

## Assessment of Government Policies on Small and Medium Scale Enterprises' Productivity in Ibadan Metropolis, Oyo State: an Empirical Survey

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### ABSTRACT

Small and Medium Scale Enterprises (SMEs) are generally regarded as the engine of economic growth and equitable development in both developed and developing economies. The study examined the extent at which government policies ameliorate negative effects of environmental factors affecting SMEs productivity in Ibadan Metropolis, Oyo State. It reviewed related concepts and adopted PESTEL analysis as theoretical framework. The study makes use of survey research design with administration of questionnaire and conduct of in-depth interview. The population comprises of about 600 staff of SMEs in six constituencies that makes up Ibadan Metropolis. It adopted stratified and simple random sampling to select 60 respondents for questionnaire purpose. Two staff and a manager in each six selected SMEs were randomly selected for in-depth interview. The study discovered that there are various government policies such as government intervention fund through Bank of Industry, incorporating entrepreneurship education into formal education, banned on importation of locally made goods, among others, put in place to alleviate negative effect of environmental factors affecting SMEs productivity in Ibadan Metropolis, Oyo State. The study concluded, among others that government policies has significant effect in alleviating negative effect of environmental factor affecting SMEs productivity in Ibadan Metropolis, Oyo State.

**Keywords:** Small and Medium Enterprises, Economics, Environment, Government, Growth.

### INTRODUCTION

In all economies, both developed and developing nations, but more in developing and fast growing economies, there is a consensus among the policy makers, administrator's researchers, donor and non-governmental organisations, that small and medium enterprises are the powerful driving force for industrial growth, economic and sustainable development. Small and medium scale enterprises (SMEs) are generally regarded as the engine of economic growth and equitable development in developing economies. They are labour intensive, capital saving and capable of helping create most of the one billion new jobs the world will need by the end of the century. They are also perceived as the key to Nigeria's economic growth, poverty alleviation and employment generation. (Agwu & Emeti, 2014)

According to the World Bank (2010), micro, small and medium-sized enterprises constitute 99% of an estimated 19.3 million enterprises in the European Union (EU) and provide about 65 million jobs representing two-thirds of all

employment. In the context of the developing world, SMEs in Africa constitute the larger proportion of businesses and employ a significant portion of the population, while Ojo (2003) also attributes the economic success of the Asian countries to the activities of SMEs. (Anane, Cobbinah & Manu, 2013).Evidences abound that in regions or economies where enterprises have been actively promoted and encouraged, their poverty rates have declined. This is especially true of Asia whereas in sub-Saharan Africa, more and more people have sunk deep into poverty. India, for instance, illustrates a model of bottom-up, demand driven, grass root-led economy depending much on local entrepreneurial energy and less on foreign direct investment. Her economic growth projected to be among the fastest in region is expected to be achieved via a young confident population as it releases its creative entrepreneurial energies. It is thus believed that India through its young population has great raw potential for high economic growth. Nigeria shares much in common with India in that they

are being endowed with a young vibrant population with entrepreneurial growth.

However, this will only become a reality if the necessary imperatives are in place to actively and consciously promote youth entrepreneurship using SMEs as the appropriate vehicles (Safiriyu & Njogo, 2012). This necessary imperative will come in form of, government actions and inactions, what government intend to do, or not intend to do, government line of actions and programmes, called government policy. Government had on various occasions promulgated different regulations for the basis of protecting the small scale enterprises. Some of the regulations according to Alawe (2004) are Nigeria Enterprise Promotion Act. No.3 of 1977, Patent right and Design Act. No 60 Of 1979, Customs Duties, dumped and subsidized goods Act. No. 9 of 1959, Industrial Promotion Act. No. 40 of 1979, among others.(Chukwuma & Chukwuma, 2015).

Despite the potentials, SMEs in Nigeria is faced with numerous challenges ranging from unviable sources of finance, poor infrastructural facilities such as power supply, good road, water supply among others, in the environment were the business was established, and ineffective and unfelt government policies, which is the focused of this research.

Komppula (2004) in Oluwadare & Oni (2016) identify some constrained of SMEs by two major factors: internal factors such as entrepreneur competencies, commitment, resource, strategic choice and, external factors like competitors, culture, technology, and infrastructure and government policy. Understanding determinant factors of SMEs performance is considered an important area of focus in Enterprises. From the foregoing, this study tends to examine the extent to which government policy put in place alleviate negative effects of the environmental factors on productivity of Small and Medium Enterprises (SMEs) in Ibadan Metropolis, Oyo State.

## **LITERATURE REVIEW**

### **Small and Medium Enterprises**

Attempt on the study of SMEs revealed that no specific definition exist that may be taken as a reference by economies, statistical agencies or researchers. Despite the lack of universality of the definition and the lack of alignment in the criteria, the importance of SMEs definition is inalienable. The definition of small and medium enterprises is important and useful: in the

preparation of statistics and the monitoring of the health of the sector over time; in benchmarking against other economies and between regions within an economy; in providing arbitrary thresholds for imposition of tax or other regulations; in determining eligibility for particular forms of public support (UNIDO OECD: 2004 in Berisha & Pula, 2015).

Lawal (2002) in Safiriyu and Njogo (2012), opines also that, there is no universal definition of small scale industry. Definition also changes overtimes, owing to changes in price level, advances in technology and other considerations. Criteria that may be used in the definition of SSIs on small scale enterprises (SSEs) often include turnover, gross output and employment. These factors are usually used because they are functional and easy to measure.

National Council of Industries at its 13th meeting in July, 2001 at Markurdi, Benue State (NCI – 13), defines SMEs as an industry with a total capital employed of over N50 million but not more than N200 million, including working capital but excluding cost of land, and or a labour size of 101 – 300 workers (Safiriyu & Njogo, 2012). In Obasan (2014), Burns (2001) stated that small scale business cannot be characterized as only scaled down versions of large firms since they show a number of fundamental differences which can be explained through absence of economies of scale and scope which amongst others is also caused by less provision of factors of production. Thus, Ciano (2011) in Obasan (2014) opined that there are four determining factors in any transformation initiative for any business entity. This includes duration of time between reviews of milestones; the project team's performance integrity which is the ability to complete the initiative on time that depends on members' skills and traits relative to the project's requirements; the commitment to change of the top management and employees affected by the change display and the effort over and above the usual work that the change initiative demands of employees.

The Nigeria Bank for Commerce and Industry (as cited in Imeokparia and Ediagbonya, 2014) defined a small scale enterprise as one whose capital does not exceed #750,000. The above definition plays emphasis on the capital requirement in the formation of the business. Though capital is not the only consideration in determining whether a business venture is a SMEs or not. According to Osazee and Anao (as

cited in Imeokparia and Ediagbonya, 2014), a small scale business is any business undertaken, owned, managed and controlled by not more than two entrepreneurs, has no more than twenty employees, has no definite organizational structure (that is, all employees report to the owners) and has a relatively small share of its market. In a similar vein, Inegbenebor (2006) in Imeokparia and Ediagbonya (2014) opined that the current industrial policy of Nigeria, Small and Medium Scale Enterprises (SMEs) are now defined on the basis of employment.

That is:

Micro/cottage industries 1 and 10 workers

Small – Scale Industries 11 and 100 workers

Medium Scale industries 101 and 300 workers

Large scale industries 301 and above

The development of many countries either developed or undeveloped is often measured by such indices as the level of industrialization, modernization, urbanization, gainful and meaningful employment for all those who are able and willing to work, income per capital, equitable distribution of income, and the welfare and quality of life enjoyed by the citizenry. There is no doubt that small scale enterprises exist in most economic environment (Imeokparia & Ediagbonya, 2014).

In Nigeria, SMEs cover economic activities within all sectors. It is clear from the various definitions, showing that there is no single concept that constitutes SMEs; the definitions vary across industries and the globe. SMEs are heterogeneous group, and SMEs owners may or may not be poor. Some are dynamic, growth-oriented, and innovative while others are not; there preferred to remain small and also to continue as usual. In some countries, SMEs owner and workers are (or are perceived to be) dominated by a member of particular ethnic groups (Hallberg, 2000 in Abdullahi *et al*, 2015).

### **Contribution of Small and Medium Enterprises (SMEs) to Economic Development of Nigeria**

Globally, small and medium enterprises (SMEs) have been recognised as a driver of economic growth and development. According to Ofoegbu, Akanbi and Joseph (2013), the Federal Government of Nigeria and indeed many developing countries over the years have emphasized the importance of small and

medium scale (SMEs) in the development of their economies. SMEs and entrepreneurship are now recognized worldwide as key source of dynamism, innovations and flexibility in advance industrialized countries as well as in emerging and developing economies. Interest on SMEs has equally been hinged on their potentiality to contribute to creation of jobs, reduction in income disparity, production of goods and services in the economy, as well as providing a fertile ground for skill development and acquisition, serve as a mechanism for backward integration and a vehicle for technological innovation and development especially in modifying and perfecting emerging technological breakthroughs (Folorunsho *et al*, 2015).

According to Kilby (1985), Interest on SMEs has been predicated on the alleged economic contributions and benefits of SMEs in the area of employment generation and economic development as well as poverty alleviation. A school of thought has indeed contended that SMEs are the panacea for the economic development of many developing countries including Nigeria. Emphasis has also been made in contemporary Nigeria on SMEs because of the expected contribution they could make in providing training ground for development and growth of indigenous entrepreneurs (Folorunsho, Abodunde & Kareem, 2015).

According to Ismaila (2012), the sector serves as a major catalyst for employment creation, national growth, poverty eradication, equitable income distribution and economic development and can boast of being the major employers of labour in the world due to its labour intensive production process, ease of start-up and operations in comparison to major industries and multinationals, due to its ease in start-up and operations. Past literature affirms that emerging countries with larger share of SMEs employment have higher economic growth than their counterparts (Motilewa, Ogbari & Aka, 2015).

Muritala, Awolaja and Bako (2012) also affirmed that SMEs has contributed to greater utilisation of local raw materials, employment generation, encouragement of rural development, development of entrepreneurship, mobilisation of local savings, linkages with bigger industries, provision of regional balance by spreading investments more evenly, provision of avenue for self-employment and provision of opportunity

for training managers and semi-skilled workers. The vast majority of developed and developing countries rely on dynamism, resourcefulness and risk tasking of small and medium enterprises to trigger and sustain process of economic growth. In overall economic development, a critically important role is played by the small and medium enterprises. Small and medium enterprises advocates, firstly, it endurance competition and entrepreneurship and hence have external benefits on economy wide efficient, and productivity growth (Folorunsho, Abodunde & Kareem, 2015).

The key roles of SMEs symbolize deployment of domestic savings for investment, important contribution to Gross Domestic Product (GDP) and Gross value, harnessing of native raw materials, employment creation, impoverishment reduction and alleviation, sweetening in customary living, increase in per capita financial gain, skills acquisition, save in technology and professional growth and diversification, curtailing rural-urban migration and resource utilization, contribution to the strength of business inter-linkages and integration mostly through the manufacturing of intermediate product to be used in huge-scale firms, this could but solely be accomplished with the actuality of a responsive and feisty industrial policy and linking government's overall economic development ways which can involve all shareholders and make sure the active and economical harnessing. Exports by SMEs naturally vary between thirty and fifty percent of total industrial exports in developed and developing countries (Motilewa Ogbari & Aka, 2015).

In tune with the newest developments within the world economy and also the attendant economic process effects, the role of SMEs going forward is sure to be even larger and additional pervasive, with a demonstrable impact on the rising world commerce order.

SMEs play a significant role in the transition of agriculture-led economies to industrial ones. They also help to absorb productive resources (local technology and raw materials) that would have otherwise been ignored by larger firms at all levels of the economy and add to the formation of flexible economic systems in which small and large firms are interlinked (Motilewa, Ogbari & Aka, 2015). According to Ahmad, Nenova and Niang (2009), Empirical studies as highlighted in SMEDAN (2010) show

that SMEs contribute to over 55% of GDP and over 65% of total employment in high-income countries, and account for over 60% of GDP and over 70% of total employment in low income countries, while they contribute about 70% of GDP and 95% of total employment in middle income countries. Edminston (2007) opines from the viewing platform of economic development that small businesses generate virtually half of new jobs in the economy, and it is presumed that they are good jobs. SMEs are the growth engines of the economy due to their ability to create jobs, foster entrepreneurship, alleviate poverty, accelerate growth bridge the gulf of income inequity and formation of forward and backward linkages and provide depth to the industrial base of the economy (As cited in Motilewa, Ogbari & Aka, 2015).

In Nigeria, CBN data shows that industries in Nigeria, with manufacturing taking the lead are comparatively dominated by SMEs; SMEs represent about 95% of the manufacturing sector, and 70 percent of industrial jobs in terms of number of enterprises, and an overall 96% of Nigerian businesses (Wahab and Ijaiya, 2006 cited in Motilewa *et al.*, 2015). In Nigeria, small businesses are generally found in small shops, hairstylists, trade men, photojournalists etc. According to SMEDAN, (2010), SMEs both in the formal and informal sectors employ over 60% of the labour force in Nigeria. More so, 70% to 80% of daily necessities in the country are not high-technology product, but basic materials produced with little or no automation. Most of these products come from Small and medium Enterprises.

Aremu and Adeyemi (2010) citing Basil (2005) discovered that the majority SME's in Federal Republic of Nigeria die inside their first 5 years of existence thanks to scant capital, lack of focus, inadequate research, over concentration on one or 2 marketplace for finished product, lack of succession arrange, ignorance, lack of correct book keeping, irregular power offer, infrastructural inadequacies (water, roads etc), lack of correct records or lack of any records in any respect, inability to separate business and family or personal finance, lack of business strategy, inability to tell apart between revenue and profit, inability to obtain the correct plant and machinery, inability to interact or use the correct calibre of employees and cut-throat competition (Motilewa *et al.*, 2015).

According to SMEDAN study of SMEs in 2010, it was revealed that, Total number of MSMEs in Nigeria stood at 17,284,671 (With micro standing at 17, 261,753, small at 21,264 and medium at 1,654). The initial start-up capital of micro enterprises significantly stood at less than fifty thousand Naira with small and medium enterprises averaging less than ten million Naira. MSMEs contribution to Nigeria's Gross Domestic Product stood at 46.54% in nominal terms for the year 2010. Manufacturing sector has the highest number of enterprises, followed immediately by Wholesale and Retail Trade, Repairs of motor vehicles and household goods. 57.5 percent of SMEs are sole proprietorship with 27.2 percent taking the form of Private Limited liability, with 97.4 percent of Micro enterprises taking the business form of Sole Proprietorship, and 2.4 percent partnership. Females account for 13.57 percent of ownership in the Sole Proprietorship and 86.43 per cent male ownership for SMEs. 43.60 per cent of business owners are in the 36-50 age groups, with 13.40 per cent under 36 years of age, 26.86 per cent between 51-60 years and 16.0 percent above 60 years of age. Personal savings (54.4% of surveyed businesses) is the main source of capital, followed by loan at 22.0 percent, followed by family source of capital at 16.7 percent. 51.7 percent monthly business turnover was recorded at below six million naira, followed by 21.5 percent at forty-five million naira in 2009. In 2010, below six million-naira turnover recorded 78.7 percent concentration, followed by 7.9 percent recording a sales turnover of forty-five million naira. 89.2 percent of SMEs in Nigeria as at 2010 have their operational monthly cost below ten million naira while the second dominance category at 5.2 per cent is six to fifteen million naira, (SME DAN, 2010). Averagely, 39.8 percent of SMEs make daily usage of alternative source of power in the range of 1-5 hours, while about 34.9 percent of the enterprises make daily usage of alternative source of power in the range of 6-10 hours, with about 12.0 percent making use of alternative source of power in the range of 16-20 hours. The total number of employees as at December 2010 was 32,414,884 persons, consisting of 39,478 persons in the small and medium enterprises with male employees dominating with 22,139 persons (56.08 percent) and 17,339 female and 32,375,406 persons in the micro enterprises, comprising of 18,662,943 males and 13,712,463 females (Motilewa *et al*, 2015).

### **Theoretical Framework**

This study is guided by PESTEL Analysis. A PESTEL analysis is a framework or tool used by marketers or entrepreneur to analyse and monitor the macro-environmental impact/effects on an organisation or a business. The result of which is used to identify threat and weakness which is used in a SWOT analysis. PESTEL stands for Political, Economic, Social, Technological, Ecological and Legal environments.

Political environment is all about how and to what degree a government intervene in the economy. This can include government policy, political instability or instability in overseas markets, foreign trade policy, tax policy, labour law, environmental law, trade restriction etc. It is clear from the list that political factors often have impact on organisation and how they do business. Economic factors include; economic growth, interest rate, exchanges rates, inflation, disposable income of consumers etc.

Social factors are; population growth, age distribution, health consciousness, career attitudes and so on. Technological factors are new ways to producing goods and services, new ways of distributing good and services and new ways of communicating with target markets. Ecological factors such as; faced with the risk that their source of raw material will be used up, pollution law etc and Legal factors include health and safety, equal opportunities, consumer right and laws, advertising standards etc. Government policies toward small and medium scale enterprises are channelled toward ameliorating the effect of environmental factors affecting SMEs productivity.

### **METHODOLOGY**

The research design that was adopted for this study is the survey and descriptive research design. This involved the administration of questionnaire and the conduct of personal in-depth interview with the various stakeholders where necessary. The study population involved staff and management of all Small and Medium Enterprises in Ibadan Metropolis, Oyo State. The choice of Ibadan is due to the existence of many first institutions such as University of Ibadan, Nigeria Institute for Social and Economic Research, Cocoa house, International Institute of Tropical Agriculture, among others. The city was the capital of the Old Western Region and largest city in Sub Sahara Africa with largely

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SMEs dominated activities. The study adopted a stratified and purposive sampling technique where one Small and Medium Scale enterprises was selected from each of the six federal constituency districts in Ibadan for questionnaire distribution. 10 questionnaires each, was administered to selected SMEs, totalled 60 copies questionnaire. The reason for this is that SMEs is homogenous in term of the group they belong in the economy, having similar challenges facing them in Ibadan Metropolis, Oyo State. Six Local Government was selected, one from each federal constituency district namely; Ibadan North, Ibadan North East, Ibadan Southwest,

Oluyole, Egbeda and Lagelu Local Government. Two (2) staff in each SMEs was selected for in-depth interview. Also, Heads of Operations or Manager in each SMEs was interviewed to elicit information on the assessment of government policies on SMEs productivity in Ibadan Metropolis, Oyo State. Data were also collected through secondary sources which include publications such as journals, textbooks, newspapers, bulletins, internet sources, and Act and Official gazettes. Descriptive and inferential statistical package was used in analysing the data collected.

### DATA PRESENTATION AND ANALYSIS

#### Extent to Which Government Policy Put in Place Alleviates Negative Effect of Environmental Factors on Productivity of SMEs in Ibadan Metropolis, Oyo State.

**Table4.1.** Government Intervention Fund through Bank of Industry

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Highly Effective	10	17.2	17.2	17.2
	Moderately Effective	8	13.8	13.8	31.0
	Effective	11	19.0	19.0	50.0
	Not Effective	14	24.1	24.1	74.1
	Undecided	15	25.9	25.9	100.0
	Total	58	100.0	100.0	

**Source:** Field Survey, August 2019

Table 4.1 above shows the analysis of extent of government intervention fund through bank of industry as a government policy to alleviate negative effect of environmental factors on SMEs productivity in Ibadan Metropolis. The result shows that 50.0% of the total respondents agreed that extent of government intervention

fund through bank of industry as a government policy to alleviate negative effect of environmental factors on SMEs productivity in Ibadan Metropolis is effective, 24.1% of the total respondents stated that it is not effective and 25.9% of the total respondents are undecided with the statement.

**Table4.2.** Incorporating Entrepreneurship Education into Formal Education

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Highly Effective	11	19.0	19.0	19.0
	Moderately Effective	29	50.0	50.0	69.0
	Effective	3	5.2	5.2	74.1
	Not Effective	13	22.4	22.4	96.6
	Undecided	2	3.4	3.4	100.0
	Total	58	100.0	100.0	

**Source:** Field Survey, August 2019

Table 4.2 above shows the analysis of extent of incorporating entrepreneurship education into formal education is a government policy to alleviate negative effect of environmental factor on SMEs productivity in Ibadan Mero polis, Oyo State. The result shows that 74.2% of the respondents agreed that extent of incorporating

entrepreneurship education into formal education is a government policy to alleviate negative effect of environmental factor on SMEs productivity in Ibadan Metropolis, Oyo State is effective, 22.4% of the total respondents opined that it is not effective and 3.4% of the respondents are undecided about the statement.

**Table4.3.** Central Bank of Nigeria Introduction of Central Collateral Registry Regulations

		Frequency	Percent	Valid Percent	Cumulative Percent
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Valid	Highly Effective	8	13.8	13.8	13.8
	Moderately Effective	20	34.5	34.5	48.3
	Effective	6	10.3	10.3	58.6
	Not Effective	18	31.0	31.0	89.7
	Undecided	6	10.3	10.3	100.0
	Total	58	100.0	100.0	

Source: Field Survey, August 2019

Table 4.3 above shows the analysis of extent of Central Bank of Nigeria introduction of central collateral registry regulation is a government policy to alleviate the negative effect of environmental factor on productivity of SMEs in Ibadan Metropolis, Oyo State. The result shows that 58.3% agreed that extent of Central Bank of Nigeria introduction of central

collateral registry regulation is a government policy to alleviate the negative effect of environmental factor on productivity of SMEs in Ibadan Metropolis, Oyo State is effective, 31.0% of the total respondents stated that is not effective and 10.3% of the respondents are undecided about the statement.

**Table 4.4.** Banned on Importation of Locally Made Goods

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Highly Effective	31	53.4	53.4	53.4
	Moderately Effective	22	37.9	37.9	91.4
	Not Effective	5	8.6	8.6	100.0
	Total	58	100.0	100.0	

Source: Field Survey, August 2019

Table 4.4 above shows the analysis of extent of banned on importation of locally made good is a policy of government to alleviate negative effect of environmental factor on productivity of SMEs in Ibadan Metropolis, Oyo State. The result shows that 91.4% agreed that extent of

banned on importation of locally made good is a policy of government to alleviate negative effect of environmental factor on productivity of SMEs in Ibadan Metropolis, Oyo State is effective, while 8.6% of the respondents stated that is not effective.

**Table 4.5.** Review of Business Registration Period and Procedure

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Highly Effective	37	63.8	63.8	63.8
	Effective	19	32.8	32.8	96.6
	Undecided	2	3.4	3.4	100.0
	Total	58	100.0	100.0	

Source: Field Survey, August 2019

Table 4.5 above shows the analysis of extent of review of business registration period and procedure as a policy of government to alleviate negative effect of environmental factors on productivity of SMEs in Ibadan Metropolis, Oyo State. The result shows that 96.6% agreed that extent of review of business registration period

and procedure as a policy of government to alleviate negative effect of environmental factors on productivity of SMEs in Ibadan Metropolis, Oyo State is effective, while 3.4% of the respondents are undecided about the statement.

**Table 4.6.** Introduction of Various Skill Acquisition Programmes

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Highly Effective	17	29.3	29.3	29.3
	Moderately Effective	33	56.9	56.9	86.2
	Not Effective	3	5.2	5.2	91.4
	Undecided	5	8.6	8.6	100.0
	Total	58	100.0	100.0	

Source: Field Survey, August 2019

Table 4.6 above shows the analysis of extent of introduction of various skill acquisition

programmes as a policy of government to alleviate negative the effect of environmental

factors on the productivity of SMEs in Ibadan Metropolis, Oyo State. The result shows that 86.2% agreed that extent of introduction of various skill acquisition programmes as a policy of government to alleviate negative the effect of environmental factors on the productivity of SMEs in Ibadan Metropolis, Oyo State is effective, 5.2% of the total respondents stated that is not effective and 8.6% of the respondents are undecided about the statement.

### **Interview Analysis**

#### ***What are the Government Interventions Put in Place to Alleviate Environmental Factors that you identified?***

The interviewee opined that, even though government has not done enough in areas of policies to alleviate environmental factors affecting productivity and performance of Small and Medium Scale Enterprises in Nigeria. Government has intervened through the like of Policy on Microfinance banks, banned on locally produce goods, government granting of tax holiday to business etc.

#### ***Do You Think Those Government Policies Alleviating Environmental Challenges are Effective***

Most respondents opined that government policies are not effective in alleviating environmental challenges facing productivity of Small and Medium Scale Enterprises in Ibadan Metropolis, Oyo State and Nigeria

#### ***How Can Government Improve in the Implementation or Formulation of Policies Relating to Environmental Factors Affecting Small and Medium Scale Enterprises in Osun State?***

Government should involve most entrepreneur in the formulation of policies concerning them. This makes it for the policy to be robust and address technical issues that may affect its implementation. It will help in the process of implementation as those on whom the policy will be implemented are aware already of the objective of the policy.

#### ***How Do You Think Those Environmental Factors Can Be Tackled to Alleviate its Effects on Enterprises Productivity?***

Respondents opined that solving environmental factors affecting productivity of Small and Medium Scale Enterprises in Ibadan Metropolis, Oyo State will involve commitment from the

political office holders or policy makers. Also, business owner should form an association to jointly tackle problem facing them as a group. There should be adequate entrepreneurship education in the country from secondary to tertiary level of education.

#### ***What are the Resultant Effects of Environmental Factors on the Productivity of This Organisation?***

Respondents opined that the resultant effect of environmental factors include; lack of profit, retrenchment of workers, liquidation or wind-up, inability for business to expand to its full capacity, increase in unemployment rate, slow economic growth and development etc.

### **CONCLUSION**

Small and Medium Scale Enterprises and its importance to economic growth and development to any nation of the world cannot not be overemphasized. SMEs serves as a major catalyst for employment creation, national growth, poverty eradication, equitable income distribution and economic development and can boast of being the major employers of labour in the world due to its labour intensive production process, ease of start-up and operations in comparison to major industries and multinationals, due to its ease in start-up and operations.

The SMEs in Nigeria have expanded following the adoption of the Structural Adjustment Programme (SAP) to fill the supply gap in industrial consumer goods created by the difficulties faced by large scale firms which have not easily adapted to the policy changes of SAP. This and other government policies such as introduction of entrepreneurship training in higher institution of learning, National Policy on Micro, Small and Medium Scale Enterprises in 2015, and the current buy-made-in-Nigeria campaign by the present administration.

All these government policies are yet to be fully explored to improve the performance of SMEs in Nigeria. SMEs have been view as only solution to the problem of high rate of unemployment among the youths of this nation. SMEs contributions to the Gross Domestic Product and national development over the years has been momentum, but could have been more only to the mirage of challenges facing its productivity. These challenges are examined to be environmental factors affecting productivity of Small and Medium Scale Enterprises in Nigeria over the years.

## RECOMMENDATIONS

Based on the foregoing evaluation of the effect of environmental factor on productivity of Small and Medium Scale Enterprises in Ibadan Metropolis, Oyo State, the following recommendations will be important in improving the productivity of SMEs through government policies amid environmental factors in Ibadan Metropolis and Nigeria in general.

- Government should reassess its various policies put in place to alleviate negative effect of environmental factor on the productivity of Small and Medium Scale Enterprises in Ibadan Metropolis, Oyo State and Nigeria.
- There should be provision of finance for intending entrepreneurs especially, teeming unemployed youth in the country to reduce the high rate of unemployment and improve economic development.
- Government should put more efforts in the provision of infrastructural facilities to provide better environmental for Small and Medium Scale Enterprises to thrive in Ibadan Metropolis, Oyo State and Nigeria.
- There is need to strengthen policy on Micro finance banks to ensure it is channelled toward Small and Medium Enterprises and reduce its requirement for granting loan for small businesses.

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