

An Examination of SME Development in an Emerging Economy: 'Funding & Sustainability'.

Nurat Ajibade

Royal Docks School of Business & Law
University of East London
najibade@uel.ac.uk

ABSTRACT

A key premise which underpins this study is the proposition that resolve of the small business financing constraint requires creativity and innovation in both the unfolding of a holistic understanding of the issue and its multi dimensions. The creative interpretation of the emerging holistic picture will facilitate development of an innovative approach to small business funding which embraces the cooperative and collaborative 'partnership working' of all stakeholders to the dilemma.

The study adopts a 'blended' approach where understanding of the enabling and constraining contexts of small business financing is incrementally derived from integration of the current literature-based understanding and the progressively enriching insight unfolded by the empirical component of the study.

The paper thus concludes with the proffering of a potential innovative approach to small business financing which, derives out of holistic embrace and treatment of 'demand-side small enterprise as borrower' and 'supply-side financial institution as lender' constraints, challenges and opportunities. This is through the positing of the growth-seeking small business as essentially owner manager entrepreneurial learning capability-dependent alongside all key stakeholder actors within their local or regional entrepreneurial ecosystem.

Key words: business finance, creativity, ecosystem, entrepreneurial capability, financing constraint, financial institution, holistic, Innovative, multi-disciplinary, owner manager, personal construct theory, small business, stakeholders.

Introduction

Small and medium-sized enterprises (SMEs) are increasingly acknowledged as crucial for the economic and social development of African countries, with the potential to elevate them to fully developed nation status. In Ghana, SMEs contribute 70% to the GDP and constitute 92% of businesses, while in South Africa and Nigeria, they form 91% and 70% of formalized businesses and the manufacturing sector, respectively (Yeboah Frimpong, 2013). These enterprises are not only economic drivers but also key to diversification and international market penetration, particularly those utilizing innovative technology. This paper focuses on the effectiveness of existing financial sources and methods for SMEs in Nigeria, where high SME numbers contrast with low growth expectations, largely due to funding constraints. The study delves into whether these challenges are more a result of supply-side issues or deficiencies within the SMEs themselves.

SMEs are vital to Nigeria's economy, representing about 96% of its businesses (Gbandi and Amissah, 2014). The Nigerian government has implemented policies to support SME financing, recognizing their role in economic growth (Adedayo, Ojo, and Toluwalope, 2015; Gbandi and Amissah, 2014; Tende, 2014). Banks, the primary external finance source for SMEs, often impose stringent collateral requirements (Onakoya, Fasanya, and Abdulrahman, 2013). Despite these efforts, SMEs underperform in contributing to Nigeria's economic development, hindered by capital market imperfections and restrictive banking policies (Adebisi and Olayinka, 2013).

Managerial challenges, particularly financing, persist for Nigerian SMEs. Both formal (commercial and development banks) and informal (friends, relatives, cooperative credits) financing sources are crucial,

yet bank loans remain elusive due to risk aversion and investment constraints (Aruwa, 2014; Agrawal et al., 2016; Hishigsuren, Spahr, Estevez, and Magnoni, 2014).

The paper underscores the necessity of finance for Nigerian SMEs to realize their potential in economic and social contributions. Inadequate finance hampers both SME expansion and national economic growth. In 2020, macroeconomic conditions and high government borrowing in Nigeria restricted SME credit access, with banks favouring less risky government treasuries (NDHS, 2019).

Government interventions through monetary policy and financial reforms have increased private sector lending but haven't fully alleviated high interest rates and prohibitive collateral challenges (USAID's DCA Impact Brief, 2009). Access to medium and long-term financing remains a critical need for SMEs, essential for their capital investment and growth.

Statement of the Problem:

It is widely recognized in small business literature that micro and small enterprises are crucial for economic and social development within a country. However, their full potential is often hindered by difficulties in accessing reasonably priced finance. In Nigeria, this challenge is particularly acute. The country's external business environment is less favourable compared to many other developing economies, characterized by considerable uncertainty and, in recent years, hostility towards small businesses. The increasing social unrest adds further unpredictability and adversity to this environment. This challenging context forms the backdrop for identifying the specific 'research problem' areas addressed in this study.

Study Focus, Aims and Objectives

The paper focuses upon the issue of availability of finance for small business start-ups and development in Nigeria and the key issues of management capability in accessing such finance. The approach embraces consideration of the potential role of government and other small business support providers in facilitating that access. The overall aims and objectives of the research were firstly couched in a semi-finalised form to focus the base epistemological bootstrapping component of the research (Archer 1988; Wyer 1990-ongoing). The epistemological bootstrapping process in turn, in its production of an in-depth field review of the study area (involving literature review underpinned by an initial base understanding from the author-researcher's own personal experience on small business practice in Nigeria) enabled the completion of the end-of literature review conceptual framework. This facilitated making explicit the key research issues for empirical investigation and the firming up of the initial hazy research objectives.

Significance of the Study

The study has significant academic knowledge-base and 'world of small business practice' significance. The ultimate output of the research, an innovative small business financing model, offers itself as potential pilot and experimental vehicle for 'try out' for the underpinning and facilitating of enhanced 'small business as borrower'– 'financial institution as lender' relationship. A relationship currently epitomised by both-parties tension, mutual mistrust and an underlying perpetuating failure by demand side small businesses and supply-side funders to adequately empathise with and respond to the challenges and needs of each other.

Crucially, however, beyond the ultimate end-of-research model output, the study significance also lies in the incremental build-up of understanding of small business development strengths and constraints which the innovative research approach progressively unfolded. Thus, an adding to existing small business management knowledge – and provision of a creative case study investigation and analysis methodology which lends itself for further use in the future by other small business researchers striving to build thick contextual understanding.

Scope and Limitations of the study

The study focuses on the financing of micro and small enterprises within Nigeria and, due to time and resource constraints associated with a study of this nature, will concentrate upon Osun state as geographical study frame. Osun being one of the major areas where small scale enterprises are situated.

Whilst it is recognised that problems relating to small business access to finance is universal and potentially impacting small businesses of all sizes and forms, this study is scoped to give specific focus only to micro and small enterprises who are growth-oriented. Financing problems encountered by such as parochial one-man domestic service providers and small retail and shop outlets who are content with maintaining tick-over size of operation is outside of the reach of this study.

Thus, the potential universe from which the participant case study small businesses and business support providers were selected was Osun state-based owner managed small businesses with aspirations for ongoing development or growth and already demonstrating achievement of such development and growth. And a small business support provider whose provision embraced the operational territory of the participant small firms. Those growth achieving small businesses who were selected as the case study enterprises were those led by owner managers who were able and willing to participate and demonstrated real enthusiasm to contribute and who met the case study participant section criteria.

Literature Review

This paper presents the literature review component of the research which informs and facilitates the study in its totality. The literature review sits as a key integral activity within a base epistemological bootstrapping process (Archer 1988; Wyer 1990-ongoing) designed to overcome major shortcomings associated with small business research in general and case study mode of investigation which this research utilises. The epistemological bootstrapping process involves critical review of relevant strands of the existing literature together with initial researcher interface with the world of small business practice. The latter reinforces researcher start-point existing experience and knowledge base surrounding small business and in so doing reinforces ability to assess and critique the literature-based understanding. In effect the process transcends the literature review into a form of 'field review'.

The literature review commences with consideration of the issue of definition of small business before proceeding with focus on the distinctives of small businesses vis-à-vis large companies. International perspective is sought as informing underpinnings to a more specific examination of small business contribution and challenges in the target focus of the study, Nigeria.

Having, within the above, commenced touch-upon small business financing difficulties, a more robust and deeper understanding of the issue is developed from assessment of the wider small business and general business finance literatures. A more focused consideration of the potential enabling and constraining dimensions of the external Nigeria business environment progressively facilitates 'full context' consideration of the small business financing dilemma within the country. And within that unfolding of 'full context' insight is a making explicit the extent to which both build of robust understanding of the dilemma and any opportunity for design of some resolve to the dilemma, will sit within an 'holistic' frame of assessment and analysis which embraces both 'demand-side small business borrower' and 'supply-side small enterprise lender' dimensions of the relationship central to the funding dilemma.

The Issue of Definition of Small- Scale Enterprises (SMEs)

Differing Perspectives on SME Definition

A wide literature base exists on Small and Medium Enterprises {SMEs} presented by numerous authors and in different languages and for a variety of purposes (see for example Olashore 1987, Obitayo 1991, Ekpenyong 1992, Olorunshola 2001, Anyawu 2001, Smallbone and Wyer (2012). Such breadth of attention underscores the essence, importance and relevance of this sub-sector in the development of any given economy. The experiences of developed economies in the relation to the roles played by SMEs underpin the fact that the relevance of SMEs cannot be overemphasized especially among the Less Developed Countries (LDCs), or rather developing countries. In order to highlight the significance of SMEs in relation to the growth and development of a given economy, SMEs have been widely

referred to as the “engine of growth”. This stems from the fact that many countries that have focused on the SME sector and striven to ensure its vibrancy have ended up succeeding in the significant reduction in hardship and its attendant enhancement in the quality and standard of living, reduction in crime rate, increase in per capita income and rapid growth in GDP, among other salutary effects (Basil, 2005).

One major drawback in Nigeria’s quest for industrial development over the past years has been the absence of a strong, vibrant and virile SME sub-sector. Given a population of well over 120 million people, vast productive and arable land, rich variety of mineral deposits, as well as enormous human and other natural resources, Nigeria should have been a haven for Small and Medium Enterprises with maximum returns as it also has the location advantage as a marketing hub for the West and even East African Countries.

Arriving at a precise definition of small and medium enterprise is not straight forward. Many academics have propounded various definitions and explanations as to what SMEs are. One can find approaches to definition based on the characteristics of the business, such as size, level of operations, type of industry, assets employed, and number of employees, turnover, market, management or control of the business, and several others (Austin, 2009).

Thus, there is no consensus on definition of SMEs. Definition and terminology differ from industry to industry and country to country. And indeed, from SME oriented project to project. Moreover, what might therefore be defined as SME in a developed country can be regarded as a large-scale enterprise in some developed countries.

The Nigerian Bank for Commerce and Industrial (NBCI) adopted a definition of small- scale business as one with total capital not exceeding N750,000 (excluding cost of land but including working capital). The Federal Ministry of Industry's guidelines to NBCI defined a small - scale enterprise as one with a total cost not exceeding N500,000 (excluding cost of land but including working capital). The Nigerian Industrial Development Bank (NIDB) defined Small - Scale enterprise as an enterprise that has investment and working capital not exceeding N750,000, while it defined Medium Scale enterprises as those operating within the range of N750,000 to N3million in 1979, the new Industrial Policy for Nigeria Small Scale Industries are defined as those with total investment of between N100,000 and N2 million. (NBCI/ NIDB -World bank project)

The Central Bank of Nigeria (CBN) has through its various circulars and intervention fund programmes generally defined Small and Medium Enterprises as entities with asset base of N5 million and not more than N500 million, excluding land and buildings, and with employees between 11 and 200 (CBN-SMEs)

The Central Bank of Nigeria, in its credit guidelines to banks, stated that in the case of Commercial Banks, small scale enterprises are those with annual turnover not exceeding N500,000. In the case of Merchant Banks, they are enterprises with capital investment not exceeding N2 million {excluding cost of land} or with maximum turnover not more than N5 million (CBN 2018- up to date).

What is clear is SMEs play a major role in most economies, particularly in developing countries. SMEs account for the majority of businesses worldwide and are important contributors to job creation and global economic development. They represent about 90% of businesses and more than 50% of employment worldwide. Formal SMEs contribute up to 40% of national income (GDP) in emerging economies. These numbers are significantly higher when informal SMEs are included (World bank 2022). According to World Bank estimates, 600 million jobs will be needed by 2030 to absorb the growing global workforce, which makes SME development a high priority for many governments around the world. In emerging markets, most formal jobs are generated by SMEs, which create 7 out of 10 jobs. However, access to finance is a key constraint to SME growth, it is the second most cited obstacle facing SMEs to grow their businesses in emerging markets and developing countries (World Bank 2022)

International Definition of SMEs

Generally, SMEs are businesses that engage in economic activity on a small scale as compared to large companies and can be found in both the informal and formal sector. According to the G20 summit held in 2010 there are approximately 365-445 million SMEs in the emerging economies, out of which about 285-345 million operate within the informal sector and non-employer firms. This as compared to only 25-30 million small and medium-sized businesses and 55-70 million micro enterprises that are in the formal sector (G20, 2010, p.6). Globally, defining small and medium-sized enterprise in a form that is universally accepted may not be pragmatic because of the perceived nature of SMEs in different countries and regions.

For OECD, (2004, p.20), the definition of SMEs usually depends upon the scale and structure of business in the economy and, as seen in the previous section above, varies from country to country. Therefore, having one definition that fits all the SMEs across the globe is not feasible because the concept of SME and its embracing from micro to medium size enterprise and its treatment varies from one country or region to another and from one industry sector to another (Gibson and Vaart 2008). Accordingly, countries and regions have different stages of economic development and therefore, it would be difficult to have a standard definition that reflects all the SMEs in the world (Beyene, 2002; Ayaggari et al., 2003). Conversely, different governments, organisations and international bodies tend to define SMEs according to the purpose that fits their criteria (Gibson and Vaart 2008). However, whilst there are differences in the definition of SMEs from country to country and within a particular country, there is, to some extent, common ground regarding the base criteria that countries use to define SMEs which basically is founded on number of employees and financial turnover. Internationally, the most widely accepted and used definition of SME is that of the European Commission (EC) in which micro businesses are classed according to specified staff headcount, annual turnover and annual balance sheet as indicate in Table 1 (EC, 2005).

Table 1: SME Definition used by European Commission (EC)

Enterprise Category	Headcount: Annual Work Unit (AWU)	Annual Turnover or	Annual balance sheet total
Medium-sized	< 250	≤ €50 million	≤ €43 million
Small	< 50	≤ €10 million	≤ €10 million
Micro	< 10	≤ €2 million	≤ €2 million

Sources: adapted from European Commission (EC), (2005)

As the above table shows, across the European Union (EU) SMEs are classified into three groupings according to their size and capacity. Thus, the EU defined SMEs as businesses that have headcount ranging from at least one person to less than 250 people and with a maximum turnover ceiling of 50 million Euros (EU, 2005). It then follows that, the criteria and factors used to define SMEs enable people associated with the sector to classify them into micro, small and medium-sized enterprise. Even though the above definition thresholds may seem to be higher for most developing countries, nonetheless, it does serve as a benchmark that fits reasonably well with the classifications that many countries use to define small business. For many commentators, the number of employees and sales volume are more suitable criterion for describing SMEs. However, despite the above definition being considered as a benchmark for establishing criteria used to define SMEs, one needs to accept that there are other international definitions that appear significantly different in context to that of European Commission as can be seen presented in the table below.

Table 2: SME Definitions used by Multinational Institutions

Institution	Maximum No. of Employees	Maximum Revenue or Turnover (\$)	Maximum Assets (\$)

World Bank	300	15,000,000	15,000,000
MIF – IADB	100	3,000,000	(none)
African Development Bank	50	(none)	(none)
UNDP	200	(none)	(none)
Asian Development Bank	No official Definition. Uses only definition of individual national governments		

Sources: adapted from Gibson, and Vaart, (2008, p.5)

Reflection on how the above definitions used by multinational institutions differ from the EU underline the difficulties of arriving at a universally accepted definition (Beyene, 2002; Gibson, and Vaart, 2008). This is more so in developing countries such as Nigeria where a large number of small businesses operate in an informal sector with varying degrees of capital, revenue and assets, and above all, most of the SMEs are operated under a self-employed structure (Carter & Evans, 2006). In developing countries, some small businesses do not even have employees per se, but family members who offer their services to the business with no standard method of reward for their input, Gibson and Vaart (2008, p3) argue that the debate about the role of SMEs in promoting economic growth in developing countries has been affected by confusion in the definition which, in turn, “*can lead to serious distortions in the allocation of donor spending for private sector development*”. On the other hand, having a single unified definition of SMEs for multiple countries with different stages of economic development can also lead to additional distortions (Gibson and Vaart, 2008). According to Gibson and Vaart (2008, p3), SME definitions are sometimes linked to eligibility for special support from national governments, multilateral and bilateral development institutions, and NGOs and as a result it would be difficult to have a universal definition that might be accepted by all.

The ‘Official’ Definition of SME in Nigeria

The Nigerian National Policy on micro, small, and medium-sized enterprises (MSMEs) have addressed the issue of definition as to what constitutes micro, small, and medium enterprises (SMEDAN, 2010). According to SMEDAN, who are the small and medium enterprises development agency of Nigeria, the definition adopts a classification based on dual criteria, employment and assets (excluding land and buildings) as shown below.

Table 3: The official definition of SMEs in Nigeria

S/N	Size Category	Employment	Assets (=N= Million) (excl. land and buildings)
1	Micro enterprises	Less than 10	Less than 5
2	Small enterprises	10 to 49	5 to less than 50
3	Medium enterprises	50 to 199	50 to less than 500

Sources: adapted from SMEDAN, (2010, p.18)

The SMEDAN (2010) report indicated that, if there is a conflict on classification between employment and assets criteria (for example, if an enterprise has assets worth seven million naira (N7M) but employs 7 persons), the employment-based classification will take precedence and the enterprise would be regarded as micro. However, a survey of small and medium scale industries and their potential in Nigeria presented by Udechukwu at the annual general meeting (AGM) of the African Express Bank (which was officially published by the Central Bank of Nigeria (CBN) in 2003) used the same dual criteria of classification, employment and assets, but with differences in numbers (CBN, 2003).

Despite the above official definition, various institutions within Nigeria have their own definition of SMEs according to their own criteria, as the table below shows (Ramachandran, 2002, p.138).

Table 4:

in million naira	Assets exc. real estate			Annual Turnover			No. of Employees		
	Micro	Small	Med	Micro	Small	Med	Micro	Small	Med
Central Bank	<150	<1		<150	<1		<100	<50	
NERFUND		<10							
NASSI		<40	<1		<40			3-35	
Min. of Industry	<200	<50					<300	<100	<10
NASME	<150	<50	<1	<500	<100	<10	<100	<50	<10
Arthur Anderson				<500	<50				

Sources: adapted from Ramachandran, (2002, p.138) of World Bank Group

Toward a Working Definition for the Purpose of this study

The various definitions from the same country but from different institutions clearly support the argument regarding difficulty relating to a universal definition of SMEs that 'fits all'. However, despite the differences in definitions revealed in this review, the core criteria of employment, turnover or assets are clearly evident. Almost all definitions rely on a combination of either employment and assets or all the three criteria.

For the purpose of this research SMEs are defined through utilization of the EU employee-based criteria. Thus, micro enterprises being those employing up to 9 workers; small businesses are those with a workforce between 10 and 49 workers; and medium sized enterprises are those employing between 50 and 249 workers.

Characteristics and Distinctiveness of Small Businesses vis-à-vis Large Companies

Foundation Understanding of Small Business Distinctiveness

As an approximation, core characteristics of micro enterprises and small businesses tend to orient around ownership structure, which to a great extent revolves around the sole proprietorship, or in many cases proprietorships where family members or business partnership is embraced. Whatever the nature of the formation, the key characteristics revolve significantly around structure, number of employees, turnover and total business assets. As seen above, such characteristics determine whether the business falls within the definition of micro, small or medium size enterprise - and those that can be classified large business falls outside the definition of SME (Gibson and Vaart 2008).

Helmsing and Kolstee, (1993) argued that it would be imprudent to categorise SMEs as businesses similar in nature because of their diverse characteristics that describe them across the globe. However, there are some commonalities of the basic characteristics such as ownership, number of employees, turnover, and total business assets that regions and countries use to identify them (Gibson and Vaart 2008).

Predominantly, most smaller businesses within developing economies can be found in the informal sector. This to a great extent is due to lack of knowledge and skills and challenging regulations involved in formalizing businesses. Characteristically, nearly all small businesses start with limited resources where finance is mainly sourced through owner contributions, commonly from personal savings, and support from family and close relatives and friends. Furthermore, small enterprises in developing countries such as Nigeria are characterised by limited access to external finance, high input costs; lack of viable markets for the products and services and, above all, managerial capacity or incapacity because their operation can often at least be attempted by anyone. Normally, in most developing countries, micro and small enterprises tend to have very small customer base and operate mostly in one local area.

SME Development Problems in Nigeria

A relatively recent study focusing on the factors constraining the growth and survival of SMEs in Nigeria revealed that the most common constraints hindering small business growth and survival are

lack of financial support, poor management, corruption, lack of training and experience, poor infrastructure, insufficient profits, and low demand for product and services (Okpara, 2011). And the African Development Bank Group Country Strategy Paper for Nigeria (2013) reinforces that lack of financing for small and medium enterprises is a major challenge to the development of small businesses in Nigeria: integral to the problem is limited access to credit, the high cost of borrowing (averaging about 30% interest) and the lack of long-term financing.

There are many challenges that SMEs face around the globe and those in Nigeria are no exception. Difficulties in accessing external finance are one of the fundamental obstacles that inhibit SMEs growth and development (Aryeetey, 1998). The problem of accessing external finance is linked to asymmetric information about the strength and capacity of SMEs and the financial security that may be required by the lenders which may not be available. In fact, the most vulnerable are those in the informal sector who may not have basic management expertise and structure to be able to provide a cash flow forecast and other relevant information that may be required by the lenders (Beck et al 2005). Furthermore, undeveloped lender-borrower relationships and what may appear as a complex process of securing external finance is another barrier that SMEs face in accessing external finance. In Nigeria, SMEs face all the challenges mentioned above as confirmed by the ADB, (2010, p.3) report that suggests that SMEs in general “*lack business know-how and face problems of economies of scale, and poor managerial, financial and marketing capabilities.*” In addition, the institutional coordination that promotes the activities of SMEs coupled with limited presence and influence of a culture of entrepreneurship within the population are integral to the challenges that undermine the sustainable growth of SMEs (ADB, 2010).

Potential problems which micro enterprise and small business face within Nigeria which thus embrace the generis problem-types reviewed in previous sections above: difficulties raising reasonable cost finance; ability to obtain adequate marketing information (Carson, 1991); difficulty relating to the external environment (Gibb, 1983); and people problems, whereby the offering of low wage levels and career path development opportunity vis-a-vis large companies can frequently see small business problems with regard to attracting quality, experienced workforce and associate problems of absenteeism; lateness; leaving without notice (Curran, 1988). It will be noted that a number of these studies date back to the early years of small business research – and yet the insight which these studies offer still prevail today and provide informing frames of reference for understanding of small business within developing as well as developed economies (indeed, the early works of the likes of Gibb, Curran and Carson remain seminal).

Research Methodology

An underlying aspiration of this study is to unfold ‘rich’ ‘thick’ full context understanding of the small business financing dilemma which perpetuates within Nigeria (and indeed many economies worldwide) – a ‘thickness’ and ‘fullness’ of understanding which a quantitative research investigation is unable to produce. A predominantly case study research approach is thus adopted to facilitate the build-up of the sought-after fine detail, contextual insight.

The core case study participants are: (a) small businesses in various stages of development; that is: small business pre-starts (i.e.: those considering business start-up); those start-ups trying to establish themselves and consolidate their position; and established growth-seeking small businesses; and (b) organizations who provide small business support. Together with supporting external context insight from those financial institutions who provide small business finance.

Case study unit of analysis reading the small enterprises is the owner manager in his small business in its external operating environment – thus facilitating capture of full context insight and understanding. The selected participant case studies span different manufacturing and service sectors.

Integral to the approach is recognition of and response to criticism of case study investigation as ‘little more than common-sense storytelling’. A base ‘epistemological bootstrapping’ (Wyer 1990-ongoing) approach is utilised whereby the extant relevant multi disciplines academic and practice literatures, an initial overview interface with the world of business practice and researcher own early stage experience

and perspectives are assessed and key partial frames of guiding insight therefrom integrated into an end-of-literature review conceptual framework. A conceptual framework which footholds the empirical component of the study and informs a structured approach to case study interview instrument design and development.

Effectively, the study is utilising epistemological bootstrapping as a base methodology to foothold a qualitative case study mode of investigation into the availability of small business start-up and development finance in Nigeria and associate issues of small business support provision and small firm management capability development. Significantly, the epistemological bootstrapping process is also facilitating the address of other shortcomings and pitfalls of small business management research., including: a shift from over reliance on single discipline insight to multidisciplinary perspective; avoidance of treatment of the small business as a 'little big business' and recognition of qualitative as well as quantitative differences to large companies; awareness of potential tendency of small business researchers to over-reductionism and the cutting across concept, theory or model; and ensuring of adequate foundation insight by this researcher in her commencement of the empirical component of the study of the small business (Wyer 1990; Wyer, Choong and Barrett, 2003).

Conclusion

This study sought to enhance understanding of Nigerian micro enterprise and small business access to reasonable cost financing of their start-up and business development aspirations in what continues to be a highly uncertain operating environment. Robust full context comprehension of the key potentially enabling and constraining dimensions surrounding the small enterprise funding issue has been pursued and integral demand-side 'small business as borrower'/supply-side small business lender challenges and opportunities identified. Creative, holistic interpretation of that challenge-opportunity context has then facilitated the proffering of the potential for design and development of an innovative small business financing model.

The use of Personal Construct Theory as interpretative analytical vehicle makes explicit that many would-be entrepreneurs within Nigeria will be influenced by this 'anti subculture' into a fixed personal mindset which deters any attempt at all to obtain borrowing facility from the banks [some of the case study owner managers were so deterred]. Crucially, however, whilst such fear of bank rejection will for many would-be-entrepreneurs be 'real' in that the demanding lender conditions, attitudes and behaviours would actually prevent lender offer of facility or the small business as borrower unwillingness or inability to accept, other start-up stage would-be's will be constrained from approaching the banks by their perception that such an approach would be futile.

Selected References

- Adedayo, O., Ojo, A. & Toluwalope, O. (2015). Banks' Involvement in SMEs: Identifying financing gaps in Nigerian banking sector. *International Journal of Banking, Finance, Management, & Development Studies*, 17, 105-118. Retrieved from: <http://www.ijbssnet.com>
- African Development Bank Group (2013). Country Strategy Paper for Nigeria: January 2013
- Ayyagari, M., Beck, T. and Demirguc-kunt, A. (2003) Small and Medium Enterprises across the Globe. A New database. World Bank, Development Research Group. Working paper 3127 Washington DC.
- Adebisi, J. & Olayinka, M. (2013). Small business financing in Nigeria: An investigation of the angel options. *Canadian Social Science*, 9, 98-103. doi:10.3968/j.css.1923669720130902.7193
- Archer, S. (1988), Qualitative Research and the Epistemological Problems of Management Disciplines, in Pettigrew, A, (1988), *Competitiveness and the Management Process*, Blackwell
- Beck, T., Demirgüç-Kunt, A. & Maksimovic, V. (2005). Financial and legal constraints to firm growth: does firm size matter? *Journal of Finance*, 60, pp. 137-177.
- Beyene, A. (2002) Enhancing the competitiveness and productivity of small and medium scale enterprises (SMEs) in Africa: An analysis of differential roles of national governments through improved support services. *Journal of African Development*

- Central Bank of Nigeria. (2014). *Micro, small and medium enterprises development fund (MSMEDF) guidelines*. Central Bank of Nigeria. Retrieved from <http://www.cbn.gov.ng>
- Carson, D. 1991. "Research into small business marketing." *European Journal of Marketing* 9
- Carter, S. & Evans, D. (2006) *Enterprise and Small Business Principles, Practice and Policy*, (2nd ed). Prentice Hall. ISBN 0 201 39852 4
- European Commission (2005) *Small and Medium Enterprise definitions*
- Ekpenyong, D. {1992} 'Small and Medium-Scale Enterprises in Nigeria: Their characteristics, problems, and sources of finance'. *Journal of General Studies*, University of Ibadan, Ibadan.
- Gbandi, E., & Amissah, G. (2014). Financing options for small and medium enterprises (SMEs) in Nigeria. *European Scientific Journal January 10*, 327-340.
- G20 (2010) submit.
- Gibson, T., & Van der Vaart, H. (2008). Defining SMEs: A Less Imperfect Way of Defining Small and Medium Enterprises in Developing Countries. *Brookings Global Economy and Development*. https://www.brookings.edu/wp-content/uploads/2016/06/09_development_gibson.pdf
- Helmsing, A. & Kolstee, T. (1993). *Small enterprises and changing policies: structural adjustment, financial policy and assistance programmes in Africa*. Practical Action Publisher, United Kingdom
- Hishigsuren, G., Spahr, M., Estevez, I., & Magnoni, B. (2014). Experiences of microfinance institutions serving very small-to-small enterprises in Latin America. *Enterprise Development and Microfinance*, 25, 246-258. doi:10.3362/1755-1986.2014.023
- Nigeria Demographic & Health Survey-NDHS (2018). Available at: <https://dhsprogram.com/pubs/pdf/FR359/FR359.pdf>
- Obitayo, K. (1991) SMEs Financing and its effect on Nigerian Economic growth. *European Journal of Business, Economics and accountancy*
- OECD (2004). *Promoting Entrepreneurship And Innovative SMEs In A Global Economy: Towards a More Responsible and Inclusive Globalization. A Report of 2nd OECD Conference of Ministers Responsible for Small and Medium Sized Enterprise (SMEs) in Istanbul, Turkey (3-5 June 2004)*.
- Okpara, J. (2011) "Factors constraining the growth and survival of SMEs in Nigeria: Implications for poverty alleviation", *Management Research Review*, Vol. 34 Issue: 2, pp.156 – 171.
- Onakoya, A., Fasanya, I. & Abdulrahman, H. (2013). Small and medium scale enterprises financing and economic growth in Nigeria. *European Journal of Business and Management*, 5, 130-136. Retrieved from <http://www.journals.elsevier.com/european-management-journal>
- Ramachandran, V. (2002). An assessment of the private sector in Nigeria", *Regional program on enterprise development, Africa private sector department, small and medium enterprise department, The World Bank Group*, retrieve from: www.worldbank.org/documents/ICA005.pdf, accessed on May 5, 2020.
- Smallbone, D. & Wyer, P. (2012). 'Growth and Development in Small Firms' in *Enterprise and Small Business: Principles, Practice and Policy*, (3rd ed) Prentice Hall. Carter, S. and Evans, D. J.
- SMEDAN (2010) *Small and Medium Size Enterprise Development Agency*. <https://smedan.gov.ng>
- Tende, S. (2014). Government initiatives toward entrepreneurship development in Nigeria. *Global Journal of Business Research*, 8, 109-120. Retrieved from <http://papers.ssrn.com/sol3/journalBrowse&journal>
- USAID's DCA Impact Brief (2009). Retrieved from: <https://2009-2017.state.gov/documents/organization/101420>
- World bank (2022)- www.worldbank.org
- Wyer, P. (1990). *The Effects of Varying Forms of Government Intervention Upon the Effective Competitiveness of UK Small Businesses*. unpublished PhD Thesis, University of Aston.
- Wyer, P., Choong, C and Barrett, B. (2003) 'Toward a Deeper Understanding of Strategy Development and Strategic Management within Small Businesses: the Potential for Innovative Case Study Methodology', presented to Small Business and Enterprise Development Conference, Guildford 3rd-4th April.
- Yeboah Frimpong, C. (2013) *Strengthening SME's in Ghana*, University of Ghana. Available at: <https://www.modernghana.com/news/492395/strengthening-smes-in-ghana.html>