

PDF - EFFECTS OF GOVERNMENT FUNDING SCHEMES ON DEVELOPMENT OF SMALL AND MEDIUM ENTERPRISES (SMEs) IN NIGERIA (A CASE STUDY OF SMIEIS) - researchcub.info

ABSTRACT

The study was conducted to investigate the effects of government funding schemes on development of Small and Medium Enterprises (SMEs) in Nigeria. To meet the objectives of the study, survey research method was applied and a sample of 50 respondents was administered to SMEs Owners and Staff in Ojo Local Government Area. Data collection was done through questionnaire administration and the data collected were statistically analyzed with the aid of SPSS software. It was found that government funding schemes significantly affects SMEs growth and development in Nigeria. However, only few entrepreneurs have access to the loans. Therefore, the study recommends that entrepreneurs need to be educated about the procedures and processes required to secure loans from the financial schemes available to SMEs.

TABLE OF CONTENTS

CHAPTER ONE

Introduction

- 1.1 Background of the study
- 1.2 Statement of the problem
- 1.3 Objectives of the study
- 1.4 Research questions
- 1.5 Research hypothesis
- 1.6 Significance of the study
- 1.7 Scope and limitations of the study
- 1.8 Plan of the study
- 1.9 Definition of terms

CHAPTER TWO

Literature Review

- 2.1 Introduction
- 2.2 Conceptual Framework
 - 2.2.1 Definition of SMEs
 - 2.2.2 Role of SMEs in an Economy
 - 2.2.3 Challenges of SMEs
 - 2.2.4 Emergence of the Small and Medium Industries
Equity Investment Scheme (SMIEIS)
- 2.3 Theoretical Framework
- 2.4 Empirical Framework

CHAPTER THREE (RESEARCH METHODS)

- 3.1 Introduction
- 3.2 Restatement of research questions
- 3.3 Restatement of research hypothesis
- 3.4 Research design
- 3.5 Population of the study
- 3.6 Sample size and sampling techniques

- 3.7 Source of Data
- 3.8 Data collection instrument
- 3.9 Administration of research instrument
- 3.10 Method of data analysis

CHAPTER FOUR

Data Presentation, Analysis and Presentation

- 4.0 Introduction
- 4.1 Data analysis and presentation of result
- 4.2 Data analysis of the demographic characteristics
- 4.3 Test of hypothesis
 - 4.3.1 Hypothesis one
 - 4.3.2 Hypothesis two
 - 4.3.3 Discussion of result (tested hypothesis)

CHAPTER FIVE

Summary, Conclusion and Recommendation

- 5.0 Introduction
- 5.1 Summary of findings
- 5.2 Conclusions
- 5.3 Recommendations

REFERENCES

CHAPTER ONE

INTRODUCTION

1.1 Background To The Study

Small and Medium Enterprises (SMEs) occupy a place of pride in virtually every country or state. Because of their (SMEs) significant roles in the development and growth of various economies, they (SMEs) have aptly been referred to as "the engine of growth" and "catalysts for socio-economic transformation of any country" (Onugu, 2005). Several studies (i.e Sanusi, 2003; Onugu, 2005; Osuagwu, 2006; Ehinomen and Adeleke, 2012) have revealed that funding has been one of the major challenges facing the growth and development of SMEs in developing countries. Hence, the significance of government funding schemes towards the development of SMEs sector cannot be over emphasis.

Governments at various levels (Local, State and Federal levels) had in one way or the other focused on the Small and Medium Enterprises. While some governments had formulated policies aimed at facilitating and empowering the growth and development and performance of the SMEs, others had focused on assisting the SMEs to grow through soft loans and other fiscal incentives.

According to Onugu (2005), various special measures and programmes have been designed and policies enunciated and executed by government to encourage SMEs development and make them more vibrant in Nigeria. The highlights of these measures include; Fiscal incentives and protective fiscal policies, Specialized financial institutions and funding schemes for the SMEs, Favourable tariff structure, Small and Medium Industries Equity Investments Scheme (SMIEIS), Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) and Bank of Industry (BOI).

The various SMEs financing schemes have been in operation for dose to three decades and it is expected

that the scheme should have contributed immensely to SMEs growth and development in Nigeria. It is against this background that this study shall be conducted to examine the effect of government funding on development of in Lagos state.

1.2 Statement Of The Problem

For the past 30 years, the Federal Government's policy interventions for the Small and Medium Enterprises (SMEs) sector of the economy have not produced the desired results as the sector currently contributes one per cent to the GDP (Alli, 2012). It is a common knowledge that SMES in Nigeria find it relatively difficult to obtain institutional credits from financial houses. The need to address these problems comprehensively for a sustainable source of long term financing necessitated the introduction of the Small and Medium Industries Equity Investment Scheme (SMIEIS) by Bankers' Committee at the initiative of the Central Bank of Nigeria. The scheme as at the end of 2009 had attracted a total of N42.03 billion with N28.87 equity investment in 336 projects (Alli, 2012). However, it is unclear how beneficiaries in Lagos state access loan from the SMIEIS in order to develop their SMEs. Therefore, the problem of this study is to investigate the mode of operation of SMIEIS, impact of its financial advisory services, challenges facing SMEs operators to access loan from

the scheme and find out the extent to which the, SMIEIS have contributed to SMEs development.

1.3 Objective Of The Study

The main objective of the study is to examine effects of government funding schemes on development of Small and Medium Enterprises (SMEs) in Nigeria. However, the specific objectives are:

- i. To examine the effect of Small and Medium Industries Equity Investments Scheme (SMIEIS) on provision of loans to small business entrepreneurs.
- ii. To examine the conditions for accessing SMIEIS loan and its effect on growth of SMEs in Lagos state.
- iii. To examine the effect of financial advisory services by SMIEIS administrators on application of loan.
- iv. To assess the compliance of banks to the disbursement arrangement for administering SMIEIS loans to SMEs operators.

1.4 Research Questions

The following research questions guide the study;

What are the effects of Small and Medium Industries Equity Investments Scheme (SMIEIS) on provision of loans to SMEs?

Does SMIEIS loan have effect on the growth of SMEs in Lagos state?

How does the financial advisory service by SMIEIS administrators affect application of loans by SMEs in Lagos state?

Does banks complied with the disbursement arrangement for administering SMIEIS loans to SMEs operators?

1.5 Research Hypotheses

The research tests the following hypotheses;

1. Ho: Small and Medium Industries Equity Investments Scheme (SMIEIS) does not have significant effect on SMEs operations in Lagos state.

Hi: Small and Medium Industries Equity Investments Scheme (SMIEIS) has significant effect on SMEs

operations in Lagos state.

2. Ho: SMIEIS does not enhance the growth of SMEs in Lagos state.

Hi: SMIEIS enhances the growth of SMEs in Lagos state.

3. Ho: Financial advisory service by SMIEIS administrators does not have significant effect on application of loans.

Hi: Financial advisory service by SMIEIS administrators has significant effect on application of loans.

1.6 Significance Of The Study

The study contribute to knowledge in the area of SMEs development in Nigeria. The study will examine the Small and Medium Industries Equity Investment Scheme (SMIEIS) and how SMEs have benefited from the scheme.

The study shall unravel the factors that hinder SMEs access to loan from government financial schemes in the country and proffer solutions to any problem identified in the course of the study.

The findings of the study will assist SMEs operators and policy makers in finding a better way of improving SMEs performance in Nigeria.

Also, the study will be relevant to students who may conduct similar study in the future.

1.7 Scope And Limitations Of The Study

The study covers government funding schemes in support of SMEs growth and development in Lagos State. Focus will be on the mode of operation, challenges of the scheme and its contribution towards providing financial assistance to SMEs in Lagos State. The study shall be limited to Small and Medium Industries Equity Investment Scheme (SMIEIS) implementation in Lagos state.

The study will further be limited by availability and access to data from the Central Bank of Nigeria (CBN) on SMIEIS fund disbursement in Lagos state. However, time and financial constraints are expected to be a major limitation of the study. Also, getting beneficiaries (respondents) to comment on how they secure and implement funds from SMIEIS is another limitation to the study.

1.8 Plan Of The Study

The researcher presented the study in five chapters as follows **Chapter One** presented general background to the study followed by statement of the research problem; objectives of the study, research questions, research hypotheses, significance of the study, scope and limitation of study, organization of the study and definition of terms.

In **Chapter Two** literatures were review with respect to SMEs funding scheme in Nigeria under conceptual framework, theoretical framework and empirical study.

Chapter Three cover the research methodology with respect to research design, population of the study, sample and sampling technique, instrument of data collection and data analysis.

Chapter Four cover data analyses, presentation and discussion of findings from the data analysis.

Chapter Five however present summary, conclusion drawn and recommendation.

1.9 Definition Of Terms

The courses of the study, some basic concepts were used. These concepts are defined below;

Funding: is the act of providing resources, usually in form of money (financing), or other values such as effort or time (sweat equity), for a project, a person, a business, or any other private or public institutions.

Government Funding: Refers to financial support from government to SMEs in Nigeria.

Small Enterprise: An enterprise whose total cost including working capital but excluding cost of land is between ten million naira (N10,000,000) and one hundred million naira (N100,000,000) and/or a workforce between eleven (11) and seventy (70) full-time staff and/or with a turnover of not more than ten million naira (N10,000,000) in a year.

Medium Enterprise: A company with total cost including working capital but excluding cost of land of more than one hundred million naira (N100,000,000) but less than three hundred million naira (N300,000,000) and/or a staff strength of between seventy-one (71) and two hundred (200) full-time workers and/or with an annual turnover of not more than twenty million naira (N20,000,000) only.

Large Enterprise: Any enterprise whose total cost including working capital but excluding cost of land is above three hundred million naira (N300,000,000) and/or a labour force of over two hundred (200) workers and/or an annual turnover of more than twenty million naira (N20,000,000) only.

Small and Medium Industries Equity Investments Scheme (SMIEIS): Refers to the funding scheme by which the government directive from the CBN that commercial banks should set aside 10% of the profit after tax to provide loan for SMEs in Nigeria.

EFFECTS OF GOVERNMENT FUNDING SCHEMES ON DEVELOPMENT OF SMALL AND MEDIUM ENTERPRISES (SMEs) IN NIGERIA (A CASE STUDY OF SMIEIS)

The complete project material is available and ready for download. All what you need to do is to order for the complete material. The price for the material is NGN 3,000.00.

Make payment via bank transfer to Bank: Guaranteed Trust Bank, Account name: Emi-Aware technology, Account Number: 0424875728

Bank: Zenith Bank, Account name: Emi-Aware technology, Account Number: 1222004869

or visit the website and pay online. For more info: Visit <https://researchcub.info/payment-instruct.html>

After payment send your depositor's name, amount paid, project topic, email address or your phone number (in which instructions will sent to you to download the material) to +234 70 6329 8784 via text message/ whatsapp or Email address: info@allprojectmaterials.com.

Once payment is confirmed, the material will be sent to you immediately.

It takes 5min to 30min to confirm and send the material to you.

For more project topics and materials visit: <https://researchcub.info/> or For enquiries: info@allprojectmaterials.com or call/whatsapp: +234 70 6329 8784

Regards!!!