Journal of Emerging Trends in Economics and Management Sciences (JETEMS) 10(4) 195-203

jetems.scholarlinkresearch.com

Problems and Prospects of Management of Small Scale Business in Nigeria: A Study of Security & Exchange Commission

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Abstract
This paper focuses on problems and prospects of management of small scale business in Nigeria and also to consider ways in which the government economic programme has helped in enhancing economic development. From the literature, the role of SEC development and promotion of SMEs was critically examined. Social Capital theory was used to understand the prospects of management of small scale business. The concept of small and medium enterprises (SMEs) is a development strategy that has enjoyed so much prominence in Nigeria history as a nation. Through SMEs, the government economic tools have helped to enhance the second tier market in achieving it numerous economic aims and objectives. The information used was gathered and generated from the Lagos office of SEC. Findings revealed that Small and Medium Enterprises (SMEs) contributed to economic growth in Nigeria. Similarly, it has been discovered that SMEs is capable of moving an economy forward through increased output and employment generation among others. Finally, it is noteworthy to improve the role of security and exchange commission (SEC), in order to promote and develop the SMEs. This paper is quite relevant to the conference theme titled embracing capacity building opportunity in business management innovation and entrepreneurship.

Keywords: Management, Small Scale Business, Social Capital, Economic Development And Securities Exchange Commission.

INTRODUCTION

The role of small and medium scale industries in developing countries, Nigeria in particular is progressively becoming significant. Significant in the sense that all available resources in any given situation in the economic well-being of a nation must be developed for industrialization and ultimately consumption through the small and medium scale businesses. Hence, the impact and potential contribution of small and medium scale business on a broad and diverse base as well as their accelerated effect in achieving macro-economic objectives pertaining to full employment, income distribution and the development of local technology, makes the existence most inevitable. Therefore, the importance of small and medium scale industries in particular to the general economic development of any nation especially a developing one like Nigeria cannot be overemphasized. Hence, this titled establishing small and medium scale enterprises; problems and prospects cannot come at a better time.

The Securities and Exchange Commission first existed as Capital Issues Committee, which was established in 1962. It later metamorphosed into Capital Issues Commission which was established by the Capital Issues Decree of 1973. It was finally established by the SEC Act 71 of 1979 which was reenacted as Decree No. 29 of 1988. Its Lagos office is at No. 3 Idejo Street, Off Adeola Odeku, and Victoria Island Lagos. SEC. New (2010). The Securities and Exchange Commission otherwise known as the SEC is the Apex Regulatory Institution of the Nigeria Capital Market. Since inception, the commission has been playing within the capital market, a similar role to that played by the Central Bank of Nigeria (CBN) in the money market Apart from the Securities and Exchange Commission. The commission had undergone a number of changes from the initial days of its progenitor before attaining its present status. The history of the Securities and Exchange Commission (SEC) as a regulatory body or agency, dates back when the first public issues on securities was floated by the Federal Government of Nigeria for infrastructural development. The issues were floated informally through the Nigerian Local Development Board, which was an agency of government charged with the responsibility of giving loans to government and its agencies, for the constructional facilities and utilities. By 1962, the capital issues committee was established to replace the Nigerian Local Development Board. Its primary function was to see the orderly development of the capital market by regulating share prices and determining the timing issues in order not to over stretch the absorptive capacity of the infant capital market. The main objectives of (SEC) are to protect the interest of the investors and therefore enhance their confidence in the capital market, it ensure orderliness, fair and equitable dealings in securities and promote growth and development of the Nigerian economy (Austin, 2009).

The policy determined of the commission is the responsibility of its board of directors, which includes the Director General of the commission as a member. The Director General in turn oversees the day to day administration of the commission on behalf of the board.

Generally, members of the board are chosen in consideration of their ability, experience, specialized knowledge and professional attainment in securities business in particular and the national economy in general. It is noteworthy to state that the Securities and Exchange Commission have autonomous and independent status, which is quite different and distinct from that of the Central Bank of Nigeria (CBN). The concept of Small and Medium Enterprises is a development strategy that has enjoyed so much prominence in Nigerians history as a nation. And the reason for this is not far-fetched, small and medium enterprises remain the dominant facet of service provision and manufacturing in any economy. Intact, they have assumed heightened significance in recent years to the extent that they have attracted serious attention by government and other policy making bodies (Babajide, 2002).

Small business enterprises all over the world are involved in various divergent areas of business or economic activity. These enterprises have contributed tremendously to the economic development of both developed and developing economies. As a result of their relevance and contributions to national economies, every government in Nigeria have shown genuine interest in issues pertaining to small and medium enterprises, particularly on how to make them sustainable (Babajide, 2002).

Role of the Security And Exchange Commission

According to Charles, 2006**,** The Securities and Exchange Commission (SEC) as the apex regulatory institution of the Nigeria first and second tier securities market, a federal government agency established by the securities and exchange commission (SEC) act of 1979, which was re-enacted as Decree 29 of 1988, has since inspection been playing within the securities market a similar role played by the central bank of Nigeria in the money market. The roles of the Securities and Exchange Commission (SEC) are as the follows.

Registration of Securities

One of the vital roles played by the Securities and Exchange Commission is the registration of securities, being proposed to be offered for sale or subscription to member of the public. the need for this registration is to disclose the financial and other information as may be required by the intending investor in order to patronize the merit of the security or otherwise. The Security and Exchange Commission also engages in the registration of the stock exchange and their branches securities dealers and their agents, investment advisers, registrar, the registration of securities market operator and the filling of the appropriate registration from the commission.

Regulatory Role

According to Charles(2006), which is in accordance with established rules and regulation in compliance with section 23 of degree 29 1988.one of the most important and relevant aspect of the SEC degree of 1988 is the power to regulate market operation as contained under section 6 (d) of the decree includes the following:

1. Stock exchange and their branches
2. Brokers/dealers
3. Underwriters
4. Registrars
5. Trustees

In carrying out the provision of the decree, SEC has the responsibilities of ensuring fair, equitable and orderly dealing in security. it also protects the integrity of security dealings. The guiding principle behind the rules and regulation is the generation and maintenance of confidence of the invention public in the securities market through the avoidance of fraud and malpractices in the securities dealings.

Development Role

Section 6 (d) of the SEC Decree has the responsibility to create necessary atmosphere needed for order growth and development of the small and medium enterprises. This role possible emanated from widely held hypothesis, that an efficient financial market can make important contribution to social development and that health equity bond and money constitute the amount indictor of an efficient financial market Charles (2006).In this respect, SEC endeavor to increase and strengthen the quality of the small and medium enterprise through research activities with the hope that such knowledge would aid the development of a strong and virile Nigeria economy.

Objectives of the Securities and Exchange Commission

The main objectives of SEC are three, namely:

- Protect the interest of the investors and enhance their confidence in the money market.
- Ensure orderly, fair and equitable dealings in securities.
- Promote growth and development of the Nigeria money market.

The SEC Decree No 29 of 1988 vested on the commission with powers to suspend or revoke the registration of any erring market operator. it also places the responsibilities of approving mergers, acquisitions and other forms of business combinations on the commissions (Ogunleye & Fowowe,2007).

Responsibilities and Functions of the Securities and Exchange Commission (SEC)

The following are the key responsibilities and its expected functions of SEC. Charles (2006).

- The securities and exchange commission of Nigeria broadly has a responsibility to regulate the capital market and ensure that investors are protected. It ensures that processes increasingly get transparent and that transaction rule rules are complied with.
- It scrutinizes parties that apply to operate in the capital market as market operators and licenses those considered suitable, such operators include: issuing houses, securities dealers/stockbrokers, sub-brokers, registrars, trustees, capital market consultants, reporting accountants, solicitors and investment advisers etc.
- Securities for issue to the investing public are also scrutinized and registered by the Securities and Exchange Commission. A party intending an issue must apply to SEC for approval. These include: Equities/shares, debentures/industrial loans, government bonds and collective investment schemes.
- Security and exchange commission's responsibility is also license transaction floors and exchanges, including: Securities exchange (like stock exchanges), Commodities exchanges and capital trade points, futures options and Derivatives exchanges as well as depository, clearing and settlement agencies like the central securities clearing system (CSCS).
- Major financial transactions like mergers, acquisitions takeover and other forms of business combinations must also have blessing of the Securities and Exchange Commission.
- SEC has a monitoring role over capital market. That role is to ensure fair practices that will advance the market and attract more investment inflow. It extends to ensuring good corporate governance for the quoted companies which, among other things have a responsibility to deliver timely and reliable reporting to the investing public.
- The commission is also adjudicates non transaction disputes, in addition to receiving and treating investor/operator complaints. Parties' that are aggrieved over market transactions and fail to get fair treatment elsewhere can take their case to SEC.

The Securities and Exchange Commission is consequently to see orderly and rapid development of the small and medium enterprises. Its basic role is to ensure transparent.

Conduct, such that parties that take decisions, especially on investments, do so on the strength of good information and sound processes. By that, it is to attract more funds into the market and also attract more viable companies that could expand their operations by tapping funds from the capital market.

Problem Facing Securities and Exchange Commission (SEC)

- The relative underdevelopment f the capital market also create problem for SEC.
- The SEC responsibility of fixing issue or offer price has attracted the greatest criticism by most companies.
- Inadequate supply of information on the financial statement of most companies.
- Inadequate qualified and seasoned personnel.

Statement of the Problem

The securities and exchange commission of any country provides information through which they determine the price at which securities of companies are to be sold to the public, either through offer for sale or subscription and to maintain surveillance over te securities market.

1.

2. The major reason why SMEs have not been making use of the stock exchange for their long term finance is the stringency in the conditions for listing.

3.

4. Many enterprises have stopped operation simply because; too much emphasis is being laid on protecting the integrity of securities market against any abuse arising from the practice of insiders trading.

In view of this fact, that stock exchange and its apex regulatory body, securities exchange commission (SEC) recently launched alternative security exchange market (ASEM) a specialized board to accommodate small and medium enterprises with high growth potentials in seeking access to long term finance and opportunities of getting listed on stock and exchange with less stringent rules was necessary. This initiative came in 2013 after second tier market (SSM)a platform that exchange created in 1985 faulty to attract small medium enterprises stringent rules (Ogunleye & Fawowe (2007).

Concept And Nature of SMEs

The definition of small scale industry varies with the culture and peculiar circumstances of the person attempting the definition. Studies on small scale enterprises identify more than fifty different definitions in seventy-five countries. The small scale business act passed by the United States congress in 1953 state that "A small business is one which is independently owned and operated and not dominant in its field of operation. In Great Britain, the standard definition of small business is a business with an annual turnover of two million pounds sterling or less with a less than two hundred paid employees.

In Nigeria, the multiplicity of the definition is quite apparent. The Nigeria bank for commerce and industry (1990) defines a small-scale enterprise as one whose capital does not exceed N750,000 whereas the federal government in 1973 viewed small scale industries to include all trading and manufacturing units with a total capital investment up to N60,000 and paid employees up to fifty persons. The industrial research unit of the Obafemi Awolowo University defines small scale enterprise as one "whose total assets in equipment, plant and working capital are less than N250, 000 and employing fewer than fifty, full-time workers. While the Central Bank of Nigeria (CBN) operational guidelines in 1988 defined small scale enterprises with reference to two financial areas:- the merchant banks and commercial banks) it states, "for lending purpose of merchant banks a small scale enterprise is one with a minimum annual return of N500,000. In United States, the size of a business is measured using several criteria including the number of employees, total sales volume and total assets. Any business that employs more than one hundred people or grosses less than one million dollars is considered small in United States.

Whereas in Nigeria, this could perfectly fit into medium scale business. This therefore makes it relatively difficult to attempt to define small scale enterprise differently from medium scale enterprise. The Nigeria minister for industry noted that "Enterprises employing fewer than 500 workers are generally regarded worldwide as SMEs". Based on the structure of manufacturing in Nigeria, SMES are now defined on the basis of employment, In micro/cottage industries, 1-10 workers, small scale industries 11-100 works, medium scale industries 101-300 workers and large scale industries with 301 and above" (Jamodu,2000). In Japan, small business are described as "Ocusho Kigyo" which refers to small and medium firms that may secure capital up to one hundred million Japanese yen and less than 299 employees in manufacturing. In Indian, a small business involves a capital investment in plant and machinery not exceeding Rs351khs. While in Indonesia the central Bureau of Statistics classified a unit employing 5-6 workers as a small scale enterprise. On the other hand, the Bank of Indonesia defines small scale enterprise as having net worth in excess of twenty million rupees.

Based on the foregoing it is clear that there is no universally accepted definition of what constitute small and medium scale enterprise. What is most important therefore is the SMEs annexation of resources and overall contribution to the economic well-being of developing nations across the globe.

Role of Securities And Exchange Commission in Financing Small and Medium Enterprises

- One of the roles of Securities and Exchange Commission in financing small and medium enterprises is through the provision of enabling environment, specifically for economic growth and development of the market in both industrialized and developing countries, as they play key role in creating new jobs.
- Securities and Exchange Commission being the regulatory authority towards the second-tier security market helps to create rules that enhance the small and medium enterprises source fund from the capital market at lower cost.
- They also facilitate and simplify the registration of venture capital operators by ensuring that the exercise is fair and transparent to accommodate all stakeholders.
- They also work with other arms of government to reform the capital market to ensure that small and medium enterprises have access to the market.

Small and Medium Enterprises

The SMIEIS (Small and Medium Industries Equity and Investment Scheme) an initiative of Bankers Committee in 1999 defined Small and Medium Enterprises as any enterprises with a maximum asset bases of N200million including land and working capital and with the number of staff employed not less than ten (10) and not more than three hundred (300), Salako M.O (SMIEIS 2004). In general, small and medium enterprises have been defined along a broad continuum of size and type. In terms of size, measure used to clarify small and medium enterprises include employment and assets. (NERFUND).

Eligibility for Funding

To be eligible for equity funding under the scheme, a prospective beneficiary shall:

1. Register as a limited liability company with the corporate Affairs Commission (CAC) and comply with all relevant regulations of the companies and

Allied matters Act (1990) such as filling of annual returns, including auditing financial statement.

2. Comply with all applicable tax laws and regulations and render regular returns to the appropriate authorities.

3. Engage or propose to engage in any of the business in the CBN's SMIEIS guideline (i.e. every legal business activity, excluding Trading / Merchandise and financial services).

Beneficiary Requirements

(Osa-Afiana, 2002) stated that beneficiaries would be expected to do the following:

1. Ensure prudent utilization of funds
2. Keep up-to-date records on the company's activities under the scheme.
3. Make the companies' book records and structures available for inspection by the appropriate authorities (including banks and the CBN) when required
4. Comply with guidelines of the scheme
5. Provide monthly financial and operational reports to the investment banks before the 15th of the next succeeding month.

The recommendations of industrial associations, particularly Manufacturers Association of Nigeria (MAN), National Association of Chambers of Commerce, Industry, Mines and Agriculture (NACCIMA): National Association of Small and Medium Scale Enterprises (NASME); and National Association of Small Scale Industries (NASSI) will be mandatory for members of these associations. Membership of recognize NGO's engaged in entrepreneurial development and promotion of small and medium scale enterprises will also be an advantage.

Importance of SMEs

Development issue is interesting in economics and finance literature. They are interesting because they form the focus of many strategies that become policies of government. In the context of developing economies such as Nigeria, poverty reduction or alleviation is the nucleus of economic development policies. Poverty alleviation efforts are directed at addressing two (2) major goals of lifting persons trapped out of the poverty we and to also prevent those above poverty line from slipping under (Salako, 2004).

One of the major instruments that have been identified to tackle poverty and promote economic development is the promotion of small and medium scale enterprises. Development of SMEs is seen as an instrument that can be used to generate sustainable development. A sustainable development is one, which ensures that the general population can attain an acceptable of welfare both at present and in the future. It is far from haphazard inequitable economic growth. It is growth accompanied by economic empowerment and mass participation in the economic and social life of the nation. It is therefore, a truism that industrialization remains a veritable strategy to economic advancement and the promotion of SMEs as a sub-sector of industrialization is a pertinent instrument for economic development. This is because small scale industry approach lends itself easily as a tool in the development process. The importance and relevance of SMEs is also manifested in numerous dimensions. Firstly, they enhance capacity building as they serve as entrepreneur training avenues. Secondly, small scale industry ordinarily and usually creates more employment opportunity per unit of investment because they are characterized by labor intensive operations. Thirdly, they achieve a much more relatively high value added operations because they are propelled by basic economic activities that depend mostly on locally sourced raw materials.

Furthermore, SMEs provide feeder industry services as they serve as major suppliers of intermediate goods and components to large scale industries as well as major agents for the distribution of the final products of such industries. In addition, they provide opportunities for the development of local skills and technology acquisition through adaptation. The Aba made syndrome is a clear manifestation of such technological acquisition that invariably gives impetus to rapid development in the economy. Moreover, they tend to serve as agent of industrial spread and rural development since they survive in less sophisticated industrial infrastructure. Also, it is interesting to note that SMEs provide an interesting alternative for countries like Nigeria that desire the fast option for industrial development.

This is because SMEs are characterized by short-term gestation periods and high potentials for quick yield on investment.

SMEs also provide good testing grounds for new products and nascent product techniques as their operations enjoy a tremendous measure of flexibility and dynamism that enables them react swiftly to changes in operation environment. SMEs are also effective avenues for mass participation in industrial development. In view of their relatively low take-off requirements in capital and other production factors, they widen the scope for participation in industrial activities even by people with limited capital.

In Nigeria, economic development program of the present administration is targeted at poverty alleviation, rural industrialization, job creation and sustainable livelihood. The prospects of achieving these given goals are perfected through SME(Jamodu,2001).This is because given the richly endowed nature of the country in agriculture, oil and gas and the mineral resources, development SMEs should be a relatively easy task. It was perhaps, partly in realization of this that there was a change and shift in industrial development strategy from large-scale enterprise as far back as 1975 through the 3rd National Development plan (1975-1980).

The government thinking along line is also probably informed by the positive experience resulting from the promotion of SMEs in other economic especially the new emerging economics like the Asian Tigers. There is the believe that conscious development of the SMEs made them to play significant role in the rapid transaction of the Asian Tigers from primary producing, underdeveloped economics to industrial giants in the second half of the 20th century .it believed that SMEs are capable of performing a similar feat in Nigeria (Ayozie, 2006).

Role of Small and Medium Enterprise (SMEs)

Ever since Nigeria's independent 50 years ago, industrialization and national development has been regular feature of various development plan of government.

The place of small and medium enterprises in national development is principally to constitute a solid foundation on which national development takes off. However, the role of the SMEs in laying a solid foundation for national development cannot be over emphasized. The small scale enterprises constitute the engine of growth of the economy. Hence, the national development is true in many respects (Anozie, 2006)

- **USE OF LOCAL RAW MATERIALS**

The small and medium enterprises utilize local raw materials in production. Many of the products of the small scale industry have about 100% local raw material content, some have about 80% and a few others have establishment of raw materials development council (RMDC) and at the same spur them for a greater effort in the development of local raw materials in country .The small-scale industrialists in Bauchi State are seriously working on gypsum and kaolin mining .In Jos, Plateau state, many small-scale industrialists are engaged in the mineral extraction. All over the federation, many small scale industrialists though not quite viable, are engaged in fruit drink production, seed oil processing, plantain processing and many others. It is however, evident that utilizing local raw materials to produce the numerous goods we have today in the market, the small and medium scale industrialist unconsciously work towards industrial growth if enhanced, the primary goal of national development can be achieved when industries have a strong desire for inward looking and work in spirit of independence of imported raw materials(Anozie, 2006).

- **EMPLOYMENT GENERATION**

One of the major benefits of SMEs is employment generation. It also one of primary objectives of the 1996 budget. Thousands of graduates are turned out every year from our n=universities, polytechnics and college of education. Many people have been retrenched in the public and large private sector. They are people who retired or resigned from public service. How can new jobs be created absorb all the energetic men and women? One finds the answer in small and medium enterprise. Within this sector, it is easy for people to start and manage their own small business to generate employment for themselves and for other job sectors. Indeed, experience in most developing countries have shown that while large industries are busy throwing away their staff, new jobs are created by small and medium enterprises. It should be a welcome development that within the past few months, the staff strength in many Nigeria small and medium enterprises has grown by leaps and bounds(Anozie, 2006).

- **LABOUR INTENSIVE**

Again to the extent that small scale industries, are labor intensive which means that a given unit of investment in the sector generates more employment than if it were made in large industries, small and medium enterprises serves as an important vehicle for meaningful employment and hence, the achievement of a national development objective (Anozie,2006).

- **RURAL DEVELOPMENT**

National development considers the development of the rural areas as cardinal, but incidentally, mostly programs of the government are concentrated in the urban centers.

It is the small and medium enterprises that help the government to achieve wider spread economic based. This is because of their ability to get adjusted to the local condition. This aspect brings about balance and stability development of all parts of the country by extending the benefits of progress to less developed areas (Anozie, 2006).

- **DOMESTIC TECHNOLOGY**

The role of the SMEs in the development of domestic technology is true not only for the developed economics of Europe and America but also the newly industrialized countries of Asia. Over the years, domestic technology is used by a small and medium scale industry in Nigeria in the production of spirit, foot wear, leather bags, clothing materials, bakery products, blocks, rubber products and some metal products. What they need is a little improvement in the technology of production so as to improve the quality of their out-put, to compare and compete favorably with the ones produced with domestic technology is highly rated as the best in Europe but it was branded Moroccan leather (Anozie,2006).

Government Policies and Other Incentive Granted to Small And Medium Enterprises

In view of the growing public interest and government's realization of the many advantages of small and medium enterprises, the government has made small policies and distinct pronouncement with regards to the operation and promotion of small and medium enterprises. There are a number of economic measures as well as necessary incentives to raise the general level of economic activities in the country. In particular, the government has involved some fiscal policy measures designed to offer support for industrial development. Prominent among these are : Income Tax Relief, Act Tax Relief for investment in economically disadvantaged local government areas, effective protection of young industries by imposing tariff on import, export promotion incentives, foreign currency facility. The monetary measures include the establishment of financial institutions to provide finance to small scale industries. Banks are also required to provide a specific proportion of their available credit to indigenous borrowers with particular emphasis on small and medium enterprises.

In addition, various financial intermediaries were established by monetary authorities to provide incentives to this growing industries and businesses with the specific purpose of aiding them financing and managing business problems. However, much has been done in this area as will be agreed by those who have benefited; many however still believe that some of the agencies are yet to make their impact felt within the society (Osa-fiana, 2002).

PROBLEMS AND FAILURES OF SMALL AND MEDIUM SCALE ENTERPRISES IN NIGERIA

- **Inadequate Source Of Capital:** Most small scale firms in Nigeria are established from the savings of the owners. Many of them stifled by inadequate capital because of the difficulty of assessing institutional funds. Most banks and other financial institutions are very skeptical in exposing themselves to small scale enterprises as a result of many reasons such as poor management, poor record keeping and financial control etc. (Osa-fiana,2002).
- **Wrong Choice Of Businesses:** Many entrepreneurs in Nigeria invest in a particular venture based on successes recorded by other entrepreneurs in their neighborhood in that venture without reviewing or evaluating their own peculiar competencies. In the process, they now invest in ventures that could not synchronize with their skills and competencies. Also, some invest in ventures that do not favour the environment in which they operate (Osa-fiana, 2002).
- **Poor Location Of Firms:** Poor location of business may adversely affect such business in many ways, such as limited number of customers, lack of packing space of infrastructural facilities, difficulty in locating the site of firm, etc.(Osa-fiana, 2002).
- **Financial Indiscipline Of The Enterpreneur:** Many Nigerian entrepreneurs cannot separate personal funds from business fund. They use business fund for personal transacting , thereby reducing the cash flow of the firm, thereby leading to deterioration I working capital with its attendant problem(Osa-fiana, 2002).
- **Poor Financial Management:** The issues involved in this include inaccurate accounting record keeping, excessive credit extension, excessive inventory, carrying excess overheads, buying too much on credit etc. (Osa-fiana, 2002).
- **Employment Of Incompetent Relatives And Over Reliance On them:** There is no harm in employing relative to small scale enterprises by the owner, but it should not be done at the expense of competent hands. Also, most small and medium enterprises owners rely stupidly on family member or relatives without given serious thoughts to their action (Osa-fiana,2002).
- **Lack Of Good Management:** Management is fundamental to the success of any venture, be it small or large. But in Nigeria, because of the attitudes and behavior of entrepreneurs, allowing family interest, most competent managers are not interested in working with small scale enterprises (Osa-fiana, 2002).
- **Lack Of Business Plan:** Most Nigerian entrepreneurs just dabble into without painstakingly undertaking serious planning that will lead to generation of an articulate business plan. The absence of this very important document exposes the business to danger which could have been averted by conscious business planning(Osa-fiana, 2002).
- **Lack Of Stable And Favourable Government Policies:** A small scale enterprises depends on stable and favorable enabling environment. Government policies are critical to creation of an enabling environment. Most times, government policies are frequently changed and inconsistent, thereby frustrating small scale enterprises initiatives and efforts, such frequent changes in government policies make forecasting and planning almost irrelevant in running small scale business and other types of business in Nigeria (Osa-fiana, 2002).
- **Lack Of Raw Materials:** Many Nigeria small scales manufacturing entrepreneurs run into manufacturing ventures without thorough analysis and evaluation of raw materials, sources and supplies. In effect, they run into difficulties of getting the required raw materials in good time (Osa-fiana, 2002).

SECURITY AND EXCHANGE COMMISSION

The Security and Exchange Commission as it is today is the outcome of the investments and securities Act (ISA) No 45 0f 1999. However, its seed was actually sown in 1962, when the capital issues committee an arm of the central bank of Nigeria, was set up to evaluate applications from companies wanting to raise capital from the market and recommend for approvals. That committee transmuted to the capital issue Decree in 1973 and the Security and Exchange Commission in 1978, by virtue of Decree No. 7 of 1979. The Investment and Securities Ac t No. 45 of 1999 finally sought to broaden the operation of the Commission and refocus it for more impact on economic growth.

CONCLUSION

In conclusion, the Securities and Exchange Commission (SEC) through the stock market being the citadel of the private sector is a network of institution that render financial services capable of resembling nation's economy. But in rendering such services with optimal efficiency, the assistance of the government is required in the areas of the provision of efficient infrastructures and investment incentives that can stimulate both investors and users of funds. The SMEs have the potential of accelerating the industrial technological progress without the international financial assistance. However, the success of Small and Medium Enterprises in Nigeria can be enhanced if the following are properly implemented.

- The investigation and findings contained in the study have proven beyond any doubt that government policies are conducive to enhance the survival of SMEs in Nigeria.
- Moreover, it was discovered that the various government policies designed to promote and develop investment growth in Nigeria, tend to lose their credibility and potency for providing the required solution to problems to SMEs due to government inability to ensure their faithful implementation.

Therefore, it is valid and tenable to Nigerian that government policies have facilitated the establishment and growth of SMEs in Nigeria. They have helped to create and improve efficiency in borrowing through the help of SEC by introducing the second tier securities market. However, the extent to which these policies impact on SMEs in Nigeria is limited by the mode of execution and implementation of the various and related policies of the Nigeria government.

RECOMMENDATIONS

In furtherance of the pursuit of Securities and Exchange Commission for the promotion, development and sustenance of growth among Small and Medium Enterprises in Nigeria in line with the findings in this study, knowing fully well that Securities and Exchange Commission (SEC) serves as the apex regulatory body.

To diversify the economy, there is need to restructure and strengthen policy in favour to enhance growth and development of SMEs so that they could serve as the hub for industrial transformation. SMEs are expected to champion local sourcing of raw materials export drive so that the balance of payments problem faced by developing countries could be eased with the dismantling of trade barriers as part of globalization. The following measures and recommendations are necessary for the commission to make effective display of its role on the second tier securities market.

- Government through its appropriate agencies should encourage the development of Small and Medium Enterprises and their participation in the market through meaningful media campaigns and other public awareness techniques.
- The commission should review its listing requirements to create more opportunities for Small and Medium Scale companies.
- Government should make policies that would catalyze the financing of SMEs through commercial banks and also enhance the capacity building of SMEs.
- The commission should embark on training programmes for regulations, promotion and institutional investors.
- Ensures that issuers of financial instruments provide investors with relevant, timely and adequate information about securities and institutions that are subject to the public issue.
- The commission through the help of the government should also introduce vertical integration, to encourage linkage between SMEs and large scale industries to ensure patronage rather than competition among them.

This collaboration should take the form of joint seminar, symposia and conferences on the relevance of government policies, their implication and effect on Small and Medium Exchange in Nigeria. Recommendations are aimed at creating the desired atmosphere for increased private sector investment especially in the area of SMEs in Nigeria.

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