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Small and Medium Scale Enterprises (SMES) in Nigeria the Marketing Interface

Ayozie Daniel Ogechukwu [α], Dr. Jacob.S. Oboreh [σ], Dr. Umukoro. F [ρ] & Ayozie Victoria Uche [ω]

Abstract- A business whether small or big, simple of complex, private or public is created to provide competitive prices. Business in Nigeria, has been classified as small, medium and large. In both the developed and developing countries, the government is turning to small and medium scale industries, as a means of economic development and a veritable means of solving problems. It is also a seedbed of innovations, inventions and employment. Presently in Nigeria, SMEs assist in promoting the growth of the country's economy, hence all the levels of government at different times has policies which promote the growth and sustenance of SMEs. Small scale industry orientation is part of the Nigerian history. Evidence abound in the communities of what successes our great grand parents, made of their respective trading concerns, yam barns, cottage industries, and the likes.

This paper identifies the historical development and orientation of SMEs in Nigeria, tackles the operational definition and scope, describes the role of the Nigerian government as a participant, regulator and facilitator, both legally and politically in the growth of SMEs. It identifies the marketing problems of SMEs in Nigeria, the provision and enactment of beneficial and supportive laws, the provision of infrastructural facilities, constant man-power and development, direct financial assistance and the establishment of finance institutions to support SMEs. It identifies the roles of SMEs in Nigeria's development and growth. It concludes by clearly specifying the role of marketing to the survival of SMEs in Nigeria, and Advances relevant recommendations. For SMEs to survive marketing practice and principles must be given prominence.This paper will use the secondary data and sure empirical data collected from research studies in SME development in Nigeria.

Keywords: SMES, marketing, business, needs, wants, products.

I. Introduction

A business whether small or big, simple or complex, private or public, etc is created to provide competitive prices. Business in Nigeria has been classified as small, medium and large. However, a small scale industry can be explained by the criteria of project costs, capital, number of employees, sales volume, annual business turnover and the financial strenght. The federal and state ministries of Industry and Commerce have adopted the criterion of value of installed fixed capital to determine what a small scale industry is, in this respect, the value has varied from N60,000 in 1972, N159,000 in 1975, N250.000 in 1979, N500,000 in 1986, to a fixed investment of not more than N2,000,000 in 1992 and N5,000,000 in 2003 and beyond. This figures is exclusive of land and building and subject to government determination and the prevailing objectives of public policy. In the wake of SFEM, and SAP, this value has now been reviewed and subsequently, increased to five million naira. Since this happened, there may be a need to classify the small scale industry into MICRO and SUPER MICRO business, with a view to providing adequate incentives and protection for the former.

In the meantime, any business or enterprise below the upper limit of N250,000 and whose annual turnover exceeds that of a cottage industry currently put at N5,000 per annum is a small scale industry. The National Directorate of Employment (NDE) concept of a small scale industry has been fixed to a maximum of N35,000.

II. Historical Development and Orientation of Small Scale Industry in Nigeria

Small scale industry orientation is part and parcel of Nigeria. Evidence abound in our respective communities of what successes our great grand parents made of their respective trading concerns, yam barns, iron smelting, farming, cottage industries and the likes. So the secret behind their success of a self reliant strategy does not lie in any particular political philosophy, so much as in the people's attitude to enterprise and if the right incentive is adequate enough to make risk worthy ventures and decisions worth taking.

Back home in Nigeria, the respective government policies accorded and gave priority to the country's small scale enterprises. This has been in recognition that they constitute the fountain head of vitality for the National economy, and consequently their problems have been viewed as those of the nation, by virtue of their number, diversity, penetration in all sectors of production and marketing contribution to employment and to the prosperity of the particular areas in which they operate.

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In concrete terms, small scale industries constitute a greater percentage of all registered companies in Nigeria, and they have been in existence for a quite long time. Majority of the small scale industries developed from cottage industries to small enterprises and from small scale, to medium and large scale enterprises.

III. Pre-Independence Historical Development(before 1960)

Prior to Nigerian Independence, the business climate was almost totally dominated by the Colonial and other European Multinational companies like United African Company (UAC), GB Olivant, Lever Brothers Company, Patterson Zechonics, Leventis, and many others. These companies primarily engaged in bringing into Nigeria finished goods from their parent companies overseas. These companies have vast business experience and strong capital base, and dominated the Nigerian economy. The government of those days encouraged them to become stronger by giving incentives as favourable traffis and tax concessions.

Towards the tail end of the 1950s, the Nigerian Industrial Development Bank (NIDB) was established to assist potential entrepreneurs to get involved in Agriculture, exploration of natural resources, Commerce and Industrial production. That period and the early 1960s saw the massive increase in import into the Nigerian market, while the Nigerian economy became largely dominated by very few large foreign firms.

IV. Post Independence (1965-1976)

A major/remarkable break through in small scale business came about through the indigenization Decree of 1972 and later in Nigeria Enterprises Promotion Act of 1977.

These were genuine attempts by the Federal Government to make sure that Nigerians play an active and worthwhile roles in the development of the economy. In its 1970-74 National Development Plan, the Federal Government gave special attention to the development of small scale industries particularly in rural areas. This was in recognition of the roles of small and medium scale industries, as the seedbeds and training grounds for entrepreneurship.

The cardinal point of the 1970 – 1974 development plan was;

1. Accelerating the pace of industrialization and dispersal of industries.
2. Generating substantial employment opportunities.
3. Promoting individual initiatives and entrepreneurship among the populace.
4. Assisting in the established of small scale industries.
5. Developing and increasing export trader, and
6. Complementing large scale industries.

V. 1977 - 1989

Within this period, the government policy measures placed emphasis on the technological aspects of industrial development of small scale industries in Nigeria. Various tiers of government within this decade embarked on corrective measures to divert efforts towards the maximum exploitation of natural resources, and tried to discourage capital intensive mode of production in the light of the abundant resources available. In this regards, the industrial policy tried to focus its attention mainly on local resources utilization through various forms of incentives worked out by governments. Some of the basic policy strategy aimed at revitalizing the industrial sector included the following

- Encouragement in the use of more local materials in the industrial development activities.
- Encourage greater capacity utilization in Nigerian industries.

VI. 1990 – and Beyond

The federal and state government have both contributed to the growth of small scale industries in Nigeria especially in the rural areas. In recent times, various fiscal and non-fiscal incentives have been established for investors and entrepreneurs in the small scale sectors of the economy. Of special mentioning was the strategy adopted by the federal government towards the training and motivation of the unemployed graduates, to be gainfully employed after graduation, referred to as the entrepreneurship development programmes.

To show its seriousness, the Federal Government through its educational agencies like the National Board for Technical Education (NBTE), the Nigerian University Commission (NUC), and the National Youths Service Corps (NYSC) programme give a directive that entrepreneurship development courses and programmes be incorporated into the curricular of tertiary institutions and in the NYSC programmes.

VII. Definition of the Term: Small Scale Business

Small scale business, small scale industries and small scale entrepreneurship are used interchangeably to man a small scale industry firm. In Nigeria and worldwide, there seems to be no specific definition of small business. Different authors, scholars, and schools have different ideas as to the differences in capital outlay, number of employees, sales turnover, fixed capital investment, available plant and machinery, market share and the level of development. These features equally vary from one country to the other.

1. In Nigeria, the Third National Development plan defined a small scale business as a manufacturing establishment employing less than ten people, or

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whose investment in machinery and equipment does not exceed six hundred thousand naira.

2. The Federal Government Small Scale Industry Development Plan of 1980 defined a small scale business in Nigeria as any manufacturing process or service industry, with a capital not exceeding N150,000 in manufacturing and equipment alone.
3. The small scale industries association of Nigeria (1973) defined small scale business as those having investment (i.e. capital, land, building, and equipment of up to N60,000 pre-SAP Value) and employing not more than fifty persons.
4. The Federal Ministry of Industries defined it as those enterprises that cost not more than N500,000 (pre-SAP Value) including working capital to set up.
5. The Centre for Management Development (CMD) view of small industry in the policy proposal submitted to the federal government in 1982, defined small scale industry as, "a manufacturing processing, or servicing industry involved in a factory of production type of operation, employing up to 50 full-time workers.

Lastly, in the United States, the small business administration defines a small business as one that is independently owned and operated, and meets employment or sales standard developed by the agency. For most industries these standards are as follows.

(a) Manufacturing:- Number of employees range up to 1500, depending on the industry.
(b) Retailing:- Small, if annual sales or receipts are not over 2 million to 7.5million dollars.
(c) Wholesaling:- Small, if yearly sales are not over 9.5 to 22 million dollars
(d) Services:- Annual receipts not exceeding 2 million to 8 million dollars. Thus in general, the specific characteristics/criteria used in describing small scale business are;

1. the number of people/persons employed. It is usually a small business, because small number of people are employed.
2. Annual Business Turnover:- Because initial capital is low, then annual turnover will also be low.
3. Local operations:- For most small firms, the area of operation is local. The employees lives in the community in which the business is located.
4. The sales volume is minimal.
5. Financial strength is relatively minimal.
6. Managers are independent, and they are responsible only to themselves, or to the owners.
7. The managers are also the owners.
8. The owners of the business actually participate in all aspects of the management (i.e. the management of the enterprise is personalized)
9. They have relatively small market when compared to their industries.
10. The number of employees are relatively small, when compared to the biggest companies in a similar venture.
11. The capital is mainly supplied by an individual or small group of individuals/persons or shareholders.
12. They usually have one, but many have several shop locations all in the same city or metropolitan areas.

This also shows the same trend as in Nigeria, although the exchange value makes the financial criteria to be different.

There are many enterprises in Nigeria categorized as small business. Most of them are in the commercial sector and there is also a trend now towards the service industry hotels, restaurants, fast foods, etc.

VIII. What is Marketing

What is marketing? Ask 30 experts and you will get 30 different answers. It indicates how interesting marketing is. A google search of the term marketing generates an outstanding 35. 4 million matches and the phrase marketing defined, yields a small but still spectacular 1.63 million matches. From this search it becomes apparent that the term marketing is vast and wide.

Successful companies rely on customers, retuning to repurchase. The goal off marketing is long term satisfaction, not short term deception. This view is reinforced by the writings of top management consultant Peter Drucker, who stated,

"Because the purpose of business is to create and keep customers, it has only two central functions – marketing and innovation. The basic function of marketing is to attracts and retain customers at a profit.

Marketing exists through exchanges. Exchange is the act of process of receiving something from someone by given something in return. The something could be a physical good, service, idea or money. Money facilitate exchanges so that people can concentrate on working at things they are good at, earn money (itself an exchange), and spend it on products which someone else has supplied (Jobber 2004).

The objective is for all parties in the exchange to feel satisfied. So each party exchanges something of less value than that which is received.

Building customer relationships based on customer value and satisfaction is at the very heart of modern marketing (Kotler and Armstrong 2004).

Kotler (1997) defines marketing as a social managerial process by which individuals and groups obtain what they need and want through creating, offering and exchanging products of value with others.

Malcolm H. B. McDonald (2001) defined marketing as a matching process between a company's capabilities and the wants of customers".

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The lesson simple is that all firms have a unique set of capabilities in the form of resources and management skills (McDonald 2001) which are not necessarily capable of taking advantage of all marketing opportunities as effectively hence as competitively as other firms. In summary, the matching process between a company's capabilities and customer wants is fundamental to commercial success.

Douglas K Hoffman et al (2005) defined it as "marketing is the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfying individual and organizational goals". Marketing facilitates the exchange process by providing a variety of marketing activities that benefit customers, producers and channel intermediaries, namely wholesalers and retailers as explained.

"Marketing is the management process which identifies, anticipates and supplies customer requirements efficiently and profitably.

"Deciding what the customer wants, arranging to make it, distributing and selling it at a profits".

"Marketing perceives consumption as a democratic process, in which consumers have the right to select preferred candidates. They elect them by casting their money votes to those who supply the goods or services that satisfy their need". McDonald (1991).

"Marketing involves adjusting the whole activity of a business to the needs of the consumer or potential customer".

"Marketing is concerned with the idea of satisfying the needs of customers by means of the product and a whole cluster of things associated with creating, delivering and finally consuming it".

IX. Marketing Problems of Small Business Enterprises

1. One of the major marketing problems facing small business enterprises in Nigeria is lack of understanding and the application of marketing concept. In a study conducted by Ogwo (1991), this was conspicuously exposed. Most Nigerian small business owners equate 'marketing' to 'selling' and this is reflected in their various dysfunctional business behaviour against customer satisfaction and good business and marking orientation. They lack the knowledge and skills of basic marketing ingredients – marketing research, market segmentation, and marketing planning and control. The outcome of this is poor quality products, unawareness of competition, poor promotion, poor distribution, and poor pricing methods. They are not marketing oriented and market-focused as a marketer is defined as someone who understands and applies marketing in order to create, build, and maintain beneficial relationships with target markets. Baker (1994) and Doyle (1985) identified lack of marketing orientation as the major factor for business failure.
2. Most Nigeria's small manufacturer, to an extent in the past, depend on imported equipments and raw materials for their operations. With the over-devaluation of naira, vis-à-vis other foreign currencies, they are not finding it easier to secure these items abroad. They therefore resort to poor locally produced alternatives. The result is usually poor quality products. This may be one of the factors responsible for the Nigerian consumers' unquenching appetite for imported goods, even though many of these foreign goods are equally of poor quality especially those coming from the Asian and Far East countries. Onwuchuruba (2001) point out that high quality raw materials are important in producing high quality product. With the increasing demand for imported goods in Nigeria, dubious local and foreign importers are dumping fake products which go further to frustrate small scale manufacturers and seriously affect the hard earned foreign exchange.
3. Besides, small-scale producers lack good quality control in their operations. In this respect, they rely mainly on replacing faulty products instead of developing good quality control system (Onwuchuruba 2001)
4. Only very few Nigerian small manufacturers are aware of the nature of competition facing them. They estimate their success only through sales revenue without considering also their market share. Even, some do not know their market segments on which to focus their operations.
5. Ayozie (1999) has emphasized the importance of good stockholding, transport, and distribution for enhancing commercial success. Many of our small manufacturers do have properly defined criteria for appointing their product distributors. They rely mainly on trust created through relationships between the owners of the companies and the distributors. These relationships are in form of fathers and mothers, brother and sisters, friends, in-laws and other emotional but not business criteria. This relationship often ends up in running the business down.
6. High costs of vehicles and poor roads are also affecting the operations of small manufacturers in their efforts to move finished products down to consumers in both rural and urban areas. They have a complex channel of distribution with many layers which go to push the prices of their products higher. Besides, small manufacturers pay little attention to the promotion of their products. Advertising and other methods of promotion are not adequately used. There is no other way of creating awareness of their innovations and stimulating consumers to

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action than promotion. Even, many of them do not participate in trade fairs and exhibitions. This also inhibits their growth and ability to compete with larger companies.

7. Marketing research is seldomnly used in determining what to produce, make and sell and in the pricing, promotion and distribution activities.
8. In a developing country like ours with low income and high level of poverty, a company that wants to succeed should offer its product at the price the consumers can bear. But often, small manufacturers set prices of their products arbitrarily without regard to the peculiar consumer characteristic in our environment. Since they do not have clearly defined criteria upon which to base their prices, they always seek to maximize profits at short runs without having a long-term view of their businesses.

X. Nigerian Government Efforts in SME Development

That there is a kind o relationship between business and government is never a dispute. In Nigeria, it is imperative for business operators to understand that manner of relationship. This is because the type of relationship that exists between the government and business goes a long way to determine the existence, growth and development of the small scale business operator. The government is a super-body that exerts enormous power in a given nation state. By this implication, it has the capacity and ability to influence almost every institution under its jurisdiction for good.

In Nigeria, there is an implication of a mixture of command and market determined mechanism. Thence, it is often called mixed economy. The dictionary of economics defined mixed economy as an economy which contains elements of both a small, medium and large private sector, participation in business, as well as a group of large nationalized industries.

Specially, in these circumstances, the role of business is multi-dimensional and categorized as;

(a) Participatory role
(b) Regulatory role
(c) Facilatory role

XI. Nigerian Government as a Participator

The Nigerian government is seen as a participator where it is actually involved in and control business enterprises by owning and managing such enterprise.

Government acts as a business regulator with the overall aim of helping to maintain a climate of confidence, sanity and to stimulate the activities of the enterprises, so that they can have the respect for the rule of competition. Obitayo (2001) identified some of usual justification for government regulatory activities in business including what they hope to achieve. They are;

1. To achieve an environment permitting the enterprise to exist in an atmosphere of stability and cooperation.
2. To fix and distribute public and social burden in a supportable and equitable manner, taking into consideration the differences in sizes of various enterprises and the economic activity of the country.
3. To protect the interest of the consumer against exploitative actions of business or specific measures against sub-standard or dangerous products.
4. Government control business as part of her fundamental responsibilities towards exercising her sovereign right on all activities within her jurisdiction the business inclusive.
5. Government control of business is durable because it is one of the methods by which government raises revenue, the revenue comes in the form of registration fee, excise duties, educational levies, taxes and tariffs.
6. Government control business as a way of ensuring that the economy is not dominated by foreigners.

Through appropriate and calculated control, government enlarge the propensity for greater indigenous participation in economic business activities. These act of governmental control in business activities come in various forms, of which the most popular and widely used is through the instrumentality of law. Relevant laws or decrees, edicts, and statutes are often used specifically to achieve a control or regulatory objectives. For instance, the following itemized laws and Acts among others, are targeted towards regulating business in Nigeria, with the twin objective of business and industrial development, and maintaining sanity among the business key players and operators.

1. Registration of Business Names Act 1961, No. 1
2. Trade Mark Act 1961, No. 29
3. Factories Act capt. 1966
4. Exchange Control Acts 1961, No. 16
5. Nigerian Standard Organisation Acts 1971, No. 36
6. Trade Union Act 1973, No 31
7. Pre-shipment inspection of import Act, 1978, No. 36
8. Import prohibition order in 10, 1979, etc.

Alawe Tijani (2004) also opined that the Bank of Industry was established by the Nigeria government in October 2001, as a result of the merger of the Nigerian Industrial Development Bank (NIDB), the Nigerian Bank for Commerce and Industry and the National Economic Reconstruction Fund (NERFUND). Its major aim is to provide necessary financial assistance and incentives for the establishment of large, media and mostly small scale projects, and the expansion and diversification of existing industries. It engages in fund mobilization, project appraisals, financing, implementation and investment activities.

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1. The Nigerian Agricultural Cooperative and Rural Development Bank (NACRDB) established in the year 2002, is a merger of the defunct Nigerian Agricultural and Cooperative Bank (NACB), People's Bank of Nigeria (PBN) and the Family Economic Advancement Programme (FEAP).
2. The federal government set up the Bank of Industry limited, in October 2001. It was one of the hallmarks of the President Olusegun Obasanjo democratic government. In merged the Nigerian Industrial Development bank (NIDB) the Nigerian Bank for Commerce and Industry (NBCI) and the National Economic Reconstruction Fund (NERFUND).
3. From 1996 till date many Community Banks (CBs) were established as self-sustaining financial institutions.
4. The Community Bank might be owned and managed by a group of communities or a community, for the main purpose of providing credit, deposit banking and other financial incentives to its members and the SMEs. They promote SMEs, and rural development by providing credit and deposit services, and the increase of the productive capacities of SMEs and rural people in industry and in agriculture. The Community Banks will at a later date in 2007 be converted to specialised Banks, all geared specifically for the growth and development of SMEs in Nigeria.
5. The Small and Medium Industries Equity Investment Scheme (SMIEIS) was set up on June 19, 2001 and launched in August 2001. It is the banker's committee initiative which requires banks to set aside 10% of their profit before TAX, for equity investment in small and medium scale enterprises. It's main target is in the areas of Agro-allied business, Information Technology and Telecommunication, Manufacturing, Services, Tourism, Leisure and Construction (Alawe 2004).

XII. Nigerian Government as a Business Regulator

Governments all over the world do realize and recognize the indispensability of vibrant business sector to the overall development of the national economy. Most of the laws and regulatory measures are intrinsically meant to protect and assist business. In order words, the initial regulatory function is not intended to be a punitive measure, rather it is intended to maintain a healthy rivalry, maintain sanity and stability among business, to the overall advantage of the entire business sector.

Apart from the implied facilitatory importance of the regulatory function, government specifically in so many ways through demonstrated actions, beneficial investment policies, institutions capacity building, favourable economic and fiscal policies, protective business laws, and direct financial incentives, promote, encourage and support the growth, and development of SMEs in Nigeria. Government promote and assist business in Nigeria by:

XIII. Provision and Enactment of Beneficial and Supportive Laws

1. The Nigeria Enterprises Promotion Act 1977, No. 3
2. Patent Right and Design Act 1979, No. 60
3. Custom Duties (dumped and subsided good Acts No. 9 of 1959)
4. Industrial Promotion Acts 1979, No. 40
5. Industrial Development Income Tax Acts 1971, No. 22

Tijani Alawe 2004, enumerated most of other recent facilities makes government a business regulator in Nigeria a;

1. The establishment of the Finance and Research Institutions in 2001, by the federal government. The research reports of these institutions are very useful to SMEs and business organizations, in their product choice decision, product development approach, product or service delivery strategies. These helps to increase business efficiency and effectiveness. The most noticeable of these institutions is the Raw Materials and Research Development Council (RMRDC).
2. The Nigerian Government Provision of Direct Financial Assistance to Small Business Organisation through, the establishment of specific financial and non-financial institutions, for example, the Nigerian Agricultural and Cooperative Bank, Bank of Industry (2001), the Nigerian National Mortgage Bank (NINAM Bank) which is a merger of the Federal Mortgage Bank of Nigeria (FMBN) and the Federal Mortgage Finance Limited (FMFL) in 2001. The non governmental micro credit institutions consists of finance companies and community banks, that venture into the funding of micro credit schemes for SMEs, rural women credit schemes, artisans credit schemes, and many others for small business people.
3. The small and medium industries equity investment scheme (SMIESIS) established on June 19 2001, which requires banks to set aside 10% of their Profit Before Tax fore equity investment in small and medium scale enterprises (SMEs).
4. Direct Financial assistance and even loans to SMEs, through a package of subsidized or discounted loan portfolio, such as the small scale industrial credit scheme, and the NERFUND Scheme.
5. The provision of manpower development support schemes. The government established various universities and polytechnics, to provide skilled manpower for the SMEs. It also set up specific manpower development and training institutions,

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such as the Centre for Management and Development, the Administrative Staff College of Nigeria (ASCON) and the Industrial Training Fund. The services and Research Findings of these manpower institutes are mainly used by the small scale business people and establishments.

6. The establishment of government intervention strategies in 2002. This is mostly direct and indirect. Alawe (2004), describes the direct policy as consisting of direct investment and the establishment of SMEs, promotion institutions or agencies (example technological development institutions, credit lending institutions, technical and management institutions) and the provision of infrastructural facilities such as industrial estates, nationalisation of foreign firms and the provision of incentives and subsidies for the promotion of small and medium scale companies. Indirect public policy includes the regulatory provision, encouraging savings and reinvestment, restricting imports of consumer goods, introduction of measures that protect SMEs and the provision of various incentives and inducements to small scale industries.
7. The provision of credit support schemes. The government through its agencies provides capital or loans on soft term basis to SMEs. In 1973, it established the Nigeria Bank for Commerce and Industry to provide soft term loans to small scale industries, it set up the National Economic Reconstruction Fund (NERFUND) in 1989 to pool funds from various sources for lending through commercial and merchant banks to small scale industries, in 1997, the Family Economic Advancement Programme (FEAP) was established as a micro credit scheme geared towards investment promotion, and poverty alleviation.
8. The government also set up most federal polytechnics in 1979, the Administrative and Staff College (ASCON) in 1973, the Centre for Management Development (CMD) in 1973, and the Nigerian Institute of Policy and Strategic Studies in Kuru Jos. It also set up the small scale industries and graduate employment programmes, which aims at encouraging participants, mainly young graduates to set up and own their small scale business. Recently the Nigerian Institute of Management (NIM) established a training programme in all the National Youth Service Corp orientation camp, aimed at inculcating in the Youths, the spirit of entrepreneurship. In the past there was the graduate job creation loan scheme, and the entrepreneurship development programme, managed and supervised by the National Directorate of Employment (NDE).
9. The establishment of industrial development centres and the industrial estate schemes, which facilitate industrialisation process and the clustering of firms for effective planning and provision of facilities

The Nigerian Enterprises Promotion Decree 1977 as amended by Acts 1987 has some definite, unambiguous declarations and postulations. It regulates and controls the ownership structure of Nigerians business. This Acts classify business in Nigeria into Schedule I, Schedule II and Schedule III.

The enterprises promotion decree has these unique benefits of :

1. The encouragement of Nigerian indigenous participation in business through appropriate delineation of those areas that are exclusively reserved for Nigerians alone.
2. It makes it possible for Nigerians business to enjoy adequate control especially from foreign incursions in expertise and skills.
3. It leads to a beneficially dilution of business ownership through joint participation of foreign and indigenous investors.
4. It encourages local acquisition of hitherto non-existent skills among business. The approach is straight forward, as it encourages co-operative approach where the skills are almost non-existent and
5. Lastly, it promotes the development and growth of business in Nigeria, as most investors take advantage of the decree to relaunch their investments or business packages.

XIV. Provision of Infrastructural Facilities

Experts argue that the infrastructural facilities created by government helps in the growth of small scale business, by facilitating the acquisition of required inputs. These facilities are, the essential infrastructures that assist and promote investment and growth of the SMEs. Some of them are;

1. Provision of access roads;
2. Increased improvement in communication facilities like telephone, postal services, and other telecommunication facilities like internet and mobile phones.
3. Provision and expansion of electricity supply
4. Water expansion schemes to service industrial of business sites.
5. Construction of industrial layouts and estates;
6. Establishment and maintenance of an Export Processing Zone (EPZ)

The provision of all these facilities help the small scale business to expand, through quick movement of goods and services, expansion of markets for products, and leads to a relatively cheaper investment cost.

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XV. Provision and Constant Manpower Development Support

With the establishment of various institutions, especially the universities and polytechnic, the government directly help in the provision of skilled manpower at every level of management for the economy and small scale business. Apart from the tertiary institutions, government also established and finances some specific manpower development and training institutions. Some of them are the Centre for Management and Development (CMD), the Administrative Staff College of Nigeria (ASCON) and the Industrial Training Fund. The product of these Institutions are extensively utilized by businesses. The hitherto problem of technical and management manpower requirement are drastically reduced.

XVI. Establishment and Finance of Research Institutions

The government has assisted small scale business through the provision of some helpful research institutions. The research reports of these institutes are very useful to business organizations, not only in their product choice decision, but also in product development approach, product or service delivery strategies, thereby increasing business efficiency and effectiveness. The activities of Raw Materials and Research Development Council (RMRDC) is worthy of note. This council through its affiliated institutes conduct research into cheap sources and of alternative raw materials for various businesses. Its role has been so tremendous, as small businesses take advantage of some discoveries in the research report to boost and expand their operations, other research institutes include the Nigeria Industrial Opportunities Centre and the Investment Information and Promotion Centre.

XVII. Provision of Direct Financial Assistance to Small Business Organisation

The Nigerian Government often gives direct financial assistance to business organization, some of the specific ways by which government gives financial assistance to small businesses are;

1. The establishment of specific financial institutions to serve a given or determined business factor for example the People Bank, Nigeria Agricultural and Cooperative Bank and the Bank for Commerce and Industry.
2. Direct financial assistance or loans to some business through a package of subsidized or discounted loan portfolio for example the NEBFUND Scheme and Small Scale Industrial Credit Scheme (SSICS).
3. The creation and sustenance of many development and finance institutions for the purpose of providing long term funding on a generous or beneficial condition to business enterprises. The Nigerian Industrial Development Bank, New Nigerian Development Company Limited, Peoples Bank of Nigeria Limited and the Northern Investment Limited were all established to support the growth of SMEs in Nigeria.

XVIII. The National Directorate of Employment (NDE) as a Guide towards Enhancing Small Scale Industries in Nigeria

The National Directorate of Employment was set up by the Federal Government in November 1986, to work out strategies for dealing with the mass unemployment in the country, especially among school leavers, university, polytechnic and college of education graduates.

The NDE has articulated a number of programmes to give effect to government objectives of generating employment. The programmes can be broadly categorized as follows;

1. Small Scale Industries and graduate employment programme.
2. National Youth Employment and Vocational Skill Development Programme.
3. Special public work
4. Agricultural programme

The main thrust of the NDE's programme is to assist the applicants in setting up their own businesses in agriculture, and small scale industries, and to enable them employ additional hands in their establishments, thus helping to reduce the level of unemployment in Nigeria.

XIX. The Role of Small Scale Industry in Nigeria Development

Small scale industries have a lot of important contributions to make to the economic development of the country. Shokan, (1997) enumerated some of them as follows:

The provision of employment amongst the youth so innovative areas marketing for goods and services which are offered for sales. A lot of youths, retired workers and out of school graduates, are now gainfully employed, thereby reducing the unemployment rate, and its attendants social complication of armed robbery and white collar crimes.

It helps to bring about new goods and services and supply the needs of large industries, who have to rely on the small scale operators for business success. It satisfies the convenience of consumers at any given time, with the availability of products.

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They represent the overwhelming majority of industrial capacity in developing countries. A fact confirmed by Ajayi (1977), Ayozie, Daniel O, et al (1997) and Onwuchruba (2001), where it was postulated that presenting small scale business in Nigeria constitute over 80 percent of all registered companies, occupying positions in agro based and allied industries, rubber based, leather shoes industries, chemical, electronics, general merchandising, restaurants, dress making, hair dress making, cane-chairs, leather products, pomade and toiletries, animal feeds and husbandry, printing, are mostly SMEs.

They promote the development of indigenous manpower as well as increasing local participation in the manufacturing sector.

Small scale acts as a check towards rural migration by the planned and systematic development of rural areas. The much talked about urban migration is reduced by the introduction of small scale industries in rural area, and the provision of facilities to support those SMEs.

The activities of small business firms have resulted in the mobilization of the resources of the environment and thereby improving on the standard of living of the population.

They contribute to the development of the labour market by absorbing an ever growing supply of goods, services and labour. In doing this, they have sufficiently helped to curtail the rising unemployment in Nigeria.

They have accounted for a large percentage of all businesses and a favourable percentage of the nation's gross national product. This fact is more relevant in the developed countries of Great Britain, United State where a proper accounting system is kept.

Other noticeable impacts are its contribution to the development of indigenous entrepreneurship. Mention is being made of the Dantatas, Fajemirokuns, Igbinedions, Ekene Dili Chukwus, Ilodibes, Dankabos, Dangotes, Adenuga and the Amazuss of Nigeria. These are successful entrepreneurs.

Its contribution to the mobilization of domestic savings and utilization of local resources is also a noticeable factor. They serve as good agent for the disposal of industrial products and some services, and have contributed immensely to the production of raw materials in the form of semi-processed goods for use by bigger industries.

It is a base for the development of appropriate technology and provides a veritable ground for skilled, unskilled and semi-skilled workers. It has provided productive self-employment to a number of educated and less educated young men and women coming out of schools, colleges, polytechnic, and universities.

Ayozie (2001) specifically mentioned the role of SMEs in the accelerated industrial development, by enlarging the supply of entrepreneurs and the enlarging of small and medium enterprise sector, which offers better potential for employment generation and wider dispersal of industrial ownership.

It has assisted in improving the performance of small industries by enlarging the supply of carefully selected, trained and well rounded entrepreneurs, and diversifying sources of entrepreneurship and business ownership.

In Nigeria, Scholar have enumerated that the entrepreneur viz a viz the small scale business person is the most critical factors in the economic development of any Natlon. Entrepreneur organizes, and utilizes the various factors of production and finally sets productive machinery in action towards overall economic development. Consequently, the availability of the small scale industry is therefore the undisputed precondition for economic growth.

xx. The Economic and Social Importance of SMES in Nigeria

- Small scale industries generate employment for a lot of Nigerians. A lot of unemployed people and youths, have found employment in small scale industries. A lot of small retail shops, cottages, restaurants, poultry farms, and telecommunication/telephone shops have been established and managed profitably by Nigerians who would have been unemployed till date. The entrepreneurs have in turn provided jobs for other Nigerians, who serves as support, technical and administrative staffs for them.
- It has encouraged self employment for many youths both in the rural and urban areas. The spirit of successful entrepreneurship has taken over the mind of Nigerians, who believe in themselves and in the goal of self employment, instead relying on government jobs. In the telephone retail and rental jobs, a lot of youths and Nigerians have remained self employed. Their businesses have expanded to the level of employing some other unemployed people.
- Through the establishment of manpower development support schemes, and their involvement in the training and retraining of entrepreneurs, small scale industries have provided a pool of potential entrepreneurs and business people who are well equipped to start and successfully manage industries. Whether small or large, not only in Nigeria, but overseas. Successful business people in Nigeria like Aliko Dangote, the Ibrus, Mike Adenuga, Illodigwe and Dantata started as SMES, before the growth of their various businesses into conglomerates.
- It has reduced the dependence on government and large firms on salaried employment. This is evidenced from the liberalisation policy of the

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established to provide support staff and employment for Nigerians. (For example, MTN, GLOBACOM, CELTEL and many private universities).

- Small scale industries have stimulated rural development and the achievement of a meaningful level of broad economic and rural development. To reduce the migration from rural to the urban centres, some infrastructural facilities which promoted small scale industries were provided in the rural areas, such as the provision of access road, increased improvement in communication facilities like telephone, postal services and the internet facilities, construction of industrial layouts and estates, and the provision of electricity and water expansion schemes.
- It has uplifted the dignity of labour. There is the spirit of "ME TOO", can do it attitude. People deriving joy in working for themselves and seeing their businesses grow and mature to conglomerates and deriving joy in being a source of employment to other Nigerians.
- It has upgraded the social status of Nigerian youths, by showcasing them as very successful entrepreneurs and operators of small scale industries. This is evidenced in the many success stories of small scale industries as recorded by the print and electronic media houses.

XXI. Special Causes of Small Scale Enterprisess Failure in Nigeria

- There is the insufficient capital outlay. There is lack of capital or inadequate capital to buy the stocks and equipment. Securing of loans from the banks and Financial Institutions takes time an in most cases are only existing on paper. Many banks require the satisfaction of many conditionalities before loans are granted, and the small scale industries find it difficult to secure such loans facilities.
- There is also the use of obsolete business methods, and equipments, as a means of maintaining stocks and inventory. These old methods do not tally with modern business procedures. Most business ideas are things inherited from parents, and most of the ideas die with the originators. Some are not scientific in nature and cannot be assessed easily. There is also the lack of credit control, as money could be brought in and taken out of the business easily for personnel and not for business purposes.
- There is the absence of business planning. Planning is done by rule of thumb, and haphazardly too. This makes it difficult to detect and understand the predictable and unpredictable market changes. The non-existence of actual planning strategies makes it difficult to stand the changing, dynamic and very unpredictable economic and business conditions. There is also the failure to maintain plan for emergencies, and the failure to anticipate and plan for the financial demands and needs of the small-scale industries. These problem retards the growth and development of SMEs in Nigeria.
- Coupled with the above problems is that of low motivation, and lack of confidence. Most entrepreneurs believe they cannot make it, in the face of competition by the bigger companies. The desire and motivation to succeed is reduced because of the existence of these conglomerates.
- Most entrepreneurs are even undecided about the type of business to set up and there is lack necessary business ideas for the entrepreneurs..
- Some small scale operators are undecided on how to finance their business and where to source for the funds.

Other obstacles and causes of small scale business as enumerated by Alawe 2004, includes socio-cultural obstacles which includes the lack of entrepreneurship culture and education, Nigeria's social system limits opportunities for creative activities, and the limiting role of most relying beliefs which bars admission to initiatives and entrepreneurships. They preach perseverance, rather than risk taking, aggressiveness, necessary for business. Others includes technological backwardness of Nigeria which leads to labour and inefficiency, political instability occasioned by civil unrests, political sabotage, coup detats, local and youth restiveness, thuggery, and armed robbery. All these create insecurity in the minds of entrepreneurs. Some managerial problems as opined by Alawe (2004) includes the absence of strategic management skills and attitudes, the inability to respond to threatening environmental conditions, lack of clearly defined objectives, lack of delegation, inability to select appropriate equipments and resources, and the faulty design, implementation and evaluation by small scale businesses, and their entrepreneurs.

XXII. Conclusion and Recommendations

As initially mentioned, the secret behind the success of self-reliant strategy is mainly in peoples positive attitudes to enterprise, and in the extent to which the right incentive is adequate enough to make risks worth taking, rather than in any particular political philosophy. In the early stages of Japan's Industrialization, her economy was dominated by a large number of small scale enterprises, who drew their strength not from an abundance of capital, but rather from her vast supply of labour, and the abundant advantages of small scale industries. Nigeria and Nigerians need to learn and follow Japan's footsteps.

The activities of modern marketing, covers marketing research, market segmentation, marketing

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information systems, marketing planning and control , and other issues relating to product, price, promotion, and distribution. These activities are not properly handled in many Nigerian small business enterprises.

One of the major advantages of marketing is that, when correctly used, subjective values may be added to a product. The consumer then perceives it as superior to that of competitors. Consequently, profit margins may be increased. But as noted already, poor quality, unawareness of competition, poor promotion, poor distribution, and poor pricing methods tend to be the major failings of small-scale manufacturers in Nigeria. The production of generic products is often considered acceptable and economical by these small business enterprises (Onwuchuruba 2001)

The adoption and application of marketing concept is one sure way by which small business enterprises can grow and secure for themselves places in the 21st century commerce and industry. But marketing skills and knowledge are teachable, and can only be acquired through training and experience. Unfortunately, many small scale entrepreneurs lack the necessary time and funds to embark on such training. We therefore suggest that the government should assist them through organizing regular marketing workshops and seminars through the State branches of Manufacturing Associations of Nigeria and the State Chambers of Commerce and Industries. (Onwuchuruba 2001).

Once feasible target markets with good growth and profit potentials have been selected, marketing strategies and actions should follow. The two major advantages possessed by small business enterprises in this respect are their closeness to customers and flexibility. Also, the two common mistakes here are attempting to offer too wide a range of products and trying to compete in large markets where their size can place them at greater disadvantage compared to large companies. Changanti (1983) reveals that small business enterprises can perform better by carving a niche in the market place.

- They should also consider the various product variables like quality, features, styles, brand names, and marks. Many large companies such as the Unilevers Nigeria Plc, Nigerian Breweries Plc, Cadbury Nig Plc, to mention a few, have demonstrated the great value of brand name and mark. Branding helps to create exceptional value in the eyes of consumers provided the company's products meet needs better than competitors. That is what marketing is all about.
- The small-scale manufacturer should also use price and quality assortment, convenience, service, and other elements of the marketing mix to promote the right image for their companies and products.
- Distribution in small business enterprises may be a problem due to many layers existing in the channels. But once at diagnosis stage, accurate and complete limitations in the marketing environment have been identified and assessed, appropriate distribution strategies can be formulated. (Baker 1994)
- The governments are also advised to assist the small scale producers by improving infrastructural facilities and environmental infrastructures such as road network, water, electricity, and communication. Inefficiencies in these areas create additional costs to small-scale manufacturers, and limits their growth.
- After building a strong marketing base at domestic market, it is important that small business enterprises consider exporting their products abroad especially within the West African sub-region. This can help them secure much-needed foreign exchange for importing necessary equipments and raw material as supplements to locally developed ones. Through this, the quality of their products can be improved and thus place them at a better position to compete effectively in both domestic and international markets.

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