The Challenges That Affect the Growth and Development of Small and Medium Enterprises In Bauchi State, Nigeria

Umar Ayuba Dutse

Department of Business Administration And Management, Abubakar Tatari Ali Polytechnic, Bauchi.

Email; umardutses@yahoo.com umardutse@gmail.com **GSM:+2348061574929.**

ABSTRACT

A challenge affecting small and medium enterprises has become a recognized phenomenon all over the world despite being the veritable catalyst for economic growth and development. The history of the industrial revolution and also empirical studies have shown that the sub-sector had contributed immensely to the development process of both the development and the developing world through non – formal employment generation, production of intermediate goods and services, pre-industrial entrepreneurship, and technology incubation. This challenge represents both widespread personal misfortune for individuals and a lost opportunity for critical national and global economic development. This study examines the challenges that affect the growth and development of small and medium enterprises in Bauchi state, Nigeria. The questionnaires were administered among the seventy (70) management staff members of the one hundred and seventy-two (172) selected SMEs in Bauchi state Nigeria through a purposive sampling method, and this was done personally by the researcher. Descriptive and inferential statistics were used to analyze and interpret the data used in this research. Specifically, descriptive statistics related to means, frequencies, percentages, and trend analyses were used in this study. The study reveals that funding capabilities, government policies, managerial skills, and social infrastructures are major challenges that help SMEs to grow and achieve their stated objectives in the global competitive environment. The findings further show that these four factors are interrelated such that none can have a significant impact without the presence of the other.

Subsequently, the study recommends that the management of SMEs should adopt good strategies to overcome these challenges.

KEYWORDS: *government policies, Growth and Development, challenges, Social Infrastructure**, SMEs*

Introduction

A challenge affecting small and medium enterprises has become a recognized phenomenon all over the world despite being the veritable catalyst for economic growth and development. The history of the industrial revolution and also empirical studies have shown that the sub-sector had contributed immensely to the development process of both the development and the developing world through non – formal employment generation, production of intermediate goods and services, pre-industrial entrepreneurship, and technology incubation. This challenge represents both widespread personal misfortune for individuals and a lost opportunity for critical national and global economic development. The challenge has been shown to have lifelong effects on income, employment stability, and slow development because it affects economic confidence and resilience to self-employment capacity.

United Nations "World Youth Report", (2012) the recent economic crisis has had a disproportionate – and disproportionately long-term – effect on growth and development. Today SME's have been recognizing as a civilizing influence that enriches the lives of men and women and thereby is regarded as a developmental strategy that reverses our economic downward trends. An expensive list of benefits has inspired the adoption of policies relates to SME's policies that reflect efficient factor utilization, employment generation, innovative industrialization, and democratization of capital formation regional development, poverty alleviation, etc. Based on its impact on economic development, SMEs also receive greater attention now than ever before on this current political dispensation in most underdeveloped countries especially African states. In the same vain this study is so keen and motivated to established evidence on these challenges ascertain especially, in the context of current phenomena SMEs face in Bauchi state. Finally, the study will utilize the element of contingency theory as these SMEs require a sound institutional framework to mitigate these challenges.

Nonetheless, anecdotal evidence establishes that SMEs in developing countries such as Nigeria face numerous challenges that have hindered their growth in the recent past. Notable of the challenges include intermittent power supply, indiscriminate tax levies, limited accessibility to loans from financial institutions, and the inability to maintain proper financial records. Oluboba (2010) opined that the main problems facing SMEs, which are nevertheless insurmountable, are:

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inadequate entrepreneurial skills, ineffective management practices, limited access to money and capital markets, low equity participation from the promoters due to insufficient personal savings occasioned by their level of poverty and low return on investment, inadequate equity capital, poor infrastructural facilities, high rate of enterprise mortality, deficits of skilled manpower, the multiplicity of regulatory agencies and overbearing operating environment, societal and attitudinal problems, integrity and transparency issues, restricted market access, lack of skills in international trade; bureaucracy, low access to the information since it is expensive, time-consuming and intricate at times. Similarly, Onugu (2010) asserts that the major challenges facing SMEs include; insufficient capital, lack of focus, inadequate market research, overconcentration on one or two markets for finished products, lack of succession strategy, incompetence, improper bookkeeping, insufficient records, or lack of any records, inability to separate business from family or personal finances, lack of business strategy, inability to distinguish between revenue and profit, inability to procure the right plant and machinery, incapacity to involve or employ competent staff, painlessness, cut-throat competition, lack of official patronage of locally produced goods and services, dumping of foreign goods and overdependence of decision making on one (key) individual, habitually the owner. Other challenges facing SMEs in Nigeria include irregular power supply and other infrastructural deficiencies. unfavorable fiscal policies, multiple taxes, levies and rates, fuel crises or shortage, policy discrepancies, reversals and shocks, limited access to funding, poor implementation of policy, restricted market access, difficulties in sourcing raw materials, competition with cheaper imported products, problems of inter-sectoral linkages given that most large scale firms source some of their raw material outside instead of sub-contracting to SMEs, people and property insecurity, fragile ownership base, insufficient requisite skill and experience, thin management, unfavorable monetary policies, lack of preservation, processing and storage technology and facilities, lack of entrepreneurial spirit, poor structuring of capital as well as poor management of financial, human and other resources. Osoba (1987) and Innag and Ukpong (1993) opine that financial institutions classify loans disbursed to small and medium scale enterprises as "high-risk loans.

1.3 General Objective

The general objective of the study is to determine the challenges that affect the growth and development of SMEs in Bauchi State, Nigeria

1.3.1 The specific objectives;:

1. To determine whether funding capabilities affect the growth and development of SMEs in Bauchi State, Nigeria

2. To ascertain whether government policies affect the growth and development of SMEs in Bauchi State, Nigeria

3. To determine whether managerial skills affect the growth and development of SMEs in Bauchi State, Nigeria

4. To find out whether Social infrastructures affect the growth and development of SMEs in Bauchi State, Nigeria

1.3. Research Questions

1. What are the major challenges of SMEs in Bauchi state, Nigeria ?

2. Does funding capabilities affect the growth and development of SMEs in Bauchi State, Nigeria?

3. Does social infrastructures constitute a major challenge in the growth and development of SMEs in Bauchi State, Nigeria?

4. Does managerial skills affect the growth and development of SMEs in Bauchi State, Nigeria?

1.4   Research Hypothesis

The study sought to test the following hypotheses;

H_{01} Funding capabilities do not affect the growth and development of SMEs in Bauchi State, Nigeria

H_{02} Government policies do not affect the growth and development of SMEs in Bauchi State, Nigeria

H_{03} Social infrastructures do not affect the growth and development of SMEs in Bauchi State, Nigeria

H_{04} Managerial skills do not affect the growth and development of SMEs in Bauchi State, Nigeria

Statement of the problem

Nigerian SMEs have not been adequate in their performance and consequently, have contributed to the required economic growth and development of Nigeria. Olayemi (2016) postulates that most SMEs in Bauchi state fail within their first five years of existence, a smaller percentage becomes extinct between the sixth and tenth anniversary whereas only about five to ten percent

survive, thrive, and grow to maturity owing to the harsh government policies. Several factors have been found to contribute to this premature failure of SMEs. Key among them include insufficient capital, irregular, infrastructural inadequacies, lack of managerial skills, inadequate market research, over-concentration on one or two markets for finished products, lack of succession plan, incompetence, poor bookkeeping, lack of proper records, or lack of any records, inability to separate business and family or personal finances, lack of business strategy, inability to distinguish between revenue and profit, inability to procure the right plant and machinery, inability to engage or employ the right caliber of staff, cut-throat competition *Stem and Barbour (2015*].

Beckman, (2017) argues that most of the SMEs' problems are external including those related to the shortage of capital, high taxation, and tough regulations, product liability patent, and franchising violations. On the other hand, Nigeria's SMEs internal problems include the shortage of working capital, stiff competition from big corporations, and challenges in sourcing raw materials, low capacity utilization, lack of management strategies, inadequate educational background of operators, and huge financial problems while the external problems include: policy inconsistencies, multiple taxations, harsh regulatory requirements and trade groups. It is also important to note that SMEs in Bauchi state is not immune from the aforementioned challenges in their day to day operations hence it becomes necessary to embark on a study that investigates the challenges that affect the growth and development of SMEs in Bauchi State, Nigeria

Justification of the study

This study tends to justify the need for detail to enable the management of SMEs in Bauchi State, Nigeria to understand the strategic ways of overcoming some of the challenges facing SMEs growth and development in Bauchi state and further shed more light on how they can optimize on it to gain and retain a competitive advantage in today's turbulent business environment. The findings of this study would eventually provide insight and new knowledge for the stakeholders in the manufacturing sector. The findings provided the necessary information on how to successfully manage SMEs in Nigeria. The stakeholders and management of SMEs may further adopt the findings of this study so to improve the performance of their companies. The study would also contribute to the existing literature in the field of SMEs of management for the

banking sectors in Nigeria. It is expected to act as a provocation for more study to improve and extend the current study, particularly in Bauchi and Nigeria.

Literature Review

2..2 Concept of Small and Medium Enterprises (SMEs)

What is this concept SMEs all about? There is no single definition of the concept so far certain variables and parameters were used to define the concept like capital base, the number of employees, and assets to mention but a few. For example, the European Union define a Medium enterprise as an entity that poses about 250 employees and small enterprise has about less than 50 and the lesser on the called micro has a maximum of 10 employees with around 40milllion or less turnover or it has a balance sheet value of not above 27 million euro. United State and Canada have almost similar criteria with less than 50 employees indicate large businesses and less than 100 employees in product-based and less than 50 employees in service-based business (Industry Canada, 2005). In eastern

African countries, for example, Tanzania Micro indicates 1-4 employees and capital base of up to 5 million Tanzanian shillings, small business accounts for 5- 49 employees and capital of above 5-200 million Tanzanian shillings, medium business clock about 50- 99 employees with a capital of above 200 to 800 million Tanzanian shillings (URT,2002). In same east Africa, Kenya's category differs by far more due to its higher value of shillings around the region. Nigeria with the introduction of the National policy on SMEs has iron-out the definition as what indicates small and medium enterprises (SMEs) on reflecting develop an economy in which the concept adopts and classified base on two criteria, employment, and asset which excludes land and buildings.

1.2.3 SMEs Growth and Development

SMEs concept has an angle of benefits to the economic growth and development of developing and under-developing countries are being measured in scale through the outcome of many variables of SMEs from its output levels, cost of living as well as it standards of living to get to the Gross domestic product (GDP). Therefore, SMEs across those countries have shown tremendous achievement that leads to those countries' growth and development that they do talk about. For instance in Japan it has recorded 53.3%, Malaysia recorded 4.7.3% and China has 60.0% of the total GDP (Gross domestic product) for china alone has over 10 million SMEs in which conclusively contributed about 60% of its total output level. Germany has 48%, the USA

with 45% in which to say SMEs in the states generate above half of its national domestic products. India with its population growth like Nigeria its MSME sector has about 45% of output in the manufacturing sector alone. Indeed SMEs have a say when it comes to growth and development OECD (2004) indicates that 90% of the Small and medium enterprises in its member countries are SMEs. Also on the same line, OECD, (2010) Reported that 99% of SMEs do add up about 50-75% qualitative value addition in different areas of the economy of its member countries. Onugu (2005) states that SMEs have performed significantly in the developed economies over the years in countries like the United Kingdom, the USA, and Germany and also an undeveloped economy like India.

Kenyan economy, for example, the sector contributes to the national objective of creating opportunities, generating income, and providing a source of livelihoods for the majority of low-income households in the country accounting for 12-14% of GDP (Konbo et al., 2003). Nigeria has not performed creditably well and they have not played an expected significant role in economic growth and development in the reflected years due to political landscape changes, corruption, military coups, and conflicts. Ariyo (2011) established that a few years ago SMEs in Nigeria contributed about 50% of all industrial output along the way total reliance on oil, corruption, and crisis affects the sector badly.

2.2.4 SMEs Challenges

Small and medium enterprises are bound with challenges across the globe with one or more problems of the other. Onugu, (2005) stated that these challenges range from the poor power supply, corruption, regulations policies, and infrastructures among others. Funsho, (2015) indicates a lack of stability and frequent changes in the policy framework. However, these lines of challenges highlighted by the previous researches were obvious to SMEs in Nigeria in particular.

Onugu (2010) asserts that the major challenges facing SMEs include; insufficient capital, lack of focus, inadequate market research, overconcentration on one or two markets for finished products, lack of succession plan, incompetence, poor bookkeeping, improper records, or total lack of records, failure to separate business from family or personal finances, lack of business strategy, incapability to differentiate between revenue and profit, inability to procure the right plant and machinery, inability to involve or employ the competent staff, painlessness, cut-throat competition, lack of official patronage of locally produced goods and services, dumping of

foreign goods and overdependence one (key) person for decision making, habitually the owner. Other challenges that Nigerian

SMEs face includes the irregular supply of power and other infrastructural insufficiencies, unfavorable fiscal policies, multiple taxes, levies and rates, fuel crises or shortage, policy inconsistencies, reversals and shocks, restricted access to funding, poor implementation of policy, restricted market access, raw materials sourcing problems, competition with cheaper imported products, problems of inter-sectoral linkages given that most large scale firms source some of their raw material outside instead of sub-contracting to SMEs, people and property insecurity, fragile ownership base, inadequate skill and experience, limited management, unfavorable monetary policies, lack of preservation, processing and storage technology and facilities, lack of entrepreneurial spirit, poor capital structuring and management of financial, human and other resources. Osoba (1987) and Innag and Ukpong (1993) opine that financial institutions classify loans disbursed to small and medium scale enterprises as "high risked loans".

2.1.1 SMEs and government policies

Every business or start-up was e-ray by government officials ranging from local, state, and federal levels in Nigeria. Therefore, for SMEs to operate it's a prerequisite to follow the due process from registration by the ministry of commerce and industry at the state level and the various agencies responsible for registration. However, it is an organized due process for SMEs but unfortunately, those SMEs were subjected to other regulations on taxes, operation licenses, and other business regulation exercises. Harry, (2011) stated that these enforcement regulations normally used are too rigid to SMEs' development and trading volumes. The creation of top government policies on SMEs affects their trading (Sattie, 2006). By doing such it hinders the growth and development of SMEs.

2.1.3 SMEs and Social Infrastructure

Ogummola (2012) noted the role infrastructure plays in the development of SMEs especially roads, water supply, and communication systems. Amwele, (2013) agreed that SMEs' performance is inclined to the availability of infrastructures. Many SMEs across Nigeria were close especially in major cities like Kano, Lagos, and Kaduna due to shortages of power supplies(Electricity) that lead to the closure of those SMEs, and tens of thousands of employees lost their jobs this is an obvious situation every Nigerian is aware such phenomena. Indeed

country like Kenya and Ethiopia have achieved the main concern infrastructure which is electricity supply as far as one can make see there is a huge gap with other African countries of this study is going to be conducted by far in which this facilitates SMEs' activities over the years. Umar (2017) stated that SMEs face challenges of infrastructure and electricity in particular.

Theoretical framework

Rashid (2011) argued that various theories can be used to explain small and medium scale enterprises and also the issues that arise as a result of these conventions. Various theories have been employed in explaining these small and medium-scale enterprise conventions; these theories include the contingency theory and stewardship theory. These theories are explained below.

2.2   The Contingency theory

Contingency theory provides a vital approach for models and also predicts suggested outcomes. The concept is very similar to the one normally uses indirect practice aspect in management and other areas of knowledge as well as direct services for example military or disaster interventions for displaced people. A contingency simply reflects a joint relationship (union) between phenomena or situational activity Contingency theory indicates a transitional level between variables, but times contingency reflects "condition". Contingency theory assisted in trying to attempt centralized decisions making units by strategizing and implementing to analyze, Contingency theory set goals or objectives in an unfavorable situation or anticipation of such related needs. The theory indicates a clear open relationship bond and it can be incorporated between problem and solution at hand for example;

Government policy $\longrightarrow$ SMEs $\longrightarrow$ Development

The above simple sequence indicates a transitional level between variables, but times contingency reflects "condition". Therefore, on this study contingency theory assisted in trying to attempt centralized decisions making units by strategizing and implementing to analyze situations as well as pointing out variables necessary needed for that very concerned contextual challenges. Contingency theory is used to set goals or objectives in unfavorable situations or anticipation of such related needs.

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2.3 Stewardship Theory

In the stewardship, managers are assumed to be good stewards of the corporations and diligently work to attain high levels of corporate profit and shareholders returns (Donaldson and Davis 1994, hereafter referred to as (D & D). Their arguments support the investment of business schools in the development of management skills and knowledge. It also reinforces the social and professional kudos of being a manager. Whereas agency theorists view executives and directors as self-serving and opportunistic, stewardship theorists, reject agency assumptions, suggesting that directors frequently have interests that are consistent with those of shareholders

2.4 The Empirical review

Several studies were conducted on SMEs' challenges, problems, and prospects concerning growth and development. However, these studies pointed out several factors and key variables to identify those obstacles SMEs faced. For instance, Robu, (2014) conducted a study on the dynamics and importance of SMEs in the economy in Romania. The study pointed out the key impact of SMEs on the economy but centrally silent the key problem SMEs are facing toward the key important factor highlighted. Eniola, (2014) study on the role of SMEs and performance in Nigeria; conclusively, the study pointed out the impact of growth, development, and provision of employment, but the study failed to explain the key factors that affect growth and development especially corruption which is obvious in Nigeria. In the same vein Ibrahim et al, (2015) conducted a study on the evaluation of the performance of SMEs development in Nigeria. The study cut across the key SME variables but was not been able to capture the general context of Nigerian SMEs' challenges. In the same vain this study is so keen and motivated to established evidence on these challenges ascertain especially, in the context of current phenomena SMEs face in Bauchi state. Finally, the study will utilize the element of contingency theory as these SMEs require a sound institutional framework to mitigate these challenges Agwu (2014), also researched other challenges faced by SMEs in Nigeria which includes the lack of finance by government and financial institutions, poor marketing system resulting in the low sales of output, ban on importation of raw materials for those whose resources are imported, lack of managerial ability on the part of the entrepreneur, high cost of production, the continual increase in prices of goods and services, lack of adequate production machines, inability to distinguish target markets,

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high cost of labor, competing with cheap imported products, high cost of the advertisement in the media houses, high cost of factors of production such as land as well as lack of entrepreneurial skill. Research by Basil (2005) shows that lack of power supply and basic amenities like roads, water, internet facility, etc. ranks the top challenges faced by SMEs in Nigeria. This is because these amenities aid SME operations in the area of reducing costs, production, and marketing. Olayide (1970) noted that the main limitations hindering the development of the SMEs incorporate poor infrastructure and restrictive industrial policy of the government.

Similarly, Stolpher (1970) argued that a major problem facing Nigerian SMEs is the formulation and pursuit of policies that are supposed to make the economy more productive and flexible.

Methodology

Research Design: The study applied descriptive research design. The descriptive research design was employed because is an efficient way of gathering data to help address research questions and one can collect unbiased data and develop sensible decision based on analyzed results (Van de van, 2007).

Sampling Method and Sample Size: Purposive random sampling technique was used to select two management staff each from the sixty (60) selected manufacturing companies in Nigeria totaling one hundred and twenty (120) respondents as a sample size for the study.

Data Collection Instruments: A structured questionnaire was used to collect relevant information from the study's participants.

Data Processing and Analysis

Data analysis is the process of data to make meaningful information (Saunders, Lewis & Thornhill, 2009) defined data as a mechanism for reducing and organizing data to produce findings that require interpretation by the researcher. As Hyndman (2008) asserts, data processing entails the translation of the answers on a questionnaire into a form that can be molded to generate statistics. This involves coding, editing, data entry, and monitoring the whole data processing procedure. Data collected was analyzed by editing, coding, and categorizing through the use of statistical package for social sciences (SPSS) version 20.0 computer software

Validity and Reliability of Research Instruments: The instruments used in this study were submitted to a panel of experts for validation. The panel carried out a content analysis of each of the questionnaires and eliminated items found to be irrelevant to the research problem. After necessary modifications, the panel of experts recommended the use of the instruments for the

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study. The scales were subjected to further item analysis as to determine their psychometric soundness as indicated in Table1 below:

Table 1: Summary of Results of the Measurement Instruments Validation

Scale	No of Items	Meaning Bartlett	KMO	Eigenvalue of the principal Component	% of the variance	α of Cronbach
Funding capabilities Questionnaire	7	p = .000 (significant)	0.734	3.107	76.19%	0.77
Government policies Questionnaire	7	p = .000 (significant)	0.810	3.679	75.49%	0.81
Managerial skills Questionnaire	7	p = .000 (significant)	0.719	2.98	81.05%	0.79
Social Infrastructures Questionnaire	7	p = .000 (significant)	0.831	3.227	76.34%	0.68

Source: Author's Computation

From Table 1 above, factor loads of all the indicators are higher than 0.5 which shows that the questions highly explain the variance of their variables so we can say that the measurement model has high factor validity.

Method of Data Analysis: Mean was used to analyze data and criterion mean of 3 was used for interpretation of mean. Criterion mean of 3 was generated by adding the total assigned values of the responses and dividing by the total number of responses (5+4 + 3 + 2 + 1 = 15/5 = 3). Thus any mean score up to 3 and above was interpreted as acceptable by respondents while 2.99 and below is adjudged rejected by the respondents. Regression Analysis was used to test the hypotheses.

Regression Model

$GD = \alpha + \beta1_{x1} + \beta2_{x2} + \beta3_{x3} + \beta1_{x4} + \mu$

Where the variables are defined as:

GD- Growth and development

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X_2 – Funding capabilities

X_2 – Government policies

X_3 – Managerial skills

X_4 – Social infrastructures

µ - Error term

β_1 (FC) + β_2 (GP) + β_3 (MS) + β_4(SI) $_=$ µ

.**Results and Discussion**

Effect of Funding capabilities on growth and development

Table 1: Distribution of respondents by effect of funding capabilities growth and development

Statement	Mean	Rank
Lack of finance has led to the low growth and development of some small and medium scale enterprises in Nigeria	4.04	**Accepted**
Short and long term facilities do not necessary lead to the growth and development of small and medium scale enterprises	3.98	**Accepted**
High cost of production is the problem face by small and medium scale enterprises	4.01	**Accepted**
Lack of adequate production machines had adversely affected the growth and development of small and medium scale enterprises	3.88	**Accepted**
Outsourcing has created better short term performance	3.87	**Accepted**
High tax has greatly affected the growth and development of small and medium scale enterprises	4.03	**Accepted**
The cost of advertisement has adversely affected the growth of small and medium scale enterprises	4.05	**Accepted**
Grand mean	**3.97**	

In Table 1, the grand mean of 3.97 which is above the criterion mean of 3 shows that respondents agreed that funding capabilities have a significant effect on the growth and development of small and medium scale enterprises. Furthermore, respondents believe that challenges face by SMEs have created better intellectual value in the long run, Overcoming some of these challenges has reduced costs (overheads and fixed costs) in SMEs, challenges have created better long-term

growth in SMEs. The result is similar to the study of Musau (2016), that funding capabilities are a major challenge of SMEs' growth and development.

Effect of Government policies on growth and development

Table 2: Distribution of respondents by effect of Government policies on growth and development

Statement	Mean	Rank
Government policies on incentives are adequate for the survival and development of small medium scale enterprises	4.01	Accepted
Ban on importation for some foreign products is the right step for developing small and medium scale enterprises	3.98	Accepted
High interest rate has lead to low growth of SMEs	3.76	Accepted
Government policies ont Aids has adversely affected the growth and development of SMEs	3.65	Accepted
Government policies on raw materials has led the growth and development of SMEs	4.12	Accepted
Harsh policies by the government has negatively affected the growth of SMEs	4.15	Accepted
Lack of political stability has adversely affected the growth and development of SMEs	4.09	Accepted
Grand mean	**3.96**	

In Table 2, the grand mean of 3.96 which is above the criterion mean of 3 shows that respondents agreed that government policies have a significant effect on the growth and development of SMEs. Results also indicate that on average; the respondents agreed that challenges face by SMEs have enabled some enterprises to develop new products quickly remained competitive in the global market. Government policies are a major factor that has affected the growth of SMEs with mean values of 4.15, 4.12, 4.09, 4.01, and 3.98 respectively. This implies that government policies are an alternative paradigm to SMEs' growth in a globally competitive environment.

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Effect of Managerial skills on growth and development

Table 3: Distribution of respondents by effect of Managerial skills on growth and development

Statement	Mean	Rank
Lack of managerial skills on the part of the SMEs is responsible is a major challenge in SMEs	3.71	Accepted
Lack of entrepreneurial knowledge on the part of the managers has adversely affected the growth of SMEs	3.88	Accepted
Poor marketing system resulting in low sales is responsible for low growth and development in SMEs	4.12	Accepted
High cost of labour in term of payment of workers salary is the problem of SMEs	4.10	Accepted
Lack of competencies on the part of the managers has been a major contributor for low growth	3.87	Accepted
Inadequate knowledge about target markets has led low growth in SMEs	4.02	Accepted
Lack of good vision on the part of the managers is a major challenge in SMEs	4.09	Accepted
Grand mean	3.97	

In Table 3, the grand mean of 3.97 which is above the criterion mean of 3 shows that respondents agreed that managerial skills have a significant effect on growth and development. Furthermore, findings in Table 3 show that on average, the respondents believed that a challenge has enabled the SMEs to concentrate its efforts on building and expanding its best-in-world competencies, challenges has helped the organization to free up resources to concentrate on its core competencies, a challenge has created flexibility in our SMEs structure with a mean value of 4.12, 4.10, 4.09 and 4.02 respectively. This indicates that managerial skills are also a major predictor of growth and development.

Table 4: Distribution of respondents by effect of Social infrastructures on growth and development

Statement	Mean	Rank
Insufficient electricity supply do adversely affects small and medium scale enterprises	3.81	Accepted
Lack of good roads on the part of the government has adversely affected the growth of SMEs	3.86	Accepted
Government incentives are adequate for the survival and development of small and medium scale industries	4.22	Accepted
Inadequate water supply constitute a problem to small and medium scale enterprises	4.11	Accepted
Lack of recreational facilities adversely affects small and medium scale enterprises	3.85	Accepted
Inadequate hospitals has led low growth in SMEs	4.03	Accepted
Inadequate buildings by the managers is a major challenge to SMEs	4.07	Accepted
Grand mean	3.98	

In Table 4, the grand mean of 3.98 which is above the criterion mean of 3 shows that respondents agreed that social infrastructures have a significant effect on the growth and development of small and medium scale enterprises. Furthermore, respondents believe that challenges face by SMEs have contributed to the growth and development of small and medium scale enterprises. This implies that social infrastructures are an alternative paradigm to SMEs' growth and development.

Table 5: Impact of funding capabilities on SMEs growth and development

Model	R	R^2	Adjusted R^2		Std error of the estimate	
1	0.564	0.275	0.438		0.371	
Explanatory variable	B	Std error	t – value	p- value	Remarks	

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| Constant | 16.595 | 0.464 | 14.165 | 0.000 | |
| Funding capabilities | 0.378 | 0.117 | 0.231 | 0.026 | S |

Table 1.indicated that funding capabilities ($\beta = 0.26$; t = 0.231 P<.05) has positive and significant impact on SMEs and development. Results also indicated that funding capabilities have a 37.2% decisive influence on SMEs' growth and development. This means that funding capabilities have a strong impact on SMEs' growth and development. The study conforms to Kamanga and Ismail (2016) and Jirawuttinunt(2015) that funding capabilities are a strong predictor of SMEs' growth. Therefore, the null hypothesis which states that funding capabilities do not affect the growth and development of SMEs is rejected, while the alternative is accepted.

Table 6: Impact of government policies on SMEs growth and development

Model	R	R^2		Adjusted R^2	Std error of the estimate
1	0.761	0.579		0.490	1.602
Explanatory variable		**B**	**Std error**	**t – value**	**p- value**	**Remarks**
Constant		21.450	0.875	28.510	0.000	
Government policies		0.232	2.074	1.786	0.011	S

Table 6 revealed that government policies ($\beta = 0.26$; t = 0.233 P<.05) have a positive and significant impact on SMEs' growth and development. Results also indicated that government policies have a 57.9% influence on SMEs' growth and development. This implies that the higher the government policies the higher the growth and development. The study is consistent with Vivian and Christopher (2015) and Akinola, OgunnaikeandOjo(2013) that government policies are a strong predictor of SMEs' growth and development.

Therefore, the null hypothesis which states that government policies do not have an impact on SMEs' growth and development is rejected, while the alternative is accepted.

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Table 7: Impact of managerial skills on SMEs growth and development

Model	R	R^2		Adjusted R^2	Std error of the estimate	
1	0.609	0.372		0.271	1.512	
Explanatory variable		**B**	**Std error**	**t – value**	**p- value**	**Remarks**
Constant		19.450	0.899	21.051	0.000	
Managerial skills		0.135s	0.256	1.272	0.012	S

Table 7 showed that managerial skill ($\beta = 0.135$; $t = 1.272$; $p < 0.05$) has positive and significant impact on SMEs growth and development. The result also indicated that managerial skills have a 37.2% influence on SMEs' growth and development. This implies that managerial skills are a strong predictor of growth and development. This result is in agreement with the work of Kenyon and Meixell (2011 and Nordin (2008) who found that managerial skills had a positive and significant impact on SMEs' growth and development. This result implies that managerial skills may enhance growth and development.

Therefore, the null hypothesis states that managerial skills have no impact on SMEs' growth and development is rejected, while the alternative is accepted.

Deduction to be made from this finding is that SMEs' challenges offer numerous advantages and potential benefits which include cost savings, efficiency gains, improved flexibility, access to world-class expertise, and focus on core competencies.

Table 8: Impact of Social infrastructures on SMEs growth and development

Model	R	R^2		Adjusted R^2	Std error of the estimate	
1	0.609	0.393		0.271	1.512	
Explanatory variable		**B**	**Std error**	**t – value**	**p- value**	**Remarks**
Constant		19.450	0.899	21.051	0.000	
Social infrastructures		0.124	0.256	1.261	0.012	S

Table 8 showed that social infrastructures ($\beta = 0.124$; $t = 1.261$; $p < 0.05$) has positive and significant impact on SMEs growth and development. Results also indicated that social infrastructures have a 39.3% influence on SMEs' growth and development. This implies that social infrastructures are a strong predictor of SMEs' growth and development. This result is in agreement with the work of Gordon and Lee (2011) who found that social infrastructures had a positive and significant impact on SMEs' growth and development. This result implies that social infrastructures may enhance SMEs' growth and development.

Therefore, the null hypothesis which states that social infrastructures have no impact on SMEs' growth and development is rejected, while the alternative is accepted.

Conclusion and Recommendation

This study examines challenges that affect the growth and development of small and medium enterprises in Bauchi state, Nigeria. The study reveals that funding capabilities, government policies, managerial skills, and social infrastructures are the major challenge that affects SMEs growth and development in the global competitive environment. The findings further show that these four factors are interrelated such that none can have a significant impact without the presence of the other. Subsequently, the study recommends that the management of SMEs should adopt a good strategy to overcome these challenges.

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