of their age, and they still compete strongly with other businesses in the same sector with them and in their environment. Another reason was as active as the directors and personnel of these companies are, they all understand and speak English language which made it possible for us to understand each other during our interviews. Furthermore, looking at the size of these companies, though the Swedish companies used in this study do have more than one offices compared to their Nigerian counterparts also used in this study, however the four companies have the same range of numbers of employees, therefore the companies could be described small business enterprise
Chapter Four

4.0 COMPANIES OVERVIEW

In this study, the researchers carefully studied some of the constraints facing small business enterprises in Nigeria with comparison of that of developed country such as Sweden. However, two small business enterprises (Premier Bakeries and Booms Nig) located in Lagos and Kano respectively were selected for the research study due to their strategic locations in the heart of well known business cities in Nigeria, also two small business enterprises namely Café Master Hans located in Malmo and Marianne Bageri located in the cities of Goteborg, Boras and Bollebygd- Sweden.

4.1 PREMIER BAKERIES

Premier Bakeries is a brain child of Rose Anwanyu, located in a popular business area called Agege Lagos. Prior to the second republic in Nigeria 1979 she opened a bakery industry which specialized in making wedding cakes and snacks. She has become so popular that everyone who cares to have wedding cake and snacks always asks for Premier Bakeries.

According to Rose, at a stage she nursed the intention of expanding her business but due to some financial constraints that involve raising more finance in business expansion she had remained at that level for 10 years.

However, Rose did not give up her ambition to expand her business in establishing a bread industry. It was her believe that she could achieve this without going into partnership with anyone or borrow money from relatives, friends since borrowing money from banks was a difficult task. She said she relied heavily on her personal savings from her business and in 1989, after feasibility studies and a careful analysis of the ventures she establishes Adagu bread which is a subsidiary of Premier Bakeries. Premier bakeries were incorporated in 1994 and have today 36 employees.

4.2 BOOMS NIG.

Booms Nig is owned by John Bon Eze and Bonkis Alero who hails from the eastern and northern part of Nigeria respectively. Their business which deals on the production of beverages was established in 1984 and located at Sabungari in a commercial city of Kano state.

They started as a paper mills dealer 3 years earlier. However, they did not stay too long in this paper mills due to lack of patronage from the local consumers who mostly prefer products made overseas. Nevertheless, they later ventured into beverage production where they are presently maintaining a market share of their products against the stiff competition with large and multinational companies like Cadbury, Nestle Foods and others. Booms Nig has staff strength of 38 employees.
The company has intention of opening another branch in another business city called Onitsha in the future if they will be able to raise funds from banks to enable them purchase new equipments and employ more personnel.

4.3 CAFE MASTER HANS

A couple named Peter and Susanne Maurer established Café Master Hans which started in the city of Malmo Sweden in 1983. Café Master Hans is into pastry, bakery, cafe and cold-buffet. According to the directors, the cafeteria can accommodate about 80 customers.

In 1999 this couple decided to open a new branch in another part of Malmo where customers also come and drink cups of coffee, buy the same good pastries, cold sandwiches and have their lunches. In 2000, as the business continued to grow they saw the need for expansion. This couple felt that people living or visiting Limhamn also wanted to have good bread a third branch was opened at also in Malmo. Although this branch is a coffee service department where the customers sit both inside and whenever weather permits outside. With competent and skilled staff this company has continued to preserve good bakeries. In sum, Café Master Hans has a total of 35 employees. Quality has always been their watchword.

4.4 MARIANNE BAGERI

Marianne Bageri is a bakery company jointly owned by Marianne Mollgard and her brother Lennart Mollgard. Lennart spoke to us mostly on behalf the organisation. He is also the personnel in charge of productions due to his long time experience in baking.

The company was founded in 1982 in the city of Goteborg and was later expanded to the cities of Boras and Bollegyd in the years 1990 and 2003 respectively. The bakery makes products such as cookies and biscuits (pepparkaks hjartan), sausages (gifflaw saffran) breads, etc. They also make some specialties seasonally for their customers.

Marianne Bageri supplies their products to various enterprises that deal on bakery products within their areas. It has staff strength of 33. As was said by Lennart, Marianne Bageri was a dream come true for him and the sister who have great passion for bakery.
4.5 ORGANIZATIONAL CHART OF PREMIER BAKERIES LTD, BOOMS NIG, CAFÉ MASTER HANS AND MARIANNE BAGERI

Table: 4

4.5.1 BOOMS NIG AND PREMIER BAKERIES

The chart above shows that in both organizations (Premier Bakeries and Booms Nig) there is no position for the Human Resources which should have been in charge of the personnel both in recruitment and welfare of workers. The situation here is that the director/s takes care of recruitment, training, placement, maintenance and discharge of staff in the organization. The G.M (General Manager) acts as the assistant to the director/s though sometimes the personnel in charge of finance, production and marketing do not seek the approval of GM in meeting the director/s (meaning that they usually consult the director/s without seeking the GM’s approval ) thus rendering him powerless in that sense. However, the finance, production and marketing personnel take charges in matters concerning their areas though mostly with the authority of the director/s. The subordinates duly have access to the director/s when ever the need arises. In sum, the director/s is seen as “King/s” in the organizations hence they have the power to hire and fire their staffs.
These business enterprises have a lot in common with Premier Bakery and Booms Nig in their organisational structures as the director/s takes care of recruitment, placement, maintenance and discharge of staff in the organization. The managers in charge of each branch help the directors in overseeing the welfare of the organisation. And the managers also make account of the money made everyday in the business as was different in the Nigerian companies used here. In Marianne Bageri, apart from the personnel in each of their offices in charge of the productions, the managers support the directors in marketing their products. Also is the case of Café Master Hans, the managers of each branch also partakes in the marketing of their products. However, they both described their personnel as hard working people who have in various ways contributed to the growth and success of their businesses.
Chapter Five

5.0 DATA ANALYSES AND DISCUSSIONS

5.1 INTRODUCTION

This part of the study looked at the analysis and discussion of data administered during the interview with Premier Bakeries Ltd, Booms Nig, Café Master Hans and Marianne Bageri. The study focused on the problems facing small business enterprises in Nigeria with comparison of small businesses in Sweden.

The order below was followed for the analysis of the interviews:

5.2 PERMISSION FOR STARTING A BUSINESS

According to the responses from Booms Nig and Premier Bakeries, setting up business in Nigeria is a difficult task. These respondents mentioned that in Nigeria, before starting business whether small, medium or large there are necessary requirements asked by Corporate Affairs Commission such as obtaining availability form. This form gives the provision for the entrepreneur to make three available business names of their choice. At the end of the day one of these business names was chosen for that purpose. Thereafter they were expected to produce their constitution which guides the company and some fees were being paid. However in their own experience, to get a lawyer to fill and sign the availability form was expensive. The waiting period given by the Corporate Affairs commission was a frustrating experience. According to Booms Nig, at once they were asked to pay some amount of money which was not to be disclosed to anyone hence the payment was unofficial.

On the issue of getting premises for doing such business as bakeries, beverages, restaurant and café; according to Booms Nig and Premier Bakeries, in Nigeria apart from approaching whoever is in charge or owns your intended property for doing your business, one needs to get permission from the local government authorities in charge of that locality. They respondents told us that this did not pose a big problem despite that it took a long period of time for approval.

However, Café Master Hans and Marianne Bageri made it clear to us that setting up business in Sweden in general do not pose any problems of some sort provided you follow the instruction given on the form. In their own cases during the registration of their organisations they downloaded (differently) a business guide form which was quite easy to get through the web due to the fact that government authority made it available for interested entrepreneurs. According to them, the business form or plan is organised in such a way that it fits various purposes. Café Master Hans mentioned that restaurant businesses which usually have something to do with kitchen, freezer and their environment one needs permission from the government authority called Halsovardsstyrelsen. And thereafter would be continuous inspections when the business commences and most time these inspectors come unannounced. He was proud to say that he never fails in this aspect.
The respondents of Café Master Hans and Marianne Bageri also mentioned that an authority from the government called Brandsskyddsmyndigheten made inspections regarding fire prevention equipments such fire extinguishers, alarms and fire escapes before granting the permission for doing business such as theirs. Marianne Bageri also mentioned that acquiring more space outside the building of the business there was permission from lanstyrelsen which is also a government organisation.

Conclusively, Café Master Hans and Marianne Bageri did not face problems when starting their businesses in Sweden due to the organised system put in place by the government. According to NUTEK (2004) the government of Sweden has continued to create conducive environment for individuals who have interest in going into businesses. This was in confirmation with Café Master Hans and Marianne Bageri experience in Sweden. Aiyedun (2004) and Arinaitwe (2006) described as cumbersome the ordeal which the small business owners face in starting business in Nigeria. As a result of unorganised programme meant by the government, Booms Nig and Premier Bakeries also encountered these cumbersome experiences such as delay in registering their businesses.

5.3 EXPERIENCES IN MANAGING BUSINESS

The directors of Café Master Hans and Marianne do not have some kind of degree but had studied in their specific field relating to their businesses during and after high school and thus obtained a certificate thereafter. On the issue of experience each of them claimed to have acquired 3-5 years experiences prior to their starting businesses. They mentioned how important this experience is as there is always experience requirement when sourcing for loans from banks at the start up time. Their personnel also do have some years of experience and quality education.

The directors of Booms Nig and Premier Bakeries have no formal training in doing business from training institutions, though they passed through apprenticeship from experienced entrepreneurs where they acquired experience. This type of acquiring experience from entrepreneurs for doing business is mostly informal in Nigeria. When mentioned to the respondents on the need of good business management skills, their concern was raising fund believing that they can start business without formal training from training institutions. However, some of their personnel have qualifications from high institutions in Nigeria.

We also noted from one of the personnel in charge of one of the departments that his director is sometimes detective, saying that sometimes he does not seek their consent in taking decisions affecting the organisation. He complained that as a result of this, the subordinates seem to also ignore them in some issues and prefer meeting the directors themselves, therefore making their positions weak. It therefore means that the directors of these small business enterprises require good knowledge of business management and not only that; they also need to know the importance of hierarchy functions in an organization such as theirs.

In conclusion, Marianne Bageri and Café Mater Hans do not have degrees as such from the universities but the possessed certificates from training institutions before venturing into businesses, it therefore confirms with Lundström (2005). Booms and Premier Bakeries
acquired experience from experienced entrepreneurs in Nigeria. These Nigerian business managers did not perceive lack of managerial abilities as problems facing their business growth and development. It therefore opposes Akande (1994), Mambula (2002) and Carlson (1991) who described managerial inabilities of Nigerian small business managers as one of the constraints of small business enterprises growth. But the fact remains that even though these managers feel they are succeeding without passing through training institutions, it is still very necessary to acquire better knowledge in managing businesses.

5.4 DIFFICULTIES IN SETTING UP BUSINESS

Here we discussed the difficulties facing small business owners in setting up business with respect to finance, marketing, management skills, competition, infrastructures and regulations.

On the issue of finance, Café Master Hans mentioned that he did not have problems with respect to raising money. He said that this was as a result of his previous relationship and strong financial transactions with their bank. Most importantly, they mentioned that it was not difficulty in obtaining loans from bank since his business plans was carefully organised and presented. Our understanding was that the company was able to achieve this due to the directors past experience in Café business before the thought of start his business came and with the help of his wife who also has experienced of restaurant business.

In the case of Marianne Bageri, the respondent mentioned that when sourcing for loans to start their business, the bank asked them to provide 50% of their expected amount. They felt that the reason for this condition was that the bank feared the risk of business failures in bakery business as at then. The directors believed that those entrepreneurs who were in estate business were more favoured. We noted that the same period the Marianne Bageri was asking for this fund, a friend of theirs who came to the same bank with business plans with respect to estate business was asked to provide 20% of his expected funding and the bank were to bring 80%. The respondents continued to highlight his findings on the reason behind the banks choice of lending the estate business more than their own bakery business, soon he realised that if both businesses is not functioning properly in the future there is more value for the estates than the bakeries which has only equipments and the business name.

Based on our understanding from Booms Nig and Premier Bakeries, it was established that one of their major difficulties was sourcing of funds for setting up business. Borrowing money from banks was a big task hence they are mostly turned down with difficult conditions. The conditions mentioned by the respondents’ ranges from high interest rate, big collateral, to that of short repayment period. They felt that large business enterprises are more favoured in terms of granting loans from banks. Premier Bakeries noted that her source of fund in starting business was from here personal savings and also with the support of her family and relatives. While Booms acknowledged that as a joint business after their proposed capital in starting their business, they came to an agreement with a sharing formula and were able to achieve that through personal savings and sales of some of their properties.
Regarding marketing, the respondents stressed that it was a difficult task at the initial stage of their businesses. While Café Master Hans and Marianne Bageri mentioned that they however made use of the Medias, flyers and internet in promoting their business, those of Booms and Premier were advertising their products through carnivals on the streets, market places and other notable places within their cities. When we asked if management skills posed some sort of problems when staring their businesses, their responses was nothing much to worry about as they claimed to have acquired experience prior to doing their businesses.

In terms of competition, Booms Nig and Premier responded that it was a major threat to their business entry. As a result of competition faced by small business owners from large and multinational companies usually affect their businesses especially at the earlier stage in Nigeria. These small business managers nightmares were as a result of most Nigerians prefer goods made by multinational companies. They were able to over come this by not trying to imitate the large companies in their products rather they chose products that most customers could afford and enjoy at an average rate.

Café Master Hans and Marianne Bageri believed that their products were of good quality they did not have to face difficulties in this regards and moreover they do believe that they live in a society where most people live a moderate life.

In setting up business, Booms Nig and Premier Bakeries explained that there were several challenges in terms of equipments for their productions. In as much it was not possible to acquire loans from financial institutions therefore they were only left to purchase some equipment partly with the initial capitals and were able to purchase more when their businesses started growing. Another area they mentioned was the poor infrastructures in the country such as poor state of power (electricity), transportation problems, bad road networking and so on.

Having come from a developed country such as Sweden, these infrastructural difficulties and the accessibility of modern equipments for productions never posed a threat to Café Master Hans and Marianne Bageri when setting up their businesses.

With respect to government regulations on enterprises that are usually established to enhance the growth and development of businesses, the respondents from Booms Nig and Premier Bakeries have the notion that the small business owners interest in Nigeria are not well protected by the government rather pay more attention to the large and multinational organizations especially with respect to loans. It is noted that improper legislature is one of the major problems facing the development of small business enterprises in Nigeria. However, Café Master Hans and Marianne Bageri were of the opinion that the government has continued to improve on the policies that support small business enterprises having noted the roles which the play in their economy.

It therefore concludes that the Swedish business managers enjoy more favourable environments in setting up businesses than the Nigerian small business managers. As described by Café Master Hans and Marianne Bageri as they did not encounter difficulties when setting up their businesses which is in conformity with Parker and Rachel (2006) and NUTEK (2004) emphasizing on the recent improvements by government in creating enabling
environment for small business enterprises growth in developed country such as Sweden. Aiyedun (2004) and Okpara & Wynn (2007) stressed on the difficulties faced by small business owners in setting up business in Nigeria confirming Premier Bakeries and Booms Nig experience in starting businesses.

5.5 CURRENT PROBLEMS AND CATEGORIES

The responses from Booms Nig and Premier Bakeries were that reaching the conditions set by these various banks in sourcing for loans are regarded as big task to them. This problem has continued to undermine the growth and development of small business enterprises in Nigeria. Lack of sourcing funds from financial institutions is regarded as the major problem facing small businesses in Nigeria. It baffles these small business managers even at this stage where most developed countries have continued to make the accessibility of funds for small business enterprises theirs have been different. Booms Nig agreed that with the help of the manager in one of the Nigerian banks who happened to be an old friend of theirs, they were able to obtain loans recently though at what they described as obtaining the loan in a stringent measure. However we asked Premier Bakeries if they have approached any financial institutions for financial aid, there response was that they have tried it on three occasions but were not comfortable with conditions given to them before obtaining the loan.

Marianne Bageri mentioned that though when setting up their business it was not so easy coming up with some percentage of the loans they were asked for. With respect to the success recorded by Marianne Bageri in business it has become easier for the company to source for loans from banks in recent development therefore no longer see it as a difficult situation.

Café Master Hans was proud to state that raising funds from the bank has never posed a problem with the company right from the unset.

Booms Nig and Premier Bakeries lamented seriously on the negative effect of poor infrastructures on their businesses and described it as the second in ranking as the problems facing their businesses. Generating electricity by formerly the National Electricity Power Authority (NEPA) now called Power Holding Company (PHC) which is the mean source of productions in their businesses was described as being so erratic. They are only left with the situation of using generators as source of power which brings more cost on their production. The high cost of purchase of modern technologies for their businesses was not left out as one of the infrastructural problems. This has resulted to the widely use of old and out fashioned equipments by most small business enterprises in Nigeria as mentioned by the respondents. Mentioned was also the high cost of maintaining internet services which is of course not commonly used in Nigeria as they see this as a tool use in promoting business. Again was the mention of bad road networking which leads to high cost of transportation in transporting their goods within and to the neighbouring cities, poor water system, electrical and electronic equipment, accessories and components, high cost of diesel and fuel for their machines and equipments. However, the commended the recent improvement in the area of tele-communication system where they have several types of communication companies with good packaging.
In Sweden, infrastructures do not pose a problem for the people and businesses as compared to that of developing nations such as Nigeria. Therefore Marianne Bageri and Café Master Hans did not make much comment on this issue as Café Master Hans was proud to tell us to see things for ourselves; however Marianne Bageri mentioned that they have the feeling there is high cost of rent in recent time as compared to when they came into business but was not worried about it.

Third on the ranking regarding problems facing small business enterprises in Nigeria is laws and regulations. Laws and regulations is one of the factors that promote or deter businesses whether small or large business as stated by Premier Bakeries. Booms Nig and Premier Bakeries mentioned that policies designed for small business enterprises by government mostly exist in the media and even when such exist, it only favours just but a few individuals who could be connected to those in charge of such arrangements therefore hardly feasible for the common business owners. They stated that government need to make adequate regulations that will be followed up with encouraged programmes such as in the area of obtaining loans, infrastructural development etc. Also mentioned by the respondents was high tax rate paid by these group of business owners even when they feel that they are yet to enjoy the dividends that follows tax payers. These dividends as claimed include having constant power supply, good road networking and other infrastructures which enables the growth of business.

Café Master Hans and Marianne stated that government has been making serious improvement yearly in their regulations concerning business as a whole. When we mentioned the issue of tax to them as was complained by Nigerian small business managers, their response was that the government made the law on tax (mom) especially in the areas of products in such away that when adhere to is favourable to them.

Fourth on the ranking is competition. Competition from large and multinational companies was also mentioned as one of the problems facing their businesses by Booms Nig and Premier Bakeries. They described it as a general problem facing most small business managers in Nigeria. Large business enterprises including Multinational companies have adequate and modern equipments for the production of enough and better goods. We did note from the respondents that some of their business colleagues have been at the wake of this forced out of business. It is also obvious that most consumers prefer goods from abroad based on what they perceived as original and better products when compared with that of products made by the local producers mostly from small business owners in Nigeria therefore making them lack patronages at home.

Café Master Hans maintained that they do not see much of competitions from the large businesses rather accepted that they are aware of some sort of business competitions among other small business owners doing the same type of business with them. Marianne Bageri described that in the bakery industry much effort is needed in making good and quality products to attract customers, however there are obviously the big players in the industries. Having noted this, they have continued to work so hard in maintaining a good standard in their productions as boasted by one of the directors and production manager and thus are not afraid of going out of business because of any sort of competition from other bakery industries.
When we mentioned to the respondents that improper management is one of the problems facing the development and growth of small businesses mostly in developing countries, their response were that they have been able to record success in businesses due to their proper management skills mostly with the help of their personnel, though they all agreed that some of their colleagues failed in business because of lack of managerial abilities.

Further problem facing small business enterprises as mentioned by the respondents is corruption. This has continued to affect business development in Nigeria. The individuals paddled with the responsibilities such as creating loan schemes for easy accessibility of funds end up either embezzling the funds or enriching their relatives and friends.

Another factor mentioned by Premier Bakeries as problem facing their business is inflation. As the director further described inflation as a factor that brings more negative effects to the small business enterprises than the large ones noting that it is very difficult for small business enterprises to pass along cost increase. While Booms Nig was of the opinion that high level of corruption in the country account greatly for the low performance of the various bodies set by government to encourage small business enterprises.

On the other hand, Café Master Hans mentioned that recently, there has been high increase of work absente due to cases of sicknesses by personnel and believing that it has become a general problem that affect most businesses in Sweden. They further stressed the effect of the weather noting that they make more sales during summer than in winter.

In conclusion, Booms Nig and Premier Bakeries experiences regarding current problems face their businesses accord with respect to Inegbenebor (2006), Tucker and Lean (2003), Okpara and Wynn (2007), Cater and Jones (2006) describes various problems facing small business enterprises in Nigeria. These problems range from lack of sourcing financial resources, inadequate regulations by the government, corruption, inflation, and infrastructural problems to competitions from large business enterprises. According to Stevenson and Lundström (2001) most central governments are actively involved in a multiplicity of measures to address SME needs such as investment tax credits, start-up grants for unemployed people and financial information programs. This statement by Stevenson and Lundström concurs with Marianne Bageri and Café Master Hans experiences in Sweden.

5.6 GOVERNMENT SUPPORT POLICIES

The directors of Booms Nig mentioned of their awareness of the government on the establishment of some financial institutions such as Nigerian Bank for Commerce and Industry (NBCI), the Nigerian Development Bank (NDB), a partnership with some international organisations such as UNIDO, UNDP, ILO, USAID, the British Council, the Dutch Government and Japan International Cooperation Agency, etc, meant to provide programmes especially in the area of finance. These were all support measures created for small business enterprises growth and development in Nigeria by the government. The respondents mentioned that these measures have not lived up to expectations as small business owners are still faced with difficulties in meeting up with the requirements of these banks in taking loans.
Premier Bakeries notified of the establishment of the National Directorate for Employment (NDE) by government to train the youths who finds interest to becoming entrepreneurs and Nigerians are yet to realise the impact of this programme. She further described that recently there have been some developmental projects by some local government administrators. These projects include the building of shops at low cost rates for business minded people, a soft loan package for micro business managers and mass transits for transportations at low prices.

Booms Nig and Premier Bakeries still have the notion that multi-national and large companies are more favoured in the supportive measures so far and therefore affect a great number of consumers who prefer products of these perceived competitors.

On the other hand, Marianne Bageri and Café Master Hans noted that government has continuously improved in their policies especially through the Swedish Agency for Economic and Regional Growth which has contributed to the creation of new enterprises, the development of more growing businesses at different regions, and consequently promoting the sustainability of economic development and growth in Sweden.

Marianne Bageri further highlighted more on how the government has recently made it possible for every conscious business man or woman to easily access the business plan on the web. This has been so fruitful in the sense that business has become very easy to register in Sweden meaning that a business could be registered within 48 hours.

Conclusively, in the case of developed countries such as Sweden as described by NUTEK (2004) the emphasis in Swedish industrial policy has shifted from selective, delimited policy measures to a more general and horizontal policy approach. The objective of the government is, in other words, to promote favourable institutional preconditions for business in general, i.e. rules of the game, access to markets, financial support, etc. This policy change has been primarily in response to new imperatives, and to a marginal extent to evaluations of previous policy measures.

However, the Nigerian government has also in the past made polices which ought to support small business enterprises growth as mentioned by Ekpenyong (2002) especially in the arrears of funding and training of interested entrepreneurs but these agencies have failed to deliver the expected result. It therefore means that the Swedish small business managers continue to have more and better opportunities in developing their businesses than their Nigerian counterpart.

5.7 OPONION ON GOVERNMENT

Premier Bakeries were of the opinion that government should learn from most developed countries in creating favourable environment which will include appropriate financial supportive methods, good infrastructures especially the electricity problems which of course has been a detriment to business and life in general. The director concluded that on behalf of small business managers in Nigeria, she solicits for the patronages of consumers and stressing that it is high time their importance in the society is acknowledged by the populace and government.
In Booms Nig opinion, the respondents summarised by saying that there must be good implementation of well articulated programmes by the government and their agencies in supporting small business owners in Nigeria. There should be an urgent attention regarding personal income tax reduction, reduction of taxes on business in order to encourage investments.

Café Master Hans was of the opinion that Sweden needs more business minded people stressing that the have low number of entrepreneurs when compared to most countries in Europe therefore there should be more encouragements from the government and their agencies in creating this awareness.

Marianne Bageri however summarised by saying that there is a need for more growing enterprises both in size in other to create more rooms for employment.
CHAPTER SIX

6.0 SUMMARY, CONCLUSION AND RECOMMENDATIONS

6.1 SUMMARY OF FINDINGS

In this chapter, we present a summary of findings produced by the study concerning the problems associated with small business growth and development in Nigeria with comparisons of Swedish business managers, followed was conclusion and recommendations to the study.

On the basis of the analysis of data collected during the interview, the researchers present the following findings in order of ranking.

The major problem found to have been facing small business enterprises during start up time and growth period in Nigeria is finance. Lack of finance has been a very serious set back to small business starting from setting –up to the growth of the business. The small business owners source for funds mostly by themselves, from relatives and friends or by going into partnership hence borrowing money from banks or other financial institutions has been a difficult or if not impossible task due to high cost of borrowings. These small business owners are mostly asked to provide collaterals by banks before borrowing money which is hardly at their disposal and the burden of high interest rate from these banks are unbearable.

With respect to funding, Swedish case could be described as far better than Nigeria hence the requirements for loans could be easily met by the small business managers.

This study also revealed that lack of infrastructures which is second in ranking as of the set back to the growth of small business enterprises in Nigeria. There has been erratic power supply in Nigeria which has resulted or left the small business owners with no other option than using other sources of energy such as diesel for generation of power. This alternative of power supply is very costly when compared with electricity therefore increasing the cost of productions of goods.

Other infrastructural problems include road networking, inadequate technologies, poor water supply, electrical and electronic equipment, poor internet services, accessories and components. These factors militate against the development and growth of small business enterprises in Nigeria. However the business managers in developed country such as Sweden do not face such problems with infrastructures.

The study noted that though government has at various times provided some measures for the improvement of small business enterprises in Nigeria but all have been abortive due to inadequate legislation, making it the third on the ranking. For a proper promotion of the development of small business enterprises, there is need for a well articulated plans or programmes by the government. There is lack of proper regulation in terms of borrowing funds from the banks by small business owners; lack of focus in formulation and implementation of policies, and tax laws are not favourable to this group of business enterprises as the Swedish business managers continued to have less problems in respect to this.
In the area of inconsistency, the Nigerian government has been in the habit of abandoning one for another programme at every slighted excuse, this was as a result of several changes of leadership of these bodies meant to take charge of the designed programmes.

Another finding worthy of attention is the competition being faced by small business enterprises by multinational which are mostly the large business enterprises and goods imported overseas in Nigeria. The Nigerian markets are flooded with (perceived) quality goods produced by the large companies and imported goods from abroad such that the (local) small business owners do no longer find it easy in competing with their own goods which is mostly perceived by consumers as low quality ones when compared with those of the multinational companies. But it is different in Sweden as the small business managers do not face this difficulty.

Due to the cut throat competition small business enterprises are facing from companies that operate with greater capital outlay, companies with better and modern equipments for production, companies with better manpower and companies with marketing capabilities have resulted to low level of business and at times outright closure by small business owners. Competition from large business enterprises is revealed to be the fourth on the ranking.

Further problem facing small business enterprises in Nigeria is managerial skills. Management is one of the fundamental bases of business development. Most of the small business owners do not acquire enough education before establishing business of their own and they are still blind in seeing the wisdom of formal learning or acquiring managerial skills in doing business though claim to be successful with their acquired experience. The directors over exercise their powers hence the have the power to hire and fire their employees as against the HRM’S guidance. This has resulted to the low level of attention to the welfares of their workers. It is therefore important for small business owners to imbibe the skills of proper management.

Another problems facing small business enterprises in Nigeria is the high level of corruption in the country also account greatly for the low performance of the various bodies set by government to encourage small business enterprises. Setting up business in Nigeria requires procedures by Corporate Affairs Commission. This procedure was described as being sluggish when compared to the Swedish way of setting up business. There are several irregularities in registering small business enterprises by CAC in Nigeria. Acquiring premises for doing such business as bakeries, beverages, restaurant and café requires permission from the government authorities in charge of that locality or region both in Nigeria and Sweden.

Inflation was also observed as one of the problems facing small business enterprises in Nigeria. The result of continues inflation in Nigerian markets have more effects on small businesses than the large enterprises.

Finally, apart from the high increase of work absente due to cases of sickenesses by personnel in Sweden, the weather does have effect to businesses. There is a call for more business entrepreneurs and more growing enterprises in Sweden in order to create more employment opportunities.
6.2 CONCLUSION

Small business enterprises are seen as an important sector of a nation’s economy which should be adequately given attention. There is need for the developing countries to emulate from the developed countries in ways of giving credible support measures in developing small business enterprises within its economy due to their impacts on economy. This can be achieved by creating enabling environments such as providing easy access to funds, good legislation, infrastructure etc.

In sum, according to Ford (2004) small business enterprises create most employment, provide a greater degree of economic stability and very often contribute the lion’s share of GDP in industrialised economy. Most Africans may be employed by micro or small-scale businesses but most GDP is generated by the large-scale export orientated extraction and agricultural companies. Therefore, small business enterprises in Nigeria require an urgent attention from the government in tackling their problems in order to survive, grow and develop.

6.3 RECOMMENDATIONS

In this study, the researchers wished to make the following recommendations:

Government should fashion out modalities in implementing their designed policies and follow it up to a logical conclusion instead of adopting and abandoning one programme for another. It is obvious that government has in the past made some support measures in developing small business enterprises in Nigeria, but the problem remains that there has never been appropriate implementation of these laudable programmes. Therefore, there is need for adequate and urgent attention by government in creating regulatory bodies to checkmate the inappropriate behaviours of those piloting the affairs of the agencies. The need for a good policy which will be creating a more favourable environment for small business investment over inflation control will be a great deal.

There should be adequate regulations of banks and other financial institutions to effectively provide loans to small business enterprises. There is a need for strengthening the specialised financial institutions such as Nigerian Bank for Commerce and Industry (NBCI), the Nigerian Development Bank (NDB), etc, to effectively provide a special funding or loans and credit guarantee schemes.

Good infrastructures generally promotes business activities whether small, medium or large, there should be necessary attention in the development and improvement of road networking, communication, water supply, machineries and equipments etc, and most importantly alternative energy source. The infrastructural problem in Nigeria must be addresses as soon as possible hence it has continued to bring negative effects or poor results on all the facet of business and life of people.

Additionally, the researchers also recommends the strengthening of the legal and institutional framework for the successful operation of these designed banks and other financial institutions including tax incentives for the development of small business
Enterprises, review and implement polices on a codified tax and incentives structure reform that support large businesses to promote the growth of small business enterprises in their business activities.

Furthermore, government should offer programmes in partnership with universities and other vocational institutions in training business owners on how to manage business especially in the arrears of finance, marketing strategies and book keepings etc. The owner/managers of business enterprises should also avail themselves in proper management techniques hence it will further enhance the improvement of their businesses.

Finally, there should be more strong regional support by the government to enable the growth of small business enterprises in Sweden.

6.4 LIMITATIONS

In studying the problems facing small business enterprises in Nigeria, the researchers carried out the study successfully, however there were some limitations.

The absence of a recognised body which represents the entire small business enterprises in Nigeria and Sweden posed a difficult task to the researchers in ascertaining the constraints facing them generally.

Again, conducting an interview, the researchers were limited to two well known business cities in Nigeria and two business owners in Sweden; a national survey would provide a wider picture of small business sector.

Additionally, another limitation to this study was time constraints and the several absences of some respondents in keeping to the scheduled time for the interviews resulted to some sort of delay to the researchers in submitting the report on the supposed university schedules.
APPENDIX

INTERVIEW QUESTIONS FOR PREMEIR BAKERIES, BOOMS NIG, CAFÉ MASTER HANS AND MARIANNE BAGERI

Background of Premier Bakeries ltd, Booms Nig, Café Master Hans and Marianne Bageri

- Do you have /need any permission in starting business from any authority? (Yes or No), if yes! From who and how?
- How did you get your premises in setting up your business?
- Describe the organizational functions
- Do you have prior experience in managing this type of business?
- Do your personnel have formal training in business management and how would describe them?
- Did you face some difficulties in the following areas such as:
  (a) Finance, (b) management skills, (d) competition, (e) equipment and infrastructure, (h) laws, etc when setting up the business?
- Do you face difficulties in raising funds from financial institutions such as banks?
- Are there current problems associated with the growth of business in the areas of (a) finance, (b) management, (c) infrastructure, (d) competition and (e) regulations?
- If yes, what are these problems and how can you categorise them?
- Do you work with adequate and modern technology/equipments in your production?
- Has the government in any way make policies or offered supportive measures in developing the growth of small business enterprises with respect to the followings:
  (a) finance, (b) management, (c) infrastructure, (d) competition and (e) Regulations?
- In your opinion, do you think there is anyway the government can be of help in creating an enabling environment for the development and growth of small business enterprises in general?
REFERENCES:


