Small and Medium Business Management-Financial Sources and Difficulties

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ABSTRACT. SMEs has performed an unparalleled role in coming to the Nigeria economic growth and assist as a training ground for entrepreneurs and a provider of solutions to address the challenges of unemployment in all consuming labours and promoting marketing growth. An opportunity for the wholesome advancement of SMEs in Nigeria was in connection to the sea change and growth policy as a consequence of the rapid advancement of the global economic system. But with the world economic unification, SMEs business environment is facing tremendous changes and more intense competition. Hence, the reason for this study is to confront the sources of SME firm financing, conceptualise its financial challenges and source causes with objectives to exploit the increase and advancement of SMEs prospectively.

1. INTRODUCTION

Small and medium enterprise sector growth performance is essential to the nation performance. The vast majority of businesses globally are SMEs and functions a tract for entrepreneurs and a source of resolution to cope with the unemployment issue in all consuming labours and promoting marketing growth. The importance of SMEs in the evolution of economic, reduction in poverty, increase in value added, innovation, job creation, and boost in social position and standard is globally proven and acknowledged in emerging as well as in developed economies [1]. Accordingly, SMEs have been recognised to have a prodigious capacity for tenable development [2]. The surfeit of the employee’s manpower from the larger corporation had the capacity be restored back to the employment, mainly through the growth of SMEs. To maximise performance, firms rely upon a range of sources of finance [3]. Resources and strategic choices as internal factors, and carrying capacity of the environment or compete as external factors, affects firm performance. The resource-based view of the firm proposed that competitive advantage arises from the ownership and deployment of resources that are in some way superior to those of its competitors. Accessing financing has been accentuated as the foremost constraints poignant the performance and development of small business in Africa. According to Fadahunsi [4] due to a shortage of financing provision and entrepreneurial skills, there is a high mortality rate of SMEs in Africa.

Financing, according to Mukhtar [5] is a precondition to the performance of enterprises. Hence, far, Nigeria has a great number of SMEs, playing a substantial part of the economic system. There are many different ways firms financing their operations and growth. Their financing alternatives are determined by the predilections of each firms entrepreneurs and, more essential, by the options that are reachable to them. However, in achieving growth, they try to overcome various challenges. According to Beck and Demirguc-Kunt [6], SME firms’ still experiences various difficulties boosting developmental growth, particularly in financing. This study essentially considers its financing difficulties from the area of financing provision sources, which is of outstanding import for the SMEs firm performance and improve Nigeria economy.