# A Review of the Nigerian Business Environment and its Support for Small and Medium Enterprises

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## ABSTRACT

This study reviewed the Nigerian business environment's support for small and medium sized enterprises (SMEs). The business environment is an intricate and dynamic concept which embraces the independent actions of all institutions, organizations, and individuals that directly or indirectly impact on the operations of business organizations. The Nigerian business environment is dynamic, that is, it is constantly changing. Whether the change is friendly or hostile, positive or negative, it results either in opportunities or threats to the business organizations. No business organization can make decisions that are not affected by a wide range of internal and external business environmental factors. Lastly, it concluded that government agencies such as the National Directorate of Employment should intensify efforts geared towards training programs for SMEs.

(Keywords: business, entrepreneurship, small business, medium business, business environment, business climate, SMEs)

## INTRODUCTION

Business is a social activity aimed at creating goods and services within the framework of a society or community. An activity that is legitimate in one society, city, or state may be illegitimate in another. This implies that the type of business activity that takes place in a particular community, state, or nation is largely determined by the beliefs, needs, and attitudes of that community. A business makes a demand on the society and vice versa.

The interrelationship between the business and the community in which it operates, amounts to the business environment. However, the business environment and its support vary from one country or state to another. Some may be favorable to business growth while others may be hostile (Oladele, Ogundipe & Okolugbo, 2015).

The business environment is an intricate and dynamic concept which embraces the independent actions of all institutions, organizations; and individuals that directly or indirectly impact on the operations of business organizations (Olson, 1983). Olson also opined that participant within the Nigeria business environment include; one, individuals who act as customers of goods and services; labor/employees in organization, providers of capital and entrepreneurial skills to organization producing the goods and services.

Two, business organizations, which are primary suppliers of input and services used for production, distribution and retailing of the goods and services. They also act as competitors to business. Three, the state, which acts as a consumer of goods and services, an employer, a producer of goods and services as well as the regulator of the economy.

Aluko (1983) is of the opinion that the business environment can be conveniently classified into two parts – the internal and external business environment. To him, the internal environment consists of technologies used by the organization and its sub-elements. (i.e., its market and the marketing system, its products services, the production system, the administrative system, and control procedures, to mention but a few.

The external business environment comprises sub-elements like the customers, competitors, the political and legal systems, the economic and social systems, the technological and ethical systems, and the government regulatory system among others.

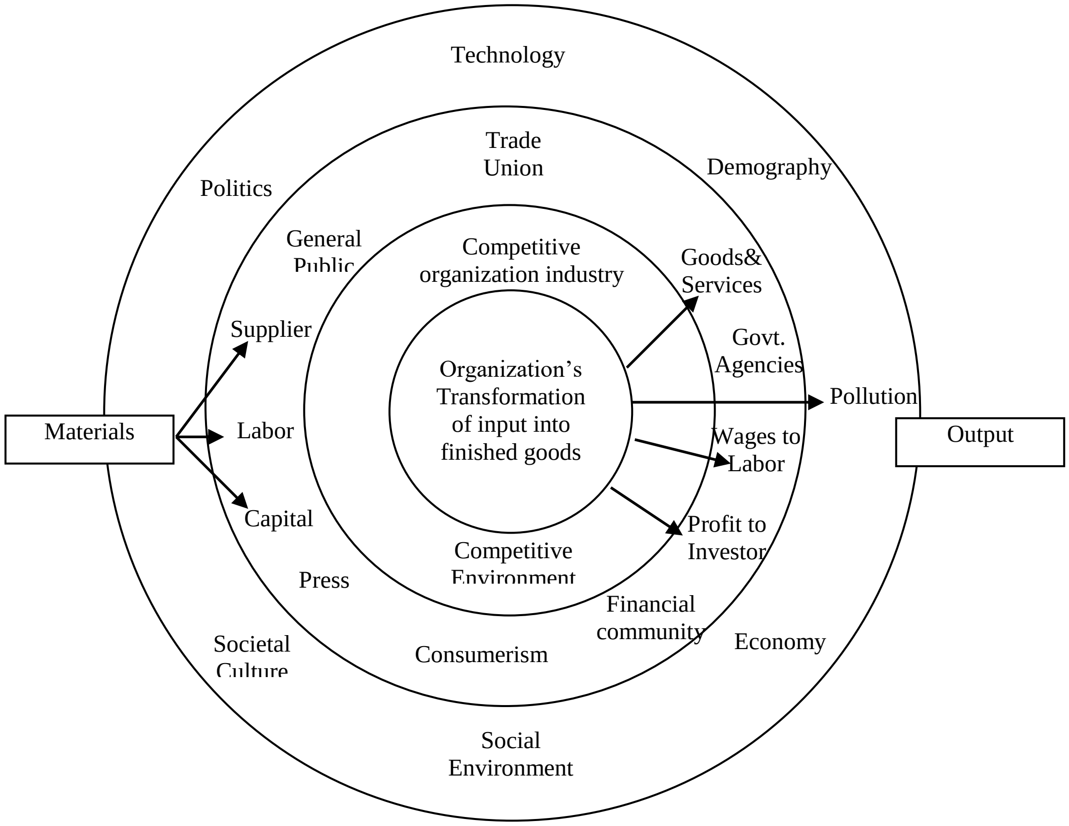


**Figure 1:** The Business and its Environmental Element.
Source: Isimoya, 2005.

Obikoya (1995) asserted that the operating environment contains other elements that affect the company and its market. These elements affect the way the organization services its market and ultimately its success. To him, the first is the competitive environment, which is made up of operators in the firm's industry and the intermediaries. For instance, the extent of efficiency of the firm's suppliers and distributors, and the rate of competitiveness in the industry for labor, capital and materials, will affect the firm's level of success in operations.

The second level of environmental element is found in the micro-environment. These are independent institutions which facilitate the firm's operation. Some of these elements are tagged mutual policies (i.e., institutions that the firm is interested in and which are in turn interested in the firm, such as financial institutions, insurance firms, market intermediaries, etc.).

Others include both the sought and unwelcome public: the sought public are institutions like the press and other mass media organizations, while the unwelcome public includes consumerist movement and trade unions etc. These institutions are organizations that the firm cannot afford to ignore in making its decisions. They all have a stake in the business (Asaolu, Oladoyin, and Oladele, 2014).

The third and most general level of environmental forces is the macro-environment. These macro-environmental forces affect the structure, conduct, and performances of a firm; since the firm cannot operate in isolation, it is dependent on them. The implication for the company is that it should invest to keep a-breast of the significant social changes, so as to adapt fast. The changes are constant. For instance, a technology appliance that is in vogue today may become obsolete as a result of customer lifestyle changes, government legislation, social trend, etc. That a company succeeds depends on the rate at which it is fine-tuned to its environment. A company is said to be innovative and adaptive if it grasps the opportunities that the changes bring about and meet the threat thereof.

On the macro-level, the forms of support from business environment are the economic/financial support, the social support, the legal and political support, the technological support, the cultural and ethical support and the international support. On the other hand, the micro-elements also include; competitive support, trade unions and pressure group support, investors support, customers support, suppliers support, the general public support, government regulatory agencies and NGOs' support.

## MACRO ENVIRONMENTAL ELEMENT AND SUPPORT

### Economic/Financial Environment and Support

Every business enterprise, whether profit oriented or non-profit oriented is affected by the economic environment. For instance, the issue of capital; virtually every organization needs capital, machinery, building, office equipment, tools and cash. While some organizations may produce the needed capital themselves, others may need to generate cash to purchase the capital items. This implies that all businesses are dependent on the availability and prices of these items.

While some societies are endowed with natural resources, others may not be as lucky. The issue of funding and its availability is of paramount importance to the performance and survival of SMEs. Moreover, business managers must be interested in economic variables such as: unemployment rate, exchange rate of the local currency in relation to the pound sterling or the American dollar, inflation and interest rates in the economy (Asaolu, Oladoyin, and Oladele, 2015).

The Technological Environment and its Support
Science provides knowledge while technology utilizes it. The main influence of technology on business is in the way things are done. The impact and support of technology is seen in new products, new machines, new tools, new materials and new services in the market. For instance, with computer application, banks are able to serve their customers efficiently and promptly. Although technology has brought with it many benefits, it also has some problems such as air, and water pollution, traffic jam, energy shortage etc.; its contribution to success and survival of business enterprises cannot be overemphasized (Oladele, Ogundipe, and Okolugbo, 2015).

### The Social Environment and its Support

This is made up of attitudes, values, desires, expectation, beliefs and customs of the people. The attitudes and values of workers are different from those of the employers, just as they are between the rich and the poor, college students and alumni, the Edo and the Yoruba, the Hausa, and the Igbo. These differences in value pose some difficulties to managers in designing environments conducive to performance and satisfaction.

In a country like Nigeria, with a large population, both the educated and the uneducated, young and old, continue to struggle for social class recognition. A pragmatic businessman would recognize this phenomenon and exploit it. The socializing institutions in the Nigerian society help to promote social trends, values, beliefs, customs and norms. The traditional institutions too have continued to fan the embers of ethnicity and promote communal lifestyle; hence many people today lay emphasis on ethnic origin and extended family or collective groupings (Oladele, 2013).

### The Political-Legal Environment and Its Support

The attitudes and actions of government and political leaders do affect the flow of social demands and ultimately enterprise. In business, government can promote or constrain business growth through her policies. The laws of the land, on the other hand, affect organizations through regulation on how the organization does its business, how the organization treats its employees and how the organization gives information about its performance and existence (Oyedijo, 2012).

Every organization operates within a political framework. Political change, therefore, has the capacity of complicating the task of planning and predicting the future. The tourism industry, in particular, is most affected by erratic political changes. Managers must, therefore, be aware if political change could have a significant impact on their organization, the extent of the consequences of a political change, the likelihood that a political change would take place and how organizations can cope with the effects of the change (Oyedijo, 2012).

### Cultural-Ethical Environment and Its Support

The culture of a particular community affects the type of business enterprise that can be sited there. From 1960, when Nigeria gained political independence, industrial establishments have laid emphasis on large scale operations involving a high degree of mechanizations and manpower development which are encouraged by the government. This large-scale operation gives little or no thought to the personal needs of the workers, nor those of the community and the society as a whole (Oladele, 2013).

As a result of cultural changes today, pressures are being exerted by various groups, such as trade unions, shareholders, the press, public and educational institutions, on business to be mindful of societal needs. The ethical environment is a set of generally accepted and practiced standards of personal conduct. These standards, although usually not codified as law, sometimes have the force of law to any group it applies. They deal with what is good and bad and with moral duties and obligations.

Many business enterprises have ethical codes which fashion out the relationship among the constituents of the enterprises such as employees, customers and the management.

### The International Business Environment and its Support

In a dynamic business environment, the need for business managers to relate their particular operations to the international business environment has become necessary for continuous growth. Nigerian businessmen look beyond the shores of this country for raw materials and components parts needed for production as well as foreign markets as outlets for their goods. Therefore, managers of internationally- oriented enterprises will need to understand the different peoples and their cultures, philosophies and politics (Oladele, Ogundipe, and Okolugbo, 2015).

Where the enterprise is a multinational, the demand becomes greater on managers for knowledge of international economics and business operations, greater consciousness of social responsibility and a more active role in government relations. Most Nigerian companies are dependent on foreign markets for their supply of raw materials, technology, machinery and equipment. Furthermore, foreign investments account for the capital of multinational and other large business organizations in Nigeria, particularly in the oil sector such as Shell, Mobil Oil Plc., and trading firms like John Holt Plc., UAC, etc.

Nigeria, as a nation, also belongs to many international economic institutions or organizations such as the Economic Community of West African State (ECOWAS), International Labor Organization (ILO), and General Agreement on Trade and Tariffs (GATT) to mention but few. The policy decisions of these international organizations must necessarily affect the business environments of the member countries, Nigeria inclusive (Oladele, Ogundipe, and Okolugbo, 2015).

## POLICIES AND INCENTIVES FOR PROMOTING SMES

In order to realize the benefits of promoting small and medium scale enterprises, the Federal Government has employed monetary, fiscal and industrial policy measures to achieve its desired goals which include employment generation, industrialization; particularly of rural areas and even development through industrial dispersal. Accordingly, it has enunciated policies through national development plans, annual budgets and infrastructural support to SMEs. Specifically, the government has been active in the following areas:

### Small Scale Industries Credit Scheme (SSICS)

A basic thrust of government's financial policy with respect to SMEs is the provision of credit facilities to ensure their development and sustenance. Accordingly, the Federal Government set up in 1971, a Small Industries Development Programme to provide technical and financial support for SMEs. This led to the setting up of the Small Industries Credit Committee (SICC) to administer the Small

Industries Credit Fund (SICF) throughout the country. The SICF was formally launched as the Small-Scale Industries Credit Scheme (SSICS) in the Third National Development Plan, 1975-1980. The scheme, which operated as a matching grant between the Federal and State Governments, was designed to make credit available in liberal terms to SMEs and was managed by the states' Ministries of Industry, Trade, and Co-operatives through the Loan Management Committees (LMCs).

However, the SSICS which was meant to be a revolving loan scheme became increasingly starved of funds arising from massive loan repayment defaults, such that the Federal Government, by 1979 extricated itself from the scheme and introduced a new policy of using the Nigerian Bank for commerce and Industry (NBCI) as an Apex financial body for funding SMEs. The rationale was that banking discipline and prudence would not only ensure the flow of financial assistance to 'bankable' projects, it would also facilitate loan recovery (Oyedijo, 2011).

## The Nigerian Bank for Commerce and Industry (NBCI)

The NBCI was set up by the Federal Government through Decree 22 of 1973 to provide, among other things, financial services to indigenous business community, particularly SMEs. The NBCI operated as the apex financial institutional body for SMEs. It also administered the SME World Bank Loan Scheme of US $41 million secured in 1984. The scheme had maturities period ranging from 4 to 10 years, including a moratorium of 2 to 4 years, and the foreign exchange risk was borne by the Federal Government. NBCI has been merged with NIDB and NERFUND to form the new Bank of Industry.

## The Nigerian Industrial Development Bank (NIDB)

The NIDB, which was set up in 1964, provided credit and other facilities to industrial enterprises especially medium and large-scale ones. Some small-scale enterprises also come under its scope of financing whose terms are relatively soft. An attractive feature of NIDB's financing is its policy of equity participation in the paid-up share capital of some of the projects financed (Oladele, 2013).

Central Bank of Nigeria (CBN)

The Central Bank of Nigeria has since 1970 been instrumental to the promotion and development of enterprises particularly in the small and medium scale sub-sector. The CBN credit guidelines required that the commercial and merchant banks allocate a minimum stipulated to sectors classified as preferred, including the SMEs. The CBN also stipulated differential interest rates for sectoral credit allocations with varying moratorium on the repayment of loans and advances.

For instance, the CBN in 1979/80 directed that at least 10% of the loans advanced to indigenous borrowers should be allocated to SMEs. This was subsequently raised to 16 and minimum of 20% of total loans and advances from April 1980 and 1990, respectively. However, given the uneconomic nature and cumbersome administration of such loans, banks preferred to pay prescribed penalties rather than channel credit allocation led the CBN to mandate such defaulting banks as from 1987, to make such lending shortfalls available to it for onward transfer to the relevant sector or sub-sector. This brought about a remarkable improvement in credit to the SMEs as banks continued to meet this minimum sectoral credit requirement while it lasted (Oladele, Ogundipe, and Okolugbo, 2015).

## National Economic Reconstruction Fund (NERFUND)

The Federal Government, through Decree No 2 of 26th January 1989 established the National Economic Reconstruction Fund (NERFUND). The main focus of NERFUND is the provision of soft, medium to long term funds for wholly Nigerian owned SMEs in manufacturing and agro-allied enterprises, mining, quarrying, industrial support services, equipment leasing and other ancillary projects. The NERFUND decree provides for eligible enterprises under the scheme, as SMEs, with fixed assets plus cost of new investment (land excluded), not exceeding N36 million and sourcing not less than 60 per cent of their raw materials locally in the case of manufacturing projects.

The interest rates payable on funds obtained from NERFUND are expected to be slightly lower than the market rates and shall be fixed during the duration of the loan. Furthermore, the rates payable by the participating banks (Pbs) are limited to 1.0% above NERFUND's cost of borrowing the particular funds. Pbs are allowed a spread of not more than 4.0. per cent over their cost of funds. For all types of facilities, and irrespective of the ability of the beneficiary to pay maturing obligations, it is required that a Pb repays NERFUND, failing which the CBN will automatically debit the bank's accounts with it. Thus, Pbs are expected to bear the full credit risk involved in financing SMEs under the scheme.

The fund has granted loan approvals to a number of projects spread across the country. The number rose significantly from 5 in 1989 to 75 in 1990 after which it maintained a downward trend. NERFUND's investments in the projects have been substantial; the total naira component was N774.2 million, while the counterpart approval in foreign exchange was $97.5 million (Oladele, Ogundipe, and Okolugbo, 2015).

## Rural Banking Scheme

The rural banking scheme started in Nigeria in 1977 and was basically designed to solve the problems of rural underdevelopment and inadequacy of credit to the agricultural sector and the rural based small-scale industries. The scheme mandated commercial banks in Nigeria to establish branches in the rural areas. By 1989, about 12 years of the life of the scheme, a total of 756 new rural bank branches had been opened with total deposits in all the rural branches amounting to about N5.7 billion. This average about N7.5 million per branch (Oyedijo, 2012).

## Nigeria Export Import Bank

The Nigeria Export-Import Bank (NEXIM) was established in 1991 to provide finance, risk mitigating facilities and trade information as well as advisory services to Nigerian exporters. NEXIM's Rediscounting and Refinancing Facility was introduced to assist banks to provide pre and post shipment finance in support of non-oil exporters.

In summary, though the schemes and programs which were put in place to find solutions to the problems of credit delivery to the SMIs have achieved considerable successes, there still exists a huge gap which should be filled. The need to reduce the credit risks on loans to SMEs by the financial institutions has become more pronounced given the extremely slow rate of draw down on facilities like the World Bank – assisted SME 11 loan and NERFUND.

In its analysis, the technical committee for the establishment of a National Credit Guarantee Scheme for Small and Medium Enterprises (SMEs) in Nigeria, established that not more than 50% of aggregate effective demand for investment loans in the manufacturing sector are currently being met. This therefore, necessitates further action aimed at enhancing the flow of financial resources to the SME sub-sector (Oyedijo, 2011).

## The National Directorate of Employment (NDE)

Established in 1986, the NDE is another channel through which government has promoted the development of SMEs. In January 1987, NDE launched a number of programs to generate self-employment. These were (i) Small Scale Industries (SSI), (ii) Agriculture, (iii) Youth Employment and Vocational Skills Development and (iv) Special Public Works. The entrepreneur development program assists the SMEs. The two credit schemes are repaid over a five-year period at a concessionary interest rate with varying periods of moratorium. SME projects covered included soap making, food processing, flour milling (Oladele and Okolugbo, 2014).

## SOME EFFORT OF GOVERNMENT AND BANKERS IN SMES FINANCING

### Nigerian Agricultural Cooperative and Rural Development Bank (NACRDB)

The Nigerian Agricultural Cooperative and Rural Development Bank Limited (NACRDB) is an amalgamation of the former Peoples Bank of Nigeria, Nigerian Agricultural and Cooperative Bank (NACB) and the Family Economic Advancement Programme (FEAP). It was set up in 2000, primarily to finance agriculture as well as small and medium enterprises. The bulk of agricultural enterprises in Nigeria are micro in size. The NACRDB is structured to accept deposits and offer loans/advances in which the interest rates are stratified according to the purpose for the loan. The bank also offers a number of microfinance services, including targets savings, start-up as well as smallholder loan schemes.

The NACRBD commenced full operation in July 2001. The Authorized share capital was initially N1 billion, but now reviewed upwards to N50 billion. The Paid-Up capital is N1 billion, with an additional N9.1 billion in deposit for shares account. The sources of NACRDB's funding are mainly equity, as well as interest on loans and investments.

The financial assistance extended by the NACRBD can be classified into direct micro credit, on lending credit and macro credit. From the inception of the bank in July 2001 to December 2003, the total sum of N4.6 billion had been invested in loans and venture capital (Oyedijo, 2012).

**Bank of Industry (BOI)**

The Nigerian Industrial Development Bank was restructured into the Bank of Industry (BOI) in 2000. The BOI formally took off in 2001. It has an authorized share capital of N10.0 billion and N1.0 billion had been issued and fully paid. The nature of funding of the sector by BOI has been in form of loans, debentures and equity. The interest rates on BOI's loans range from 10 to 20 per cent per annum. Repayment period for loans range from three (3) to seven (7) years (including one-year moratorium). Aggregated data indicate that total disbursement of funds from the inauguration of BOI in 2001 to March 31, 2004 amounted to N1.72 billion, out of which N1.26 billion went to large enterprises and N0.46 billion to smaller enterprises.

**The General Finance Gap for SMEs**

Micro-finance involves lending small amounts of funds for very specific initiatives. New technology-based SMEs can experience difficulties in gaining access to traditional sources of finance. Thus, in the early growth cycle on technology- based SMEs in Australia, there existed a gap in easily accessible funds. For instance, an historical source of micro-finance for SMEs that is no longer available due to changes in the banking regulation was solicitors' funds that were offered at competitive interest rates. Most banks in Australia now direct SMEs towards credit cards as their solution to micro-finance for SMEs. In this way banks have no or little working knowledge of the SME in its early stages of development. In the United States, banks remain the primary source of external financing for working capital and capital expenditures but are declining in relative importance to credit cards and trade credit (Oyedijo, 2011).

There is a call for improving the supply side of this sector. An exploration of cognitive trust, interdependence and buy-in to shared vision of the micro-finance lender and the SMEs owner (or delegate) can provide a possible explanation of how explicit and tacit knowledge is developed for accessing the SMEs level of risk. For instance, the relationship with the traditional bank branch assumed established relationships between the bank branch manager and the SMEs owner (or delegate). This traditional relationship was based on trust and the paper-based transaction. A good number of banks have now moved away from the traditional model of bank branch manager to a regional structure at the same time the relationship of the bank manager has come under scrutiny as being limited (Gibb and Richie, 2002). Thus the banking sector seems to have moved away from developing and maintaining relationships with SMEs owners in Australia and other countries.

In the United States, the federal government's efforts to overcome such behavior by banks has occurred primarily through incentives and encouragement from the small business administration (SBA), such as guaranteed loan programs (Oyedijo,2011).

Another controversy is whether the bank manager is meant to provide industry specific business advice along with assessing SMEs risk (Gibb and Richie, 2002). To address industry specific issues banks are increasingly assuming those SME owners (or their delegates) will partner with their accountants during loan application process. This has been a means that has allowed banks to overcome the limitations of paper-based transactions and assuming the accountant will provide the necessary advice and base their reputation on the credit worthiness of the loan applicant. It has meant an increased burden for accountants for which micro-loans may not justify the transaction. This banking strategy assumes that all SMEs have an accountant who in turn has a relationship with a bank (Oyedijo, 2011).

## Small and Medium Enterprises Development Agency of Nigeria (SMEDAN)

In his second coming, former President Chief Olusegun Obasanjo's administration put in place a program that specifically focused on small and medium scale enterprises. This program started actually in the year 2004. Its principal function was to ensure successful establishment of functioning, production identify individuals or groups with viable business ideas. The agency was to provide such individuals or groups with necessary support of fund, equipment and technical advice. SMEDAN had set for itself the establishment of at least 10 functioning business enterprises in each local government area of the federation.

Amuda (2006) reports that the director general of SMEDAN, Mrs. Adelaja stated that SMEDAN had concluded arrangement to establish an organization to be known as Professional Women Organization which would cater for the welfare of female professional in the nation's banking sector. It was to assist female bankers who lost their job and became unemployed after the consolidation exercise that took place in the banking industry. This is an indication of SMEDAN positive response to social and economic problem created by the financial sector reforms.

Tolufasha (2006) reports that SMEDAN was training and issuing certificates of participating to entrepreneurs who attended its entrepreneur capacity building programs. Participants were taught how to adopt ICT in their business, they were also shown how to meet the requirements of the (CAC), National Agency for Food and Drug Administration Control (NAFDAC) and Standard Organization of Nigeria (SON). Participants were taught how to source for funds, prepare feasibility study and draw business plan. SMEDAN, it is noted, is recognized by Federal Government, recognized by the private sectors and recognized be international bodies and multinationals too. Operationally, SMEDAN started in 2005.

Okafor (2007) reported that SMEDAN in 20006 embarked on the training of various cadres of workers in the country. That more than 200 men and women benefited from the exercise. It was to achieve the vision of SMEDAN of sustainable economic development, the establishment of well-structured and efficient micro, small and medium enterprises sector. It is seen as vanguard for rural industrialization, poverty reduction, job creation and enhance sustainable livelihood. SMEDAN is also charged with the responsibility of stimulating, monitoring and coordinating the development of micro, small and medium enterprises (MSMES) sector.

The SMEDAN Act of 2003 empowered it to promote micro small and medium enterprises (SMEs) sector in the country. The training and restructuring activities were part of the efforts to achieve the agency's vision. The training courses were highly subsidized. For example, training courses that a consultant can charge between N40,000 to N50,000 were being provided by the agency at a cost of N40,000. Beneficiaries were trained on 25 different small-scale businesses in 2006 ranging from fish farming, hat and bead making, poultry and livestock farming, packaged soap, etc. Those who trained on cell phone repair paid N10,000. SMEDAN stated that the amount covers a tool box which have to be provided for trainee at the end of training. SMEDAN provided other services to small-scale business including: information about raw materials, production machinery and equipment, production standards, market conditions and government economic policies.

It could be seen that the roles of SMEDAN and that of NDE overlapped. Amuda (2007) reports that SMEDAN's director general disclosed that the agency had trained 5,000 persons on entrepreneurship to start their own business within four years. The agency had also established 11 business support centers and 23 business development centers across the country to train Nigerians in entrepreneurship skills to enable them to start up their own business (Ogundele, 2004)

## The Small and Medium Industries Equity Investment Scheme (SMIEIS)

The Small and Medium Industries Equity Investment Scheme (SMIEIS) is a voluntary initiative of the Bankers Committee, which was established to energize the economy by channeling funds from banks to the small and medium industries. The Scheme requires all banks in Nigeria to set aside 10% of their profit before tax, (PBT) as equity investment in SMEs. The fund is part of the banking industry's contribution to the Federal government's efforts towards stimulating economic growth, by developing local technology and generating employment, amongst others (Oladele, 2015).

The initiative, in addition to providing finance, also expects banks to identify, develop and package viable industries with enterprising customers. Through this scheme, banks are expected to jump-start the real sector of the economy by spearheading the establishment or the restructuring and financing of existing SMEs, many of which have become moribund, owing partly to poor funding (Oladele, Ogundipe, and Okolugbo, 2015).

The specific objectives of the Scheme are to facilitate the flow of funds for the establishment of new SME projects, reactivation, expansion, modernization or restructuring of on-going projects; and to stimulate economic growth, develop local technology and generate employment.

For the purpose of this scheme, a small and medium industry is defined as any enterprise (excluding trading) with a maximum asset base of N200 million, excluding land and working capital; and the number of staff employed by the enterprise not less than 10 and not more than 300.

The 10% of the profit before tax (PBT) to be set aside annually shall be invested as equity investment in SMEs. Funding to be provided under the Scheme shall be in the form of equity investment in eligible industries. This will eliminate the burden of interest and other financial charges expected under normal bank lending, as well as providing financial, advisory, technical and managerial support from the banking industry.

The ranges of activities in respect of which the funds shall be applied are those in the real sector of the economy such as agro-allied, information technology and telecommunication, manufacturing, educational establishments, services, tourism and leisure, solid minerals and construction. The Bankers' Committee was also recommending any other activity as may be found necessary. The scheme excluded trading.

To be eligible for equity funding under the Scheme, a prospective beneficiary shall:

a. Register as a limited liability company with the Corporate Affairs Commission and comply with all relevant regulations of the Companies and Allied Matters Act (1990), such as filling of annual returns, including audited financial statements;

b. Comply with all applicable tax laws and regulations and render regular returns to the appropriate authorities; and

c. Engage or propose to engage in any of the businesses set out in Clause (iv) above.

Equity investment under the Scheme may be in the form of fresh cash injection and/or conversation of existing debts owed to a participating bank. A participating industry may obtain more funds by way of loans from banks in addition to equity investment under the Scheme (Oyedijo, 2014). Eligible industries are free to approach any bank, including those they presently have relationships with, to seek funding under the Scheme.

Prospective beneficiaries should note that the bank might operate the Scheme either directly, through a wholly- owned subsidiary venture capital company or through venture capital companies floated by consortia of banks.

Prospective beneficiaries are advised to seek the opinion of third-party consultants such as lawyers, accountants, feasibility study experts and valuers to determine a fair value to be placed on the assets and capital of their business before or during negotiations with the banks (Oyedijo, 2011).

Beneficiaries are expected to ensure prudent utilization of funds, keep up-to-date records on the companies' activities under the Scheme, make the companies' books, records and structures available for inspection by the appropriate authorities (including banks, CBN, etc.) when required and comply with guidelines of the Scheme Provide monthly operational reports to the investing bank before the 15th of the following month.

## CONCLUSION

SMEs constitute the most viable and veritable vehicle for self-sustaining industrial development. From varied experience especially in developing countries, SMEs indeed posses' enormous capability to grow an indigenous enterprise culture more than any other strategy (Ajayi & Adebisi, 2006).

SMEs are primarily expected to serve as bedrock of supply of promising entrepreneurs who would be ready to take calculated chances to explore new ideas or favorable market development. They are also expected to assist further entrepreneurship and skill development.

In most developing economies, unemployment is the greatest threat to economic growth and development (Adaramola, 2012).

From the reviewed results so far of various study, employing various performance measures of SMEs showed the significance and importance of the level of policy support proxied by financial, infrastructural and technologically driven support on the performance of SMEs. Expectedly, for Nigerian SMEs to thrive, the importance of financial, infrastructural and technologically enhanced supports cannot be over emphasized.

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