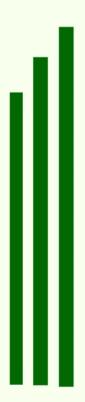# Printout

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CONSTRAINTS TO GROWTH AND SUSTAINABILITY OF MICRO, SMALL AND MEDIUM ENTERPRISES (MSMES) IN NIGERIA : PERCEPTIONS OF ENTREPRENEURS AND EXPERTS

Samuel Taiwo Toluyemi*, *Ezikiel A Adigbole***, *and Abubakar Sadiq Kasum****

It was observed that most studies on the constraints of MSMEs are based on perceptions of existing entrepreneurs. However, these researchers believed that the question of why there is a poor expansion of MSMEs in Nigeria can be more appropriately answered by the existing entrepreneurs while the issue of poor rate of establishment of new MSMEs can be better answered by potential entrepreneurs. On the other hand, the experts can give a balanced position. Hence, the study adopted panel study by considering the responses of the potential and existing entrepreneurs as well as that of the experts.

The study revealed that the constraints of MSMEs in Nigeria are generally high. However, the supply side constraints are the highest followed by government and regulations. The least constraints are the demand side constraints. The factors that are rated very high are funding and access to credit, market and marketing, risks and return ratio and inadequate technical and managerial skills, corruption, inadequate entrepreneurial knowledge and skills and attitude as well as poor macro-economic environment. The study also showed that the perception of the existing entrepreneurs and experts is significantly different from that of potential entrepreneurs. This is probably as a result of the lack of experience of the potential entrepreneurs.

A number of identified constraints especially technical and managerial skills and attitude can be ameliorated through properly focused capacity building programme for both the existing and potential entrepreneurs. Similarly, government can implement incentives that will encourage smooth migration from micro to small and to medium enterprises. This incentive among other should include making single digit interest rate available to entrepreneurs. In addition, government should provide hard and soft infrastructures. Similarly, principle of public-private- producers-partnership (PPPP) should be encouraged in the development of entrepreneurship.

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1   Background of the Study

Nigeria is faced with high population growth rate. Indeed, the population growth rate was 2.5 per cent between 2008 and 2011. Hence, the doubling time of Nigerian population is less than thirty (30) years. (Abdul Rahaman 2012). The adult population that is within the working age (15 to 64 years) are about

54 per cent. In the face of this high population growth, the rate of growth of Micro, Small, and Medium Enterprises (MSMEs) is comparatively slower. Indeed, the existing MSMEs are collapsing. Tarus and Nganga (2013) observed that 60 per cent of SMEs close down within the first year while 40 per cent of those that survive the first year are likely to close down in the second year. Smit and Watkins (2012) and Mead and Liedholm opined that more MSMEs close down than those that expands and that only 1 per cent grow from five to 10 employees. Indeed, it was said that a significant number of MSMEs are survivalist enterprises with no signs of growth. Many African countries including Nigeria have identify MSMEs as a means of propelling rapid economic development but the objective is hardly achieved because of high failure rate (80 per cent) (Berry 2002). A high percentage of enterprises fail in their first five years. Therefore, unemployment rate in Nigeria is on the rise. Consequently the poverty rate is very high too.

Nigerian micro economic environment like that of most other developing economies shows that MSMEs have compelling growth potential. In other words they have it has a crucial role in driving economic growth in Nigeria (Beck et al 2003) MSMEs development is, future seen as a major lifeline for the economic development of the developing countries. MSMEs occupy this crucial position in the drive toward economic growth because of their potentials in economic development in the developing countries. MSMEs contribute to national economic development via rural industrialization, creation of employment opportunities, more equitable distribution of income, and use of local resources, increase foreign exchange earnings, creation of backward and forward linkages with existing industries. A country like Nigeria with abundant labour has much to benefit from MSMEs development. This is. MSMEs also have ability to increase local content as well as value addition. Indeed, MSMEs are seedbeds for the development of entrepreneurship skills and innovation. UNCTAD (2001) opines that countries with high rate of MSMEs have succeeded more in equitable distribution of income regionally and functionally. Hence, MSMEs can assist in ensuring social stability by reducing poverty and economic disparity.

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1.2   Institutional Structure of Entrepreneurship in Nigeria

There was no attempt to encourage entrepreneurship in Nigeria by the colonial government. However, after independence in 1960, Nigerian government encouraged the direct investment in enterprises. Subsequently, government attempted a gradual withdrawal from direct investment in enterprises. This started with the indigenization policy in 1972 and 1977. The policy extends long term credit policy to Nigerians to take over enterprises. Subsequently, the government tries to encourage private investment in enterprises by providing enabling environments to Nigerians. Precisely, the structure of entrepreneurship in Nigeria comprises of various institutions, instruments, policies and regulations designed to provide a level playing ground for private investors. The institutions and policies are established to improve funding, human and infrastructural capacity, provision of raw materials and storage system, as well as marketing channels. MSMEs' institutions, policies and regulations are related to different programmes. Omoroge et.al (2012) identified three major programmes among others:

•   Structural adjustment programme which established institutions such as Directorate of Food Road and rural infrastructures (DFRRI) (1986), National Directorate of employment (1986); Raw Materials Research and Development Council (1987), Nigeria Agricultural Insurance Corporation (NAIC) 1987, Entrepreneurship Development programme (EDP) 1987; Export promotion council (1988), Privatization, Commercialization and Deregulation Policies (1988); National Industrial Policy (1988), Agricultural Credit Guarantee Scheme (ACGS) 1977, Rural Banking Scheme and Monetary Policy Guidelines (1977) Establishment of grassroots banking including peoples' Bank (1989), Community Banks (1990), Microfinance Bank (2004); Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) (2003). Small and Medium Enterprises Equity Investment Scheme (SMEEIS) which is a voluntary Bankers' committee initiative at its 246th meeting of December, 21st 1999, Bank of Agriculture (BOA) (2010) earlier known as Nigeria Agricultural Bank (NAB) in 1973, Nigerian Agricultural and Cooperative Bank in 1978, Nigerian Agricultural Cooperative and Rural Development Bank (NACRDB) in 2000, and Bank of Industries (BOI) (2001) which was reconstructed from Nigeria Industrial Development Bank (NIDB) established in 1964.

•   The Nigerian Economic Empowerment and Development Strategy (NEEDS) of 2004. The programme empowers the people for employment

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and creates wealth. It also promotes private enterprises with government as an enablers as well as change the way government does its work. NEEDS established the National Poverty Eradication programme (NAPEP), Bank consolidation programme 2005.

• Other programmes include Micro Finance Policy,(2005) MSMEs 220 billion Naira Development Fund and "Youth Enterprise with Innovation in Nigeria" (YouWiN) Programme inaugurated on 2012. Similarly, most of the states of the Federation have their own respective entrepreneurship programmes.

In addition, establishment of cooperative societies were encouraged. Indeed most entrepreneurs can only access government assistance through cooperative societies.
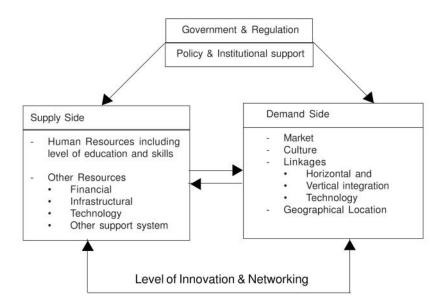
1.3   Definition of MSMEs

MSMEs are defined differently by different authors and countries. However, a common ground seems to be that they all look at it from both number of employees and total assets or capital investment and sometimes annual turnover/sales. In Nigeria, MSMEs are defined by various programmes such as SMEEIS, Nigeria Commerce and Industry (2003) "Operational Guidelines of Small and Medium Enterprises" and National Policy on MSMEs which adopted SMEDAN definition. This study also adopted the SMEDAN definition because it is more current and comprehensive. Table 1 defined MSMEs in Nigeria. The total assets of the enterprises including loans but excluding land on which equipment/plant and offices are located have the values stated in Table 1.

1.4   Statement of Problem

MSMEs have not played expected role in the economic growth and development of Nigeria. Studies including (Osotimehin et al 2012,Beck et al 2003, Meat et al 1998 and Muritala et al 2012) show that MSMEs represent a sizeable proportion of Nigeria. Registered MSMEs are 55 per cent in the United States (US) and 65 per cent in Europe businesses. However, MSMEs contribute approximately 1 per cent in the GDP of Nigeria compared to 40 per cent in Asian countries and about 50 per cent in the US and Europe. The contribution to employment is also not encouraging. This is because the MSMEs growth rate is low compared with the high rate of population growth

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rate of adult of working age. In addition, existing MSMEs are collapsing at a high rate. Indeed it is said that only 20 per cent of MSMEs survive till the fifth year of their establishment. The surviving MSMEs hardly grow. They are, in fact, stagnating. Several reasons have been adduced for the poor growth rate and non sustainability of MSMEs. This includes firstly supply side such as human, financial and technological resources, infrastructural facilities as well as other support system. Secondly the demand side includes market, culture, linkages and vocational factors which are not adequately harnessed. Thirdly, the government policy, institutional support as well as government controls and regulations are not too favourable for MSMEs.

Source : Modified from Khan et al (2012) "Perception of SMEs Growth Constraints: An Emperical Examination from Institutional Perspective" European Journal of Business & Management Vol. 4. No. 7

Demand side include sissues such as markets and marketing risk – return ratio, competition, location of enterprise and linkages, among enterprises. Supply side on the other hand refers to human, financial, technological, infrastructural facilities and other support system. Precisely, supply side include issues such as credit facilities, funding and access to knowledge,

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skills, ideas and attitude, adoption of technology, expansion strategies, infrastructural decay, technical and managerial skills as well as entrepreneurial eco-system. Indeed the supply and demand sides are inter-related and mutually reinforcing.

Government and regulation side refers to issues such as focusing of government policies, societal support, joining of associations, macro economic environment, regulations and controls as well as multiple taxations.

Most studies including Osotimehin et al 2012, Khan 2012, rank funding as the highest constraint to growth and sustainability of MSMEs. Hence, different governments, development partners and NGOs have devised various means or techniques to address the issue of funding. However, the problem continued unabated. It is found that most of these conclusions are based on opinions and views expressed by entrepreneurs and customers. One can safely say that the reasons for the ineffectiveness of the adopted measures include poor focusing and the inappropriateness of the interventions, it could also be said that the important strategies have not been identified and properly addressed.

1.5 Objectives of the Study

Generally, the study attempts to rank the constraints of MSMEs based on the perceptions of both existing and potential entrepreneurs as well as the perceptions of experts. Specifically, the study attempts to find out if there is a significant difference between the perceptions of entrepreneurs and that of the experts on constraints to MSMEs.

1.6 Data Collection:

A cross sectional data is collected because it is cheap and less time consuming.

1.6.1 Questionnaires

Structured questionnaires were used to eliciting information on the perceptions of existing and potential entrepreneurs as well as experts on entrepreneurship. The existing and potential entrepreneurs as well as experts in entrepreneurial matters were asked to responds to 31 questions. Precisely eight (8) questions are on bio-data and twenty three questions are on

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perceptions of respondents on constraints of enterprise growth and sustainability in Nigeria.

The same sets of questions were distributed annual 120 existing entrepreneurs, 120 potential entrepreneurs as well as 25 experts in enterprise management and development.

1.6.2 Instrument Administration

The questionnaires were pre-tested with five each of existing and potential entrepreneurs and two experts.

1.6.3 Sampling

The existing entrepreneurs here refer to people that are having their own enterprises. Such enterprises have been in existence for minimum of five years. On the other hand the potential entrepreneurs are unemployed youth on Federal Government and States' Governments youth empowerment Programme. These unemployed youths are being trained to be self-employed i.e. entrepreneurs. Hence, they are potential entrepreneurs. The entrepreneurs which are stratified into micro, small and medium are drawn from the six geopolitical zones of Nigeria. On the other hands experts are drawn from Management Development Institutions, Universities, Consultancy Firms and Non-Governmental Organisations (NGOs). These experts who have minimum of five (5) years' experience are drawn from the six geopolitical zones of Nigeria. The sample size of existing and potential entrepreneurs as well as experts is based on their total population.

1.6.4 Hypothesis of the Study

The study focused on constraints to growth of MSMEs in Nigeria. Therefore, the following hypotheses were formulated to serve as a basis for data collection, analysis and subsequent inferences. The null hypotheses include:

a) There is no significant difference between expert ranking and that of existing entrepreneurs;

b) There is no significant difference between expert ranking and potential entrepreneurs.

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c)   There is no significant difference between the ranking of potential and existing entrepreneurs.

1.7   *Methods of Analysis*

This section presents techniques used in analyzing data collected. Descriptive statistics such as mean, range and percentages are used to describe the data. Correlation analysis is used to identifying if there is a significant difference between perception of existing entrepreneur and potential entrepreneurs as well as that of experts. The views of existing entrepreneurs are taken to indicate reasons why there is no growth and expansion in MSMEs, while that of the potential entrepreneurs are taken to indicate reasons why new enterprises don't spring up rapidly in Nigeria.
The responses of respondents that were assessed in a five point likert scale type of questions whose responses ranged from 1 to 5 (i.e. extremely low, low, medium, high and extremely high). Each respondent is scored on each of the constraints identified and then aggregated and divided by the maximum possible score so as to reduce it to an index ranging from zero to one. This index was then used as a single measure of the strength of enterprise constraint. In addition the index were broken into 0-0.2, 0.20-0.4, 0.4-0.6, 0.6-0.8 and one (1), two (2), three (3), four (4) and five (5) representing extremely low, medium, high and extremely high respectively (Khan et al 2012, Tarus et al 2013).

In addition, to investigate the associations in the responses of the respondents, correlation analysis was used to determine the degree of association of the different segments of the respondents.

2   Analysis and Data Interpretations

The five highest constraints as perceived by potential entrepreneurs are:

i)   Inadequate funding and access to credit;

ii)   high risk in the face of low returns of MSMEs;

iii)   corruption;

iv)   market and marketing ; and

v)   as well as poor macroeconomic environment in descending order.

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Therefore, one can conclude that the above mentioned constraints are responsible for the slow rate at which new enterprises spring up in Nigeria. On the other hand the five least constraints are: Poor support from the societies; Poor linkage among enterprises; Poor location; High financial and social costs of joining associations; as well as Poor focus of government policies in ascending order.

The index of constraints as identified by potential entrepreneur respondents ranges between 0.325 (poor support from the society) and 0.79 (inadequate and access to credit) with an average of 0.48. This means that in general potential entrepreneurs rated the constraints as medium(table 2).

The five highest constraints as rated by existing entrepreneurs are: Inadequate funding and access to credit; Markets and marketing; Poor, unreliable and unaffordable infrastructural facilities; High risks in the face of low returns; and High cost of operation in descending order. One can infer that the above mentioned factors are responsible for the non-expansion of the existing enterprises.

On the other hand the existing entrepreneurs perceived the least five constraints as; Poor location; Poor linkage among enterprises; Poor consideration of ecosystem; High and multiple taxation and Stiff government as well as multiple taxation in ascending order. The index of the constraints as identified by existing entrepreneurs ranges between 0.418 (poor location) and 0.868 (inadequate funding and access to credit) with an average of 0.67. This means that in general existing entrepreneurs rated the constraints as high.

The experts in entrepreneurship rated the five highest constraints as: Poor linkage among enterprises; Dearth of entrepreneurial ideas; Poor record keeping; High financial and social costs of joining societies and Poor support from the society in ascending order.

The index of constraints as identified by expert respondents ranges between 0.46 (poor location) and 0.92 (Poor technical and managerial skills) with an average of 0.68. This means that constraints are rated by the experts on the average as high shown in Table 2.

Poor technical and managerial skills; Poor entrepreneurial attitude; Inadequate

entrepreneurial knowledge and skills; Stiff government regulation and control and High and multiple taxation in descending order.

However, the least rated five constraints as perceived by experts are:
The potential and existing entrepreneurs as well as experts rated the five highest constraints as: inadequate funding and access to credit; Market and marketing; Poor technical and managerial skills; Inadequate entrepreneurial knowledge and skills; High risk in the face of low returns and Poor entrepreneurial attitude in descending order.

On the other hand they rated as the least five constraints as :

Poor linkage among enterprises; Poor location; Poor support from the society; Poor record keeping; Dearth of entrepreneurial ideas and Poor consideration of entrepreneurial ecosystem in ascending order.

The index of constraints as identified by the combined responses of existing and potential entrepreneurs as well as experts respondents ranges between 0.407 (poor linkages among enterprises) and 0.809 (inadequate funding and access to credit), with an average of 0.610. This means that the constraints are rated by the three categories of respondents is high, (table 3)

2.1   Demand Side Constraints

The potential entrepreneurs' rating of the demand side constraints ranges from 0.336 (poor linkage among enterprises) to 0.622 (High risk in the face of low returns of MSMEs) with an average rating of 0.48. On the other hand the existing entrepreneurs ratings ranges from 0.418 (poor location) to 0.848 (markets and marketing) with an average of 0.64. Experts' rating of the demand side constraints ranges from 0.640 (poor location) to 0.74 (market and marketing) with an average rating of 0.618. The combined rating ranges from 0.407 (poor linkage among enterprises) to 0.718 (market and marketing) with an average rating of 0.581. From all the respondents ratings the demand side constraints is medium while both existing entrepreneurs and experts rated it as high but the potential entrepreneurs rated it as medium.

2.2   Supply Side Constraints

The potential entrepreneurs' rating of the supply side constraints ranges from 0.41 (poor expansion strategies) to 0.79 (Inadequate funding and access

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to credit) with an average of 0.49. On the other hand the existing entrepreneurs rating ranges from 0.51 (poor consideration of entrepreneurial ecosystem) to 0.868 (Inadequate funding and access to credit) with an average of 0.73.

Experts' rating of the supply side constraints ranges from 0.51 (Dearth of entrepreneurial ideas) with an average of 0.709. The aggregate rating of the supply side constraints ranges from 0.512 (Poor record keeping) to 0.809 (Inadequate funding and access to credit) with an average of 0.642. Therefore, all the respondents rated the supply side constraints as high, (table 4).

2.3   Government and Regulations Constraints:

The potential entrepreneurs' rating of the government and regulations constraints ranges from 0.328 (poor support from the society) to 0.572 (corruption) with an average of 0.46. On the other hand the existing entrepreneurs ratings ranges from 0.56 (High and multiple taxation) to 0.726 (poorly focused government policies) with an average of 0.6 shown in Table 4.

According to the Experts, the government and regulations constraints range from 0.54 (poor support from society and high financial and social costs of joining associations) to 0.810 (stiff government regulation and controls) with an average of 0.679. The combined rating indicates that the lowest rating is 0.485 (Poor support from the society) and the highest is 0.666 (poor macro economic environment) with and average of 0.581. Therefore, existing entrepreneurs and experts rated government and regulations constraints as high while the potential entrepreneurs rated it as medium. On the aggregate the government and regulations constraints are high, (table 5).

2.4   Test of Hypothesis

The analysis indicated that there is a weak positive correlation (0.350) between the responses of experts and existing entrepreneurs. However, there is a significant difference at 95 per cent confidence limit (0.101) between the responses of experts and existing entrepreneurs. In the same vein, there is a weak positive correlation (0.394) between responses of expert and potential entrepreneurs. Similarly, there is a significant difference at 95 per cent confidence limit (0.063) between the responses of experts and the potential entrepreneurs. On the other hands, potential and existing entrepreneurs' response has a medium (0.547) correlation. However, there is no significant difference at 95 per cent confidence limit (0.007) between responses of existing and potential entrepreneurs.

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From the above analysis, the perceptions of the experts on one hand and that of existing and potential entrepreneurs at the other are significantly different at 95 per cent confidence limit. However, the perceptions of the existing and potential entrepreneurs are not significantly different at 95 per cent confidence limit. The above observation is probably due to the fact that the experts believed that entrepreneurs have not adequately made use of the available finance sources in Nigeria because of inadequate managerial and technical skills and attitude while the potential and existing entrepreneurs believe that funding is the major constraints for entrepreneurship development in Nigeria (Table 6).

3   Conclusions

The existing entrepreneurs and experts rated the constraints as high impact on entrepreneurship while the potential entrepreneurs rated them as medium. However, the combined ratings indicated that the constraints are high in the Nigerian economy. In the same, vein the respondents rated the demand and supply sides as well as the government and regulations constraints as high. However, the rating of constraints by the potential entrepreneurs is medium. The supply side is rated as the highest constraints by potential and existing entrepreneurs as well as the experts (i.e. the three categories of respondents). Existing and potentials entrepreneurs rated demand side as second while experts rated government and regulations as second. On the aggregate the supply side constraints are the highest while the demand side and government and regulations are equal and came second.

The potential and existing entrepreneurs and the combined ranking of the constraints indicated that funding and access to credit is the highest constraints. However, the experts rated technical and managerial skills as the highest.

Potential entrepreneurs rated high risks in the face of low returns as the highest constraints in demand side while both the existing entrepreneurs and experts rated market and marketing as the highest of demand side constraints. Aggregate rating also rated markets and marketing as the highest constraints in the demand side.

This agrees with assertion of World Bank rating of Nigeria in 2011 using; ease of starting a business, dealing with construction permits, registering of

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companies. Indeed the report rated Nigeria as 101st best country for business out of 134 countries. Jigawa, Gombe, Borno, Kebbi and Kogi States were the least difficult as regards doing business while Ogun, Imo and Anambra States were the most difficult terrains for business operators in Nigeria. In other words, businesses are easier in the North than the South East and Western Nigeria.

Both potential and existing entrepreneurs rated inadequate funding and access to credit as the highest supply side constraints. Experts on the other hand rated poor technical and managerial skills as the highest. However, the combined rating rated inadequate funding and access to credit as the highest supply side constraints.

Potential entrepreneurs rated corruption as the highest of all the governments and regulations constraints. Existing entrepreneurs rated poorly focused government policies as the highest government and regulation constraints. Experts on there own rated stiff government regulation, and control as the highest. In the same vein the combined ratings rated poor macro economic environment as the highest government and regulation constraints.

From the above, this study substantially agrees with studies such as (Beck et al 2003) that rated funding and access to credit as one of the highest constraints. However, a major deviation is that the experts rated poor technical and managerial skills as the highest constraints to entrepreneurial development in Nigeria. Similarly, the analysis above indicates that attention should be devoted to the following constraints; Issue of risk and low returns of MSMEs in Nigeria, Markets and marketing, Inadequate funding and access to credit, Poor technical and managerial skills, Corruption, Poorly focused government policies, Government regulation and control, and Macro-economic environment.

3.1   Recommendations

Training can address some demand and supply sides issues such as market and marketing, technical and managerial skills, and to some extent funding and access to credit, risk and return ratio. Training of both potential and existing entrepreneurs will empower them to face market, funding and macro-economic challenges better. The training of the existing entrepreneurs should include development of managerial and technical skills as well as management of expansion strategies and business linkage strategies. The

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potential entrepreneurs training should include preparation of bankable business plan as well as management and technical skills.

On the other hand government should provide the enabling environments via reduction of corruption, proper focusing of entrepreneurship policies, improved management of the macro economic environment as well as its regulations and controls.
Government should implement incentives that will encourage migration from micro to small and medium enterprises via tax and interest incentives to ensure simple and affordable (single digit interest) financial product for minimum of three years.

The principle of public-private-producers-partnership should be adopted in provision of hard and soft infrastructures. Nigerian government should attempt to make business environment in Nigeria to be attractive via legal reforms on requirements for starting of businesses such as registration and other permits. In addition Nigerian tax system should be reviewed to minimise double taxations as well as relaxation of import duties for MSMEs.

It should be noted that MSMEs development (growth and sustainability) requires nurturing. However, nurturing of MSMEs is a serious work. Indeed nurturing MSMEs has a direct relationship with its growth and sustainability.

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Table 1 : MSMEs in Nigeria

Size Categories	Employment	Assets (N'million) excluding Land & Building
Micro	Less than 10	Less than N5m
Small	10 to 49	N5m to less than N50m
Medium	50 to 199	N50m to less than N500m
Large	200 and above	Above N500m

Source : National Policy on MSMEs 2010 as quoted in Survey Report on Micro, Small and Medium Enterprises (MSMEs) in Nigeria (2012)

Table 2 : Respondents' Ranking of Constraints to MSMEs in Nigeria

Sl No.	Constraints	Expert	Existing	Potential	Aggr.	Rank
1.	Market and Marketing	0.740	0.848	0.566	0.718	2
2.	High risk in the face of low return of MSMEs	0,640	0.818	0.622	0.693	5
3.	Stiff competition	0.610	0.712	0.51	0.611	12
4.	Poor location	0.640	0.418	0.362	0.473	22
5.	Poor linkage among enterprises	0.560	0.426	0.336	0.407	23
6.	Poor entrepreneurial attitude	0.900	0.734	0.442	0.692	6
7.	Poor, unreliable and unaffordable Infrastructural facilities	0.670	0.842	0.552	0.688	7
8.	Dearth of entrepreneurial ideas	0.510	0.69	0.47	0.557	19
9.	Poor technical and managerial skills	0.920	0.71	0.502	0.711	3
10.	Poor adaptation to technology	0.580	0.712	0.426	0.573	16
11.	Poor record keeping	0.530	0.576	0.43	0.512	20
12.	Poor expansion strategies	0.710	0.728	0.41	0.616	11
13.	Inadequate funding and access to credit	0.770	0.868	0.79	0.809	1
14.	High cost of operations	0.680	0.81	0.434	0.641	9
15.	Inadequate entrepreneurial knowledge and skills	0.860	0.796	0.462	0.706	4
16.	Poor consideration of entrepreneurial Ecosystem	0.670	0.51	0.48	0.553	18
17.	Poorly focused government policies	0.670	0.726	0.402	0.599	14
18.	Poor support from the society	0.540	0.586	0.328	0.605	21
19.	Corruption	0.680	0.562	0.572	0.605	13
20.	Poor Macroeconomic environment	0.720	0.712	0.566	0.666	8
21	High financial and social costs of joining associations	0.540	0.576	0.37	0.495	17
22.	Stiff government regulation and control	0.810	0.526	0.462	0.599	14
23.	High and multiple taxation	0.790	0.526	0.542	0.619	10
	Average	**0.680**	**0.670**	**0.4798**	**0.610**	

Source : Field Survey 2013

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Table 3 : Ranking of Demand Side Constraints of MSMEs in Nigeria

Sl No	Constraints	Potential	Existing	Expert	Average
1.	Markets and Marketing	0.566	0.848	0.74	0.718
2.	High risk in the face of low returns	0.622	0.818	0.64	0.693
3.	Stiff competition	0.51	0.712	0.61	0.611
4.	Poor location	0.362	0.418	0.64	0.473
5.	Poor linkage among enterprises	0.336	0.426	0.46	0.407
6.	Average	0.48	0.64	0.618	0.579

Source: Field Survey in 2013

Table 4 : Ranking of Supply Side Constraints of MSMEs in Nigeria

Sl No	Constraints	Potential	Existing	Expert	Average
1.	Poor entrepreneurial attitude	0.442	0.734	0.9	0.692
2.	Poor, unreliable and unaffordable Infrastructural facilities	0.552	0.842	0.67	0.688
3.	Dearth of entrepreneurial ideas	0.47	0.69	0.57	0.557
4.	Poor technical and managerial skills	0.502	0.71	0.92	0.711
5.	Poor adoption of technologies	0.426	0.712	0.58	0.573
6.	Poor record keeping	0.43	0.576	0.53	0.512
7.	Poor expansion strategies	0.41	0.728	0.71	0.616
8.	Inadequate funding and access to credit	0.79	0.868	0.77	0.809
9.	High cost of operation	0.434	0.81	0.68	0.641
10.	Inadequate entrepreneurial knowledge and skills	0.462	0.796	0.86	0.706
11.	Poor consideration of entrepreneurial ecosystem	0.48	0.51	0.67	0.553
12.	Average	0.49	0.73	0.7098	0.643

Source: Field Survey in 2013

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Table 5 : Ranking of Government and Regulation Constraints of MSMEs in Nigeria

SI No	Constraints	Potential	Existing	Expert	Average
1.	Poorly focused government policy	0.42	0.726	0.67	0.599
2.	Poor support from the society	0.328	0.586	0.54	0.605
3.	Corruption	0.572	0.562	0.68	0.605
4.	Poor macro economic environment	0.566	0.712	0.72	0.666
5.	High financial and social costs of joining trade associations	0.37	0.576	0.54	0.495
6.	Stiff government regulation and control	0.462	0.526	0.81	0.599
7.	High and multiple taxation	0.542	0.526	0.79	0.619
8.	Average	0.46	0.6	0.696	0.585

Source: Field Survey in 2013

Table 6 : Results of Correlation Analysis

Respondents	Correlation Value	Level of Significance
Experts and Potential	0.394	0.063
Experts and Existing	0.350	0.101
Existing and Potential	0.547	0.007**

 ** Correlation is significant at 99% confidence limit (2-tailed)
Source: Computer printout