

## **EXAMINING THE FACTORS THAT MILITATES THE PERFORMANCE OF SMALL AND MEDIUM SCALE ENTERPRISES IN YOLA METROPOLIS, ADAMAWA STATE**

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### **ABSTRACT**

This study examines the factors that militates the performance of small and medium scale enterprises (SMEs) in Yola metropolis, Adamawa State. For the purpose of this study, purposive sampling was utilized and data were collected using structured questionnaire from a sample of two hundred and forty-three (143) SMEs in Yola Metropolis, Adamawa State. Descriptive statistics was used in analysing the data collected. The results obtained show that the study found that most of the owners/managers of SMEs in Yola have no formal training in marketing. The study further found that majority of the managers/owners of SMEs in Yola are not knowledgeable in book-keeping and accounting and have no knowledge of preparing financial statements. The study also found that access to finance is a major challenge that is faced by SMEs for growth and development in Yola. More so, SMEs in Yola are majorly financed through owners' equity (i.e., personal money of the owners of SMEs) and short-term debt that may come from friends or micro-finance bank. Lastly, small and medium scale enterprises in Yola are facing difficulties in accessing external finance to cushion for financing problems. The study recommends that government agencies along with micro finance institutions and banks should organize financial education programs that will create awareness on areas that are lacking such as more effective sources of funds for startup businesses. Also, government should intervene through the

Central Bank of Nigeria (CBN) or its agencies to give out more loans at cheaper rate and make it easily accessible to small and medium scale enterprises in Nigeria.

**Keywords:** Small and Medium Scale Enterprises; Performance; Yola Metropolis; Adamawa State

## 1. INTRODUCTION

Small and medium scale enterprises (SMEs) are basically regarded as the locomotive line of any nation's economic growth and they are look upon as reasonable means that boost development worldwide (Abeh, 2017). Additionally, small and medium scale enterprises are labour intensive; as much as they are capital saving business ventures. They are capable of making people self-reliant and generating numerous numbers of new jobs globally (Abeh, 2017; Kadiri, 2012). SMEs are also viewed as the key drivers to economic growth and poverty reduction (Agwu & Emeti, 2014). In essence, SMEs are just like lubricants to a car engine that helps to smoothen the growth and development of an economy.

SMEs are sources for economic growth and development for every nation, because as they grow, their economy grows too (Abeh, 2017). In this era of industrialization, where the development index of nations is measured basically on their achievement in terms of provision of welfare to their populace, small scale businesses play a role as employment providers in a way that ensures equitable income distribution (Kuratko, 2005). Thus, Aremu and Adeyemi (2011) described small businesses as "mighty minors" that functionalize market economies and remove or minimize imperfection factors that impede adaptation to changes. Small Scale Businesses are generally believed to be the most appropriate scale of business for developing economies like Nigeria (Baptista, Escaria, & Madruga, 2008). This is owing to the fact that their requirement of capital size and managerial expertise matches the limited size of capital for investment and managerial expertise obtainable in such countries compared to develop ones.

However, most small businesses are managed by their owners because they could not afford to hire expertise to run the businesses for them. Consequently, small business owners perform so many operational tasks and management functions themselves (Kirsten, 2013), which may often result in business failure (Ihua, 2009).

The independent and private ownership (sole proprietorship or partnership) of small businesses always promote uncertainty (Keasey & Watson, 1993). This invariably means that small business success or failure squarely depends on the sole ability of the owner(s) without the shield of limited liability; small business owners may be personally liable for the business misfortunes such as debts (Carter & Jones-Evans, 2006).

Coherently, Akande (2006) also argues that small businesses heavily rely on owner(s) skills, ability, and personal characteristics for the prosperity of the business. Nevertheless, small business, across the developed world, still account for a significant fraction of industrial build up. They play some defined roles in the economy that support and strengthen the growth of a nation (Mwobobia, 2012). Undoubtedly, small business is very crucial to a nation's healthy economy, and their competitiveness is indispensable to nation's success and growth.

Consequently, performance and activities of small business in Nigeria since the global economic meltdown has been very low. Although government at different levels have come up with different policies (for instance, National Poverty Eradication Programme (NAPEP), Nigerian Agriculture People's Bank (NAPB), National Directorate of Employment (NDE), National Economic Empowerment Development Scheme (NEEDS), and most recently, Survival-Fund of the Buhari led administration to boost the performances of small businesses in order to alleviate the level of poverty and enhance economic development.

Though, despite all these policies and government agencies, small businesses have failed to perform optimally, thus, significant gap still exist between their contributions and their potentials. In the same vein, most literatures on small businesses concentrate on the financial problems of small-scale businesses, but this study has, in relation to the Nigerian context, identified other problems such as lack of adequate funding, inadequate infrastructural facilities, lack of proper business and management knowledge, poor record keeping and information management, inability to distinguish business capital from personal money. Still, to this regard, this research work is undertaken to investigate the factors militating the performance of SMEs in Yola Metropolis with a view to proffering recommendations on how to get SMEs perform optimally.

## **2. LITERATURE REVIEW**

### **Conceptual Issues**

SMEs is one of the areas that are currently receiving academic and policy attentions but up to now differentiating small scale businesses (SSBs) from other scales of businesses such large, medium and micro defies universal definition (Chendo, 2013; Luper & Kwanum, 2012; Uchenwangbe, 2013). Researchers and other interested parties have looked at the issue base on some specific criteria such as value added and value of assets, annual sales or number of employees (Uchenwangbe, 2013).

A review of the literature on Small and Medium Enterprises (SMEs) shows that the definition of SMEs significantly varies from country to country depending on factors such as the country's state of economic development, the strength of the industrial and business sectors, the size of SMEs and the particular problems experienced by SMEs. Hence, there is no uniform or universally accepted definition of SMEs (Investment Climate Assessment (ICA), 2009)).

In Nigeria, parameters such as asset base (excluding land), the number of workers employed and the annual turnover are used for the classification of SMEs. Carpenter (2001) maintains that there is no one definition for SMEs; they are defined in Nigeria and other countries based on one or all of the following: the size or amount invested in assets excluding real estate; the annual turnover, and the number of employees.

Furthermore, the Central Bank Nigeria defined the constructs on the basis of total asset and number of employee (Chendo, 2013). Nevertheless, the National Council on Industry (1996) cited in Egbetokun (2008) and Osotimehin and Olajide (2012) state that, micro business is a business whose total cost, including working capital but excluding cost of land, is not more than ₦1 million and a labor size of not more than 10 workers, while small scale business is a business whose total cost, including working capital but excluding cost of land, is over ₦1 million but not more than ₦40 million and a labor size of between 11 and 35 workers. Base on these, it seems that in Nigeria, there is no consensus on the definition of small-scale business, but they are defined along three dimensions: in terms of either employment or investment, or a combination of any two. It is also worth deducing

that any business with capital base worth N 1 million or has a number of employees up to 11, is regarded as small-scale business.

Still, SMEs can be divided into micro, small and medium enterprises. The Federal Ministry of Industries defines a medium-scale enterprise as any company with operating assets less than ₦200 million and employing less than 300 persons. A small-scale enterprise on the other hand, is one that has total assets of less than ₦50 million, with less than 100 employees. Annual turnover is not considered in the definition of an SME. The National Economic Reconstruction Fund (NERFUND) defines a small-scale enterprise as one whose total assets are less than ₦10 million but makes no reference either to its annual turnover or the number of employees. The World Bank Group prescribed the following definition based on number of employees, total assets and turnover. The body defined SMEs as follows; (1) Small enterprise: Employs between 11 – 50 people, with total assets of \$100,000 - \$3m, and turnover of \$100,000.00 - \$3m; (2) Medium enterprise: Employs 51 – 300 staff, total assets of \$3m - \$15m, and turnover of \$3m - \$15m.

Nevertheless, where there exists a conflict in classification between employment and assets criteria (for example, if an enterprise has assets worth seven million naira (₦7m) but employs 7 persons), the employment-based classification would take precedence and the enterprise would be regarded as micro. Employment-based classification tends to be relatively a more stable definition, given that inflationary pressures may compromise the asset-based definition. In choosing these definitions, cognizance was taken of all possible factors, including international comparisons and peculiarities of the various sub-sectors/enterprises (SMEDAN, 2007).

### ***Characteristics of SMEs in Nigeria***

A major characteristic of Nigeria's SMEs relates to ownership structure or base, which largely revolves around a key man or family. Hence, a preponderance of the SMEs is either sole proprietorships or partnerships. Even where the registration status is thus that of a limited liability company, the true ownership structure is that of a one-man, family or partnership business. Other common features of Nigeria's SMEs include the following among others (Basil, 2005).

- a. Labor-intensive production processes: SMEs create more employment opportunities per unit of investment because of their labor-intensive operations.
- b. Concentration of management on the key man: SMEs 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 and on one person.
- c. Final channel of distribution: they 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 final products of such industries.
- d. Some SMEs serves as avenue for skills acquisition as they provide opportunities for the development of local skills and technology acquisition through training (Basil, 2005).
- e. Limited access to long term funds: Most of these enterprises cannot access loan on a long term and short-term basis. According to Adepoju (2003), and Osamwonyi and Tafamel (2010), factors inhibiting funds accessibility by the SMEs are the stringent conditions set by financial institutions, the lack of adequate collateral and credit information, and the cost of accessing funds.
- f. High production costs due to inadequate infrastructure and wastages: lack of infrastructural facilities is a serious impediment to the performance of SMEs. The problem of infrastructure ranges from inadequate facilities like power supply, access road network, water supply and solid waste management.
- g. Poor managerial skills: lack of trained manpower and low managerial/entrepreneurial skill base constitute a serious clog in the survival of SMEs. Rogers (2002) noted that inefficiency in overall business management and poor record keeping is the bane of most SMEs and due to their inability to pay for skilled labor.
- h. Use of rather outdated and inefficient technology especially as it relates to processing, preservation and storage.

### **Related Empirical Issues**

There are various empirical studies conducted on activities and performances of small and medium-sale enterprises. For instance, Obamuyi (2007) in a study conducted in Ondo State of Nigeria, observed that, the major determinants of loan supply to SMEs are regulatory requirements such as Capital Adequacy Ratio (CAR), Reserve Requirements (RR), Liquidity Ratio (LR), Interest Rate Development (IRD) and lending policies of the banks. These determinants have varied degrees of influence on the amount of money available for lending by the banks but failed to estimate the direction of the influence of identified policy instruments. Additionally, using a tobit model, Rahji and Apata (2012) found that interest rate was positively related to credit supply to SMEs at 1% probability level. This implies that increase in interest rate will stimulate savings in banks thus improvement in credit availability to SMEs. The findings of this analysis may be misleading considering that credit supply to SMEs may not respond to short run interest rate changes based on cross sectional data but on long run changes and time series approach in Nigeria are under nourished in credit supply by formal financial institutions, hence, the need for policy intervention to forestall the financial crisis that may befall the sector.

A study by Van de Vrande, De Jong, Vanhaverbeke, and De Rochemont (2009) focuses on the perceived challenges and motives of the open innovation methods adopted in SMEs. It was found that SMEs adopting the innovative practices in the areas of marketing and technology had a good impact on meeting the customer demands and overcoming the competition. Furthermore, the most important challenges were related to organizational and cultural issues since they were dealing with the external contacts. Likewise, Ackah and Vuvor (2011) highlights the issues related to SMEs in obtaining the credit loans for the general business and do undertake the expansion of the projects. It was recommended to liberalize the loan facilities and to encourage the financial institutions to establish factoring services, tax incentives for those lending to SMEs.

Additionally, in a study by Aziz, Awang, and Zaiton (2012) addresses the various issues and challenges encountered by hospitality and tourism business under SMEs. It was found that the SMEs enterprises face obstacles like lack of financial assistance, high taxes, and government support.

A study by Bowen, Morara, and Mureithi (2009) reveals that the challenges faced by SMEs in different economic situations. It was found that the challenges are competition among the large firms, financial constraints, lack of imports, non-security, lack of training and development. Entrepreneurship Development program and education is a major thrust to business success. Further the SMEs need to follow certain policies to overcome the barriers like; reasonable price, liberalized loan facilities, incentives and subsidized interest rates. It was recommended that strategies should be adopted by the government of Nairobi to achieve the business success.

Kamunge, Njeru, and Tirimba (2014) also found out that access to commercial credit did not contribute to entrepreneurial success in any significant way. In addition, the authors found that poor record keeping and lack of basic business management experience and skills were major contributors. Some researchers argue that small businesses are undercapitalized. Business owners in Africa tend to depend upon their own family savings and access to capital remains a challenge. Most of them cannot meet the requirements for commercial loans, and those who do find such loans expensive. Administrative problems have been cited as a major cause of business failure.

Other factors identified are inexperience in the field of business particularly lack of technical knowledge, lack of managerial skills, inadequate planning and failure to do market research (Chando & Sekioua (2012). Mugo (2012), exploring performance of SMEs concludes that access to business information services affected the performance of business to a great extent and that access to finance affected performance of SMEs because it limited the entrepreneurs' ability to take advantage of opportunity as and when they arose. The study concluded that technology affected businesses to a very great extent by facilitating communication with both the supplier and customers, by easing the transportation of goods and by easing the marketing of the products.

### **3. METHODOLOGY**

For the purpose of this study, survey research design was used, where data were collected using questionnaire. Specifically, the population of the study were 269 SMEs in Yola Metropolis, Adamawa State. As regards to sampling technique,



purposive sampling was utilized were 158 samples were utilized using Krejcie and Morgan (1970) formula for sample size determination. Using Krejcie and Morgan (1970) formula, the sample size of 158 was arrived as follows:

$$S = \frac{X^2 NP (1-P)}{d^2(N-1) + X^2 P(1-P)}$$

Where;

S = sample size required

$X^2$  = the table value of chi-square for 1 degree of freedom at the desired confidence level (3.841) i.e., 1.96 x 1.96.

N = the population size

P = the population proportion (assumed to be 0.50 since this would provide the maximum sample size)

d = the degree of freedom of accuracy expressed as a proportion

$$\text{therefore; } S = \frac{3.84 * 269 * 0.5(1-0.5)}{0.05^2(269-1) + 3.84 * 0.5(1-0.5)}$$

$$S = \frac{3.84 * 269 * 0.5 * 0.5}{0.67 + 0.96} = \frac{258.24}{1.63} = 158$$

To collect data from the sample of 158 SMEs in Yola metropolis, Adamawa State, a well-structured questionnaire was administered to the respondents.

### **Respondents' response rate**

The data used for this research was collected from operators of small and medium scale businesses in Yola metropolis, Adamawa state. In this study, questionnaires were personally-administered, whereby the questionnaires were accompanied by free consultations to further helped in quickening completion of the questionnaires. Efforts were made to increase the response rate by reminding respondents through phone calls, short message service (SMS) and personal visits. Because of these efforts, one hundred and forty-seven (147) questionnaires were returned out of the one hundred and fifty-eight (158) questionnaires that were personally-administered to the respondents in Yola. Consequently, this makes the response rate of 93.04%.

However, out of the one hundred and forty-seven responses obtained, only one hundred and forty-three (143) questionnaires were used for further analysis making a valid response rate of 90.51%. This is because out of the one hundred and forty-seven (147) questionnaires collected, five (5) were discovered to be wrongly filled, hence, rejected for further analysis purposes. The responses frequencies are provided in Table 1 thus:

**Table 1**  
**Response Rate of the Questionnaires**

Details about Questionnaire and Respondent	Freq/Rate
No. of distributed questionnaires	158
Returned questionnaires	147
Returned and usable questionnaires	143
Questionnaires not returned	9
Response rate (%)	93.04
Usable response rate (%)	90.51

Source: Field Survey (2020).

### **Demographic profile of respondents**

For the purpose of collecting data for this study, section A of the questionnaire distributed involves information on the respondents as well as their businesses demographic profile. The respondents were asked questions on their gender, their role in business, level of education, status of business, years of business in operation, and average profit per annum. The result of demographic profile of the respondents is presented in Table 2.

Table 2 presents the frequencies alongside percentages of profiles of respondents and their businesses who participated in this study. The gender of respondents shows that male has a frequency of 112 (78.3%) while female has a frequency of 31 (21.7%). In regards to respondents' role in business, 57 (39.9%) are just owners of a business, 35 (24.5%) are managers, whilst 51 (35.7%) are owners as well as the managers of their own businesses. When asked on the level of their educational background, 5(3.5%) of the respondents affirmed that they have *no formal education*, 11 (7.7%) have primary school certificate, 30 (21.0%) attained

secondary school certificate, 50(35.0%) have NCE/Diploma, 42 (29.4%) have degree/HND, while 5 (3.5%) are postgraduates. Additionally, Table 2 shows that in consideration to the status of business covered by this study, 60 (42.0%) are Sole-proprietorships while 83 (56.0%) are in partnership business.

**Table 2**  
**Profiles of respondents and their businesses**

<b>Variables</b>	<b>Frequency</b>	<b>Percentage</b>
<b><i>Gender</i></b>		
Male	112	78.3%
female	31	21.7%
Total	143	100.0%
<b><i>Role in business</i></b>		
Owner	57	39.9%
Manager	35	24.5%
Both (owner/manager)	51	35.7%
Total	143	100.0%
<b><i>Level of education</i></b>		
No formal education	5	3.5%
Primary	11	7.7%
Secondary	30	21.0%
NCE/Diploma	50	35.0%
Degree/HND	42	29.4%
Postgraduate	5	3.5%
Total	143	100.0%
<b><i>Status of business</i></b>		
Sole proprietorship	60	42.0%
Partnership	83	58.0%
Total	143	100.0%
<b><i>Years of business in operation</i></b>		
Less than 3 years	49	34.3%
3-7 years	29	20.3%
8-12 years	45	31.5%
13-17 years	13	9.1%
Above 17 years	7	4.9%
Total	143	100.0%
<b><i>Average profit per annum</i></b>		
Less than N100,000	45	31.5%
N100,000 - N500,000	36	25.2%

N501,000 - N1,000,000	29	20.3%
N1,001,000 - N1,500,000	21	14.7%
Above N1,500,000	12	8.4%
Total	143	100.0%

Source: Researcher's Analysis (2020) using SPSS v.20.

In consideration to the profile of businesses of the respondents, two variables are involved; (1) year of business in operation; and (2) average profit per annum. In regards to year of business in operation, Table 2 shows that 49 (34.3%) of the businesses were in operation in less than 3 years, 29 (20.3%) are in the age bracket of 3-7 years, 45 (31.5%) are within 8-12 years, 13 (9.1%) are within 13-17 years, while 7(4.9%) are above 17 years in operation. On the other hand, 45 (31.5%) of the businesses have less than N100,000 as average profit per annum. Moreover, 36(25.2%) of the businesses has average profit of N100,000 to N500,000 per annum, while 29 (20.3%) have average profit per annum of N501,000 to N1,000,000. Furthermore, 21 (14.7%) of the businesses have average profit per annum of N1,001,000 to N1,500,000, whereas 12 (8.4%) of the businesses have average profit per annum of above N1,500,000.

#### **4. DISCUSSION OF MAIN RESULT OF ANALYSIS**

The main objective of this study was to examine the factors militating the performance of SMEs in Yola Metropolis with a view to proffering recommendations on how to get SMEs perform optimally. For the purpose of this study, two major factors obstructing the performance of small and medium scale enterprises are considered. First is managerial competencies and skills, and the second is access to finance. Concentration on these factors by this study is in line with the opinion of Sitharam and Hoque (2016) who studied the factors affecting the performance of SMEs in KwaZulu-Natal, South Africa. The frequencies alongside percentages of the respondents' responses on these factors are provided in Table 3 and Table 4 for managerial competencies and skills and access to finance respectively.

**Table 3**  
**Managerial competencies and skills**

Variables	Yes		No	
	Frequency	(%)	Frequency	(%)
Does management/owner have prior experience in small business management?	101	70.6	42	29.4
Does management/owner have formal training in business management?	79	55.2	64	44.8
Does management/owner have formal training in financial management and planning?	73	51.0	70	49.0
Does management/owner have formal training in marketing?	64	44.8	79	55.2
Does management/owner have formal training in book-keeping and accounting?	69	48.3	74	51.7
Management/owner having the necessary skills to prepare Financial Statement	61	42.7	82	57.3

Source: Researcher's Analysis (2020) using SPSS version 20.

The descriptive result from Table 3 shows that when respondents were asked: "does management/owner have prior experience in small business management?" 101, that is 70.6% of the respondents answered "Yes" while the remaining 42 (29.4%) answered "No". This shows that most of the owners/managers of small and medium enterprises in Yola have prior experience in small business management. In addition, when respondents were asked: "does management/owner have formal training in business management?" 79, that is 55.2% of the respondents answered "Yes", while 64 (44.8%) of the respondents answered "No". This indicates that majority of owners/management of SMEs in Yola have formal training in management of business.

Similarly, when the respondents were asked: "does management/owner have formal training in financial management planning?" seventy-three (73), that is 51% of the respondents answered "Yes", while 70 (49%) of the respondents answered "No". This is an indication that slight majority of the managers/owners have formal training in financial management and planning. More so, on the question: "does management/owner have formal training in marketing?", 64 (44.8%) of the respondents replied "Yes", while 79 (55.2%) replied "No". This portrays that most of the owners/managers of SMEs in Yola have no formal training in marketing.

Moreover, regarding the question: “does management/owner have formal training in book-keeping and accounting?”, 69 (48.3%) of the respondents answered “Yes”, while 74 (51.7%) of the respondents answered “No”. This means that majority of the managers/owners of SMEs in Yola are not knowledgeable in book-keeping and accounting. Likewise, 61 (42.7%) of the respondents answered “Yes” that management/owners of SMEs in Yola have the necessary skills to prepare financial statement, while 82 (57.3%) replied “No”. This indicates that majority of the respondents have no knowledge of preparing financial statement.

The next factor that is obstructing the performance of small and medium scale enterprises is access to finance, where the opinions of respondents regarding access to finance were retrieved and analyzed. Hence, the frequencies and respective percentages of variables of SMEs access to finance are presented in Table 4 thus:

**Table 4**  
**SMEs’ Access to finance**

Variables	Frequency	Percentage
<b><i>Access to finance is a major challenge that affects the growth of my business.</i></b>		
Strongly Disagree	10	7.0
Disagree	14	9.8
Undecided	8	5.6
Agree	60	42.0
Strongly Agree	51	35.7
<b><i>How is your business financed?</i></b>		
Equity	50	35.0
Short-term Debt	43	30.1
Long-term Debt	10	7.0
Venture Capital	12	8.4
Others	28	19.6
<b><i>Does your business experience difficulties in accessing external finance?</i></b>		
Yes	98	68.5
No	45	31.5

Source: Researcher’s Analysis (2020) using SPSS version 20.

From the descriptive result in Table 4, the respondents affirmed that they are facing the challenge of access to finance. Specifically, 60 (42%) of the respondents *agree* that *access to finance is a major challenge that affects the growth of their business*.

similarly, 51 (35.7%) *strongly agree* that access to finance is a major challenge affecting the growth of SMEs in Yola. However, only 14 (9.8%) of the respondents disagree with the statement, 10 (7%) of the respondents disagree with the statement that *access to finance is a major challenge that affects the growth of SMEs* in Yola, while 8 (5.6%) of the respondents are *undecided* on the statement. This result shows that access to finance is a major challenge that is affecting the growth of SMEs businesses in Yola.

In addition, regarding “how businesses of the respondents are financed?” 50 (35%) are financed by equity, 43 (30.1%) are financed by short-term debt, 10 (7%) by long-term debt, 12 (8.4%) by venture capital, while 28 (19.6%) are financed by other means. This indicates that SMEs in Yola are majorly financed through owners’ equity (i.e., personal money of the owners of SMEs) and short-term debt that may come from friends or micro-finance bank.

Regarding the last variable under access to finance, the respondents were asked: “does your business experienced difficulties in accessing external finance?”, 98 (68.5%) of the respondents answered ‘Yes’, while 45 (31.5%) of the respondents replied ‘No’. This is an indication that small and medium scale enterprises in Yola are facing difficulties in accessing external finance to cushion for financing problems.

## **5. CONCLUSION AND RECOMMENDATION**

### **Conclusion**

The study concludes that most of the owners/managers of small and medium enterprises in Yola have prior experience in small business management. In addition, majority of owners/management of SMEs in Yola have formal training in management of business. Furthermore, slight majority of the managers/owners have formal training in financial management and planning. Additionally, most of the owners/managers of SMEs in Yola have no formal training in marketing. The study further concludes that majority of the managers/owners of SMEs in Yola are not knowledgeable in book-keeping and accounting and have no knowledge of preparing financial statements.

Concurrently, the study concludes that access to finance is a major challenge that is faced by SMEs for growth and development in Yola. More so, SMEs in Yola are

majorly financed through owners' equity (i.e., personal money of the owners of SMEs) and short-term debt that may come from friends or micro-finance bank. Lastly, small and medium scale enterprises in Yola are facing difficulties in accessing external finance to cushion for financing problems.

### **Recommendations**

In view of the conclusions above, government agencies along with micro finance institutions and banks should organize financial education programs that will create awareness on areas that are lacking such as more effective sources of funds for startup businesses.

The study recommends that orientation towards the future promotes decision making and performance of the business, established financial targets for the future making them future oriented. This will encourage SME's to expand and grow in areas they are lacking. financial education programs.

Moreover, government should intervene through the Central Bank of Nigeria (CBN) to give out more loans at cheaper rate and make it easily accessible to small and medium scale enterprises in Nigeria. In addition, Kaduna State government should as a matter of urgency assist the SMEs in Yola with management, marketing and financial training alongside soft loans. This will significantly help the SMEs in carrying out a successful and profitable business that may eventually boost economic activities and economic growth in the state and Nigeria at large.

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