

SERVICES OF SMALL AND MEDIUM ENTERPRISES DEVELOPMENT AGENCY OF NIGERIA (SMEDAN) AND SMALL BUSINESS SURVIVAL IN OGUN STATE, NIGERIA

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ABSTRACT

Against a background of serious unemployment and dwindling fortunes of small and medium scale businesses all over Nigeria, the study has a main objective of evaluating the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) in her support role to cooperative-financed small and medium scale enterprises in Ogun State, Nigeria.

The study, designed as a survey, utilized a two-pronged approach in sourcing primary data through the use of questionnaires. Out of the 140 questionnaires administered, 135 were returned representing 96.4% response rate. 27 respondents were officials of Ogun State Cooperative Federation Limited (OGSCOFED), while the remaining 108 were cooperative members who are owners of small businesses in the State. With a Cronbach α coefficient of 0.902, the internal consistency and reliability of the questionnaire was confirmed while the data were analyzed using inferential and descriptive statistics such as simple percentages, rating indices, and the Student's t distribution.

The study revealed that the services of SMEDAN did not significantly enhance the survival of cooperative-financed small businesses in Ogun State within the study period of 2005 – 2010. Among the study's recommendations are that the Federal Government of Nigeria should encourage the small and medium enterprise sector which is the nerve centre of most nations' industrial sector. Expectedly, this would serve to encourage and engage the army of the nation's fresh university graduates and subsequently reduce unemployment.

KEY WORDS: - Survival, small business, cooperative society

Introduction

At the 2012 Convocation of Babcock University, Ilishan Remo in Ogun State, Nigeria, about 1400 graduates in various disciplines were turned out. Similarly, thousands of other university and polytechnic graduates are released into the job market every year. After completing their one-year mandatory National Youth Service Corps (NYSC) programme, these researchers perceive that not more than 5% of these fresh graduates are likely to be retained by their employers on permanent jobs. The remaining 95% along with other 500,000 secondary school leavers as well as numerous able-bodied men and women who never went beyond primary school, out of a need to survive and stay away from crime, most likely will either learn a trade/skill or establish a small scale business. Alternatively, these graduates may go for higher degrees or simply stay at home, jobless and gradually rot away. Some of them, weary and

disillusioned, may try their hands on a vocation from which they hope to earn a living, but these efforts in most cases are stunted by inadequate infrastructural facilities and unfavourable business climate.

Successive governments in Nigeria have always emphasized the place of the Small and Medium Scale Enterprises (SMEs) as the engine of growth, without concrete action on ways of actively developing the sector. Indeed, all over the world, the growth of SMEs determines the development of countries given the fact that critical mass of people in such countries are captured within this net. According to Recklies (2001), the sector of small and medium sized businesses (SMEs) is an important factor in most economies.

Citing the same author, Germany, which had 3.2 million SMEs in 1999 that considerably contributed to the overall growth of the economy to the extent that by 2008 figures, SMEs carry out 46% of gross investments in that country; hence contributing significantly to total demand. Considering the importance of Value Added Tax (VAT) to the growth of any modern economy, these SMEs generated 44.8% of the total turnover subject to VAT. The same author opined that SMEs have a good reputation for their ability to innovate and for their close customer relationships.

The American economy boasts a wide array of enterprises, ranging from one-person sole proprietorships to some of the world's largest corporations. However, large corporations, contrary to expectations, do not dominate the economy. According to the US Small Business Administration, (SBA) a government body that regulates the activities of all small businesses in the United States, 99 percent of all independent enterprises in the United States of America employ fewer than 500 people. These enterprises account for 52 percent of all US workers; 19.6 million Americans work for companies employing fewer than 20 workers, 18.4 million work for firms employing between 20 and 99 workers, and 14.6 million work for firms with 100 to 499 workers. The mission of the SBA is to maintain and strengthen the American economy by enabling the establishment and viability of small businesses and by assisting in the economic recovery of communities after disasters. According to Wikipedia, the SBA has directly or indirectly helped nearly 20 million businesses and in 2008, had a loan portfolio of roughly 219,000 loans worth more than \$84billion making it the largest single financial backer of businesses in the United States.

According to Fanimu and Olayinka (2010), most of the toys manufactured in places like China, Singapore and Malaysia are produced within the precinct of homes. SMEs make invaluable contributions to the economies of both developed and underdeveloped economies. They are beneficial in stimulating entrepreneurship and often do serve as a seed-bed for upgrading indigenous technology on one hand and adaptation of foreign ones, on the other. Other social contributions include the transformation of the traditional sector into a modern one, and the creation of employment, stemming rural-urban migration, serving as a training ground for managerial skill acquisition. (Owualah, 1987).

The Nigerian State and Small Business Survival

Despite the prevailing credit crunch in the Nigerian economy, government's renewed interest in the SME sector was corroborated by Ugwu, (2010), in his article:- 'Banks begin screening for N200billion SME's Loans'. According to the report, commercial banks in the country had begun appraisal of the N200billion (\$1.25billion) small and medium enterprises credit scheme. The N200billion had been earmarked solely for small and medium scale enterprises and it was 80% guaranteed by the Central Bank of Nigeria (CBN). The main objectives of this Credit Guarantee Scheme by the CBN are: to fast-track the development of

SME/manufacturing sector of the economy by providing guarantees; set the pace for industrialization of the Nigerian economy, increase access to credit by promoters of SMEs and manufacturers; and generate employment.

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

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

On the global scene, it is no longer news that many countries in the world are facing a recession. One way of getting a large percentage of the people to work is to empower small-scale enterprises. No doubt, this will go a long way in ameliorating the scourge of unemployment, which is the underlying cause of armed robbery, kidnapping, prostitution, and other dangerous vices prevalent in the Nigerian economy today.

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

Available literature shows that 50% of small businesses will fail within the first five years of their establishment (Keough 2002). If able-bodied men and women go into small businesses to escape the harsh reality of present day Nigeria and a bulk of such enterprises fails within so short a time, this portends a big problem, social, economic, and psychological, for the country. The causes of these failures may be due to lack of requisite training or education, inaccessibility to capital, hiring of close relatives as staff, marital indiscipline (e.g. marrying several wives and having many children).

The Establishment of Small and Medium Enterprises Development Agency of Nigeria - (SMEDAN)

In order to enhance the survival of small and medium scale enterprises, the SMEDAN Act of 2003 established the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN). The Agency seeks to promote the development of the Micro, Small and Medium Enterprises (MSME) of the Nigerian Economy. Among the services SMEDAN is expected to provide are the following:-

- Compile, review and update all existing economic policies, regulations, incentives, and legislation affecting MSME operations.
- Source and make available information on international markets, products standards/specifications and regulations.
- Update and develop databank on MSMEs, raw materials, available local technologies, machineries and prototypes.
- Business Support Centres (BSCs) will be established in each state, to provide business advisory services; i.e. link MSMEs to sources of funds;

- Advise on regulatory and standardization frameworks and collate all relevant business information that could be useful to SMEs.
- Encourage and facilitate business clusters, networks and cooperatives for enhanced productivity and easier access to factors of production including finance.
- Encourage and facilitate new investment in designated priority areas in each State.
- Improve the financial management skills of MSMEs through training workshops.
- Develop and implement effective strategies for opening up domestic and international markets for MSMEs products.
- Hold regular consultations with international donor agencies, trade groups, relevant ministries, research institutes, states and local governments with the view to sharing ideas and partner in implementing programmes for the development of MSMEs.

(Source: http://www.smedan.gov.ng/index.php?option=com_content)

In a special report to mark the 50th Independence Anniversary of Nigeria, the Director General of SMEDAN, Alhaji Muhammad Nadada Umar hinted that the vision of the agency is to establish a structured and efficient Micro, Small and Medium Enterprises (MSMEs) subsector that will enhance sustainable economic development of Nigeria while the mission is to facilitate the access of micro, small and medium entrepreneurs to all the resources required for their development .

According to Adepetu (2009) the SME subsector is an area that has created a lot of momentum to the Nigerian economy in terms of its resources and potentials but it is sad that little emphasis has been paid to that very important segment of the economy. Adepetu (Ibid.) frowned at the neglect that the SME subsector had experienced in Nigeria adding that this same subsector was the major source of the rapid economic growth in South-East Asia.

A small scale business is defined as one which is independently owned and operated and not dominant in its field of operation. (Tushabomwe-Kazooba 2006). It can also be defined in terms of sales volume and by the number of employees in the business. According to Ogunleye (2004), what might therefore be defined as Small and Medium Scale Enterprise (SME) in a developed country, can be regarded as a large-scale enterprise in a developing country, using such parameters as fixed investment and employment of the labour force. It is important also to recognize that definitions change over time and hence, even in a developing country, what was previously classified as SME could be regarded as a large-scale industry when the quantities of relevant parameters change during the production process.

In Nigeria, several attempts have been made to define and classify SMEs. Moreover, probably due to differences in policy focus, different government agencies apply various definitions. For instance, the Centre for Industrial Research and Development (CIRD) of the Obafemi Awolowo University, Ile-Ife defined a small-scale enterprise as an enterprise with a working capital base not exceeding N250,000 and employing on full time basis, 50 workers or less. The Nigerian Bank for Commerce and Industry (NBCI) adopted a definition of small scale business as one with total capital not exceeding N740,000, (excluding cost of land but including working capital). The Federal Ministry of Industry's guidelines to NBCI defined small scale enterprise as one with a total cost not exceeding N500,000 (excluding cost of land but including working capital). The Nigerian Industrial Development Bank (NIDB) defined small scale enterprise as an enterprise that has investment and working capital not exceeding N750,000 or \$5,000 (\$1 = N150) while it defined medium scale businesses as those operating within the range of N750,000 to N3.0 million (\$5,000 to \$20,000). In 1979, the Central Bank of Nigeria (CBN), in its credit guidelines to commercial banks, stated that small scale enterprises were

those with annual turnover not exceeding N500,000 (\$3,333); while the merchant banks were to regard small scale enterprises as those with capital investment not exceeding N2 million (\$13,333) (excluding cost of land) or with maximum turnover of not more than N5 million (\$33,333). In Nigeria, these businesses are very small employing up to a maximum of 50 people, who in most cases are members of the same family or close associates. The major activities of small scale businesses in Nigeria are food vending, farming, hair dressing/barbing salon, welding, bread/cake baking, sale of second hand clothing, produce buying, sale of health/herbal products, secretarial/telephone services, sale of hand sets and recharge cards, repairs/unlocking of hand sets, moulding of cement blocks for sale, sale of vehicle spare parts, soft drinks/beer sales etc.

Against a general background information on the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN), this paper will subsequently test how adequately this body is performing, especially in ensuring the survival of small businesses in Ogun State, Nigeria.

Why Ogun State?

At an investment forum aimed at maximizing the investment potentials of Ogun State, as well as make it a force to reckon with in the comity of economically buoyant states in Nigeria, the State Governor, Senator Ibikunle Amosun, a chartered accountant, admitted that his state is a compelling investment destination in its own right. According to him “we have over 16,000 square kilometers of the most ideal topography for agriculture and forestry to thrive ... and our climate supports the growth of cash crops such as cocoa, coffee, cotton, cassava, cashew, oil palm and rubber” (Sawyer, 2012). Apart from agriculture and its potentials for rapid industrialization, Ogun State also enjoys nearness to Lagos, Nigeria’s industrial giant, with which she shares boundaries; this offers immense potentials for small and medium enterprises to thrive. With a population of over 4 million inhabitants, ten universities eight of which are private, two industrial estates, Ogun State is not only poised to attracting multinationals in manufacturing, housing as well as retail trade, but “we want to encourage the small and medium-scale enterprises that drive growth in the world....; the state government is also eager to leverage its mineral resources by seeking value-adding and genuine partners to work with to exploit the resources in a sustainable and environmentally sensitive manner”. (Ibid.).

Objectives of the Study

The specific objectives of this paper are as follows:-

1. To appraise the role of SMEDAN (Small and Medium Enterprises Development Agency of Nigeria) in enhancing the survival of small businesses in Ogun State between 2005 and 2010.
2. To offer policy recommendations that will enhance the performance of SMEDAN especially towards co-operative societies in Ogun State and small and medium enterprises in general; as well as other recommendations that would enhance the employment opportunities of young people specifically within the study area and the Nigerian nation in general.

Hypothesis

The sole hypothesis to be tested by the study is:-

The services of Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) did not significantly enhance the survival of small businesses in Ogun State between 2005 and 2010.

Methodology

The study was designed in a way that data were obtained from the federating body of cooperative societies as a primary area of focus. Officers of this body, the authors opined, would be able to adequately assess the performance of the subject matter of the study i.e. evaluation of SMEDAN on the survival of cooperative-financed small businesses in Ogun State. It is also good to note that these officers are equally representatives of individual cooperative societies in the state as well as small business owners.

Theoretical Arguments for Small Business Survival

A number of organizational theories have been developed to help our understanding of the ways in which organizations operate and consequently determine the success or failure of such organizations. The major ones, according to Needham and Dransfield (1990) are as follows:-

1. Bureaucratic theories
2. Systems theories
3. Interaction theories and
4. Conflict theories

However, this paper will be limited to studying certain components of the Systems Theories in backing up our arguments for the survival of small businesses in the study area and period.

The dominant tendency in the small firm, to paraphrase Katz and Kahn (1966), will be to modify internal structures to accord with external changes rather than to seek control over the environment; the small organization will thus best proceed on the principle that it is easier to adjust to the world than it is to make the world adjust. In this sense, it becomes clear that open systems theories, with their emphasis on organic-adaptive functions, provide a closer analogy to the operations of small companies than they do to the operations of large firms. It is in such a system that the ability of an organization to respond appropriately to new information from its environment will be a crucial test of its chances of survival.

Drucker (1993) opines that the owner-manager works in a situation that gives him a limited span of foresight and that demands flexibility in the face of changing circumstances. The most viable strategy for dealing with such a situation will often be a tactical strategy. Understanding the rules-of-the-thumb used by owner-managers is, therefore, necessary for understanding what makes small businesses successful and for indicating where training and development needs may lie.

A learning systems model of the small firm is able to relate the goals, aspirations, and expectations of the owner-manager to the open adaptive organizational processes necessary to handle environmental instability and change. Such a model can accommodate the stress that may exist between the psychological needs of owner-managers and the environmental demands placed upon them.

These theoretical perspectives indicate that efforts to develop small businesses must be based on adequate knowledge of the motivation and goals of small businessmen, on the ways in which they manage their companies, and on the environments within which these businesses operate. A good appreciation of such knowledge goes a long way in determining the survival or otherwise of such enterprises.

Pilot Test/Reliability of Research Instrument

The research instrument was subjected to a pilot test by administering the questionnaires to some officers of Cooperative Societies in the Ikenne Local Government Area of Ogun State,

Nigeria. As a measure of internal consistency and reliability, the questionnaire was subjected to the Cronbach Alpha Statistical Test. The Cronbach Alpha coefficient for each of the sections of the questionnaire ranged from 0.777 to 0.902; this is a proof that the questions were not only acceptable as a measure of what they were designed to test, but also reliable. Additionally, the results of the pilot test which were statistically evaluated via a Students t-test showed all values ranging between 0.102 and 0.529. Whereas the decision rule states that where t-calculated values fall between the t-tabulated range of -1.96 and +1.96 for a degree of freedom of 4, and 5% level of significance, H_0 is accepted. Since all values fall within the stated range, we accept the null hypothesis, which states that the services of the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) did not enhance the survival of small businesses, especially those wholly or partially financed by cooperatives in Ogun State between 2005 and 2010.

Analysis of Data

Data obtained from the questionnaire were analyzed using both qualitative and quantitative methods. Rating indices were used to evaluate some of the responses to the questions in order to show the weights that the respondents attached to the various responses. Data were analyzed using both inferential and descriptive statistics. The data were obtained from two strata of respondents – the first stratum comprised of 30 (Thirty) officials of Ogun State Cooperatives Federation Ltd. (OGSCOFED). The second stratum comprised 108 ordinary members of cooperatives societies in Ogun State, Nigeria, who are equally owners of small businesses. The main line of distinction between these two strata is their level of education which also affects their ability to complete the study questionnaire; hence the slight difference in the mode of information collection from these two sets of people. Data obtained from the thirty OGSCOFED officials were analyzed using the Students t-test since this is the most appropriate for small samples. Employing a 95% confidence level, the research variables were tested; the respective mean, standard deviation and standard error mean values were subjected to appropriate interpretation according to existing decision rules. The study's hypothesis was subsequently accepted or rejected depending on the computer-generated values of the variables tested.

TEST OF HYPOTHESIS

Ho: The services of the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) did not significantly enhance the survival of small businesses in Ogun State between 2005 and 2010.

The study's sole hypothesis investigated the overall effectiveness of SMEDAN in Ogun State, Nigeria judging from the perception of respondents using the agency's stated mission as benchmark. The researchers employed frequency analysis as well as the Students t-test in analyzing the responses of the Executive members of Ogun State Cooperative Federation Ltd. (OGSCOFED) with regards to existing demographic variables. The following are the computer-generated statistics consequent upon the data input from the administered questionnaires.

Table 1.1

Paired Samples Statistics - Stratum One

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	InfrastructureM	2.2390	25	.93573	.18715
	LinkM	2.0080	25	.89718	.17944
Pair 2	InfrastructureM	2.2848	27	.98112	.18882
	CapacityM	2.0284	27	.95737	.18425
Pair 3	InfrastructureS	15.5200	25	6.31876	1.26375
	LinkS	9.5600	25	4.23360	.84672
Pair 4	InfrastructureS	15.8519	27	6.67201	1.28403
	CapacityS	11.5556	27	5.77350	1.11111

Source: Computer-generated from SPSS data input (2011)

In order to get a more balanced view of the responses to the questions in each of the sections, the respondents were divided into two strata and the questions were paired as follows:

Pairs 1 and 3 – For the first stratum of respondents, questions under Infrastructure Support were paired with questions under Link Between Micro, Small and Medium Enterprises (MSMEs) and Sources of Finance. Different questions paired provided different mean scores for the responses as displayed in the above statistical table.

Pairs 2 and 4 - Questions under Infrastructure Support were paired with questions under Capacity Building and Promotional Services to produce two sets of mean scores since different questions were paired.

The N column depicts the number of respondents that provided answers to the questions posed while the standard deviations as well as the standard error mean values are displayed.

A test of the paired samples produced the following results:-

At a 5% level of significance and the respective degrees of freedom for each of the pairs, the results of the 2-tail test are displayed hereunder in Table 1.2 t-tabulated values under 24 and 26 degrees of freedom and 5% level of significance are 2.064 and 2.056. The acceptable region will therefore range from -2.064 to +2.064 for 24 degrees of freedom and between -2.056 and +2.056 for 26 degrees of freedom. The computer-calculated t-values of the respective pairs range between 0.000 and 0.008 which all fall within the acceptance region.

Table 1.2

Paired Samples Test – Stratum One

		Paired Differences				t	df	Sig. (2-tailed)	
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower				Upper
Pair 1	InfrastructureM - LinkM	.23105	.40087	.08017	.06558	.39652	2.882	24	.008
Pair 2	InfrastructureM - CapacityM	.25644	.45899	.08833	.07487	.43801	2.903	26	.007
Pair 3	InfrastructureS - LinkS	5.96000	3.81314	.76263	4.38602	7.53398	7.815	24	.000

Pair 4	InfrastructureS - CapacityS	4.29630	3.52807	.67898	2.90064	5.69196	6.328	26	.000
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Source:- Computer-generated from data input (2011)

For the first stratum of respondents, the null hypothesis which states that : **The services of the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) did not significantly enhance the survival of small businesses in Ogun State between 2005 and 2010** is accepted.

TEST OF HYPOTHESIS – Stratum 2

For the second stratum of respondents as shown in the computer-generated statistics consequent upon the data input from the 108 respondents in this category, it was observed that at a 5% level of significance and 107 degrees of freedom for each of the pairs, the results of the 2-tail test are displayed hereunder in Table 1.3 The computer-calculated t-values of the respective pairs range from 0.000 to 0.178, which all fall within the acceptance region.

Table 1.3

Paired Samples Statistics – Stratum 2

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	InfrastructureM	1.1772	108	.26770	.02576
	LinkM	1.1574	108	.31062	.02989
Pair 2	InfrastructureM	1.1772	108	.26770	.02576
	CapacityM	1.0556	108	.17203	.01655
Pair 3	InfrastructureS	8.2407	108	1.87393	.18032
	LinkS	5.7870	108	1.55312	.14945
Pair 4	InfrastructureS	8.2407	108	1.87393	.18032
	CapacityS	6.3333	108	1.03219	.09932

Source: Computer-generated (2011)

Table 1.4 Paired Samples Test - Stratum 2

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference		Mean	Std. Deviation	Std. Error Mean
		Lower	Upper	Lower	Upper	Lower	Upper	Lower	Upper
Paired 1	Infrastructure M - LinkM	.01984	.15211	.01464	-.00918	.04886	1.356	107	.178
Paired 2	Infrastructure M - CapacityM	.12169	.20798	.02001	.08202	.16137	6.081	107	.000
Paired 3	InfrastructureS - LinkS	2.45370	.92103	.08863	2.27801	2.62940	27.686	107	.000
Paired 4	InfrastructureS - CapacityS	1.90741	1.46317	.14079	1.62830	2.18652	13.548	107	.000

Source: - Computer-generated from SPSS data input (2011)

Decision Rule:- Where t-calculated falls within the acceptance region of the t-tabulated, H_0 is accepted – this is true even for the second stratum of respondents. Therefore, the study's first null hypothesis, which states that:-

The services of the Small and Medium Enterprises Development agency of Nigeria (SMEDAN) did not enhance the survival of small businesses in Ogun State between 2005 and 2010 is accepted for the second stratum.

Therefore, for both strata of respondents, the study's first null hypothesis is accepted.

Discussion of Results and Policy Implications

To a casual observer, one would notice that small businesses are not thriving at all in Ogun State, Nigeria. There is no gainsaying the fact that small businesses are collapsing by the day in the State – a fact corroborated by the findings of this study. The researchers can easily cite at least fifty small business enterprises in Ilishan Remo and environs that have collapsed in the past few years. From oral interviews of small business owners in the Ikenne Local Government of the state, one can deduce that those who still open shop are barely making any profits. Driving round the so-called "Business Districts" of our towns in Ogun State, one sees many shops, though open, hardly enjoying any patronage. Some shop owners simply sleep for most of the day waiting for customers to come. One small business owner once confided in the researchers that she could only sell two sachets of pure water all day. The total revenue thereby generated was only N10, an equivalent of about one American cent. One wonders how such a person can afford the payment for rent, not to talk about sustaining that into any profitable venture in the future. Unsurprisingly, barely one month after the pathetic story was told, the shop was eventually closed down; and so has it remained for upwards of one year now. One can count tens if not hundreds of shops that are not doing anything worthwhile by way of commerce or trading in our major towns; some people just leave home on a daily basis with the psychological consolation

that they are at least engaged in something – but the reality is that they are virtually not engaged in anything useful to the economy. Conversely, one thriving small business is food vending; however, tales also abound of customers who patronize such food outlets on credit while business owners sustain long outstanding debts which later turn out to be bad and written off. Another thriving small business is telephone recharge card retailing; many people are involved in this even though they complain of low margins. SMEDAN, according to its mandate, must do all in its power to support small businesses and make sure that it does all in her power to ensure that many of them survive. It is when small businesses thrive that the nation's economy can reasonably grow. A situation whereby small businesses collapse due to many extraneous factors way beyond the control of practitioners does not augur well for a nation's well-being. No wonder, armed banditry, prostitution and all kinds of evil practices abound in Nigeria; many able-bodied individuals, out of a frustration of not making ends meet, are desperate to leave the shores of the country for greener pastures abroad.

SUMMARY AND CONCLUSION

This is a study of Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) and an appraisal of her stated mission specifically to cooperative-financed small businesses in Ogun State, Nigeria. The results of the study bring out certain conclusions in agreement with its main objectives. The study also reinforces findings of earlier researches on cooperative studies.

Expectedly, it is evident from this study that SMEDAN, being a government agency, did not quite measure up to public expectation as far as its mandate to the SME sector is concerned. The approach to duty of a typical Nigerian government agency is usually not encouraging; neither is the general attitude to work business-like. The study, therefore, corroborates an existing public perception of a typical government agency as lackluster and not alive to duties.

However, judging from a Special Report on the Agency in *The Guardian Newspaper* of September 3, 2008, (page 85), there were some militating factors against SMEDAN's non-performance – these include inadequate financial support from government to carry out its mandate. With a large population of enterprises requiring different forms of assistance to develop their businesses coupled with the challenge of covering a large country like Nigeria, funding, according to the Agency, was a major challenge. Other challenges, though not identified in the report but are generally identified with government establishments, include lack of qualified personnel to drive its operations, the usual high-level corruption within the system, undue politicization of crucial issues like appointments, lack of political will to let the agency work, etc. Small and Medium Enterprises, including cooperatives, strive under unreliable electricity supply, high cost of bank loans, visible lack of infrastructure support and stringent tax regimes imposed by various government agencies.

The results of the study, among other things, will be an eye-opener to the Ogun State Government as well as the Federal Government of Nigeria in assessing their efforts at encouraging small and medium enterprises to thrive. SMEDAN, from the results of this study, has not been a success as far as the enhancement of cooperative-financed businesses in Ogun State, Nigeria is concerned. The Federal Government of Nigeria, is advised to appraise all constraining factors in the performance of SMEDAN and make necessary adjustments that will ensure that the agency perform according to its mandate. There may be the need to review existing policies that would make MSMEs more effective in the country; it is then that the army of the unemployed will reduce plus all the multiplier effects on the Nigerian economy. It is also then that the nation can be said to develop in the true sense of the word.

SMEDAN, an equivalent of America's Small Business Administration (SBA), is expected to give lifeline to small businesses which are regarded as the bedrock of most industrialized economies. Among other responsibilities of the SBA, it partly guarantees loans to small businesses. When a small business applies to a lending institution for a loan, the lender reviews the application and decides if it merits a loan on its own or if it requires additional support in the form of an SBA guarantee. In guaranteeing the loan, the SBA assures the lender that, in the event the borrower does not repay the loan, the government will reimburse the lending institution for a portion of its loss. By providing this guarantee, the SBA is able to help thousands of small businesses every year get financing they would not otherwise obtain. According to Wikipedia (2010), the SBA has directly or indirectly helped nearly 20 million businesses in 2008, had a loan portfolio of roughly \$84 billion making it the largest single financial backer of businesses in the United States.

The mission of the SBA is to maintain and strengthen the American economy by enabling the establishment and viability of small businesses and by assisting in the economic recovery of communities after disasters.

In a similar vein, with the lofty ideals of the American SBA, the Small and Medium Scale Enterprises Development Agency of Nigeria (SMEDAN) has recently concluded plans to establish a Micro, Small and Medium Enterprises (MSMEs) bank and credit guarantee scheme. According to Tsokar (2011) the resolution to establish the bank and credit scheme was hinged on the need to reposition the MSMEs subsector as an engine of job wealth creation in the country to ensure socio-economic development. At a one-day stakeholders' forum which was presided over by the Minister of Trade and Investment, Chief Olusegun Aganga, the participants agreed and recommended that to strengthen the sub sector, it became imperative to establish new MSME clusters while revamping the old ones, improve SMEDAN's entrepreneurial training capacity in local languages while advising private Business Development Service Providers (BDSPs); additionally, rural enterprises should be developed based on competitiveness. In order to maximize the gains from the interactive forum, it is imperative that SMEDAN translates the recommendations into practicable and workable solutions for the ultimate benefit of the MSME sector. It is the considered opinion of these researchers that in Nigeria, MSMEs hold the future to the nation's economic growth and development. Currently, MSMEs in Nigeria occupy a pivotal position in the nation's economy, especially in the areas of industrial growth, job and wealth creation, poverty reduction, youth and women empowerment, cooperative development as well as innovation. It has, therefore, become crucial and imperative for policy makers and entire stakeholders to focus special attention on the growth and development of this sector with the aim of revolutionising job creation

Ultimately, when SMEDAN wakes up to her avowed duty as enunciated on her website, the enormous potentials of the nation's SME sector would have been awakened to resuscitate Nigeria's comatose economy. Hopefully, unemployment would be curbed, crime would reduce and foreign direct investment would be attracted; the totality of these would place not only Ogun State but the entire country of Nigeria on a higher business and economic pedestal. It is only then that the country would have rightly earned that hard-worn but presently undeserved sobriquet, "Giant of Africa".

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