

The Status of Entrepreneurship Support Agencies (ESAs) in Lagos State, Nigeria

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Abstract

The purpose of this paper is to appraise theoretically and empirically the status of ESAs in Nigeria. Government agencies, organized private sector, industrial associations and international institutions constitute ESAs in Nigeria and have been in the forefront of MSMEs' development, through enabling environment. The study used a qualitative multiple case study by purposively contacting 56 SME operators in Matori, Lagos Industrial Centre for interview. Data were gathered from 30 firms that agreed to participate through structured interview and relevant documents. The content analysis of available information reveals the interaction of SMEs with regulatory agencies for certification. However, a performance appraisal of ESAs indicates that these agencies have been ineffective due to poor implementation resulting from challenges such as bureaucratic bottleneck, high costs of services, corruption, lack of infrastructure and inadequate staffing to mention just a few. The paper, therefore, recommends a change in value system, empowerment of ESAs, availability of MSMEs' databases, effective communication and publicity, and consolidation of existing ESAs with duplicating roles for ESAs to be relevant in MSMEs' development.

Keywords

Entrepreneurship, Micro, Small And Medium Enterprises (MSMEs), Entrepreneurship Support Agencies (ESAs).

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Introduction

Nigeria is a popular Africa country, blessed with 177.5 million populations. It has a Gross Domestic Product (GDP) of 568.5 billion dollars and GDP growth rate of 6.3% which is considered as one of the highest rates in the continent (World Bank, 2014). Nigeria belongs to NEKS, an acronym for Nigeria, Egypt, Kenya and South Africa. These countries have been described by analysts as nations with high potentials for Foreign Direct Investment (FDI) (Adebakin, 2013). Nigeria is endowed with multifarious and multitudinous resources, both human and material, and a conducive climate for agricultural production. The country has a dual economy and is regarded as the world's sixth largest oil producer, with largest gas reserves in the continent.

Nigerian population and resources offer great opportunities for growth and development. However, it is regrettable that the nation is ranked among the poorest with high rate of youth unemployment and poverty (Ayandike et al, 2012; World Bank, 2014). Poverty and unemployment have remained the major developmental challenges in Nigeria (Asaju et al., 2014; Akwara et al., 2013). These social problems are manifested in high crime rate such as armed robbery, advance fee fraud corruption, prostitution, drug trafficking, cultism and other social vices (Oviawe, 2010).

Successive Nigerian governments have made robust attempts to tackle problems of poverty and unemployment through macro-economic policies. Majority of these programmes failed and have defiled all economic policies due to the neglect of SMEs and provision of institutional framework that exclusively favours large enterprises (Oyelaran- Oyeyinka et al., 2007). Hence, there is a need for effective employment policy through ESAs that will stimulate, support and sustain job and wealth creation (Odeh & Okoye, 2014; Raimi, Lawal, & Moshood, 2014).

Theoretically, SMEs have been acclaimed to be the engines for economic development, innovation, employment generation, poverty

alleviation, wealth creation, and venture start-up. The recent upsurge of interest in SMEs by developing countries (including Nigeria) has been attributed to the success stories of developed nations and emerging economies where SMEs have contributed to industrialization. The performance of SMEs depends critically on some key success factors. While ability to achieve optimum productivity and innovation is contingent on continuous acquisition and mastery of technology, SMEs' success can be hampered in a hostile operating environment (Oyelaran-Oyeyinka et al., 2007; Adejumo, 2011). Oyelaran-Oyeyinka et al. (2007) identified the determinants of SMEs' success including incentive structure, right personnel, availability of appropriate technology, finance and government supports. In a broad term, the last three factors fall under business support services.

Presently, some Nigerian institutions are charged with the responsibility of providing business support services to SMEs. Nigerian SMEs now need greater interaction with ESAs as competition is now knowledge based and innovation driven. Modern competition according to Porter (1998) depends not on accessibility of production factors but ability to acquire knowledge, internalize such knowledge and continuously engage in networking with relevant organizations.

In recognition of SMEs' role on sustainable development, many countries have instituted entrepreneurship support network and structures for the growth of SME subsector. Entrepreneurship Support Agencies (ESAs) have had varied levels of success in different countries around the world. In the U.S., ESAs were found to be instrumental to the development of SMEs subsector and industrialization. For example, the U.S. Small Business Administration (SBA) remained the single financial banker of US SMEs (SBA, 2015). In Nigeria, the establishment of ESAs was principally in response to environmental challenges particularly, the prevailing socio-economic problems. It would seem reasonable for Nigerian SMEs to exploit the opportunities offered by these agencies to ensure that SMEs progressively increase their contributions to

sustainable growth. However, the effectiveness of these agencies over the years has been a subject of debate.

While Ofuani et al. (2015), and Ekanem (2011) considered some of these agencies to be effective and efficient in fulfilling their objectives, Adejumo (2011), Osunde (2016), and Tende (2014) reported poor performance of ESAs due to some challenges (Ose meke, 2012). This paper's key argument is that economic development is highly related to the level of entrepreneurship activities in the SMEs and the level of entrepreneurship activities depends on the extent of which the enabling environment is created to support and develop entrepreneurship ventures.

Ideally, SMEs' interactions with ESAs constitute an important strategy in entrepreneurship development. It will assist SMEs in gaining access to expensive services that are beyond their capabilities (Oyelaran-Oyeyinka et al., 2007). ESAs are therefore key drivers of entrepreneurship development in SMEs (Tende, 2014). Institutional supports for stimulating, supporting, and sustaining entrepreneurship in SMEs are achieved through the prism of ESAs (Watson et al., 1998). The challenge is therefore, how to improve the scope and quality of services offered by these institutions.

Statement of the Problem

There appears to be few empirical studies on ESAs in Nigeria. Most entrepreneurship literature assesses the success of entrepreneurship development either at micro level, that is, individual characteristics (entrepreneurship attributes) or macro level. The key issue in ESAs is to evaluate their impact on entrepreneurship development but literature in this area is relatively scanty (Bare's, 2004). ESAs' effectiveness must be examined to assess their impact on new venture creation and socio-economic development.

To address the foregoing issues empirically, the following research questions are proposed:

- To what extent are ESAs effective in service delivery of Nigerian SMEs?
- What are the challenges faced by ESAs in discharging their roles

and responsibilities?

- How can the performance be improved for effective and efficient service delivery?

This paper, therefore, seeks to appraise the effectiveness of ESAs in Nigeria, and thus, proposes some plausible strategies that can promote effective performance and ultimately engender sustainable economic growth. The rest of the paper is structured as follows: Section two explains the conceptual and theoretical framework. Section three focuses on the review of literature on the appraisal of these agencies. Section four deals with the methodology and results, and finally the conclusion and recommendations are addressed in section five.

Conceptual Framework

Characteristics and Definitions of SMEs in Nigeria

SMEs in Nigeria are heterogeneous. They operate in variety of industries including manufacturing leather, weaving traditional dress *Aso Oke* in the rural areas, the retail shop owners, the cyber cafés, small sophisticated software engineering firms exporting their products overseas, and medium chemical firms selling their products to multinational pharmaceutical companies. The owner may be poor or rich. The business may be formal or informal and operating in local, national or international markets with different levels of skills, capital and growth orientation (Oyelaran-Oyeyinka et al., 2007).

One of the most significant contributions of the ESAs is the provision of Business Development Services (BDS) (Oyelaran-Oyeyinka et al., 2007). These services are important, particularly during venture start-up phase (Watson et al., 1998). The Committee of Donor Agencies for Small Business Development defines BDS to include the following “training, consultancy, and advisory services, marketing assistance, information technology development and transfer and business linkage promotion” (World Bank, 2001). These services cover “operational” and “strategic” business services. Operational services are useful for short term operations. Strategic services are required to address medium and long term issues for performance improvement

Ideally, SMEs' interceptions with ESAs constitute an important strategy in entrepreneurship development. It will assist SMEs in gaining access to the service what otherwise will be expensive (Oyelaran-Oyeyinka et al., 2007). ESAs are key drivers of entrepreneurship development in SMEs (Tende, 2014). Institutional support stipulating, supporting and sustaining entrepreneurship, in SMEs is achieved through the prism of ESAs (Watson et al., 1998). SMEs lack universal definition. Scholars, experts and institutions have attempted to define SMEs using qualitative and quantitative indicators such as legal status, ownership structure, type of technology, number of employees, investment value, sales volumes, net worth and profitability (Anyanwu, 2001; Lawal et al., 1997; Desai, 2000). Statistical definitions of SMEs vary by country. However, the commonly used criteria are number of employees, asset value, and turnover due to ease of collection of these data.

In Nigeria, various definitions of SMEs are adopted by ESAs responsible for promoting SMEs subsector. Table 1 in the Appendix provides a summary of such definitions.

Entrepreneurship Support Agencies

SMEs' sustainable success is strongly linked to supportive operating environment, access to technology, management and finance (Lawal, 2011). Entrepreneurship support agencies are the set of government and institutional arrangements for the design and implementation of SME policies (OECD, 2004).

Nigerian SMEs cannot operate successfully without assistance from relevant support agencies (Lawal, 2005; Tende, 2014; Oyelaran-Oyeyinka, 2007). These agencies exist to promote entrepreneurship through participating, regulatory and facilitating roles. Industrial associations are also encouraged to foster harmony and networking. The government also collaborates with some international organizations for SME development (Lawal et al., 2013). Meanwhile, Non-Government Organizations (NGOs) and organized private sectors over the years have played active role in creating favourable environment for development of SMEs (Lawal, 2005). Table 2 in the Appendix provides a list of some ESAs in Nigeria.

Perhaps the establishment of Industrial Development Centres (IDC) by the governments was an important effort in promoting SMEs (Ogunleye, 2004; Adejumo, 2011). The Ministry of Trade and Industry of Eastern Nigeria established the first IDC in 1962. Subsequently, the federal government took over this centre and initiated setting up other industrial centres under the second National Development Plan (1970-1975). These centres were established to provide practical assistance to entrepreneurs in management and technology areas, on-the-job training facilities for artisans, business counselling, feasibility studies, technical guidance, training programs, loans and follow-up for graduate trainees (Olagunju, 2004).

Theoretical Framework

The interface between ESAs and entrepreneurial culture has been a subject of debate in entrepreneurship literature. Two major theoretical perspectives are usually considered (Abimbola & Agboola, 2011). The traditional perspective is based on Thornton's (1999) and Borkowskin and Kulzick's (2006) notion that individuals born with business acumen create entrepreneurship and the presence of such special people will lead to economic development. The theory assumes that economic development is contingent on availability of special individuals with entrepreneurial traits. Thornton's (1999) position corroborates early opinions on entrepreneurship (Weber, 1947; McClelland, 1961).

Meanwhile, the recent macro perspective of ESAs argues that success in entrepreneurship does not depend exclusively on availability of entrepreneurs but creation of enabling environment for entrepreneurship development. The imperative of a conducive environment for entrepreneurship is emphasised (Yemoah et al., 2014; Abimbola & Agboola, 2011).

In Nigeria, most ESAs focus on SME development. Eliasson and Eliasson (2005), in their theory of strategic acquisition, compare the capabilities of SMEs and large enterprises. They recognise that large firms have the advantages of large scale production and operational efficiency; the formalized structures of these enterprises make innovative capability a challenge. The small firms are less formal and

more flexible and therefore, capable of generating new ideas and products by radically pursuing innovations. The implication is that large enterprises have the wherewithal to grow and survive but lack innovative capacity. Small firms have the knowledge and ideas but no resources to transform innovations into reality.

Khajeheian (2013) purposed an expanded theory of strategic acquisition by recommending an efficient market which provides for a match between large and small enterprises through facilitators. The facilitators are the bridges between innovation advantage of SMEs and operational efficiency of large scale enterprises. This position is reinforced by Khajeheian and Tadayoni (2016) in the "Consequence Based Theory", a proposition that competency of large enterprises in large scale operations should be integrated with small scale innovative capability (Eliasson, 1998).

The trust of this paper is based on Khajeheian's (2013) theory; it proposes that ESAs are facilitators and can use their access to key resources to enhance their roles in SMEs' development and subsequently successful large scale enterprises for sustainable economic development. This proposition is represented in Figure 1 in the Appendix.

Status of Entrepreneurship Support Agencies (ESAs) in Nigeria.

ESAs constitute an important framework for vibrant SME subsector. These agencies have evolved programmes aimed at providing comprehensive support for SMEs in areas such as financing, business development, youth development, incubation and technology acquisition and transfer, productivity enhancement and skills development to mention just a few.

Government ESAs

Nigerian governments have been in the forefront of SMEs development. The government is actively involved in designing fiscal and monetary policies and incentives for entrepreneurship development through the Ministries, Departments and Agencies (MDAs). Examples are CBN, BOI, SMEDAN and NEXIM to mention just a few. Apart from provision of finance, these agencies are actively

involved in facilitating and guaranteeing external finance and incorporate support for SMEs in annual budgets and various national development plans (Lawal, 2005). The federal government also adopted a strategy of training and motivating unemployed graduates through the NDE. The CBN as Nigerian apex bank, apart from its developmental functions is responsible for implementing various policies for SMEs growth. Small and Medium Industries Equity Schemes (SMIES) (2001), Small and Medium Enterprises Credit Guarantee Scheme (SMECGS) 2010 are few examples (CBN, 2014). In addition, the bank collaborates with international organizations for implementation of SMEs' programmes (Lawal, 2005). The federal government also encouraged the participation of organized private sector in SMEs' financing (CBN, 2013).

In each state of the federation and local governments, there are industrial units of the Ministry of Commerce and Industry established to promote entrepreneurship in SMEs. These units collaborate with other relevant ESAs. Services rendered include financial and technical supports for SME (NBS, 2010).

Industrial associations. A number of industrial associations such as NASSI, NACCIMA, MAN, NASME, and so forth have recognized SMEs as agents for economic development. Traditional roles of industrial associations are quite straight forward. As independent bodies, they further the interest of their members and respond to external events. With few notable exceptions, they are very small, informally organized, and lack capacity to provide wide range of services. In spite of these weaknesses, they have vital role to play in successful design and implementations of SMEs' competitive strategy (Oyelaran-Oyeyinka et al., 2007).

International organizations. Apart from government and private initiatives for SMEs' development, international organizations such as UNDP, UNICEF, ADB, IMF, and World Bank are also involved in SMEs development (Lawal, 2005). The cornerstone for these organizations in promoting SMEs is to level the playing field by creating equal opportunities for all categories of business enterprises (Schiffer & Wader, 2001). International institutions usually

collaborate with government, organized private sector and NGOs in implementing their supporting programmes.

Status of performance. A critical appraisal of the foregoing ESAs will reveal that despite enormous resources committed to these agencies, they have witnessed limited success due to some environmental forces (Briere et al., 2015). These initiatives have been crippled by a number of challenges. Majority of these ESAs exist only in theory and not in practice.

Financing is acknowledged as a strategic role of ESAs. Unfortunately, the funds, incentives and other materials hardly reach the desired MSMEs as they may be lost due to corruption, high risk, low human capacity, and informal nature of most Nigerian MSMEs. The unorganized nature of most Nigerian MSMEs is manifested in lack of business plan, absence of marketing strategy, no sound accounting system, improper book keeping, inability of presenting bankable feasibility report, and transactions not run through the banking system. All these constitute impediment to credit delivery of ESAs and their active involvement in MSMEs' subsector. This position was affirmed by Tende's (2014) survey of EDP-NDE beneficiaries. The study revealed insignificant impact of government SME policies and that most EDP-NDE beneficiaries did not derive maximum satisfaction from government programmes and policies and often government policies were compromised by other policies.

The success of ESAs has been affected by dearth of manpower to supervise and monitor projects. The agencies are staffed with unqualified personnel without cognate experience and integrity; majority of these officials are appointed based on political affiliations for the benefit of sponsors and at the detriment of the nation. This invariably resulted into funding of unviable projects and massive repayment default. (Sanusi, 2003). Funding of ESAs has been a major challenge. It has considerable impact on the ability of these institutions to provide required infrastructure for quality service delivery.

The bandwagon effect of corruption in the Nigeria business environment is also affecting ESAs. In some cases, poor

implementation of ESAs initiatives results into the funds, incentives and other materials not reaching the target sector. Corruption strikes at the major elements of sustainable ESAs by breeding irrational decisions waste of resources and loss of credibility (Lawal, 2005). In addition, the bureaucratic bottleneck that characterizes operations of ESAs may affect the desire to initiate and sustain a business. MSMEs may be discouraged to start a business if they have to spend more time and money fulfilling the procedural requirements of ESAs.

The dearth and paucity of credible and reliable MSMEs data base is another challenge towards evolving a strategic plan for MSMEs subsector. Absence of accurate, timely and efficient data will constrain government initiatives in repositioning the MSMEs.

Information on ESAs various opportunities offered, legal and regulatory requirements and even basic procedure are unknown to most prospective Nigerian entrepreneurs. Also, the attitude of MSMEs to ESAs initiatives constitutes a major problem. Majority of MSMEs are averse to partnership and equity participation. For instance, SMEIS initiative had a cumulative N42 billion in 2007 which was not effectively utilized by Nigerian MSMEs because they did not subscribe to equity participation for fear of diluting the controlling interest.

The design and implementation of ESAs programmes are critical success factors in SMEs development. (Ika et al., 2012). Poor planning, limited feedback, weak control mechanism, inadequate risk assessment, bureaucratic control and lack of interaction among the agencies are factors that may cause the programmes to fail (Trembley et.al, 2013) Several ESAs projects also failed due to top down approach of the agencies by ignoring the local knowledge and role of stakeholders during their conceptualization and implementation. (Trembley et al., 2013).

Finally, there are many facets of ESAs in Nigeria with overlapping roles. Some industrial associations play duplicating roles in SMEs development. The functions of NASSI, NASME and NACCIMA in SMEs development are identical. Similarly, government agencies such as SMEDAN, NDE, etc. have identical roles. This proliferation may

feather the nests of few stakeholders. ESAs lack harmony and complementary (Oyelaran-Oyeyinka et al, 2007).

Methodology and Results

Methodology

The study adopted a qualitative case study design in view of the exploratory nature of the research. Case studies are appropriate when investigating the emerging phenomena that have not been fully studied (Yin, 1989). In addition, case studies can serve as a means of exploring the existing theory and providing direction for new research questions (Saunders et al., 2014). Meanwhile, the case study approach was adopted based on the following:

- Appraisal of ESAs in Nigerian SMEs is considered new in entrepreneurship research.
- Detailed information is required on the effectiveness of ESAs

Effectiveness of ESAs was analysed across different SMEs for thorough understanding of the issue. The participating SMEs were selected purposively based on the foregoing criteria. First, they reflect characteristics of SMEs. Second, they are SMEs operating in industrial centres and have interacted with one or more ESAs in the course of their operations.

Data were collected on the status of Nigerian ESAs from two major sources: Semi-structured interview and archival documentation. Data collection took place from November 2015 to December 2016 in two phases: A qualitative phase in which 30 semi-structured interviews with SMEs focusing mainly on ESAs' service delivery. Subsequently, internal documents such as organization brochures, newsletters and company's websites were collected for content analysis. The goal was to capture organizations' characteristics that were unambiguously and explicitly communicated by the management. Interviews were considered as appropriate given the need to explore interpretations and interests and the exploratory nature of this research (Bryman & Bell, 2014). The interviews were conducted during the site visit and informants were adequately briefed beforehand regarding the scope of research.

The research focused on SMEs operating in Matori, Lagos State. The selection of Lagos was based on the cosmopolitan nature of the State. Lagos State has a very diverse population including foreigners and Nigerians from different tribes. Religious diversity is also rich; the state has many Muslims, Christians and other faiths. Its small landmark does not encourage exclusive agricultural activities. According to the 2013 Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) and National Bureau of Statistics' (NBS) collaborative survey, the number of MSMEs as in 2013 stood at 37,067,416 and Lagos State had the highest number of MSMEs (SMEDAN & NBS, 2013). The State is the commercial nerve centre of the country. With its vintage position, it has the largest concentration of different industries.

First contacts were made with thirty SMEs in Matori Industrial Centre of Lagos State, Nigeria. As on 17th November, 2015, fifty seven SMEs were operating in Matori Industrial Estate of Lagos State which constituted the practical population. Twenty seven declined to participate and therefore were excluded in the study. The thirty SMEs that agreed to participate were interviewed to clarify their experience on ESAs, particularly benefits gained, effectiveness of services rendered and major challenges. After the interview, participating respondents were requested to offer relevant documents on the organizational profile. The SMEs were chosen because of the significant role they play in the national development.

Results

Thirty SMEs from a variety of industries participated in the study. The responses of the entrepreneurs and results of content analysis of relevant documents regarding the profile of their organizations are shown in Table 3.

Table 3. Profile of Participating Firms

Case	Activity of the Organization	Year of ESTAB	Investment	Turn Over	No of Employee
1	Printing	2000	N10,000,000	N2,000,000	10
2	Manufacturing	1998	N29,000,000	N8,000,000	28
3	Publishing	2001	N15,000,000	N4,000,000	12
4	Sachet & Table Water	2002	N8,000,000	N2,000,000	9
5	Poly Product	1996	N11,000,000	N4,000,000	22
6	Metal Construction	1998	N18,000,000	N5,000,000	18
7	Manufacturing	1999	N27,000,000	N9,000,000	28
8	Polythene Nylon	2000	N12,000,000	N7,000,000	25
9	Soap Making	1997	N5,000,000	N400,000	6
10	Industrial Generator	2001	N28,000,000	N5,000,000	11
11	Ice Cream	2002	N2,000,000	N300,000	8
12	Ice Block	2003	N1,000,000	N150,000	5
13	Insecticides	1992	N8,000,000	N3,000,000	12
14	Paint	1998	N12,000,000	N2,000,000	13
15	Furniture	1997	N6,000,000	N2,000,000	8
16	Wine	1996	N15,000,000	N4,000,000	13
17	Manufacturing	1995	N2,000,000	N500,000	6
18	Animal Feeds	1993	N4,000,000	N1,000,000	10
19	Sachet & Table Water	2004	N7,000,000	N2,000,000	9
20	Chocolate	2007	N4,000,000	N900,000	9
21	Smoked Fish	2009	N1,000,000	N200,000	5
22	Electrical Panel	2002	N2,000,000	N300,000	6
23	Garments	2004	N1,000,000	N250,000	6
24	Construction	1995	N16,000,000	N4,000,000	12
25	Furniture	2001	N3,000,000	N1,000,000	6
26	Printing	1995	N7,000,000	N2,000,000	7
27	Insecticide	2000	N6,000,000	N2,000,000	9
28	Manufacturing	1995	N21,000,000	N5,000,000	15
29	Garments	1999	N2,000,000	N400,000	6
30	Construction	1994	N15,000,000	N5,000,000	11

Source: Field Interview, 2016.

From Table 3, many of the responding firms belong to the manufacturing sector with at least seven years of experience. The investment outlay ranges from N1 million to N29 million. Turnover is N150, 000 and N9 million. The firms' employment size is between 6 and 28. The foregoing analysis attests to the fact that the companies studied are typically Nigerian small organizations.

Generally, participating firms interact with ESAs as revealed by the results of the interview in Table 4.

Table 4. Status of Interaction of SMEs with ESAs

Case	Activity of the Organization	Interact with ESAs?	ESAs Commonly Used	Benefits from ESAs
1	Printing	YES	NDE, SON	SON Certificate
2	Manufacturing	YES	SON, NDE	SON Certificate
3	Publishing	YES	SON, NDE	SON Certificate
4	Sachet & Table Water	YES	NAFDAC	Issuance of NAFDAC No.
5	Poly Product	YES	SON, NDE	SON Certificate
6	Metal Construction	YES	SON, NDE	SON Certificate
7	Manufacturing	YES	SON, NDE, BANK	SON Certificate
8	Polythene Nylon	YES	SON, NDE	SON Certificate
9	Soap Making	YES	NAFDAC	SON Certificate
10	Industrial Generator	YES	SON, NDE	SON Certificate
11	Ice Cream	YES	NAFDAC	Issuance of NAFDAC No.
12	Ice Block	YES	NAFDAC	Issuance of NAFDAC No.
13	Insecticides	YES	NAFDAC	Issuance of NAFDAC No.
14	Paint	YES	SON, NDE	SON Certificate
15	Furniture	YES	NDE, BANK	SON Certificate
16	Wine	YES	NAFDAC	Issuance of NAFDAC No.
17	Manufacturing	YES	SON, NDE	SON Certificate
18	Animal Feeds	YES	NAFDAC	Issuance of NAFDAC No.
19	Sachet & Table Water	YES	NAFDAC	Issuance of NAFDAC No.
20	Chocolate	YES	NAFDAC	Issuance of NAFDAC No.
21	Smoked Fish	YES	NAFDAC	Issuance of NAFDAC No.
22	Electrical Panel	YES	SON, NDE	SON Certificate
23	Garments	YES	SON, NDE	SON Certificate
24	Construction	YES	SON, NDE, BANK	SON Certificate
25	Furniture	YES	NDE, BANK	SON Certificate
26	Printing	YES	SON, NDE	SON Certificate
27	Insecticide	YES	NAFDAC, BANK	SON Certificate
28	Manufacturing	YES	SON, NDE	SON Certificate
29	Garments	YES	NDE	SON Certificate
30	Construction	YES	NDE, BANK	SON Certificate

Source: Field Interview, 2016.

All the interviewees expressed that they interacted with ESAs. However, the responses illustrated in Table 3 indicate that the interaction of participating firms is limited to regulatory agencies, particularly SON and NAFDAC; only few of these organizations interact with NDE and banks. None of these organizations indicate their interaction with international organizations, professional organizations, and organized private sector. As expected, the main benefits resulting from the interaction of the participating firms with the regulatory agencies are certification, standardization and financial assistance. Majority of the respondents considered issuance of certificate as the benefit of ESAs.

Nigerian government realizes the responsibility of protecting the citizens, by not only promulgating laws and decrees but also creating regulatory agencies like SON, NAFDAC, etcetera to ensure compliance (Ofuani et al., 2015). In addition, interventionist agencies such as SMEDAN, NDE, BOI, etcetera are established to provide variety of support services for Nigerian SMEs (Osemeke, 2012). Services here imply to tangible or intangible products provided by these agencies to improve the well-being of citizenry (Asaju et al., 2013). There is no doubt that effectiveness of these agencies is mixed. While researchers on regulatory agencies attested to the good performance of ESAs, others who focused on financing and support agencies reported failure of these agencies due to some challenges. An analysis and effectiveness of ESAs and challenges is provided in Table 5.

Table 5 indicates that ESAs have not been very effective. Only three companies (Cases 23, 23, and 25) are adjudged to be very effective. Most respondents consider ESAs to be fairly effective, while some respondents, specifically 8 firms indicate that ESAs are ineffective. Meanwhile, the performance of these agencies has been a major obstacle to SMEs' development.

The implications of the foregoing findings are that there is little formal support beyond regulation of SMEs and other institutional supports for SMEs are weak (Oyelaran-Oyeyinka, 2007; Osemeke, 2012; SMEDAN & NBS, 2013)

Table 5. Effectiveness and Challenges of ESAs.

Case	Activity of the Organization	Very Effective	Fairly Effective	Not Effective	What are the challenges faced in accessing services of ESAs
1	Printing		x		Not always available
2	Manufacturing		x		Process is too cumbersome
3	Publishing		x		Process is too cumbersome
4	Sachet & Table Water		x		ESA staff demand for bribe
5	Poly Product		x		Process is too cumbersome
6	Metal Construction		x		Demand for bribe
7	Manufacturing		x		No time for SMEs
8	Polythene Nylon		x		Process is too cumbersome
9	Soap Making		x		Process is too cumbersome
10	Industrial Generator		x		SON standard is too high
11	Ice Cream			X	Process is too cumbersome
12	Ice Block			X	NAFDAC charges is too high
13	Insecticides		x		No time for SMEs
14	Paint			X	Condition is too high
15	Furniture		x		Process is too cumbersome
16	Wine			X	NAFDAC charges is too high
17	Manufacturing		x		Condition is too high
18	Animal Feeds			X	NAFDAC charges is too high
19	Sachet & Table Water		x		ESA staff demand for bribe
20	Chocolate				NAFDAC charges is too high
21	Smoked Fish			X	NAFDAC charges is too high
22	Electrical Panel		x		Condition is too high
23	Garments	X			Condition is too high
24	Construction	X			Condition is too high
25	Furniture	X			Condition is too high
26	Printing			X	Process is too cumbersome
27	Insecticide			X	Process is too cumbersome
28	Manufacturing		x		Process is too cumbersome
29	Garments		x		SON standard is too high
30	Construction		x		SON standard is too high

Source: Field Interview, 2016.

The challenges faced in accessing ESAs services based on the interview with participating firms are reported in Table 5. These challenges can be classified as internal and external challenges. They are not exhaustive but reveal some of the significant challenges experienced by the Nigerian SMEs. ESAs have been experiencing difficulties in performing their statutory functions owing to some internal and external challenges. The results of the interview above provided insights into challenges faced by agencies established for supporting entrepreneurship in Nigerian SMEs.

Internal challenges include drawbacks such as inadequate funding, partial approach to entrepreneurship, inexperience, poor working conditions, and bureaucracy (Osunde, 2016; Oduyoye et al., 2013). Corruption is a major pricing issue in Nigeria (PWC, 2016). It affects public finances, business investments as well as standard of living. There is no doubt that the high rate of corruption in ESAs has great implications for effective service delivery. This is because ESAs are the major implementers of policies and programmes for SMEs development (Asaju et al., 2013). It is however inappropriate for SMEs that are supposed to enjoy their services to be subjected to all forms of ridicule and frustration for observing and maintaining ethical standards.

Conclusion and Recommendations

The study provides an account of the status of ESAs in Nigeria. ESAs have become viable and increasingly important in SMEs' development. Institutions are not just organizations. Organizations become institutionalized and secure their legitimacy in the long run process of serving and being effective in their mandate (Oyelaran-Oyeyinka, 2007).

From the study, it is concluded that for SMEs to grow and maintain a sustained competitive trajectory, business support services are required; this is because SMEs lack a brand range of internal capabilities for business and innovation due to infrastructure challenge and effective services of ESAs are required by SMEs to tap into the knowledge external to them.

The internal challenges include drawbacks such as inadequate funding, partial approach to entrepreneurship, inexperience, poor working condition, and bureaucracy (Osunde, 2016; Oduyoye et al., 2013). Corruption is one of the major pressing external challenges in Nigeria (Price Water House Cooper, 2016). It affects public finances, business investments as well as standard of living. There is no doubt that the high rate of corruption in ESAs has greater implications on effective service delivery. This is because ESAs are the major implementer of policies and programmes for SME development (Asaju et al., 2013). It is, however inappropriate for SMEs that are supposed to enjoy their services to be subjected to all forms of ridicule and frustration for observing ethical standards.

The global competitive environment demands for increasing relevance of MSMEs' subsector through active involvement of ESAs in developing indigenous entrepreneurs and growth of MSMEs. The existing ESAs in Nigeria have recorded limited success. This is manifested in the costs of operating SMEs in Nigeria. As rightly asserted by the World Bank Report (2014):

“Cost of providing infrastructural facilities by SMEs in the absence of support facilitates is estimated about 15-20% of the cost of establishing a manufacturing establishment in Nigeria. Unpredictable investment environment, fluctuating exchange rate, high incidence of government regulatory agencies, taxes and levies by different governments resulted in high costs of operations.”

Nigerian governments must play a critical role in the development of MSMEs (Oyelaran-Oyeyinka, & McCormick, 2007). For ESAs to make potential contributions to sustainable MSMEs' subsector, the following suggestions are offered:

- Since corruption is a major factor responsible for limited success of ESAs, a change in value system is suggested (Asaju et al., 2013). Nigerians should place emphasis on entrepreneurship acumen, integrity, ethics and accountability. This can be achieved through civic education at all levels of education (Lawal, 2011).

- It is necessary to develop an enduring human capacity building programme for MSMEs through entrepreneurship development on

technical and management aspects. Traditionally, entrepreneurship development is driven by top-down programmes primarily through ESAs and educational institutions. It is increasingly recognized, particularly in rural communities, that there is a gap in these support services to Nigerian MSMEs particularly rural entrepreneurs. Hence, capacity building should be designed and implemented taking into consideration the needs of the targeted groups, particularly, the rural communities. In addition, ESAs need to collaborate in strengthening the human capacity of MSMEs. For instance, collaboration between SMEDAN and NBS will enhance service delivery of these agencies.

- Empowerment of ESAs, particularly government agencies, is fundamental. There is need for adequate funding, provision of infrastructure and staffing. Government involvement in empowering ESAs should not be limited to funding, staffing and infrastructure but also articulation of stable and favourable policies and championing initiatives that engender sustainable MSMEs.

- The empowerment should result in effective monitoring of SMEs. ESAs should be able to monitor MSMEs' beneficiaries to ensure compliance of the requirements of intervention and elimination of sharp practices. This would guarantee that laudable objectives of these agencies are not compromised.

- Census of Nigerian MSMEs should be conducted to provide the requisite data for evolving strategic plan. This cannot be undertaken by the government alone. Partnership between government and relevant stakeholders remains a critical success factor. MSMEs' database should be updated periodically in line with environmental changes.

- ESAs should employ a better communication strategy for public awareness. This can be achieved through new age media tools. Moreover, entrepreneurs should be properly educated on the relevance of ESAs and the efficacy of partnership and equity participation in sustainable MSMEs' development.

- Bureaucratic bottlenecks that crippled operations of ESAs should be minimized. ESAs should adopt flexible and speedy documentation process. This will make operational system less cumbersome and

reduce the cycle time for service delivery.

- There is need for re-assessment of existing ESAs with the purpose of consolidating agencies with duplicating roles. The proliferation of ESAs will affect the effectiveness of SME development.

Contribution to Knowledge

Finally, this paper contributes to knowledge and practice at least in three ways. First we conceptualize ESAs as institutions established for promotion and growth of SMEs. This brings to fore the basic services rendered by these agencies. Second, the research fills the literature gap on the status of ESAs in Nigeria; the findings of the study also reveal the visibility of regulatory agencies such as SON, NAFDAC, etcetera in monitoring SMEs, particularly manufacturing organisations. However, the low awareness of industrial and international institutions is also noted. Third the findings of the research also have significant practical implications, the study attests to the low performance of ESAs, the challenges of these institutions and offers suggestions for effective performance.

Suggestions for Future Research.

The findings reported here have limitations. First, samples were drawn from only one industrial centre. It limits the generalisation of findings. Further research may require enlargement of the sample size to other SMEs across all the industrial estates in Lagos State, Nigeria. Finally, the study used qualitative data to elaborate on testable propositions. Further research would be required to develop constructs from these propositions and subsequently test them in large samples.

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Appendix

Table1. Definitions of SMEs by Number of Employees, Turnover and Asset Value.

S / N	Agency	Year	Number of Employees			Turnover Value			Asset Value		
			Micro	Small	Medium	Micro	Small	Medium	Small	Medium	
1	Small and Medium Enterprises Development Agency (SMEDAN)	2004	<10	10-49	50-199	NA	NA	NA	<N5M (≤£13,160)	N5M<N50M (£13,160<£131,580)	N50M<500M (£131,580<£1.32M)
2	Micro, Small and Medium Enterprises Development Fund (CBN)	2013	<10	11	200	NA	NA	NA	<N5m (≤£13,160)	N5M (£13,160)	<N500M (≤£1.32M)
3	Small and Medium Enterprises Guarantee Scheme (CBN)	2010	NA	11	300	NA	NA	NA	NA	NA	<N500M (≤£1.32M)
4	Companies and Allied Matters Act	2014	NA	NA	NA	NA	<N2m (≤£5,263)	NA	NA	<N1M (≤£2,632)	<N500M (≤£1.32M)
5	Small and Medium Industries Equity Investment Scheme	2003	NA	10	<300	NA	NA	NA	NA	NA	<N200M (≤£526,316)
6	National Council on Industry	2001	<10	11-100	101-300	NA	NA	NA	<N1.5M (≤£3,947)	<N50M (≤£131,580)	N50M<N200M (£131,580<£526,316)
7	Small and Medium Enterprises Development Agency (SMEDAN)	2015	<10	10-49	50-199	NA	NA	NA	<N10M (≤£26,316)	N10M-<N100M (£26,316<£263,158)	N100M<N1B (£263,158<£2.63M)
8	Central Bank of Nigeria	2005	<10	11-100	101-300	NA	NA	NA	<N1.5M (≤£3,947)	<N50M (≤£131,580)	<N200M (≤£526,316)
9	Central Bank of Nigeria	2006	NA	NA	NA	NA	NA	NA	NA	NA	<N1.5B (≤£3.95M)

Source: Compiled by the Authors (**) in Pounds. Not Available (NA).

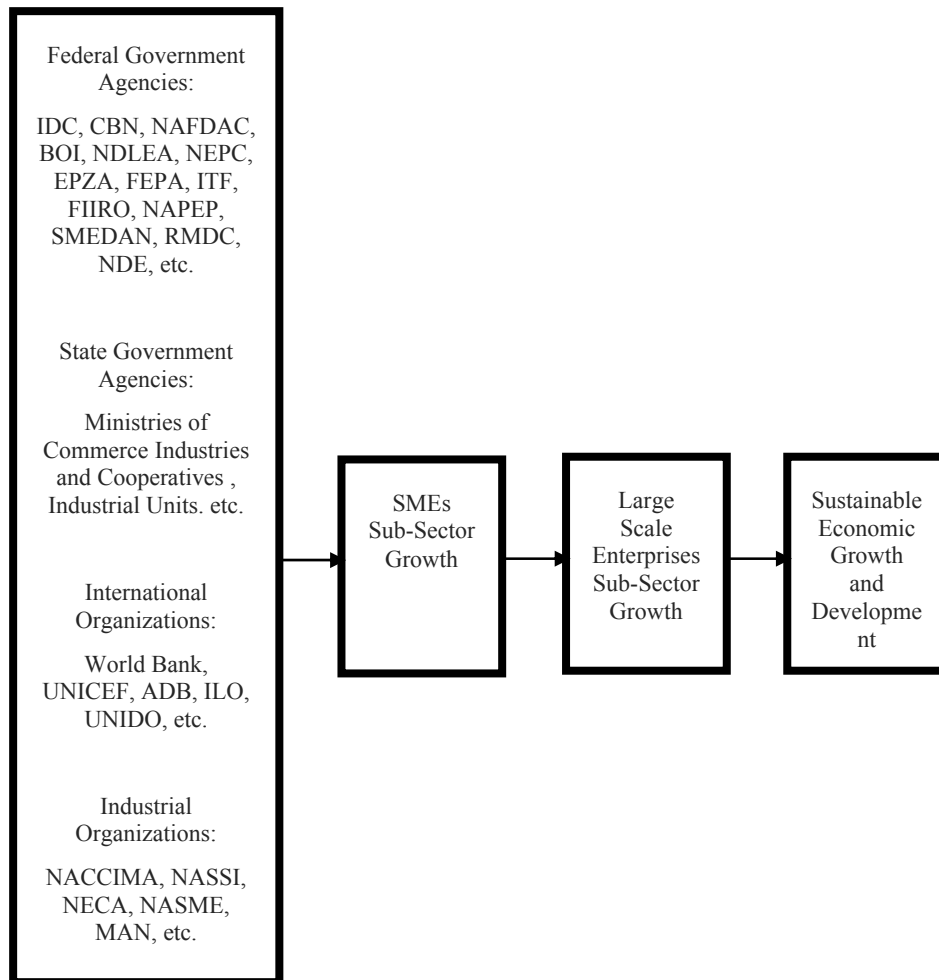
Table 1 reveals that the statistical definitions of Nigerian SMEs vary. The upper limit of investment is N1.5 Billion and number of employees is 300.

Table 2 .Brief Profile of Some Entrepreneurship Support Agencies (ESAs) in Nigeria

S/ N	Agency	Websites	Year of Establishment
1	Standard Organization of Nigeria (SON)	www.son.gov.ng	1971
2	National Agency for Food and Drugs Administration and Control (NAFDAC)	www.nafdac.gov.ng	1993
3	Central Bank of Nigeria (CBN)	www.cbn.gov.ng	1959
4	Industrial Training Fund (ITF)	www.itf.gov.ng	1971
5	Federal Institute of Industrial Research, Oshodi (FIIRO)	www.fiio.gov.ng	1956
6	Bank of Industry (BOI)	www.boi.ng	2001
7	The Nigeria Directorate of Employment (NDE)	www.nde.gov.ng	1987
8	Small and Medium Enterprises Agencies of Nigeria (SMEAN)	www.smedan.gov.ng	2003
9	Nigerian Export Processing Zone Authority (EPZA)	www.nepza.gov.ng	1992
10	Raw Materials and Development Council (RMDC)	www.rmhc.gov.ng	1987
11	Manufacturers Association of Nigeria (MAN).	www.manufacturersnigeria.org	1971
12	Nigerian Association of Small Scale Industrialists. (NASSI)	www.nigeriannassi.org	1978
13	The Nigerian Association of Chambers of Commerce, Industry, Mines and Agriculture. (NACCIMA)	www.naccima.com	1960
14	African Development Bank (ADB)	www.adb.org	September, 1964

Source: Compiled by the Authors from ESAs Websites

Figure 1. ESAs, SMEs and Large Enterprises Interface.



Source: Developed by the Authors

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