

Factors Affecting Sthe Growth of Small and Medium Size Enterprises in Oyo State, Nigeria

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ABSTRACT

Despite the role of SMEs in the Nigerian economy, the financial constraints, government policies in terms of tax incentives and instability in electricity supply which small and medium size enterprises face in their operations are daunting and this has had a negative impact on their development and also limited their potential to drive the national economy as expected. Hence this study investigated factors affecting the growth of small and medium size enterprises in Oyo State. The study adopted a survey type of research design with a sample size of 380 small and medium size enterprises in Oyo State. The research instrument used was self-designed on a five point Likert format. Pearson Product Moment Correlation and frequency count were the inferential statistical tools adopted for this study. The theory adopted for this study includes Economic Entrepreneurship Theory and Schumpeter's Innovation Model. The findings of this study shows that there was significant relationship between tax incentives or policies and the growth of small and medium size enterprises also there was significant relationship between instability electricity supply and the growth of small and medium size enterprises. It was concluded that tax incentives and electrical supply by government contributes to the growth of small and medium size enterprises, hence it is recommended that authority should make power supply i.e. electricity very stable because many lives depend on it for survival and it is the life-wire of businesses especially the small and medium scale businesses in Nigeria, in general and in Oyo

State in particular. Government should provide soft loans to unemployed youths to engage in small and medium scale businesses in order to reduce unemployment and generate more tax revenue which can be used for developmental projects.

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I. INTRODUCTION

The last few decades has seen significant growth in the African continent compared to the rest of the world. For instance, since in the ten years, while the rest of the world economies struggled with economic growth, African growth averaged more than 5% far above America, Europe and South America. Though uniformed growth was experienced across the continent with some countries like Angola, Rwanda and Malawi doing well, other like Zimbabwe and Nigeria continue to struggle. However, the overall positive growth has made Africa attracts a number of investors having direct investment especially from USA, China and India, a process expected to further boost long term economic growth. Small and medium enterprises (SMEs) are the engine that drives world economies and the stepping stone to industrialization, both for developing and developed economies.

The businesses account for 99% of all businesses in developing countries thereby signifying their importance¹. For instance, SMEs account for 52% of the private work force and 51% to United States (USA) GDP² while in the United Kingdom (UK), they are associated with 62% of

total employment and 25% to GDP^{3,4}. Like USA and UK, SMEs contribute 79% of Italian employment, 63% and 60% of France and Germany employment respectively³. In China, SMEs employ 80% of urban population and contribute 60% of GDP⁵. In recent times the world economy has developed tremendously and this development can be attributed to activities of Small and Medium Scale Enterprises (SMEs), especially in developing countries of world⁶.

Basil reports that the roles played by small and medium scale enterprises in communal and economic development cannot be overestimated⁷. The author further documents that SMEs sector is the highest employer of labour and it contributes immensely to the GDP of any meaningful economy. Ariyo opines that SMEs is a vehicle used for accomplishing sustainable growth⁶. To assume this important role SMEs must marshal out strategies that will enable them overcome a number of key business challenges that confront them on daily basis. Some of these challenges include, high production costs, low employee productivity and inability to build competitive advantage through producing quality products and services and low entrepreneurial interventions⁸. However anecdotal evidence shows that SMEs in developing countries like Nigeria are faced with a lot of challenges that have hampered their growth in recent times. Among these challenges are: intermittent power supply, indiscriminate tax levies, low accessibility to loans from financial institutions and inability to keep proper financial records.

II. STATEMENT OF THE PROBLEM

Despite the role of SMEs in the Nigerian economy, the financial constraints they face in their operations are daunting and this has had a negative impact on their development and also limited their potential to drive the national economy as expected. This is worrying for a developing economy without the requisite infrastructure and technology to attract big businesses in large numbers. Small and Medium Scale Enterprises in both developed and underdeveloped nations play an important role in the process of economic development and enterprises. In spite of the relevance of the Small and Medium Scale Enterprises the Nigeria economy and industrial development, on that sector face a lot of problems. Although there are various factors affecting the performance of Small and Medium Scale Enterprises ranging from inadequate capital to unfavorable tariff policy, however, the poor state performance of electricity supply in the state is one

of the significance factor militating against the performance of Small and Medium Scale Enterprises. Power (Electricity) supply remained unreliable and power outage is the order of the day, load shedding and rationing have become very frequent. Electricity supply had been erratic and unreliable that makes many businessmen to purchase private generator at all cost. The substantial investment in private generating plants is estimated to be of capacity of over 250mm, which is almost half of power holding company of Nigeria (PHCN) available capacity (Adeyemo, 2001). Despite the above aforementioned, no study has been conducted to the best of our knowledge to investigate the impact of electricity supply on the performance of small and medium scale enterprises in Oyo State.

Research Questions

The Research Questions of this study are based on what are the relationship between;

1. Multiple tax and growth of SMEs in Nigeria
2. Power supply and growth of SMEs in Nigeria

Objectives of the Study

This broad objective of this study is to ascertain the challenges facing SMEs in Nigeria while the specific objectives are to: ascertain the relationship between

1. Multiple tax and growth of SMEs in Nigeria
2. Power supply and growth of SMEs in Nigeria

Review of Related Literature: Concept of Small and Medium Scale Enterprises

In extant literature small and medium scale enterprises are usually determined by various quantitative parameters. Such parameters include the number of people employed in the enterprises, the capital investment outlay, the size of the plant capacity, the sophistication of the equipment, sales turnover, and profit margin and perhaps market share. In Nigeria, existing official definitions, by government agencies such as the Federal Ministry of Industries, Central Bank of Nigeria emphasize nominal financial outlay as the operational indices for defining small and medium scale enterprises. The current national definition of SMEs in Nigeria as adopted at the National Council on Industry (NCI) in 1996 and as cited by the Central Bank of Nigeria (CBN, 2017) is to classify small scale enterprises as those with total cost, including working capital but excluding cost of land above N1.0 million, but not exceeding N 40 million with a labour size of between 11 and 35 workers. Medium Scale Enterprises are defined as those with total cost, including capital but excluding cost of

land above N40 million but not exceeding N150 million with a labour size of between 36 and 100 workers. In this study however, the use of qualitative criteria in defining small and medium scale enterprises is preferred. This definitional preference is based on the realization of the ever-changing quantitative economic indicators affecting money both as a unit of account and as a store of value. These indicators include interest rates, the level of prices and exchange rates. Against this background and according to Koroma small and medium scale enterprises may be seen to exhibit the following characteristics².

Challenges hindering the Growth and Development of SMEs

Tax policy and SMEs

Tomlin documented that economists Barney is that the amount expended by smaller companies on tax may well be used for reinvestment that could aid future growth. He further contends that taxes and complex tax system put disproportionate pressure on smaller businesses. Some schools of thought are of the opinion that low income taxpayers under the regular system of taxation are disadvantaged due to fact that the compliance requirements, cost of compliance and tax rate are the same for both small and large enterprises¹³. SMEs usually have to operate under an overbearing regulatory environment with plethora of regulatory agencies, multiple taxes, cumbersome importation procedure and high port charges that constantly exert serious burden on their operations¹². Many SMEs have to deal with myriad of agencies at great cost because they are heterogeneous and these differences in size and structure may in turn carry differing obligations for record-keeping that affect the costs of the enterprises complying with (and to the revenue authorities of administering) alternative possible tax obligations. Public corporations, for example, commonly have stronger accounting requirements than sole proprietorships, and enterprises with employees may be subject to the full panoply of requirements associated with withholding labour income taxes and social contributions¹⁴.

Power Supply and Small and Medium Scale Enterprises Growth

Power supply is central of SMEs operating and cost efficiency. Lack of electricity or adequate power supply means that the businesses cannot operate in full capacity or it is very expensive to operate¹⁹⁻²⁰. A study by World Bank Enterprise Survey ranked problem of electricity as the most important (25%) hindrance facing African SMEs

followed by access to capital which was cited by 18% of respondents²¹. Compared to other world regions, Africa is the only continent where electricity still remains a major hindrance to business growth¹⁹. Some scholars argued that unemployment has a direct link with power supply. Intermittent power supply has made many businesses in developing nations to die prematurely. Ayodele argues that the development of the Nigerian economy as an emerging market is technically a function of amount electricity power that it can generate²². Similarly, Okafor argues that poor power generation epitomizes a fundamental industrial setback for the Nigerian economy²³.

Small and Medium Size Enterprises Growth Intention Theories

Many studies have measured an entrepreneur's growth intentions by looking at an entrepreneur's willingness to either increase the number of employees or sales within a specified time period³³⁻³⁵. These studies did not however look at the main intention for growth and theories for SMEs when they started a business with specific reference to those businesses in rural places. Many African countries are faced with poverty and lack of employment where SMEs can provide solutions to these problems. Torres and Watson³⁶ stress that the intention to grow a business is an essential characteristic of entrepreneurial behaviour whereas, Davidsson, Achtenhagen and Naldi³⁷ reveal that entrepreneurs without growth intentions are either not interested in growth at all or deliberately refrain from pursuing growth. This means that investigations need to be done in order to establish an understanding of business characteristics of small and medium enterprises in rural areas.

Many studies focus on SMEs characteristics in general terms without a strong emphasis on those operating in the very turbulent and complex environment such as the urban areas of Nigeria. According to Krueger, Reilly and Carsrud³⁸⁻³⁹, due to the critical resources' available for SMEs, only entrepreneurs with a growth intention will most likely direct the resources towards growing the business. It is very important for the rural SMEs to have directed their resources with the intention to grow their businesses. However, Levie and Autio; Isaga,⁴⁰⁻⁴¹ indicate that the actual SME growth is measured in terms of employment growth, sales growth, and asset growth. An understanding of what measures rural entrepreneurship growth and development,

particularly in SADC countries including Nigeria, is critical.

Neneh and VanZyl identified the locus of control, self-efficacy, need for achievement, tolerance of ambiguity and uncertainty and procedural requirements for business registration are significantly affecting the growth intentions of entrepreneurs in South Africa³⁹. It is possible that these factors also affect rural SMEs as the intention of starting a business in rural South Africa might be different from establishing them in urban and peri-urban areas. According to Sidik, it is better for policymakers to understand what affects SMEs growth and development and how as this will help them in developing the right policies in particular those for rural places⁴². It is also critical to understand the determinants which affect the survival and developmental growth of rural SMEs operating in hard and difficult environments such as Nigeria. Levie and Autiobeleve that it is self-evident that if entrepreneurs do not intend to grow their businesses, their businesses are less likely to grow⁴⁰. According to them achieving growth is difficult and demands effort, and if the effort is not there, growth is less likely to materialise. Therefore, willingness and intention to grow of rural SMEs in Nigeria is very important for their business survival and development.

Schumpeter's Innovation Model

Schumpeter's model is dynamic system that continually generates change and technological progress. Schumpeter's model is a dynamic one which describes an equilibrium path that the economy follows over time, not the stable equilibrium described by the familiar supply and demand models that were in vogue when Schumpeter first described his concept of creative destruction early in the twentieth century. Schumpeter described the capitalist economy as a "perennial gale of creative destruction" in which each firm sought to gain an advantage in the market place through innovation. He complained that "the problem that is usually being visualized is how capitalism administers existing structures, whereas the relevant problem is how it creates and destroys them"⁴¹. Each innovation, such as a more attractive design, a lowering of production costs, a new product, a new source of supply of inputs or raw materials, or improved management methods was pursued because it held the possibility of generating higher profit for the innovating firm. Such creative activity also destroyed the monopoly power that its competitors had gained by means of their earlier innovations. Each innovator's gain is, therefore, only temporary because the creative

innovation of its competitors will, sooner or later, destroy its hard-earned market power. This continual creation and destruction prevents permanent monopolies from developing, and in the process, society enjoys continuous technological progress. Creative destruction was, according to Schumpeter, the source of economic growth and the enormous increases in living standards that the world was experiencing in the early 1900s⁴³.

Empirical Review: Power supply and SMEs Growth

Power supply is the most important commodity for national development. With electricity energy the SMEs are empowered to create employment in the large -scale and manufacturing complexes. Various researches have been done in the area of examining how electricity supply influences small business operations in an economy. Hossain in his work empirically examined the dynamic causal relationship between SMEs growth, electricity consumption, export values and remittance for the panel of three South Asian Association for Regional Cooperation (SAARC) countries i.e⁴⁷. Bangladesh, India and Pakistan using the time series data for the period 1976- 2009. Using four different panel unit root tests, adopting the Johansen Fisher panel co-integration and Kao tests, Hossain's study interestingly found that all the panel variables are co integrated. The panel Granger F test results support the fact that there is only a bidirectional short-run causal relationship between economic growth and export values but there is no evidence of long-run causal relationship⁴⁷. It was found that the long-run elasticity of economic growth with respect to electricity consumption and remittance are higher than short run elasticity. Thus, this means that over time higher electricity consumption and higher remittance from manpower supply in the panel of SAARC countries give rise to more economic growth. The empirical evidence showed that there was a long-run relationship between electricity consumption/supply per capita and SMEs growth for only 9 countries (Benin, Cameroon, Morocco, Zambia, Congo Republic, Gabon, Nigeria, South Africa and Zimbabwe) and Granger causality for only 12 countries. For 6 countries (Cameroon, Ghana, Nigeria, Senegal, Zambia and Zimbabwe) there was a positive uni-directional causality running from real GDPper capita to electricity consumption per capita; an opposite causality for 3 countries (Benin, the Democratic Republic of Congo and Tunisia)and bi-directional causality for the remaining 3 countries (Egypt, Gabon and

Morocco). What the evidence may suggest is that there may be a number of factors at work that differ significantly across countries that account for the different directions of causality detected in this study. Detecting some of these factors might help in understanding and defining the relationship between electricity consumption and economic growth. The result is subject to varied interpretation as to determining if there is a strong relationship between the variables, especially as electricity consumption accounts for less than 4% of total energy consumption in Africa and only grid-supplied electricity was taken into consideration.

Tax Policy and SMEs Growth

Onu and Onu's study on the assessment of the contribution of small business firms to the development of Benue State is similar to this work⁵⁰. The paper adopted the descriptive research method and employed both primary and secondary data to determine the extent to which small business firms have developed the State. It found that 86.3% of the small business firms pay their taxes regularly and the taxes increased the revenue base of the State which is used for development purposes. This study differs in that it is concerned specifically with the contribution of SMEs to the IGR and the level of employment creation in the state. The works of Aigbedion, Anefu-Apochi et al. studied the impact of SMEs in Nigeria using Abuja Municipal Area Council as a case study⁵¹. It employed primary data through questionnaires and found that SMEs have exhibited positive impact on the wellbeing of citizens and job creation but concluded that there was low and poor social responsibility.

Similarly, Agot and Ugwuoke examined taxation and the growth of SMEs in Nigeria, a case study of selected SMEs in Nasarawa state. The

study employed the Multinomial Logistic Regression⁵². The study found that taxes on SMEs are high and complex and is responsible for the collapse of SMEs. Both studies ex-rayed Abuja and Nasarawa respectively. The focus of this study is Benue State. Nwangi and Ngangu, and Obi, Ibidunni, Olokundun et al. surveyed the contributions of SMEs to economic growth and development and restated the existence of a strong and significant relationship⁵³⁻⁵⁴.

Methodology: Research Design

The study will adopt descriptive survey design to enable the researcher examine the view of respondents on the variables, Small and Medium Scale Enterprises and unemployment reduction. The study will appraise the prevailing Small and Medium Scale Enterprises and describe the phenomenon of unemployment reduction in the context among youths in Oyo state of Nigeria. Survey methods would be employed to gather primary data on the role of Small and Medium Scale Enterprises on Unemployment Reduction. Quantitative approach will be applied to analyze responses of selected samples from the organization.

Population of the Study

The population of the study comprises of 7,468 SMEs enterprises in Oyo state (NBS, 2019). The states that constitute South West Nigeria are Ekiti, Lagos, Ogun, Ondo, Osun and Oyo. Lagos have SMEs with a total of 11,044, Ogun (1,690), Ondo (1,805), Osun (2,247), Ekiti (903), Oyo (7,468). But the researcher only focuses on Oyo State SMEs and its impact on unemployment reduction in Oyo State. A total number of twenty five thousand one hundred and fifty seven exist in south-western state of Nigeria.

Table 3.1: Selected table for small and medium enterprises (SMEs by State)

State	Small	Medium Enterprises
Ekiti state	903	126
Lagos state	11,044	619
Ogun state	1690	104
Ondo state	1805	194
Osun state	2247	25
Oyo state*	7468	519
Total	25,157	1587

Sources: NBS (2020) and Research Field data, 2021

Sample and Sampling Techniques

In order to determine the sample size for the study, Taro-Yamane formula for calculating sample size for finite population were adopted. One

of the assumptions of this formula is that, it assumes the population from which the sample would be derived from, is a finite one and not infinite. It also assumes that the acceptable error

margin for any sample must be greater than zero and never equal to or less than zero. A simplified formula to calculate sample sizes. Where 'n' is the sample size, 'N' is the finite population size, and 'e' is the level of precision¹. Taro Yamane

Formula: $n = \frac{N}{1+N(e)^2}$

The values used are

N= Study population (7468),

R= 0.05 (margin of error)

n= sample size?

$$n = \frac{N}{(1 + N(e)^2)}$$

$$n = \frac{7468}{1 + 7468 (0.005)^2}$$

$$\frac{7468}{1 + 7468 (0.0025)^2}$$

$$\frac{7468}{1 + 7468(0.00025)}$$

$$\frac{7468}{1 + 18.67} = \frac{7468}{19.67} = 379.66$$

n = 380

Furthermore according to Israel¹ 30 of the total sample size is expected to be added to ensure every form of uncertainty would be covered such as incomplete questionnaires, un-returned questionnaires and other issues that might bring about setbacks or delay, the calculated sample size figure was 380. Thus, with 30 additions, the number of questionnaire to be distributed for this study is 410.

Sampling Technique

Sample is the subset, proportion or a segment of the whole population. The study employed purposive sampling techniques. A total of 410 SMEs staffs was selected for the study using a purposive sampling technique to select participants from the SMEs organizations who are currently within Oyo State Nigeria

Table 3.2 Summary of Sample Size

S/N	Population of SMEs Organization in Oyo State	Total Population	Sample size	Proportionate sample size
1	Oyo State	7468	410	380

Source: Field Survey, 2021

Method of Data Analysis

The data collected were analyzed using descriptive and inferential statistics. Descriptive statistics will be used to analyse the demographic variables and each of the variables of the study. Inferential statistics such as regression analysis was used to test the hypotheses formulated. All analysis was conducted at 5% level of significance. The R² value and the Beta coefficient as well as its significance was analyzed and examined on the

entire dimensions effect using statistical package for social sciences (SPSS) 25.0 software.

III. DATA ANALYSIS AND PRESENTATION

The presentation of the data collected as well as the discussion of findings based on the research hypotheses formulated and tested.

Table 4.1 Distribution of Respondents by Gender

	Frequency	Percent
Male	200	52.6
Female	180	47.4
Total	380	100.0

Source: Fieldwork 2021

The table 4.2 shows the distribution of the respondents by their gender where 52.6% of the respondents were male and 47.4% were female.

This shows that, among the small and medium size enterprise, a large number of the employees that participated in this study were male.

Table 4.3 Distribution of Respondents by Age

	Frequency	Percent
31 – 35 years	48	12.6
36 – 40 years	97	25.5
41 – 45 years	158	41.6
46 – 50 years	77	20.3
Total	380	100.0

Source: Fieldwork 2021

Table 4.2 above reveals the age distribution of the study participants where 12.6% were within the age range of 31 – 35 years, 25.5% were within 36 – 40 years and 20.3% for those who fell between 46 – 50 years while 41.6% were

within 41 – 45 years of age. This implies that, majority of the study participants were within the age range of 41 – 45 years shows that a number of them are matured enough to run the SMEs.

Table 4.3: Distribution of respondents by their Marital Status

	Frequency	Percent
Single	68	17.9
Married	254	66.8
Divorced	58	15.3
Total	380	100.0

Source: Fieldwork 2021

Table 4.3 reveals the distribution of the respondents by their marital status where 17.9% of the respondents indicated their marital status as single also 15.3% of respondents indicated their

marital status as divorced while 66.8% indicated their marital status as married. It can be inferred that majority of the study participants according to their marital status are married.

Table 4.4: Distribution of respondents by Educational Qualification

	Frequency	Percent
HND/B.Sc	258	67.9
M.Sc/MBA	58	15.3
Others i.e Diploma	64	16.8
Total	380	100.0

Source: Fieldwork 2021

Table 4.4 shows educational distribution of the respondents where 67.9% of them revealed their educational qualification as HND/B.Sc,

15.3% had M.Sc/MBA while the remaining 16.8% had other educational qualification such as Diploma that is inline with their profession.

Table 4.5: Distribution of Respondents by the number of Employees in their firm

	Frequency	Percent
1 – 5 Employees	200	52.6
6 – 20 Employees	105	27.6
21 – 100 Employees	43	11.4
101 – 250 Employees	32	8.4
Total	380	100.0

Source: Fieldwork 2021

The table 4.5 shows the distribution of the respondents by number of employees in their SMEs where 52.6% had within 1 – 5 employees, 27.6% had 6 – 20 employees, 11.4% had 21 – 100

employees and 8.4% had 101- 250 employees. This implies that a large number of the study participants had between 1 – 5 employees.

Table 4.6: Distribution of Respondents by type of firm

	Frequency	Percent
Manufacture	35	9.2
Service	70	18.4
Retail and Distributors	45	11.8
Whole sales	80	21.1
Retailer	150	39.5
Total	380	100.0

Source: Fieldwork 2021

Table 4.6 shows the distribution of respondents by the type of firm they operate where 9.2% indicated their firm as manufacture, 18.4% revealed that they are service oriented, 11.8% were into retail and distributors, 21.1% were whole sales firm and 39.5% were retailers. This implies

IV. DISCUSSION OF FINDINGS

In response to research hypothesis one that states that tax policies has no significant influence on the growth of small and medium size enterprises. The findings of this study revealed that tax policies adopted has a significant influence on the growth of small and medium size enterprises. In a bid to maintain rapid growth among new established small and medium enterprises, fiscal incentives becomes a vital tool of government investment promotion strategy, fiscal incentives can play an important role in attracting and encouraging firms to expand supply by stimulating their investing power. Fiscal incentives available at the disposal of Nigeria government with which it can encourage the small and medium enterprise include: reduced cooperation tax through reduced tax, flat rate, tax exemption and tax stability agreement and subsidy or grant and tax holiday and investment allowance. This is in consonance with the findings of Dababneh and Tukan that incentive by the government is tax holiday, but this provision exempt firms from other tax liability, it also denies some firms certain tax deductions over the tax holiday period e.g. depreciation cost and interest expense tending to offset at least in part investment incentives¹. Though, tax incentives are viewed erroneously as simple incentives with a relatively low compliance burden e.g. no need to calculate

income tax over the holiday period. This perception makes tax incentives more attractive at stimulating the growth and expansion of small and medium enterprises. This corroborates the theory schumpeter’s Innovation Model where it was stated that "the problem that is usually being visualized is how capitalism administers existing structures, whereas the relevant problem is how it creates and destroys them". Each innovation, such as a more attractive design, a lowering of production costs, a new product, a new source of supply of inputs or raw materials, or improved management methods was pursued because it held the possibility of generating higher profit for the innovating firm. Such creative activity also destroyed the monopoly power that its competitors had gained by means of their earlier innovations. Each innovator's gain is, therefore, only temporary because the creative innovation of its competitors will, sooner or later, destroy its hard-earned market power. This continual creation and destruction prevents permanent monopolies from developing, and in the process, society enjoys continuous technological progress.

Research hypothesis two stated that instability in electricity supply has no significant influence on the growth of small and medium size enterprises. The result of this findings revealed that there was significant influence between instability supply of electricity and growth of small and medium size enterprises. Instability in the supply of electricity has really affected the growth of small and medium size enterprises in Nigeria. Power (Electricity) supply remained unreliable and power outage is the order of the day, load shedding and rationing have become very frequent. Electricity

supply had been erratic and unreliable that makes many businessmen to purchase private generator at all cost. The substantial investment in private generating plants is estimated to be of capacity of over 250mm, which is almost half of power holding company of Nigeria (PHCN) available capacity. The issue on electricity supply has become a phenomenon as revealed in the study of Osuala that the quality and quantity of electricity supply determine its ability to create competitive enterprise, since the performance of Small and Medium Scale Enterprises in any state is greatly influenced by the electricity supply². An over view of the performance of the Small and Medium Scale Enterprises in Nigeria shows that the impact of the sector accounted for about 80 percent of the total industries employment in Nigeria, and contribute 15-20 percent of total Manufacturing output. This study is supported by Keynesian theory which is considered to be more appropriate in this study. This theory offers useful insight to the understanding of the effect of government intervention in term of regulating the supply of electricity to the SMEs. The major advantage of this theory is its ability to provide the important of government involvement in the economic activities. The Keynesian economics argue that private sector decisions sometimes lead to inefficient macroeconomics outcomes and therefore advocate mixed economy, predominantly private sector, but with a large role of government and public sector. Hence in in country like Nigeria where both private and public sectors are highly complementary, the lack of government intervention through electricity supply in an economic activities will always constitute an impediment to Small and Medium Scale Enterprises growth. Therefore, government intervention is crucial determinant factor in the growth of SMEs. This is serious issue when viewed from the perspective of this study.

Recommendations

On the basis of the findings and conclusion drawn from the study, the following recommendations were made based on the management of the organization, employees and policy makers.

1. Since tax paid is an important determinant of the growth of small and medium scale businesses in Oyo State, the tax collected from businesses should be judiciously used for the betterment of the masses because that will encourage the tax payers to continue with their civic responsibility. The well-to-do in Oyo State community should make funds available

to the needy potential business men and women so as to supplement government effort in reducing unemployment.

2. On behalf of the employers and employees, it is recommended that Building SMEs capacity through the localization of supply chains requires the leadership from the top localizing values creation through engagement with SMEs is a key contribution that large corporations can achieve, this undermine their license to operate by creating a positive local impact, considering partnership across segments, business planning skill, all these put in place goes a long way in ensuring that tax incentives granted to SMES have a significant impact on their growth. People should also enlighten themselves appropriately on the form of business they want to embark upon before venturing into it to make them better equipped by going for entrepreneurial training programs.
3. The authority should make power supply i.e. electricity very stable because many lives depend on it for survival and it is the life-wire of businesses especially the small and medium scale businesses in Nigeria, in general and in Oyo State in particular. Government should provide soft loans to unemployed youths to engage in small and medium scale businesses in order to reduce unemployment and generate more tax revenue which can be used for developmental projects. Government should also promote the growth of small and medium enterprises by creating the necessary enabling frameworks and relax the burden of regulating measures and ensure that their efforts are geared towards granting tax incentives to micro, small and medium enterprises.

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