

**AN INVESTIGATION OF SMALL AND MEDIUM SCALE ENTERPRISES (SMEs) OF  
AGRO-ALLIED AND LIVESTOCK BUSINESS ON NIGERIAN ECONOMY: A CASE  
STUDY OF SELECTED SMEs IN IKORODU LOCAL GOVERNMENT AREA OF  
LAGOS STATE**

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## **Abstract**

The study is an attempt to examine the impact of Small and Medium Scale Enterprises (SMEs) of agro-allied and livestock business on Nigerian economy using Ikorodu Local Government Area of Lagos State, Nigeria as a case study. The growth could help to stabilize and make agriculture more appealing, creating opportunities for employment in both the production sector and marketing sector. The objective of the study is to know the potent nature of the competitive strategy of agro-allied and livestock SMEs, to investigate the contributory importance to the socio-economic development, to discover the effectiveness of financial and economic policy of government, to identify the challenges and to proffer the needed solution to the challenges facing the agro-allied and livestock SMEs in Nigeria. In total they were five research questions and hypotheses that were raised and answered. The study adopted methodology is survey research methods. The population of the study consist of 1441 SMEs in Ikorodu Local Government Area. The sample size of this study is 100 respondents. Data collection was done by the use of questionnaire. The data collected was analyzed using simple percentage and Pearson correlation analytical method to test the hypotheses generated for the study. The findings from the study revealed that agro-allied and livestock SMEs has contributed immensely in the areas of food security, job creation and opportunity, improved standard of living in Nigeria. Also, government has provided financial and economic policy of government to support agro-allied and livestock SMEs but has not been successful in carrying out their assigned duties coupled with challenges ranging from lack of infrastructure to support through technical assistance and multiple taxation from government. The study therefore recommend that government should provide an enabling and conducive environment for agro-allied and livestock business through the provision of soft loans and credit facilities and adequate infrastructure in Nigeria.

**Submission of Thesis and Dissertation**

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This research work is dedicated to Late. Ambassador Emma Nnaji (Dad), who passed on 16/08/2020. My dad this is for you, throughout my life you have been my hero, you made sure that I put God first in everything. Also dedicate this to God for the knowledge he bestowed on me and strength to stay focused.

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## **CHAPTER ONE**

### **INTRODUCTION**

#### **Background to the Study**

Globally, the engine room for socio-economic growth and advancement of a nation in both developed and developing economies is premised on the establishment of small and medium scale enterprises in the country (Agwu & Emeti, 2014). A country's advancement in the Growth of its small and medium-sized enterprises is a major driver of socio-economic sustainability and productive employments for the nation's able body men and women who are eager to work, equality in income distribution, citizens' well-being and improved living standard (Aremu & Adeyemi, 2011), because the contribution of SMEs on employment opportunity in the nation is far greater than that of the big firms in the country (Farouk & Saleh, 2011).

The global acknowledgement accorded to SMEs sector initiatives in the advanced nations' economies is bedrocked on the significant effects it has in advancing the growth of the economy and creation of employment opportunities over the years. SMEs sector initiatives is envisaged as the industrial mechanism that is capable of helping the global world of creating over one billion new jobs required before the end of the 21<sup>st</sup> century through its intensively labour model and capital saving nature. It is consequently perceived as the most significant factor in the advancement of the economic growth, reduction in poverty and generation of employment opportunity in Nigeria (Obokoh & Goldman, 2016).

The role of small and medium-sized enterprises in economic development, poverty reduction, employment evolution, production, technological innovation and the promotion of social status



and standards is recognized internationally in the creation and development of economies globally. Recognizing the value of SMEs' position as an economic driver has evoked the rise and detailed awareness on the strategy and solution to creating and maintaining a truly sustainable private sector dominated by SMEs in the world and Nigeria should not be an exception. SMEs are the key components of economic development in any given country (Tamara & Riste, 2015).

Small and medium-sized enterprises in all economies of the world have been recognized as having prodigious potential for sustainability in grassroot and national development. It is mainly through the growth of SMEs that employees made redundant become integrated back into the work force (Frank & Landstrom, 1998). Through the multiplier effect, this job generates income for regions that boost local economic growth, contributes positively to living standards of people and further employment creation (Walker & Webster, 2004).

Thus, the impact of small and medium-scale businesses in agro-allied and livestock ventures is quintessential to food security and socio-economic development of the country as food remains the most essential life survival commodity after oxygen and water which ignited the objective of the UN "Sustainable Development Goals (SDGs)" initiatives to be predicated on poverty eradication and food security. Agro-allied has been described as companies engaged in agricultural activities or operating along the value chain of agricultural businesses (Opoku-Mensah & Agbekporu, 2015).

Agro-allied SMEs support food supply, raw material development for further processing to finished products, job creation, income generation and an increase in the foreign reserve of the country. An agro-allied is SMEs engaged in raw agricultural processing or associated with production processes such as bakery, fast food, carpentry, animal feeds, drug manufacturing, etc.

They are companies which rely entirely on agricultural products in their existence, operations and sustainability (Udobi-Owoloja, Iyiegbuniwe & Iyiegbuniwe, 2020).

More so, livestock is a potentially lucrative industry that provides SMEs with sources of revenue from agricultural operations. The demand for animal source for foods is growing tremendously, thereby creating tremendous business opportunities for livestock SMEs and other players in the supply chain that promote community development through job creation, poverty reduction and food security. According to FAO (2019), the poultry population could grow from 180 million to 900 million birds, while the cattle population could double to 37 million heads. As livestock farmers, input suppliers, animal health service providers, processors, wholesalers, retailers and other stakeholders may expand their business significantly, the demand for animal food and the transformation of the livestock sector represents major growth opportunities for the country. The small-scale, agro-allied and livestock companies are Nigeria's top job-generating firms. They are important for Nigerian economic growth (Udobi-Owoloja, Iyiegbuniwe & Iyiegbuniwe, 2020).

However, agro-allied and livestock businesses like other SMEs in Nigeria have been ignored and neglected for so long with the brunt of past political unwillingness and negligence in the provision of infrastructure to drive a veritable and competitive SME economy. Also, the inability of government to curb the security challenges has constrained the agro-allied and livestock SMEs to thrive optimally and boost the socio-economic environment. The agro-allied and livestock SME market climate is set up in the middle of a changing economic landscape and intense rivalry in Nigeria (Uchegbulam, Akinyele & Ibiidunni, 2015). Therefore, the government's consciousness needs to be jolted by giving SMEs the key position that can allow the economy to gain the necessary flexibility and resilience to produce optimally, especially in view of the abject poverty that characterized the country (Ocheni, 2015).

The study seeks to investigate the impact and challenges of agro-allied and livestock SMEs in Lagos State as Lagos State has remained the industrial hubs that host most SMEs innovations and establishments in Nigeria.

### **Research Context**

The study was carried out in two agro-allied and livestock SMEs clusters (Odogunyan and Imota) in Ikorodu local government area which is a suburb of the city of Lagos which host several small businesses. The local government is one of the 20 local government areas in Lagos State. The local government is located at the north-east area of Lagos state. The local government has 19 wards and over 1441 SMEs (Ikorodu Chamber of Commerce and Industry (ICCI), 2018). It is a mixture of urban and rural setting. As a local government area in the commercial nerve of Lagos, it is home to various people from different backgrounds, races and ethnic groups who engage in agro-allied and livestock businesses or other form SMEs. It is often times regarded as the food basket of Lagos State. On this basis, the study seeks to examine and evaluate the impact, competitive strategy, financing and challenges facing the agro-allied and livestock SMEs in Lagos State, Nigeria.

### **Statement of the Problem**

In the developing economies of the world, the majority of her SMEs liquidate between the first year to the fifth year of its incorporation, a minor segment survives six to ten years before going into extinction, while less than five percent grow to the maturity stage (Agwu & Emeti, 2014). This assertion is predicated on many socio-political, economic and environmental factors such inconsistency in policy formulation and implementation, lack of political will, infrastructural decadency, lack of social amenities, unfavorable economic policies, socio inequalities, insecurity, lack of support etc. For example, the country can barely have power supply for 2

hours in 24 hours that makes up the day. The supply of power by SMEs to run their business ventures are self-help driven which comes at no small cost making the output (product) expensive and quite uncompetitive in both local and international market.

Thus, the management of small and medium-sized enterprises particularly agro-allied and livestock ventures in Nigeria is besieged with several challenges (Agwu, 2018) even though the country possesses rich and massive arable land for food production and almost every household rear one livestock or the other for survival. Factors such as insufficiency of capital, irregularity of power supply, lack of focus on infrastructure, poor market research, inadequacy of succession plans, inexperience, failure to disconnect personnel from business finances, ineptitude in strategies of business, incapacity to decide the nature of income and profit, failure in obtaining the best equipment, failure in recruiting or hiring the best hands and minds to work, limited competitiveness (Agwu & Emeti, 2014; Aremu & Adeyemi, 2011). The above shortfalls have been divided into two by scholars; the internal and the external challenges. The internal challenges include the deficiency in working capital of the organization, the powerful business rivalry from bigger companies, problems associated with acquiring the needed raw materials for production, inefficiency in capacity level, inadequate managerial skills and strategy, low educational qualification among operators and colossal challenge of accessing capital to finance the business. Whereas the external challenges of small business ventures include shortages of capital, government regulations and taxation, patents of the product liability and abuses in authorization or franchise (Agwu, & Emeti, 2014; Aremu & Adeyemi, 2011).

In Nigeria, over 91 percent of the business ventures fall within the sphere of the SMEs sectors which serve as the highest employer of labour, which nevertheless, are faced with myriad challenges in terms of accessibility and availability of sourcing finance rightly to boost business

enterprise. This has ignited a call to the government to help entrepreneurs frequently, yet there is lack of evidence in the provision of technical resources and social amenities that will help SMEs to power a growing economy. Again, small business enterprises initiators are faced with numerous restrictions in the course of obtaining funds that will help in the stimulation of their businesses (Agwu, 2018).

Consequently, this scenario has led to the collapse of SMEs in Nigeria to produce adequate employment, diminish poverty and ensure food security in recent years which has paved way for an intense research interests on the impact, disputes, government efforts and prospects of agro-allied and livestock SMEs in Nigeria.

### **Research Aim and Objectives**

- To understand the dynamism of competitive strategy of agro-allied and livestock SMEs in Ikorodu Local Government Area of Lagos State, Nigeria.
- To discover the contributory importance of agro-allied and livestock SMEs to the socio-economic development in Ikorodu Local Government Area of Lagos State, Nigeria.
- To determine the financial and economic policy of government that support agro-allied and livestock SMEs in Ikorodu Local Government Area of Lagos State, Nigeria.
- To examine the challenges of agro-allied and livestock SMEs in Ikorodu Local Government Area of Lagos State, Nigeria.
- To proffer the needed solution to the challenges facing the agro-allied and livestock SMEs in Nigeria.

## Research Questions

- What are the dynamic nature of competitive strategy of agro-allied and livestock SMEs in Nigeria?
- What are the benefaction of agro-allied and livestock SMEs to the socio-economic development of Nigeria?
- What are the financial and economic policies of government that has promoted agro-allied and livestock SMEs in Nigeria?
- What are the challenges hindering agro-allied and livestock SMEs growth in Nigeria?
- What are the needed solutions to the challenges facing the agro-allied and livestock SMEs in Nigeria?

## Research Hypotheses

This hypotheses were formulated to test the relationship between variables in the study:

- $H_0^1$  There is no notable connection between competitive business strategy and agro-allied and livestock SMEs growth in Nigeria
- $H_R^1$  There is a notable relationship linking competitive business strategy and agro-allied and livestock SMEs growth in Nigeria
- $H_0^2$  There is no notable connection between contributions of agro-allied and livestock SMEs and socio-economic development of Nigeria.
- $H_R^2$  There is a notable connection between contributions of agro-allied and livestock SMEs and socio-economic development of Nigeria.
- $H_0^3$  There is no notable connect between financial/economic policy of government and agro-allied and livestock SMEs growth in Nigeria

H<sub>R</sub><sup>3</sup> There is a notable connection between financial/economic policy of government and agro-allied and livestock SMEs growth in Nigeria.

### **Justification of the Study**

The focal point is that small-scale manufacturing has been part and parcel of Nigeria. There is plenty of documentation in our respective communities about the achievements our ancestors made in their respective business interests, barns of yam, smelting of iron, forestry, small industrial outfits etc. Therefore, in no specific socio-economic and political system lies the underground strength of their performance in a self-confidence policy, rather it springs up from the attitude of individuals towards entrepreneurship and when the right incentive is sufficient to make risky undertakings and decisions worth taking (Akhamiokhor & Adanikin, 2017).

Recently, SMEs have remained the real engine for achieving national goals regarding job creation in small ventures, innovative capacity building and advancement that thrives with indigenous technological drive (Adebiyi, Banjo & Oko-Oza, 2017). In the same vein, agro-allied and livestock SMEs have aided reduction in the inflow of individuals migrating from the rural suburbs to urban centers since they are easy to set up with very limited competency. The banks that are expected to be the key sources of funding for Nigeria's small sized businesses have denied them the attainment of this lofty objective. However, their access to finance is determined by the funding preferences. This place the creativity of small and medium-sized businesses at risk of failing to satisfy their demands and leads to sustainable growth and development (Atherton, 2012). The research would recognize both challenges and contributing factors faced by SMEs. The results will be helpful in reducing or mitigating SME challenges in Nigeria.

### **The Study Rationale**

The premise of this research study is on the growth and development of the agro-allied and livestock small business sector in the Nigerian economy. Although Nigeria has not experienced a period of sustained economic growth, trade, jobs and a good standard of living. However, the importance of small business in agro-allied and livestock sector in job creation is of immense contribution, yet funding, infrastructure, policies, etc. which are imminent challenges to the growth of the sector is adequately addressed. Therefore, the aim of the study is to provide concise information on the dynamic and conceptual analysis of small enterprise, ascertain agro-allied and livestock SMEs contributory level to the nation in terms of job creation and economic advancement, determine the financial and economic policy of government to support small enterprise, also to establish the challenges and proffer the needed solutions. The findings will be critical in the design of barriers mitigation policies and strategies of agro-allied and livestock SMEs in Nigeria.

### **Significance of the Study**

The essence of this area's significance to the general economic and social development remains a wide-ranging topic of academic scholarships. The purpose and goal of the study is therefore to survey the impact and challenges of agro-allied and livestock small business ventures in Nigeria. The study will be a springboard for policy makers and opinion builders to initiative and implement policies to alleviate the plights of SMEs in agro-allied and livestock in the country. Again, the findings of this research work will serve as a literature to consult for further research study in SMEs entrepreneurship innovations and initiatives in Nigeria and other developing nations.



### **Scope of the Study**

This study is a bid to provide the government, also the general public with a framework to measure the impact, identify and prevent the problems of small business ventures and help to manage them when they do arise. Although, small business ventures are associated with a number of challenges, this study will be limited to only challenges of agro-allied and livestock small business ventures in Ikorodu local government area of Lagos state, Nigeria. Furthermore, effect and sustainability of agro-allied and livestock small business ventures in Ikorodu local government area of Lagos state in the past 10 years (2010-2020) was investigated empirically.

### **Organization of the Study**

This studies is structured or classified into six chapters. Chapter two which is the next chapter presents a review of extant literature with respect to the study. The issues considered in this section boarder on the impact, competitive strategy, financing and challenges of agro-allied and livestock SMEs in the Nigerian economy. In chapter three of this study, the research methodology or technique adopted was presented. It ranges from the research design, population of study, sample size, method of data collection to analysis. Chapter four presents the analysis of data and discussion of findings from the study's field survey that focused on the impact of SMEs of agro-allied and livestock business in Nigeria. Finally, chapter five presents a holistic summary of the research study, its conclusion and based on the findings in the study offers its recommendations.

## **CHAPTER TWO**

### **LITERATURE REVIEW AND THEORETICAL FRAMEWORK**

#### **Introduction**

This chapter presents a review of extant literature with respect to the study and is discussed as follows.

#### **The Conceptualization of Small and Medium Scale Enterprises**

There exists no universal acceptability of concepts in social science disciplines and as such the term small and medium-business enterprises means several things in several scholarly studies among researchers and academia. However, globally, there is something very similar to the concept of small-scale industry in the academic literature. Yet, it changes from nation to nation, scholar to scholar, and its definition still means different things to different segments and sectors within a nation. Richards (2015), observed that SMEs are companies that uses a few specialists and does not have a high volume of offers. Similarly, Khan & Dalu (2015) suggests that, in recent times, small business projects have been a catalyst for the nation's economic and industrial advancement in the developing nations as well as the developed ones, and it played a prominent role in job creation, facilitating the recovery of a nation economy and its overall progress. Nonetheless, Ogunleye (2004) argued that what can be described as SMEs in the developed nation can be regarded as a major enterprise in the developing nation, making use of such variables as a means of stable investment and job creation. In the light of this, the meaning of

SMEs is evidently changing over time in the less-developed world. Certainly, even in third world nations, when measurements of appropriate parameter changes in the production process, what was later known as SME could be seen as a large enterprise (Monday, Agorzie, Bello & James-Unam, 2015).

In Nigeria, the SME sector like in other economies of the world remains the engine room, backbone and the driving force with which the economy is sustained and remain the vital propeller of growth socially and economically, and of dynamic and sustainable development. Small-scale enterprises have made significant contributions to economic growth and development in Nigeria and in other less developed nations of the world. The predominance of small-scale businesses in Nigeria is because the institution needs little resources as a capital base for its formation. SMEs are found in someone's home, compound or in front of a business or construction site (Audu & Okpe, 2018) in Nigeria. The study according to the Federal Office of Statistics, Nigeria disclosed that 97% of the business ventures located in Nigeria are small scale enterprises because the 97 percent of the business ventures employs less than 100 employees in the country. Consequently, 50% of people employed and 50% of the industrial outputs are provided by the SMEs sector (General Statistics Office, 2007).

In Nigeria, there seems to be no clear-cut definition or scope for determining small business enterprise. The federal republic of Nigeria Small and Medium Industries Enterprises Investment Scheme (SMIEIS), defined the term Small and Medium Enterprises as that enterprise with ₦200million (€425,531) as the highest assets base without working capital and land which can only employ between 10 to 300 employees as its maximum staff strength. Similarly, the Federal Ministry of Commerce and Industry in Nigeria views SMEs as a business enterprise with an investment totality of around ₦750, 000 (€1,595) without the cost or value of land but

comprising a working capital and with the capacity to pay wages to about 50 employees (Okafor, Onifade & Ogbechi, 2018).

Abeh (2017) observed that small and medium-sized enterprises are increasingly seen as the engine wire of the economic growth of any nation and are considered to be an acceptable means of promoting socio-economic development in Nigeria. Hence, he asserted further that SMEs in Nigeria are labour intensive as well as capital saving business ventures with the potential to drive the economy to the needed growth and development. They can make people self-confident and generate billions of new jobs locally and globally (Abeh, 2017). The National Council on Industries (NCI) defined SMEs in Nigeria as small-scale industry with total capital employed of over ₦1.5 million (€3,191) but not more than ₦50 million (€106,382) including working capital but excluding cost of land and of a labour size of 11 -100 workers. However, it therefore means is that many industries in Nigeria cannot be referred to as SMEs rather micro businesses (MSMEs) because they never possess equity capital of ₦1.5 million (€3,191) or have a labour force of 11-100 employees. Hence, the notion MSMEs which stand for micro, small and medium enterprise. Although, in this study SMEs is used as a conceptual frame to cover both MSMEs and any other type of businesses or entrepreneur initiatives in the Nigerian context.

The classification of SMEs according to Lukacs (2005) cited in Blossom, Aslam & Said (2014) is that type of business ventures that can be established in every heterogeneous group. These comprise a wide variety of businesses from village craftsmen, small machine shops, restaurants and tech companies – with a broad range of complexity and expertise, working in very different markets and social environments. Such SMEs usually operate in the informal economic field, primarily employ wage earners and engage more completely in organized markets. SMEs form a wide number of companies in the industrial, agri-business, manufacturing and service sectors.

SMEs include a range of companies including village craftsmen, small-scale foundries, transportation companies, full-sale & retail companies, hotels & restaurants, cyber cafes and tech companies operating in a business environment that differs in complexity and skills. SMEs are usually categorized by the number of workers, the size of their total assets, and/or turnover (Blossom, Aslam & Said, 2014). SMEs are broadly defined as businesses with turnover of less than N100m per annum and/ or less than 300 employees (Oyelaran-Oyeyinka, 2020).

From all the aforementioned analysis of scholarly literature on the concept of small and medium-scale enterprises, it is observed that small business ventures are pivotal to a dynamic effective and efficient socio-economic growth and development in Nigeria and most developing countries.

### **The Dynamism of Competitive Strategy of Small Medium Enterprises in Nigeria**

Competitive strategy simply means the game plan that a management of an organization embraced to compete successfully in their chosen market. It includes market and its environment analysis, consumer buying behaviour, competitive activities, market intermediaries' needs and competencies. This competitive strategy are economic approaches used by the company as instruments for achieving or improving advantage competitively and greater efficiency in their business environment. The goal of the competitive strategy is therefore to devise creative ways or means of gaining market and industry dominance by meeting the needs and desires of consumers and reacting to the sensitive needs of stakeholders (Uchegbulam, Akinyele & Ibadunni, 2015).

The current high mortality rate of small and medium-sized companies in Nigeria is terrible to consider and is a threat to the growth of the whole economic system. It reflects extreme financial strain on the country's economy and a waste of valuable resources (Ibadunni & Ogundana, 2014).

To thrive in unfavorable environmental settings like Nigeria, a competitive strategy to be implemented should take advantage of its strengths to maximize resources while avoiding or curtailing its weaknesses. In other words, a critical analysis of the strength, weakness, opportunity and threat (SWOT) of the socio-political and economic environment should be looked into ahead of time. More so, Nwoye (1998) contended that structural changes could occur in a business without initial innovations and could be articulated by the organization's expansion strategy, preference for cash selling policy, innovation strategy, shift in production processes, local sourcing or use of alternative materials, backward integration and fusion. Any entrepreneur wishing to succeed in the Nigeria market environment must therefore employ competitive strategies to find business opportunities, be innovative, imaginative, brave, risk-taking and responsive to changes in the competitive socio-economic market environment.

### **Features of Small and Medium Enterprise in Nigeria**

The increasing velocity of the small scale business ventures in Nigeria in the contemporary era is associated or characterized by a high rate of unemployment that pervades the country and the soaring influx of graduates trooping out of different high institutions of tertiary learning without a correspondent correlation of opportunities in employment availability, and so the country is gradually moving towards an era where graduates are advised or encouraged to get themselves prepared to take up a business to earn a living. Ahmed (2006) observed that the people are steadily metamorphosing into the phase where an average graduate from tertiary institution will have no option than to engage in small business ventures for survival. The small business ventures are typically run by its owners and close relatives which has made small scale enterprise more of a sole proprietorship and partnership in its ownership structure. In other words, the structure of "small and medium scale enterprise" business venture is associated with that of a

sole proprietorship and partnership enterprises. Thus, the financial foundation or funding source of a medium scale enterprise businesses in the Nigeria context are majorly from the savings of the owners, borrowings from relatives, friends and sometimes from the banks. Sometimes, government makes soft loans available to small business ventures as a means to encourage the sector (Makinde, 2015). Sometimes these soft loans for the growth of SMEs are diverted by corrupt means by the government officials thereby denying SMEs operators access to such for grow their business ventures. Adeyemi (2014) observed that the pioneers of SMEs most often play the dual role of business owners and are also responsible for the planning, directing and coordinating of the actions guiding the formation of the business chain value in the organization. More so, in Nigeria, other features that characterized the small-scale enterprise are the challenges experienced in capital raising for the business venture to thrive. To raise fund to start up SMEs in a less developed nations of the world like Nigeria is quite a herculean task which characterized the business environment (Okafor, Onifade & Ogbechi, 2018). The external sources of fund raising for SMEs such as financial houses and banks are difficult to assess by SME owners in the quest to establish a successful small scale business ventures. Even in the event of agreement by banks to provide funds or loans to finance business enterprises, the collateral conditions that will be attached to it are always challenging to meet by the business owners. This informs the switch of small business owners to other informal financial institution to raising fund for their businesses. In Nigeria, close to 80% of the small business ventures are failing because of inadequate funding with other associated challenges (Adebiyi, Banjo & Oko-Oza, 2017). Hence, small business initiatives are most times established in a convinced sector of the market, especially as result of financial capacity, human resource capacities and environment opportunities, not essentially due of their zeal and competence in that sector (Adeyemi, 2014).

## **The Sources of Capital for SMEs in Nigeria**

A small business company should have a strong normal source open to it when providing initial funding. These add funds saved by the business owner, also the creditors' funds. Creditors fund are accessed from loans from the bank, export credit, friends and relative, credit union loans and mutual union loans. It is interesting to know that both these and other sources of funds are being used in the initial stage and also in the subsequent day-to-day funding of the company operations. The following are the sources of capital for SMEs in the Nigeria context.

### **1. Personal Saving**

In Nigeria, SMEs initial capitals are mostly from the SMEs owner's savings. That is to say, to begin an SME firm in Nigeria, personal savings of the founder constitute a primary source of equity capital. Many scholars have supported this view point. Broom says borrowing venture capital is not only difficult but also quite risky in the quest to establish a firm. He opined that the business venture owner should fund the two thirds of the initial capital for the business. A starting small business should not be funded by borrowing even when its personal resources are inadequate. It is a herculean task to borrow to finance a business in Nigeria as the credit facilities are not accessible or the interest rates are over bloated with an overarching collateral. The study by Evbuomwan, et al. (2012) indicated that 75.7% of their survey respondents relied mostly on own funds to finance their businesses.

### **2. Entrepreneurs Relations and Associates**

Funds and borrowing from entrepreneur's relations and associates are most commonly used to augment the initial business owners' equity capital. This is generally a Nigeria's business practice and may sometimes be appropriate based on erroneous assumptions. This is with the understanding that others and the family owned it. It should be noted that family and business



relationships are good and that funds should not be mixed if the most desirable outcome is achieved. Loans from friends and family members continue to build a highly intimate relationship, which may interfere with freedom and business loans from relations and associates members continue to build a highly intimate relationship, which may interfere with freedom and business.

### 3. **Commercial Banks**

Commercial banks represent the principal source of debt capital to SMEs and other business venture in Nigeria. Although they appear to restrict their borrowing to the needs of working capital, but initial capital still get revenue from it. The commercial bank has changed dramatically from simply providing capitals for the purpose of interest on borrower's income to a more appropriate socio-economic position of boosting SMEs innovation. One of these is the loans in installments that do not surpass a certain number. Such a loan may be reimbursed on a monthly or quarterly basis, but the maximum maturity is one year. They also grant an overdraft for a period of up to two years. Given the recent interest in small companies, their banking issue hasn't changed. Their main challenge is meeting the banks' requirements. The bank takes into account the method and period for repaying the principal sum plus interest. Some small businesses are not in a position to begin paying interest not to think about the principal when it is due. Although, theoretically Nigerian commercial banks serve as a financial institution which is establish to avail SMEs opportunity through financial assistance in form of loan to grow their business ventures, yet, in reality the situation is different as SMEs are denied accessibility to financial assistance because of the high exorbitant interest rate and unreasonable collateral demand.

### 4. **Credit Unions**

This is a group of people bind by some immaterial bond of connection, maybe the affix of the same boss, same faith, same politics, the corresponding occupation, trade, hobby or the same kind of fortune and misfortune. Credit unions are mutual societies that facilitate savings and loans at favorable terms of borrowing. They also provide members with financial advice. A credit union's primary aim is to educate people or entrepreneurs about thrift. Customers save with the credit union for specific reasons such as having access to loans for investment without stringent collateral. In Nigeria, the liberal credit union lending practices are also gaining membership. Credit unions get most of their money from members' savings. Credit unions are therefore a major source of funds for small businesses, especially in rural areas in Nigeria.

#### **5. Other Sources of Funds**

A huge amount of small businessmen still make use of some local sources, in inclusion to the aforementioned sources of funds for initial capital. These include:

Borrowings from "osusu" which means a party of individuals who plan to make daily contributions. Members take turns to take advantage of those contributions. Although, some of the money obtained from the "osusu" is used for small business operations yet it served as a good avenue for entrepreneurs to get capital to finance their business ventures. This method of financing SMEs initiatives is common to rural areas in Nigeria.

## **The Significant Contributions of Small and Medium Enterprise in Nigeria**

SMEs play a key role as a fertile ground for the manifestation of the entrepreneurial initiatives and as such has remained a vital source of solution to addressing the issues of poverty, opportunities for employment creation, entrepreneurship and a basis for advancement in the economy on the long-run (Molapo, 2007). The provision of job opportunity for the teeming unemployed youths and also a platform for entrepreneurial initiatives for individuals interested in business is their cardinal role. In Nigeria, if small business ventures are properly harnessed, they will be profitable and can drive economic growth and development. The positive impact and influence of small and medium-sized businesses that has an obvious effect on the new world trade order is greatly expected. To this end, SMEs need to understand the availability of their resources, discern how to utilize them efficiently, and leverage them to their business benefits. Nonetheless, SMEs cannot compete with its product in the global market by observing price and slicing it, rather their competition must be based on the knowledge and value added (Bahiti, 2008). The growth of SME remains an essential factor for most economic development approach and is of particular importance.

Small and medium-scale companies' success and growth has been of great interest to investors, businessmen, non-governmental organizations, governments and its agencies, among others (Okwu, 2015).

Small industries have a shorter gestation period and yield faster returns on investment as a result they facilitate a balanced industrial development in such a way that small-scale business ventures in rural areas and other areas can be established easily. In this respect, they offer an effective means to reduce rural-urban migration and its consequent urban congestion, unemployment and other social vices. Small businesses also act as a training school for indigenous entrepreneurs and

offer a significant number of staff the chance to acquire skills. Thus, have contributed significantly in promoting socio-economic growth in Nigeria.

This highlights an urgent need for the governments to change policies and structural environments that can have an impact on firm development and expansion in order to maximize their contribution to growth. In Nigeria, the role of small and medium-sized enterprises has been assembled as the key support of the economy due to their magnitude to increase economic production and boost human well-being (Okwu, 2015). Some of the SMEs contributions and opportunities in Nigeria are mentioned below:

- SMEs Promote Poverty Alleviation and Engineers Wealth Creation
- SMEs Innovation Mitigates Rural-Urban Migration
- SMEs Generates Employment Opportunities
- SMEs Promotes Local Entrepreneurship and Indigenous Technology Development
- SMEs Aids Export Promotion
- SMEs Promotes Redistribution of Income in the Country

### **Government Initiatives in the Growth and Development of SMEs in Nigeria**

Successive Nigerian governments have made consistent efforts to help SMEs grow and develop in the country. Despite these efforts, however, the anticipated results in solving the challenges facing SMEs continue to persist. Anochie, Ude & Egbo (2015), identified some of the efforts engineered by the government to drive the growth and development of SMEs in Nigeria as follows:

- *Small and Medium Industries Equity Investment Scheme (SMIEIS)*

The federal government of Nigeria approved the establishment of SMIEIS to support small and medium enterprises. The Bankers Committee approved the scheme in December 1999, which

required that 10% of their after-tax income be set aside for investment in the growth of SMEs. Nevertheless, in Nigeria, this scheme by the federal government has not attracted the anticipated patronage among SMEs who remains the target community of the fund. This is illustrated by the relatively small patronage drowning out of the large pool of the investment. The loss is due to the lack of national coverage. Just twenty-eight billion Naira (₦28 billion) (€59,574,468) is accessed as of 2009, representing (67%) of the ₦42 billion (€89,361,702) set aside under the scheme (Central Bank of Nigeria, 2009; Anochie et al., 2015). In Nigeria, there is under-utilization of the fund yet accessing the fund remains a herculean task to accomplish as government agencies often times display nonchalant attitudes in given the fund to rightful individuals with genuine business plans.

- ***Bank of Industry (BOI)***

The Bank of Industry Limited (BOI) in Nigeria was founded in October 2001 by the administration of President Olusegun Obasanjo. The bank is formerly known as Nigerian Industrial Development Bank (NIDB) Limited, which was established to absorb the mandate of the Nigerian Bank of Commerce and Industry (NBCI). It is the oldest, largest, and most competitive institution in Nigeria for industrial finance. The Nigerian Industrial Development Bank (NIDB) Limited was established in 1964 to address the issue of long-term financing for Nigeria's manufacturing and service industries. The Bank took off in 1964 with \$2 million of authorized share capital. BOI devotes 85 percent of the Bank's resources to small and medium-sized enterprises and 15 percent to large companies. BOI partners with and encourages State governments to set up Industrial Parks (IPs) to help locate entrepreneurs in their area and to help them reduce operating costs. The Bank also provides funding to companies that add value to

local raw materials (creating supply chains), create employment and have export potential (Sama'ila & Tahir, 2015).

- ***Nigerian Agricultural Cooperative and Rural Development Bank (NACRDB)***

They involve a mix of three Financial Development Institutions set up by the Nigerian Federal Government to provide for the needs of Nigerian SMEs. They include: Nigerian Agricultural Cooperative Bank (NACB) and the Economic Development Plan for the People and the Family (FEAP). In 2000, these financial institutions were merged to form Nigerian Cooperative Research Development Bank (NACRDB) for Agriculture. The merged financial institutions started off with a one billion Naira authorized capital base in 2001 (Central Bank of Nigeria, 2001). The combined financial institutions were located in rural areas to provide the rural farmers, cooperative societies and SMEs with convenient access to credit financing facilities and agricultural inputs. However, the biggest issue with NACRDB is that it is limited to its target groups and more than 80% of its target population do not have access to its services (Anochie et al., 2015).

- ***Microfinance Banks***

In 2005, the Federal Government directed the Nigerian Central Bank to launch Nigeria's Microfinance Regulation, Regulatory and Supervisory System but it was revised in 2011. The system aimed at strengthening the financial incapacity of community banks to microfinance banks and meeting their clear requirements to resolve the urban bias problem and provide SMEs with affordable financial services (Central Bank of Nigeria, 2011). In Nigeria, nonetheless, the urban bias issue / disputes has not been resolved effectively as huge segments of targeted SMEs are disproportionately poor in rural areas and do not have access to microfinance services.

- ***The National Directorate of Employment (NDE)***

The National Directorate Employment (NDE) was legally approved by the NDE Act, CAP 250 of the Federal Republic of Nigeria Law (formally Decree No 34 of 1989), the Directorate is responsible for developing and implementing programmes to tackle mass unemployment in Nigeria. The NDE services include, among others, training in the development of technical skills, career counseling and work relations, entrepreneurship training and formation. The NDE's key issue in Nigeria is its inability to provide post-training services for job formation, due to a lack of commitment by successive federal and state governments.

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

Nigeria's Small and Medium Enterprises Development Agency (SMEDAN) was created under the 2003 Act. SMEDAN has a mandate to promote, track and organize the growth of micro, small and medium-sized enterprises (MSMEs) in Nigeria through the implementation and articulation of policies, initiatives, instruments and support services for the growth of subsectors of SMEs. Nevertheless, SMEDAN has not had any notable impact on the target population due to lack of awareness and enlightenment campaign (Anochie et al., 2015).

- ***Entrepreneurship Development Centres (EDCs)***

The creation of the entrepreneurship development centres was intended to provide institutional support for the development of SMEs in Nigeria. In addition, development centers for entrepreneurship have been established in tertiary institutions in Nigeria, and entrepreneurship has become a compulsory course of study in Nigerian universities. Nevertheless, the efficacy of these academic programmes is restricted by the disconnections encountered between the centers and the industrial sector, which are expected to provide students with realistic training and experience (Ololube, Uriah & Dudafa, 2014).

## **The Challenges Facing Small and Medium Enterprises in Nigeria**

Despite the determination of governments that come to power in the country to continuously sustain the growth and advancement of small business ventures, the anticipated effect and outcome of advancing the economic growth of the Nigerian economy has not been felt. It therefore highlights the fact that the basic tenet that small business sector in the country is far from been resolved at all or have not been adequately addressed (Onugu, 2005).

Nonetheless, a review of the literature shows a multitude of immense, profound and far-reaching issues:

1. Inadequate, insufficient and lack of infrastructure services tend to increase the operating costs of SMEs output as they become the sole supplier of public utilities like power, road, water, transport, communication, etc for sustenance of their ventures (Onugu, 2005).
2. The inefficient and bottlenecks nature of governments toward the management and maintenance of public services. These scenarios deter SMEs' prospective businessmen while the current ones in existence are unproductive.
3. Inadequate financing access that is attributed to banks' inability to give credit to SME initiatives which includes insufficient and incomplete plan of business, inadequate and inappropriate collateral security, operationally high minor loan administrative costs and high interest rates (Audu & Okpe, 2018).
4. Bank discrimination that is contrary to the risk of providing small enterprises in particular with finance
5. High costs for packaging appropriate market plans
6. Uneven rivalry resulting from import tariffs that benefit finished products imported.



In a broad term, Nigeria SMEs are inundated with several challenges that has hindered their mark of progress to the nation. This study will give a detailed account of the challenges as follows:

- ***Financial Inadequacy***

According to Ololube in Abeh (2017), Nigeria's budget allocations set aside to assist the growth and development of SMEs are quite low. Funds earmarked for small and medium-sized enterprises are too small for proper planning of SMEs take off. The situation of the SMEs remains a matter of concern. Underfunding and institutional inequality worsen the matter. Insufficient financing of small and medium-sized enterprises is one of the key factors working against successful SMEs planning and implementation (Abeh, 2017).

- ***Deficiency in Infrastructure***

SMEs are not working without a range of obstacles that hinder their successful national growth entrepreneurial push. Among the notable challenges is the basic ICT infrastructures of almost all sub-Saharan African countries are inadequate. This is due to a shortage of electricity to power ICT equipment, inadequate telecommunications infrastructure and overall insufficient funds. Nigeria spends less than 12% of its annual budget on SMEs. Agboli & Ukaegbu (2006) highlighted the devastating impact of poor infrastructure facilities, including epileptic electricity, poor road network conditions and inadequate water supply for emerging businesses. A large number of the population in Nigeria live below the poverty line, as such, average middle-income SMEs are unable to afford basic technology and communication gadgets. According to Ololube and Uzorka (2008), an immense amount of money is spent on running generator sets to power equipment for goods production in Nigeria.

- ***Insecurity and Environmental Factor***

Another restriction on Nigeria's SME growth and development relates to environmental concerns. Many SMEs in Nigeria, and in Lagos State in particular, face many environmental challenges. Multiple taxation by environmental and allies' agencies is making it impossible for SMEs to function and run smoothly. This trend affects the small entrepreneurial companies (Eneh, 2010; Abimbola & Agboola, 2011). The high cost of adding brand names, legal and technical fees, company permits and licenses raises SME startup costs.

The persistent cases of kidnapping and the rebellion in the northern part of the country by Boko Haram's sect have greatly affected SMES growth and development in Nigeria, creating unhealthy and unsafe climate for SME operations. According to Abimbola & Agboola on World Bank Business Report in 2011 stated that of the 178 economies studied, Nigeria was ranked 108 in terms of a friendly business environment. Providing an environment conducive to SME development will advance Nigeria's growth and development (Ololube, Uriah & Dudafa, 2014).

- ***Deficiency in the Managerial Skills and Innovation***

Effective and efficient managerial skills are required to run a competitive SME. In Nigeria, many SMEs lack the necessary skills and strategies to run a company successfully. The managerial skills and talents required for the planning, organization management and control of both human and material resources are essential components for the effective management of a business outfit. The study of Ololube and Uzorka (2008) showed that because of the small size and limited resources availability, SMEs are unable to hire and retain highly skilled staff.

Innovation is key to SMEs' strategy and a central factor for their competitive growth and development. SMEs are expected to incorporate creativity in their company (Abeh, 2017), in order to create viable market solutions for growth.

- ***Unfavourable Political and Religious Settings***

Since independence, the political dispensation in Nigeria does not allow SMEs to function in a favorably. The hold-up in the execution of national budgets at both state and federal levels are a significant example of this. Party quarrels and discord take months and years to resolve. In Nigeria, unfriendly policies, laws and delays in implementing the national budgets halt proper planning for SMEs. According to Ololube & Uzorka (2008), Nigeria's political atmosphere does not favor SMEs. The gradual transfer of influence from one administration to another in Nigeria's political sphere has militated against the success of SMEs.

Also, SMEs have been negatively affected by the continuing religious crises in Nigeria. Small enterprises cannot afford to bribe their way to police and military personnel to guide their businesses. The majority of deaths in the course of religious crises are victims of small business owners (Abeh, 2017).

- ***Corrupt Leadership***

Nigeria's economy is marred by corruption in every area and corruption has continued to pose a serious threat to the survival of SMEs in Nigeria. Transparency International 2019 Corruption Perception Index report ranked Nigeria amongst the world's most corrupt countries (Transparency International, 2019). Corrupt activities seem to permeate all levels of business and public life in Nigeria, from high-ranking officials who receive financial inducements to disburse government-approved funds to micro, small and medium-sized enterprises, to office assistants who report files missing if they do not have tips (Anochie et al., 2015). Nigeria's high cost of doing business imposes an economic dimension to the challenges SMEs face. Today, Nigeria's poverty rate has resulted in the death of most of the small and medium-sized enterprises because people can no longer manage to buy SMEs products.

## **The Nature of Agro-allied and livestock SMEs in Nigeria**

The agro-allied sector of the economy is a group of business establishments which employed a very large production scale, processing and packaging of food by making use of contemporary tools and devices which are aimed to achieve these set goals. The agro-allied is therefore an integral part of economic growth of any nation (Jelilov & Bahago, 2017). Adesiyani (2015) asserted that agro-allied industries are established firms which engages in farming and livestock production and acquires appropriate tools in processing, packaging and storage of food and beverages towards revenue generation and increase the per capita intake of food. Similarly, agricultural consulting, fertilizer manufacturing and transactions, fish import and export, livestock feed and feed milling, ocean trawling, shrimp and fishing, poultry farms, hatcheries and veterinary clinics are all involved in the agro-allied. The agro-allied and livestock production is quite crucial to food security and the development of any nation because it provides an enhanced foreign exchange rate for the country, citizens employment, provides human nutrition rich in protein, citizens source of income, provides raw materials for the clothing and shoe industry and by-products can be used in various other industries such as the cosmetic industry.

Livestock's role in human development is enormous; livestock protein is necessary for physical and intellectual development, as well as for the development of disease immunity. The livestock production is also a tool for socio-economic change designed to improve revenue and living standard of the people. In Nigeria, livestock provide approximately 36.5% of the total protein intake while the recommended intake of animal protein per caput per day for sustainable growth and development for an individual is 35grams. Nigeria remains below the world health organisation 's recommended standard (FAO, 2019).

The influence of livestock in economic development and transformation particularly in the evolvement of societies from a peasant agriculture system to a cash-based economy is recognized. Overall, animal products such as meat, milk, egg, and fibre make up about 40 % of the total agricultural output. Livestock contribution to the nation's food supply, family sustenance, revenue, employment creation, fertility of the soil, living standards, transportation and sustainable agricultural production remains an important issue of review and discussion for sustainable development. Ever since the 1960s and 1970s, the agricultural sector remains Nigeria's foremost creator of jobs. More than 70% of Nigerians were employed by this industry (Kemi, 2016).

### **Theoretical Framework**

The study followed Erickson & Pakes' active learning model (1995), which posited that an organization is actively exploring its economic environment and is engaging in improving and boosting its performance under internal and external competitive pressure. In response to the impact of the firm's own spending on the same market and with that of other rivals, the potential and actual demand changes over time. Accordingly, the learning model argued that the owners and managers of small business ventures should improve their productivity by the acquisition of education through training which increases their capacities, while the government should support its operations by creating the enabling and conducive environment for its growth.

Hence, entrepreneurs or managers of SMEs with higher formal education, work experience, training and government support are expected to grow faster than those without these qualities. This assures that Nigeria's SMEs have opportunities for development and will contribute significantly to job creation only when suitable investments are made by all stakeholders in them. This can only be done by government involvement by financial support, social

infrastructure, capacity building for small and medium-sized enterprises and favorable tax policies especially the agro-allied and livestock ventures to promote food security in the country (Agwu & Emeti, 2014).

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

Research methodology is the mechanism that is used in collecting knowledge and data for generalization purposes. In an effort to attain the stated goals of this research study, the methodology used in this study was discussed in the subheadings below:

#### **Research Philosophy**

The research adopts a positivist approach of data collection and analysis. The concept of positivism is based on the idea that the researcher who investigates a phenomenon is fully independent of what is observed, and analyzes it from an empirical viewpoint, rather than on partiality (Mugenda & Mugenda, 2003). Positivism as a term derived from the work of scholars in the natural or pure sciences and is related to the evaluation of theories with theoretical history and the measurement of social reality analysis (Smith, Flower & Larkin, 2009). It is found that positivism as a paradigm for this study is better suited for the empirical quest for logical answers or responses to research objectives and theoretical statements.

#### **Justification of the Adopted Research Philosophy**

Positivism as a research ideology advocates the use of empirical methodology for rational analysis of social realities (Bryman, 2012). Accordingly, Siponen & Tsohou (2018) argued that philosophers of positivism orientation approach the world from an external viewpoint. Thus, positivists researchers are objective, disengage self and eliminates any form of biased interactions with the sampled population of the study.

The positivism research philosophy was adopted for this research work to enable the researcher to assess the dynamism of competitive strategy, impacts or contributions and challenges facing the agro-allied and livestock SMEs in Nigeria from a detached standpoint which is not associated

with the researcher in any way as it is primarily focused on the SMEs owners and employees of ten selected agro-allied and livestock SMEs which will be measured objectively rather than a subjective means that is achieved based on instincts, as the aim it is to investigate the impact and challenges of SMEs of the agro-allied and livestock on Nigerian economy.

### **Research Design**

Research design is the overall style of how to answer research issues. It reflects simple and well-defined priorities derived from research questions, exposes the origins of data collection and explains how data should be collected for research. It is also a key component of a study, which can further decide the research direction (Keightley, 2010). There are several essential designs for research that include exploratory, survey, descriptive, explanatory studies etc. (Saunders et al., 2009)

### **Justification for the Adopted Survey Research Design**

The research design adopted in this study's execution is survey research design. It is designed to investigate the impact of small and medium-sized agro-allied and livestock enterprises on Nigerian economy. The researcher formulated the research objectives, determine the primary methods for collecting data, calculate the study population and the test to be studied. The researcher also selected the primary data gathering instrument. The respondents were administered a well-structured questionnaire for primary data collection. According to Osemwota, Okhakhu & Tonwe, (2007), survey research has become popular in modern times as a scientific method of discovering the impact and inter – relationships of social and psychological variables from given populations. This research design was ideal for the study, as the researcher aims to analyze a population sample from which the outcome would be generalized. The researcher sought an opinion from knowledgeable people on the subject under



investigation. Survey involves a quantitative data collection, a technique which requires the researcher to systematically ask questions about the respondent's attitudes, feelings, ideas, opinions, behaviours, beliefs, and actions on a particular social phenomenon or event that is central to the researcher's theme of study. The researcher used the survey research design to enable interaction with the respondents through a questionnaire.

### **Research Approach**

Research approach can be inductive or deductive in nature according to Saunders et al. (2009) research onions which falls into the second stage of the research onions as posited by Saunders et al. Inductive approach refers to the process of using consistent data assessments primarily to extract concepts, themes or patterns based on the interpretations obtained by researchers through the consistency of the data assessments conducted.

### **Justification for the Adopted Deductive Research Approach**

Deductive approach is the scientific method used by a researcher to examine how data conforms to past ideas, theories, hypotheses and generalizations (Thomas, 2006). According to Vairoletti, (2006) deductive approach includes the formulation of hypotheses based on an established theory.

To comprehend and understand the various characteristic features of agro-allied and livestock SMEs in Lagos better, the deductive approach was used in examining and defining the trends, strengths and opportunities, contribution and challenges on the relationship between agro-allied and livestock SMEs and the Nigerian economy.

The hypotheses outlined below in their null form will be tested to further reinforce the agro-allied and livestock SMEs contributions within the context of ten (10) selected agro-allied and livestock SMEs in Nigeria.

H<sub>0</sub><sup>1</sup> There is no notable relationship between competitive business strategy and agro-allied and livestock SMEs growth in Nigeria

H<sub>0</sub><sup>2</sup> There is no notable relationship between contributions of agro-allied and livestock SMEs and socio-economic development of Nigeria.

H<sub>0</sub><sup>3</sup> There is no notable relationship between financial/economic policy of government and agro-allied and livestock SMEs growth in Nigeria

### **The Research Methods**

A method is primarily an action plan to achieve a specific goal. Research method can be described as the various phases that a researcher may employ to adequately address the study's relevant research questions. Thus, the various strategies a researcher may follow include qualitative, quantitative and mixed methods (Bryman, 2012).

### **Justification for the Adopted Quantitative Research Methods**

The quantitative method of analysis is often related to the deductive approach and survey research design. It is a renowned methods and organizational analysis technique which is used to describe what, how, where questions. Quantitative data collection gives logical answers to specific relationships among variables (Saunders et al., 2009)

The research study employ quantitative research methods. The primary explanation behind the quantitative method is to assess target populace information and to provide theory testing (Cooper & Schilnder, 2008). Then again, the quantitative method helps survey research design to offer information on the cause and effect connections in variables (Saunders, et al. 2009).

### **Population of the Study**

Population of study is defined as the collection of cases about which a researcher would like to use in making the study generalizations. To Bryman (2012), a “population is the universe of units from which a sample is to be selected”. According to Osemwota, Okhakhu & Tonwe (2007), a population is the theoretically specified aggregation of the study elements from which the sample population is drawn. The population of study of this research is made up of staffs and managements of ten (10) agro-allied and livestock small business in Ikorodu local government area. Ikorodu has a population of 535,811 according to NBS (2006) census figures and over 1441 small business ventures (Ikorodu Chambers of Commerce and Industry (ICCI), 2019).

### **Sampling Technique and Sample Size**

The focus of this research work is on the ten selected agro-allied and livestock SMEs’ owners, managers and employees. It is however unrealistic and impractical to cover the entire agro-allied and livestock SMEs in Nigeria as there exist approximately 17.4 million SMEs in Nigeria (NBS, 2019). Hence, the need to adopt a sampling technique. Sampling technique is a definite plan for obtaining a sample from a given population. According to Ogbeide (2011), sampling is a set of techniques or procedures used to select a sample from a population. Generally speaking, there are two classifications of sampling: probability sampling and non-probability sampling. The probability sampling gives equal chance to each case to be selected from the population. On the other hand, the non-probability sampling deals with a number of different sampling methods from which the researcher can choose a suitable method for the study (Saunders et al., 2009).

### **Justification for the Adopted Sampling Technique and Sample Size**

The study utilized the non-probability sampling method. The sample size for this research is targeted at 100 respondents consisting of the ten selected Nigerian agro-allied and livestock

SMEs. Since obtaining a sampling frame is not viable, this research adopted non-probability sampling technique. Non-probability sampling includes snow-ball, purposive or judgmental, quota, self-selection, and convenience (Saunders et al., 2009).

Purposive or judgmental sampling enables researcher to use their judgement in selecting cases that will best answer his research questions and to meet the study objectives (Saunders et al., 2009). The logic on which a researcher base his strategy for selecting or using a purposive sample should be dependent on a research questions and objectives. This method encompasses selecting the research participants deliberately based on the nature of the investigation. Hence, the sample size for this study is 100 respondents from the total population. The researcher selected ninety (90) employees' and ten (10) management staffs of ten agro-allied and livestock SMEs in Ikorodu local government area of Lagos State, Nigeria, to carry out this study based on their depth of knowledge on the subject matter. The researcher will administer questionnaire to nine employees' (90) each and one management (10) staff each of the ten selected agro-allied and livestock SMEs making a total of hundred (100) respondents.

### **Reliability and Validity**

Reliability requires the consistency and dependability of testing instrument used during the data collection process, which can produce similar results in another sense (Saunders et al., 2009).

A research's validity means ensuring that the findings match well, and appears as it should be (Saunders et al., 2009). This research employed face and content validity, and will be guided by my project supervisor who will access the questionnaire in accordance with grammatical accuracy prior to final approval.

The reliability and validity of this study puts the different statistical instruments and procedures used in this research into play and was certain by taking into account the time factor, information

gathering processes, the implementation and formulation of questionnaires and the analytical process in studying the impact of agro-allied and livestock small and medium-sized enterprises on Nigerian economy.

### **Method of Data Collection**

The technique of data collection may be defined as an important component of a study. In addition, various aspects which include research problems, the reliability of the research tool and budgets are the basis for the adoption of an appropriate data collection process (Haseski & Ilic, 2019). In research, scholars have established three major data collection methods. First, is the primary data collection that includes the researcher collecting data directly from the field with or without the help of a research assistance. Second, is the secondary method of collecting data that involves gathering data from previous studies. Saunders et al., (2009) identified three classes of secondary data, including secondary documentary data, secondary survey data and multiple sources. The third is the mixed methods involving the use of both primary and secondary data collection mechanisms for information sourcing. For example, a researcher using questionnaire and unstructured interview or documentary to gather information for a particular study.

### **Justification for the Adopted Primary Data**

In this study, the primary methods of data collection techniques were employed. In other words, the collection of data was through the use of primary data sourcing methods. Consequently, the use of questionnaires was used in gathering raw data for the study from the research participants which are both employers and employees of ten agro-allied and livestock small and medium-sized enterprises in Nigeria. The research was administered directly to the respondents in the agro-allied and livestock SMEs cluster in Ikorudu local government area of Lagos State, Nigeria through a structured Likert scale questionnaire.

## **Research Instrument for Data Collection**

The research instrument used in the study is questionnaire, according to Ogilli (2005), it is a carefully designed instrument for data collection in accordance with specifications of research question and gathering data from large and widespread group of people. It is a list of questions designed to elicit information from respondents by filling in the answers in spaces provided for the purpose. In the collection of data for the study, the researcher used questionnaires. The questionnaire was divided into two sections. Section A consists of the respondents' bio data, while section B was related to the core issues relating to agro-allied and livestock small and medium-sized enterprise (SME) competitive strategy, contribution, financial and government policies, and challenges to national development in Nigeria. The type of questionnaire used in the collection of data for the study by the researcher is the Likert scale questionnaire. It is a 1-5 point (1 is SD- strongly disagree; 2 is D – Disagree; 3 is UN – undecided; 4 is A – agree; 5 is SA – strongly agree) scale questionnaire that give room to make their choice base on their perception of the issue asked in the questionnaire.

## **Method of Data Analysis**

Primary data obtained from the field was analyzed using Statistical Package for Social Sciences. In order to produce frequency tables and graphs, the primary data collected from respondents through the survey questionnaire will be coded and analyzed through the Statistical Package for Social Sciences (SPSS). The use of SPSS will be very useful for rapid and accurate execution of a number of inferential statistics (Collis & Hussey, 2014). The two statistical tools of data analysis deployed in the analysis of data derived from the field were simple percentage and the Pearson correlation. The simple percentage which is a descriptive tool for statistics was used for

initial analysis, while the Pearson correlation was employed in testing the hypotheses generated from the survey.

### **Research Ethics**

The research study revolves around legal criteria and principles. In the beginning of the survey, participants were properly enlightened of the research's intent. It was clearly stated in the survey-questionnaire that respondent's responses will be confidential and solely for the purposes of this research work. Extra care was taken to make certain that respondents were recruited for this study not out of their own will because they were asked to decide to participate in the survey consensually or not.

Again, in promoting the ethical conduct of this study, the researcher is subject to strict academic authority to protect the classified collected data in the course of this research carried out in ten agro-allied and livestock small and medium-sized enterprise (SME) outlets in Ikorodu Local Government Area of Lagos State, Nigeria as to ascertaining the co-relation between their competitive strategy, contributions, government policies, challenges and their impact on the Nigerian economy.

### **Limitations of Study**

The scope of the study is limited to agro-allied and livestock small and medium sized enterprises in Lagos, Nigeria. Other limitations that can be predicted in this study are respondents' unwillingness in filling the questionnaires. Also, security challenge in the country is an impediment in gathering data for a research of this magnitude. Similarly, the limited time factor in executing this research project is also tasking considering marrying class work and the research work together. Finally, it was challenging to obtain information from selected agro-

allied and livestock SMEs because they were afraid that the information provided would one way or the other get to the tax authorities because most of them don't fulfill their tax obligations.

### **Conclusion**

This chapter discusses the empirical and fitting methodological approach, the selection justification, sample sizes, collection of data and others as mentioned above. The key resolve taken in this section includes the adoption of a positivist philosophy, survey research design, explanatory, deductive approach, among others. This has contributed to the awareness and understanding relative to what it was before the commencement of the project.



## **CHAPTER FOUR**

### **DATA ANALYSIS AND DISCUSSION OF FINDINGS**

#### **Introduction**

This chapter presents the analysis of data from the study's field survey. 100 copies of questionnaires were given out and all were recovered, making the percentage of the copies retrieved 100%. Statistical Package for Social Sciences, SPSS 20.0 was used for the analysis.

The first section of the questionnaire focuses on demography of the respondents, while in other sections it analyzes the main items which produce answers to the research questions and hypotheses for which this study is about.

## Data Analysis

### Analysis of Respondents' Demographic Data

**Table 1: Gender Distribution of Respondents (n = 100)**

	Frequency	Percent	Valid Percent	Cumulative Percent
Male	76	76.0	76.0	76.0
Valid Female	24	24.0	24.0	100.0
Total	100	100.0	100.0	

Source: Field Survey, (2020).

Figure 1

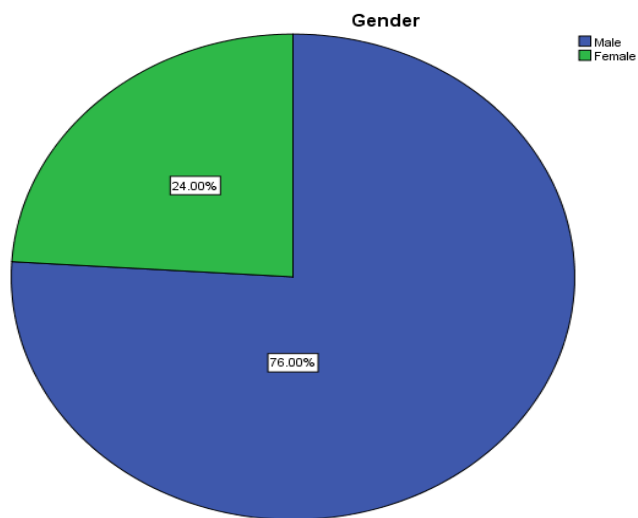


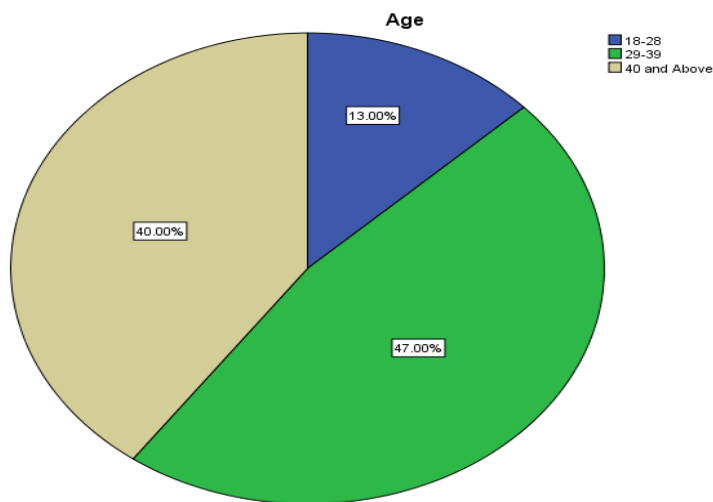
Table and figure 1 shows that 76.0% attempted males while 24.0% are females. It's understood that more males participated in the study than females.

**Table 2: Age Distribution of Respondents (n = 100)**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 18 – 28years	13	13.0	13.0	13.0
29 – 39 years	47	47.0	47.0	60.0
40years and above	40	40.0	40.0	100.0
Total	100	100.0	100.0	

Source: Field Survey, (2020).

Figure 2



From Table and figure 2, it was discovered that 13.0% of the respondents were between 18 – 28 years of age, 47.0% were between 29-39 age range and 40.0% were between 40 years and above. This implies that age 29 – 39 years were the majority in the study, followed by participants in the age bracket of 40 years and above and lastly, respondents in the age bracket of 18-28 years.

**Table 3: Marital Status Distribution of Respondents (n = 100)**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Single	36	36.0	36.0	39.0
Valid Married	53	53.0	53.0	89.0
Valid Others	11	11.0	11.0	100.0
Valid Total	100	100.0	100.0	

Source: Field Survey, (2020).

Figure 3

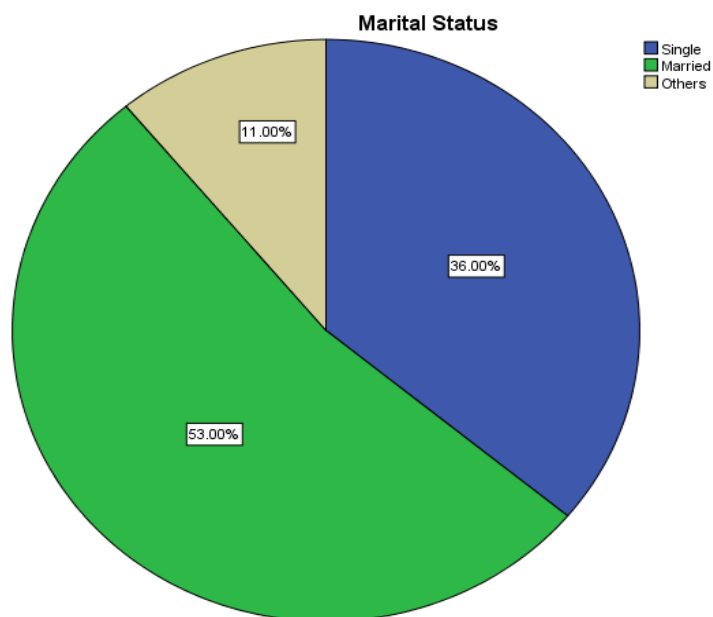


Table and figure 3 shows that 36.0% of the respondents are single, 53.0% were married while 11.0% were of “others” marital status. Therefore, the analyses indicate that most of the respondents that took part in the study are married men and women.

**Table 4: Educational Distribution of Respondents (n = 100)**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Primary	9	9.0	9.0	9.0
Valid Secondary	29	29.0	29.0	38.0
Valid Tertiary	62	62.0	62.0	100.0
Total	100	100.0	100.0	

Source: Field Survey, (2020).

Figure 4

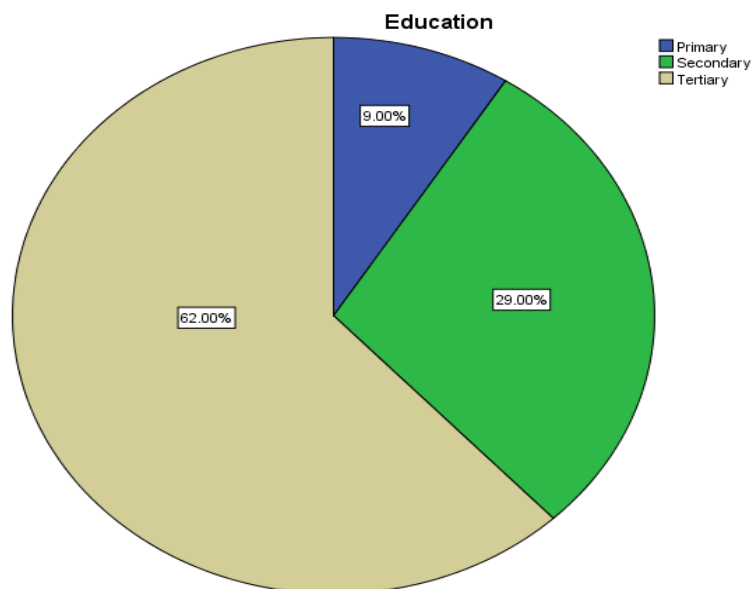


Table and figure 4 specifies that 9.0% of the respondents are primary school leavers, 29.0% were secondary school leavers while 62.0% were tertiary degree holders. Therefore, the analyses indicate that most of the respondents that took part in the study are tertiary degree holders.

**Table 5: Religion Distribution of Respondents (n = 100)**

	Frequency	Percent	Valid Percent	Cumulative Percent
Christianity	78	78.0	78.0	78.0
Muslim	18	18.0	18.0	96.0
ATR	4	4.0	4.0	100.0
Total	100	100.0	100.0	

Source: Field Survey, (2020).

Figure 5

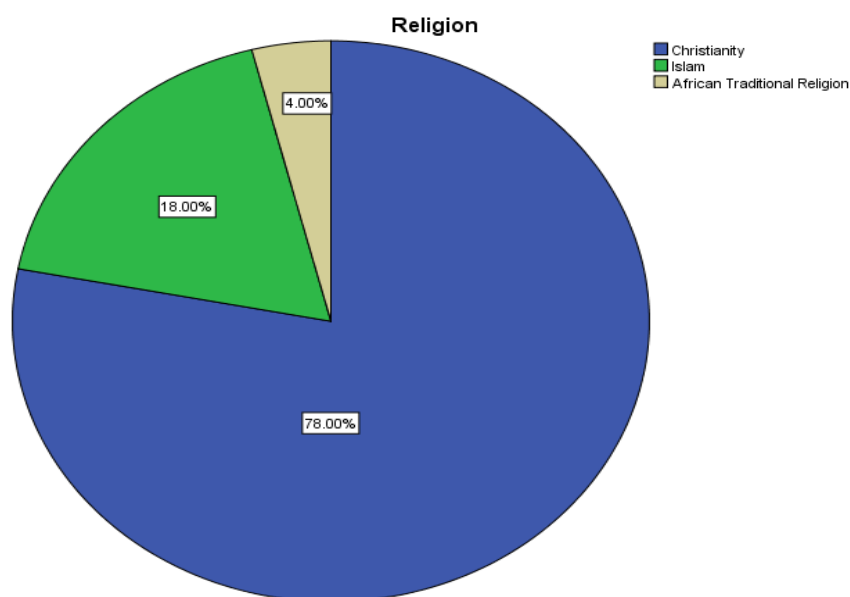


Table and figure 5 show that 78.0% of the respondents were Christians, 18.0% of the respondents were Muslims while 4.0% belongs to the ATR. This implies that more Christians participated in the study more than Muslims and African Traditional Religion.

**How would you rate the agro-allied and livestock industry in Nigeria?**

**Table 6: (n = 100)**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid High	4	4.0	4.0	4.0
Average	54	54.0	54.0	58.0
Low	42	42.0	42.0	100.0
Total	100	100.0	100.0	

Source: Field Survey, (2020).

From the above table 6, 4.0% of the respondents rated agro-allied and livestock industry in Nigeria, 54.0% of the respondents rated it average while 42.0% of the respondents rated it low. This specify that more respondents that took part in the study rated agro-allied and livestock industry in Nigeria average.

### **Analysis of the Dependable Variables**

#### **Research Question One**

What is the dynamic nature of competitive strategy of agro-allied and livestock SMEs in Nigeria?

#### **Table 7**

**Key:** The Likert style questionnaire acronyms **SA** (Strongly Agreed), **A** (Agreed), **UN** (Undecided), **D** (Disagreed) and **SD** (Strongly Disagreed) were used to draw out information from the research respondents.

S/n	Item	Response					Remark
		SA	A	UN	D	SD	

<b>1</b>	Your organization provides a unique service and product that creates value for customers which helps her stand out in its market environment and promotes the socio-economic growth and development of the country	<b>11</b> <b>11.0%</b>	<b>78</b> <b>78.0%</b>	<b>4</b> <b>4.0%</b>	<b>6</b> <b>6.0%</b>	<b>1</b> <b>1.0%</b>	<b>Accepted</b>
<b>2</b>	The firm's competitive strategic nature is based on providing low cost price	<b>8</b> <b>8.0%</b>	<b>68</b> <b>68.0%</b>	<b>7</b> <b>7.0%</b>	<b>15</b> <b>15.0%</b>	<b>2</b> <b>2.0%</b>	<b>Accepted</b>
<b>3</b>	The firm constantly invests in new capabilities that give her an advantage over its competitors	- -	<b>60</b> <b>60%</b>	<b>16</b> <b>16.0%</b>	<b>22</b> <b>22.0%</b>	<b>2</b> <b>2.0%</b>	<b>Accepted</b>
<b>4</b>	The organization competitive strategies are driven by an expertise expansion on how they	<b>4</b> <b>4.0%</b>	<b>62</b> <b>62.0%</b>	<b>12</b> <b>12.0%</b>	<b>21</b> <b>21.0%</b>	<b>1</b> <b>1.0%</b>	<b>Accepted</b>



	can create greater value for customers						
<b>5</b>	The organization's product and service has a unique features and ingredients that differentiate it and ensures that its quality exceeds that of other competitors in the market	<b>8</b> <b>8.0%</b>	<b>49</b> <b>49.0</b>	<b>13</b> <b>13.0%</b>	<b>27</b> <b>27.0%</b>	<b>3</b> <b>3.0%</b>	<b>Accepted</b>

**Field survey, (2020)**

**Interpretation**

The survey in the above table indicates that the respondents accepted that the dynamic nature of competitive strategy of agro-allied and livestock SMEs is driven by the ability of their organizations provide a unique service and product that creates value for customers, their firm's competitive strategic nature is based on being the industry low cost provider, the uniqueness of the firm is in continually investing in new capabilities that give her an advantage over its competitors, the competitive strategies are driven by our expertise development about on how to create a greater value for customers and lastly that the organization's product and service has a unique features and ingredients that differentiate it and ensures that its quality exceeds that of other competitors in the market.

**Research Question Two:**

What are the contributions of agro-allied and livestock SMEs to the socio-economic development of Nigeria?

**Table 8**

S/N	Item	Response					X	Remark
		SA	A	UN	D	SD		
6	The organization has helped in employment creation and generation for the youths in the area	9 9.0%	85 85.0%	- -	4 4.0%	2 2.0%		Accepted
7	The organization pays taxes to the government to promote sustainable socio-economic growth and development in the country	29 29.0%	66 66.0	4 4.0%	- -	1 1.0%		Accepted
8	The agro-allied and livestock SMEs has helped in the growth and development of domestic economy through the generation of goods and services that boosts the nation's economy.	15 15.0%	77 77.0%	5 5.0%	3 3.0%	- -		Accepted
9	This agro-allied and livestock sector of SME has help in import	5 5.0%	89 89.0%	6 6.0%	- -	- -		Accepted

	substitution by providing food security to the people of the area and promote the GDP of the country's economy							
<b>10</b>	The large companies in Nigeria has helped the economy than the small business enterprise in Nigeria	<b>5</b> <b>5.0%</b>	<b>17</b> <b>17.0%</b>	<b>5</b> <b>5.0%</b>	<b>45</b> <b>45.0%</b>	<b>28</b> <b>28.8</b>		<b>Rejected</b>

**Field Survey, (2020)**

### **Interpretation**

From the sampled population in the above table, the respondents accepted that the contributions of agro-allied and livestock SMEs to the socio-economic development has helped in employment creation and generation for the youths, the payment of taxes by the SMEs operators to the government promotes sustainable socio-economic growth and development, SMEs has helped in the generation of goods and services that boosts the nation's economy, the agro-allied and livestock sector of SME has help in import substitution by providing food security, but rejected the idea that large firms have helped the Nigerian economy than the small business enterprise in Nigeria.

### **Research Question Three:**

What are the financial and economic policies of government that has promoted agro-allied and livestock SMEs in Nigeria?

**Table 9**

<b>S/N</b>	<b>Item</b>	<b>Response</b>					<b>X</b>	<b>Remark</b>
		<b>SA</b>	<b>A</b>	<b>UN</b>	<b>D</b>	<b>SD</b>		
<b>11</b>	Government established Bank of	3 3.0%	11 11.0%	1 1.0%	82 82.0%	3 3.0%		<b>Rejected</b>

	Industry to address the shortages in the finances of SMEs in Nigeria has performed credible well							
<b>12</b>	Small and Medium Scale Industrial Development Agency (SMEDAN) as an agency of government has offered creditable technical assistance to agro-allied and livestock SMEs in Nigeria	6 6.0%	7 7.0%	4 4.0%	80 80.0%	3 3%		<b>Rejected</b>
<b>13</b>	The Small and Medium Enterprises Equity Investment Scheme (SMEEIS) as a government	5 5.0%	13 13.0%	1 1.0%	73 73.0%	8 8.0%		<b>Rejected</b>

	policy has promptly assisted investment in agro-allied and livestock SMEs in Nigeria							
<b>14</b>	The Nigerian Agriculture Cooperative Research Development Bank (NACRDB) has provided easy access to credit finance facilities and agricultural inputs to agro-allied and livestock SMEs.	4 4.0%	5 5.0%	3 3.0%	76 76.0%	12 12.0%		<b>Rejected</b>
<b>15</b>	The establishment of the entrepreneurship development centres has fulfilled purpose	2 2.0%	4 4.0%	3 3.0%	76 76.0%	15 15.0%		<b>Rejected</b>

	by providing institutional support for the development of agro-allied and livestock SMEs.							
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**Field Survey, (2020)**

**Interpretation**

From the above survey, the respondents rejected the notion that the financial and economic policies of government has promoted agro-allied and livestock SMEs in Nigeria ranging from the establishment Bank of Industry (BOI) to address the shortages in the finances, the Small and Medium Scale Industrial Development Agency (SMEDAN) to offer efficient technical assistance, the Small and Medium Enterprises Equity Investment Scheme (SMEEIS) government policy to assist investment in agro-allied and livestock, the Nigerian Agriculture Cooperative Research Development Bank (NACRDB) to provide credit finance facilities, and the establishment of the entrepreneurship development centres to provide institutional support for the development of agro-allied and livestock SMEs.

**Research Question Four:**

What are the challenges hindering agro-allied and livestock SMEs growth in Nigeria?

**Table 10**

S/N	Item	Response					X	Remark
		SA	A	UN	D	SD		
16	There is little or no power (electricity) supply and	8 8.0%	78 78.0%	11 11.0%	3 3.0%	- -		Accepted

	infrastructure deficiency to drive agro-allied and livestock SMEs in the country							
<b>17</b>	The self-help provision of infrastructure by SME entrepreneurs is very expensive and a challenging factor to agro-allied and livestock SMEs growth in Nigeria	16 16.0%	79 79.0%	4 4.0%	1 1.0%	20 20.0%		<b>Accepted</b>
<b>18</b>	Multiple tax from all the levels (Federal, State and Local) government thwarts the growth and development of agro-allied and livestock SMEs in Nigeria	12 12.0%	85 85.0%	3 3.0%	- -	- -		<b>Accepted</b>

<b>19</b>	Lack of assistance and accessibility of SMEs proprietors to fund and technical know-how from the government is a barrier to agro-allied and livestock SMEs development in Nigeria	5 5.0%	84 84.0%	2 2.0%	7 7.0%	2 2.0%		<b>Accepted</b>
<b>20</b>	The SMEs management in Nigeria have low capacity utilization and managerial inadequacies to driver a competent and viable agro-allied and livestock SME sector	4 4.0%	30 30.0%	18 18.0%	48 48.0%	- -		<b>Rejected</b>
<b>21</b>	Insecurity and lack of conducive environment to do	40 40.0%	51 51.0%	3 3.0%	3 3.0%	3 3.0%		<b>Accepted</b>



	business is another factor that hinders agro-allied and livestock SMEs growth in the country							
<b>22</b>	Government agencies and financial institutions has failed in their responsibility to assist agro-allied and livestock SMEs grow in Nigeria	32 32.0%	63 63.0%	2 2.0%	2 2.0%	1 1.0%		<b>Accepted</b>

**Field Survey, (2020)**

**Interpretation**

From the sampled survey population above, of the respondents accepted that challenges hindering agro-allied and livestock SMEs growth in Nigeria are little or no power (electricity) supply and infrastructure deficiency, the expensive nature of the self-help provision of infrastructure entrepreneurs, the multiple tax from all the levels (Federal, State and Local) government, the lack of assistance and accessibility of agro-allied and livestock SMEs proprietors to fund and technical know-how, the low capacity utilization and managerial inadequacies agro-allied and livestock SMEs management, the insecurity and lack of conducive environment to do business, and lastly the failure of government agencies and financial institutions to assist agro-allied and livestock SMEs grow in Nigeria.

**Research Question Five:**

What are the needed solutions to the challenges facing the agro-allied and livestock SMEs in Nigeria?

**Table 11**

S/N	Item	Response					X	Remark
		SA	A	UN	D	SD		
23	Government needs to involve the agro-allied and livestock SMEs owners in policy formulation and execution for maximum effect that will drive the economy	15 15.0%	81 81.0%	1 1.0%	3 3.0%	- -		<b>Accepted</b>
24	Rapid infrastructural and social amenities development will agro-allied and livestock SMEs initiative	26 26.0%	70 70.0%	3 3.0%	1 1.0%			<b>Accepted</b>
25	The government should provide technical know-how and financial assistance to agro-allied and livestock SMEs	11 11.0%	83 83.0%	3 3.0%	3 3.0%	- -		<b>Accepted</b>

	entrepreneurs in Nigeria							
<b>26</b>	Formulation and implementation of policies consistently to promote agro-allied and livestock SMEs sector in the country	10 10.0%	86 86.0%	2 2.0%	1 1.0%	1 1.0%		<b>Accepted</b>
<b>27</b>	The government should create an enabling environment and provide adequate security for agro-allied and livestock SMEs growth in the nation	25 25.0%	75 75.0%	- -	- -	- -		<b>Accepted</b>

### Field Survey, (2020)

#### Interpretation

The research survey in the above table shows that the respondents accepted that the solutions to the challenges facing the agro-allied and livestock SMEs are the need for government to involve the agro-allied and livestock SMEs owners in policy formulation and execution, provision of rapid infrastructural and social amenities, government should provide technical know-how and financial assistance to agro-allied and livestock SMEs entrepreneurs, a consistent formulation and implementation of policies, and finally government should create an enabling environment and provide adequate security for agro-allied and livestock SMEs growth in the nation.

#### Test of Hypotheses

##### Hypothesis One

**Table 12** **Correlations**

		Competitive business strategy	Agro-allied and livestock SMEs
Competitive business strategy	Pearson Correlation	1	.672**
	Sig. (2-tailed)		.000
	N	100	100
Agro-allied and livestock SMEs	Pearson Correlation	.672**	1
	Sig. (2-tailed)	.000	
	N	100	100

\*\* . Correlation is significant at the 0.01 level (2-tailed).

There is a statistically significant relationship between the two variables ( $p < .001$ ). The direction of the relationship is positive. There is a very strong positive relationship between competitive business strategy and agro-allied and livestock SMEs growth, meaning that these variables tend to increase together.

### Hypothesis Two

**Table 13** **Correlations**

		Agro-allied and livestock SMEs contributions	Socio-economic development
Agro-allied and livestock SMEs	Pearson Correlation	1	.711**
	Sig. (2-tailed)		.000
	N	100	100
Socio-economic development	Pearson Correlation	.711**	1
	Sig. (2-tailed)	.000	
	N	100	100

\*\* . Correlation is significant at the 0.01 level (2-tailed).

There is a statistically significant relationship between the two variables ( $p < .001$ ). The direction of the relationship is positive. There is a strong positive relationship between agro-allied and livestock SMEs contributions and socio-economic development, meaning that these variables tend to increase together.

### Hypothesis Three

**Table 14 Correlations**

		Economic policy of government	Agro-allied and livestock SMEs growth
Economic policy of government	Pearson Correlation	1	.705**
	Sig. (2-tailed)		.000
	N	100	100
Agro-allied and livestock SMEs growth	Pearson Correlation	.705**	1
	Sig. (2-tailed)	.000	
	N	100	100

\*\* . Correlation is significant at the 0.01 level (2-tailed).

There is a statistically significant relationship between the two variables ( $p < .001$ ). The direction of the relationship is positive. There is a very strong positive relationship between financial/economic policy of government and agro-allied and livestock SMEs growth.

### Discussion of Findings

SME agro-allied and livestock programmes have been found to be a crucial driver for sustainable food security in both developed and developing nations. Agro-allied are industries that rely on agriculture for their raw materials in order to operate successfully in the manufacturing of finished goods that are useful to livestock and humans.

Thus, the study reveals that there is dynamic competitive strategy in the agro-allied and livestock SMEs through the provision of unique service and product that creates value for customers which helps her stand out in its market environment and promotes the socio-economic growth and development. The study also gathered through interview from the top managers and owners of the SMEs that the uniqueness of a firm and its survival lies in the products and services they render to the public for consumption. This confirms the study by Oyedijo (2012) who posited

that competitive strategy of small and medium business enterprise owners leads to an increasing performance among the SMEs in South-Western Nigeria. Accordingly, the study by Akhemiokhor & Adanikin (2017) revealed that an organization's competitive strategy has an important relation to the return on investment.

The study in research question two revealed that the contributions of agro-allied and livestock small business enterprise (SMEs) to the socio-economic development of Nigeria are enormous. The study established that there is a significant relationship between the contributions of agro-allied and livestock SMEs and socio-economic growth in Nigeria by employment creation and generation for the teeming youths in the country. The study confirmed the study by Adams (2016) who observed that agro-allied and livestock SMEs contributed 68.75% to job creation, generated government income through taxation, increased savings and investment by 60%, provided food, foreign exchange earnings (40%) and remained 100% raw material for industry. Ariyo, (2005), argued that the on average, the small and medium-sized business sector provides 50 percent of Nigeria's employment and 50 percent of its industrial output. Moreover, small and medium-sized enterprises make up 70 to 90 percent of Nigeria's manufacturing businesses (Oyelaran – Oyeyinka, 2010;). Eniola & Ektebang (2014), observed that SMEs provide more than 90 percent of the employment opportunities available in the manufacturing sector and account for around 70 percent of the total job created per year. SMEs are increasingly acknowledged as the key catalysts for achieving fair and sustainable industrial diversification and dispersal, and SMEs account for well over half the overall share of jobs, sales and value added in most countries (Udechukwu, 2003) particularly in agro-allied and livestock which are oftentimes regarded as the mainstay of the nation's economy.

The study discovered that there are various financial and economic policies of government established to promote agro-allied and livestock SMEs growth in Nigeria such as Bank of Industry (BOI) which has been lagging behind in their role. Testing the hypothesis, the study revealed that there is a strong positive linkage between financial and economic policy of government and SMEs growth. In other words, an increase in economic policy of government will lead to a corresponding increase in SMEs growth in Nigeria. This highlights an urgent need for the governments to change policies and structural environments that can have an impact on firm development and expansion in order to maximize their contribution to growth (Okwu, 2015).

Consequently, the study revealed that some of the challenges hindering SMEs growth in Nigeria includes little or no power (electricity) supply, infrastructure deficiency to drive the SMEs. The study was affirmed by the study by Abefe & Salaudeen, (2019) who asserted that the challenges of agro-based SMEs in Nigeria are dearth of infrastructure, social basic amenities deficiency, inadequate finance and poor transportation system, technical limitations and poor storage and processing facilities. Accordingly, Dabor & Oserogho (2017) observed that the miserable state of social amenities and infrastructure inadequacies with special focus on power supply and transportation ignites low level of productivity and SMEs stunted growth in the country.

In the quest to proffer solution to the challenges confronting SMEs in Nigeria, the study survey advocates a rapid infrastructural and social amenities development. This confirms Onugu, (2005) that adequate infrastructure will boost SMEs productivity in Nigeria.

The following findings from the study emanated from the analyzed data.

- The study establishes that there is a dynamic competitive strategy among the agro-allied and livestock SMEs in Ikorodu local government area of Lagos State, Nigeria.

- The agro-allied and livestock SMEs has contributed immensely in the areas of food security, job creation and opportunity, improved standard of living of the SMEs initiators and the socio-economic growth and development in Ikorodu local government area of Lagos State, Nigeria.
- The study found that government has provided financial and economic policy of government to support agro-allied and livestock SMEs but has not been successful in carrying out their assigned duties.
- The study ascertains that there are numerous challenges facing the agro-allied and livestock SMEs ranging from lack of infrastructure to lack of financial assistance to support through technical assistance and multiple taxation from government.
- The study found that if the agro-allied and livestock SMEs is supported through the provision of infrastructure and finance and security, food security will be assured in Nigeria.



## **Chapter Five**

### **Summary, Conclusion and Recommendations**

#### **Introduction**

This chapter presents a holistic summary of the research study, its conclusion and based on the findings in the study offers its recommendations.

#### **Summary**

This research study was carried out to examine the impact of Small and Medium Scale Enterprises (SMEs) of Agro-Allied and Livestock Business on Nigerian Economy: A Case Study of Selected SMEs in Ikorodu Local Government Area of Lagos State, Nigeria. Agro-allied are industries that rely on agriculture for their raw materials in order to function effectively in the manufacture of finished products that are useful to livestock and humans. Its growth could aid to stabilize and make agriculture more profitable, creating opportunities for employment in both the production and marketing stages. The objective of the study is to examine and understand the dynamic nature of competitive strategy of agro-allied and livestock SMEs, to investigate the contributory importance of agro-allied and livestock SMEs to the socio-economic development, to discover the effectiveness of financial and economic policy of government to support agro-allied and livestock SMEs, to identify the challenges of agro-allied and livestock SMEs and to proffer solution to the challenges facing the agro-allied and livestock SMEs in Nigeria. In order to achieve the set objectives of the study, five research questions were raised and answered. The study adopted survey research design. The population of study of this research is made up of 535,811 residing in Ikorodu local government area working in 1441 small business ventures. The sample size of this study is 100 respondents drawn from all staff cadre and management cadre of agro-allied and livestock SMEs in Ikorodu local government area of Lagos State, Nigeria. The

instrument used for the collection of data was the questionnaire which was administered to a total number of one hundred (100) respondents and same was retrieved. The data collected was analyzed using simple percentage and Pearson correlation analytical method to test the hypotheses generated for the study. The study revealed that there is a relationship between competitive agro-allied and livestock SMEs and socio-economic growth and development in Nigeria.

### **Conclusion**

The study concluded that agro-allied and livestock SMEs are main drivers of the country food security and socio-economic growth and development. Consequently, SMEs cannot be ignored in any nation's economic growth. SMEs are recognized as the focal point of economic growth and a major factor in the promotion of development and partnership in the private sector, in developed and developing countries (Anigbogu, et al., 2014). The study revealed that agro-allied and livestock SMEs have made an enormous contribution to creating job opportunities, improving living standards, generating government taxes and are often seen as very important to the growth and development of dynamic economies.

More so, the study posited that agro-allied and livestock SMEs will aid diversification of the economy thereby promoting sustainability economic development in both rural and urban centres. The hindrances that is thwarting the growth of agro-allied and livestock SMEs for food security and other SMEs sector should be ameliorated for the proper and optimal production capacity and functioning of SMEs in Nigeria.

The study established that there is a strong linkage between ineffective nature of financial institutions and economic policies of government and SMEs depreciation in Nigeria. Financial

institutions and economic policies of government has not performed optimally to boost SMEs initiative particularly in agro-allied and livestock business in the country.

### **Recommendations**

The following recommendations are made based on the findings of the study.

- Provide an enabling and conducive environment for agro-allied and livestock business and other SMEs to thrive to optimum capacity in Nigeria.
- The government should provide soft loans and credit facilities for agro-allied and livestock business and other SMEs.
- The government as a matter of urgency provide adequate infrastructure and social amenities to promote SMEs industrial clusters.
- Provide SMEs industrial clusters.
- Provide adequate security for the citizens which will provide an enabling environment for the growth of SMEs.

### **Area for Further Research**

This study has provided empirical evidence on the impact of Small and Medium Scale Enterprises (SMEs) of Agro-Allied and Livestock Business on Nigerian Economy. It is, therefore advocated that further research on the impact of other SMEs sectors to the Nigerian economy be examined by researchers. In other words, researchers can carry out this same study on other SMEs sectors of the Nigerian economy.

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## Appendix

### **AN INVESTIGATION OF SMALL AND MEDIUM SCALE ENTERPRISES (SMEs) OF AGRO-ALLIED AND LIVESTOCK BUSINESS ON NIGERIAN ECONOMY: A CASE STUDY OF SELECTED SMEs IN IKORODU LOCAL GOVERNMENT AREA OF LAGOS STATE**

Dear Sir / Madam,

I am an M.Sc. student in National College of Ireland in *International Business programme*. I am currently carrying out a research titled “**An Investigation of Small and Medium Scale Enterprises (SMEs) of Agro-Allied and Livestock Business on Nigerian Economy: A Case Study of Selected SMEs in Ikorodu Local Government Area of Lagos State, Nigeria**” which as part of our degree we must carry out an independence research project.

If you decide to take part in this research, you will be asked to complete a questionnaire attached to this consent form, which has been designed to elicit significant information for the purpose of this study. You have been invited to take part in this study as an employer or employee of an agro-allied and livestock business in Nigeria. Participation in this research is voluntary, if you do not want to take part, no consequences for you. Also, if you decide to take part, you can withdraw from participation at any time. There are no direct benefits to you for taking part in this research as well as no risk involved. However, the information gathered will contribute to the research that helps us to understand the impact and challenges of Agro-Allied and Livestock SMEs in Nigeria.

The exercise is purely academic and therefore information given will be treated with utmost confidentiality and used for no other purpose than this academic pursuit. The results of this study will be presented in my final dissertation, which will be submitted to National College of Ireland.

Yours Sincerely,

Lucky Nnaji (Researcher)

Dr. Kesiena Mercy Ebenade (Supervisor)

## SECTION A: BIODATA

**Sex:** Male ( ) Female ( )

**Age:** 18-28 ( ) 29-39 ( ) 40 and Above ( )

**Marital Status:** Single ( ) Married ( ) Others ( )

**Educational Status:** Primary ( ) Secondary ( ) Tertiary ( )

**Religion:** Christianity ( ) Islam ( ) ATR ( )

## SECTION B

**KEYS: SA-STRONGLY AGREE; A – AGREE; SD-STRONGLY DISAGREE; D – DISAGREE; UN - UNDECIDED**

Please tick the space that best fit your view.

S/N	QUESTION	SA	A	UN	D	SD
	<b>What is the dynamic competitive strategic nature of agro-allied and livestock SMEs in Nigeria?</b>					
<b>1</b>	Your organization provides a unique service and product that creates value for customers which helps her stand out in its market environment and promotes the socio-economic growth and development of the country					
<b>2</b>	The firm's competitive strategic nature is based on providing low cost price					

3	The firm constantly invests in new capabilities that give her an advantage over its competitors					
4	The organization competitive strategies are driven by an expertise expansion on how they can create greater value for customers					
5	The organization's product and service has a unique features and ingredients that differentiate it and ensures that its quality exceeds that of other competitors in the market					
	<b>What are the contributions of agro-allied and livestock SMEs to the socio-economic development of Nigeria?</b>					
6	The organization has helped in employment creation and generation for the youths in the area					
7	The organization pays taxes to the government to promote sustainable socio-economic growth and development in the country					
8	The agro-allied and livestock SMEs has helped in the growth and development of domestic economy through the generation of goods and services that boosts the nation's economy.					
9	This agro-allied and livestock sector of SME has help in					

	import substitution by providing food security to the people of the area and promote the GDP of the country's economy					
<b>10</b>	The large companies in Nigeria has helped the economy than the small business enterprise in Nigeria					
	<b>What are the financial/economic policies of government established to promote agro-allied and livestock SMEs in Nigeria?</b>					
<b>11</b>	Government established Bank of Industry to address the shortages in the finances of SMEs in Nigeria has performed credible well					
<b>12</b>	Small and Medium Scale Industrial Development Agency (SMEDAN) as an agency of government has offered creditable technical assistance to agro-allied and livestock SMEs in Nigeria					
<b>13</b>	The Small and Medium Enterprises Equity Investment Scheme (SMEEIS) as a government policy has promptly assisted investment in agro-allied and livestock SMEs in Nigeria					
<b>14</b>	The Nigerian Agriculture Cooperative Research Development Bank (NACRDB) has provided easy access					



	to credit finance facilities and agricultural inputs to agro-allied and livestock SMEs.					
<b>15</b>	The establishment of the entrepreneurship development centres has fulfilled purpose by providing institutional support for the development of agro-allied and livestock SMEs.					
	<b>What are the challenges of agro-allied and livestock SMEs in Nigeria?</b>					
<b>16</b>	There is little or no power (electricity) supply and infrastructure deficiency to drive agro-allied and livestock SMEs in the country					
<b>17</b>	The self-help provision of infrastructure by SME entrepreneurs is very expensive and a challenging factor to agro-allied and livestock SMEs growth in Nigeria					
<b>18</b>	Multiple tax from all the levels (Federal, State and Local) government thwarts the growth and development of agro-allied and livestock SMEs in Nigeria					
<b>19</b>	Lack of assistance and accessibility of SMEs proprietors to fund and technical know-how from the government is a barrier to agro-allied and livestock SMEs development in Nigeria					

20	The SMEs management in Nigeria have low capacity utilization and managerial inadequacies to driver a competent and viable agro-allied and livestock SME sector					
21	Insecurity and lack of conducive environment to do business is another factor that hinders agro-allied and livestock SMEs growth in the country					
22	Government agencies and financial institutions has failed in their responsibility to assist agro-allied and livestock SMEs grow in Nigeria					
	<b>What are the needed solutions to the challenges facing agro-allied and livestock SMEs in Nigeria?</b>					
23	Government needs to involve the agro-allied and livestock SMEs owners in policy formulation and execution for maximum effect that will drive the economy					
24	Rapid infrastructural and social amenities development will agro-allied and livestock SMEs initiative					
25	The government should provide technical know-how and financial assistance to agro-allied and livestock SMEs entrepreneurs in Nigeria					

<b>26</b>	Formulation and implementation of policies consistently to promote agro-allied and livestock SMEs sector in the country					
<b>27</b>	The government should create an enabling environment and provide adequate security for agro-allied and livestock SMEs growth in the nation					