

## NAVIGATING FINANCIAL CHALLENGES: A COMPREHENSIVE STUDY ON FUNDING TECHNIQUES FOR SUSTAINABLE OPERATIONS IN ENUGU STATE'S SMES

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### Article Info

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### Abstract

The study determined the funding strategies for enhancing the operations of small and medium scale businesses for sustainability in Enugu State. Survey research design was used for the study. One research question was answered and one null hypothesis tested at 0.05 level of significance. The population of the study was 1,432 registered small and medium scale enterprises in Enugu State. The sample size of 313 was drawn from the population using Yaro Yamane formula. The instrument used for data collection was structured questionnaire. The instrument was validated by three experts, two from Business Education Department and one from Measurement and Evaluation Department all from Enugu State University of Science and Technology. The reliability of the instrument was determined by using cronbach Alpha correlation co-efficient and a reliability index of 0.773 was obtained which showed that the instrument was reliable. Only 225 copies of the questionnaire distributed were returned, 140 copies from the Urban Areas and 85 Copies from the Rural Areas. Mean and standard deviation were used to answer the research question while t-test was used to test the hypothesis at 0.05 level of significance. Among the findings of the study were that starting with personal savings, borrowing from commercial banks, Sourcing grants from International Collaborative Partners and employment of financial experts to give professional touch to the management of finances are some of the funding strategies for enhancing the operations of SMEs for sustainability. Some of the recommendations made were that, SME in Enugu should explore funding opportunities available locally and internationally to raise fund for SMEs sustainability and that SME operators in Enugu State should acquire relevant financial management skills before embarking on

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## INTRODUCTION

Nigeria, as a nation, is endowed with numerous investment potentials, business opportunities, abundant, vibrant, dynamic human and natural resources. Despite these endowments, many Nigerian youths remain unemployed. National Bureau of Statistics (2021) report revealed that Nigeria's unemployment rate as at the end of 2020 rose to 33.3% from 27.1% recorded in the second quarter of 2020. It is very obvious that in the present year 2022, that the unemployment rate has gone even beyond the 2020 figures. The researcher is of the opinion that the figure could be under-estimated considering the ravaging effects of COVID-19 that has made so many employees to be laid-off. Also, according to Okorie and Ibegbulem (2014), about four million people are entering the labour market in Nigeria every year after graduating from institutions of higher learning. This high unemployment rate is among the biggest threats to social stability in Nigeria. With such alarming unemployment rate, possible employment options must be explored, one of which is the development of small and medium scale enterprises (SMEs).

Small and medium scale businesses are defined and explained from divers perspectives, the Nigerian industrial policy cited by Okonkwo and Obidike (2016) defined SMEs as industries with total investment of between N100, 000 and N2 million, exclusive of land but including working capital. SME is an enterprise with an asset base (without land) of between N5 million to N500 million, and with a labor force of between 11 and 300 employees (Gbandi and Amissah, 2014). Also, the CBN (2010) viewed SMEs as an enterprise that has asset base (excluding land) of between N5million –N500 million and labour force of between 11 and 300. The definitions above indicated that SMEs are determined by its capital base. However, According to Ibrahim (2011), Small and Medium Enterprises (SMEs) represent businesses, other than public limited Liability company. This indicates that businesses with capital lower than 5mlillion can also be classified as SMEs. One of the most popular definitions of SMEs is given by the American Small Business Administration (SBA) cited by Ajayi (2016) as that business or firm which is independently owned and operated. Therefore SMEs includes shops along the streets and other businesses with small capital base.

The small and medium scale enterprises (SMEs) play important roles as the mainstay of the economy in terms of employment generation, national growth, poverty reduction and economic development of global economies including Nigeria (Justin, 2014). Also, SMEs have provided the mechanism for stimulating private ownership and entrepreneurial skills, enhancing greater employment opportunities per unit of capital invested and aiding the development of local technology (Ekpo, 2015). Ibrahim (2011) stated that Small and medium enterprises (SMEs) have increasingly become a powerful engine for economic growth and development in today's rapidly growing and dynamic competitive global economy. Also, SMEs are integral part of innovation and growth in a dynamic economy; thus, SMEs have a vital role in job creation (Onwuchekwa, 2017). Therefore, Small and medium enterprises (SMEs) are very pertinent in turning around the very sorry state of the Nigerian economy and provision of employments for its teeming youths.

Meanwhile, in Nigeria, there have been series of government interventions to boost the activities of SMEs through the establishment of agencies and programmes to provide consultancy, information and guidelines to Nigerians who establish and own businesses. Some of these programmes include: Small and Medium Enterprise Equity Investment Scheme (SMEEIS) established in 2001 and the Small and Medium Scale Enterprises Development Agency of Nigeria (SMEDAN) established in 2003. Other agencies include: the National

Directorate of Employment (NDE), Skills Acquisition Centres and Industrial Development Centres, etc. Despite all these government established agencies, most SMEs in Nigeria do not stand the test of time.

The Small and Medium Scale Enterprises in Nigeria do not last for a reasonable long period of time. Study by Aremu (2013) indicated that most SMEs particularly in Nigeria die within their first five years of existence. The study revealed that smaller percentage of SMEs goes into extinction between the sixth and tenth year while only about five to ten percent of young companies survive, thrive and grow to maturity (Aremu, 2013). Meanwhile, in developing countries, inadequate or lack of access to finance has always been a major constraint to operation and survival of small and medium scale enterprises (World Bank, 2014). This shows that finance plays a very strategic role in the growth and development of business enterprises in any society. The availability of credit is a vital ingredient in both the starting and expanding of business ventures in which the role of financial institutions cannot be overemphasized (Owenbiugie & Igbinedion, 2015). Therefore, it is imperative that studies be carried out on the funding strategies for enhancing the sustainability of SMEs. Hence this work focuses on funding strategies for enhancing small and medium scale business operation for sustainability in Enugu State.

Business sustainability is an act of building businesses in a way that ensures they survive and thrive over a long term. Sustainable business operation according to Prasad (2012) is the continuing commitment by business to behave ethically and contribute to economic development, while improving the quality of life of the workforce, their families, local communities, the society and the world at large, as well as future generations. Also, Babandi (2017) views Sustainable business operation as the examination of how to discover, create, and exploit opportunities to bring into existence future goods and services. Therefore sustainability in business operation lays emphasis on longevity, assuring long lasting goods, values for services, preserving current resources for future generations and developing unique solutions not only for the long run but with great positive impacts on small and medium scale enterprises (Iwala, 2014). For Small and Medium scale businesses to be sustained, there is need to device strategies to enhance their operations.

Strategy, which is a fundamental management tool in any organization, be it small and medium scale business is a multi dimensional concept that various authors have defined in different ways. It is the match between organizations resources, skills and the environmental opportunities as well as the risks it faces and the purposes it wishes to accomplish. Freedman (2013) defined strategy as a pattern or a plan that integrates organization's major goals, policies and actions into a cohesive whole. Also, according to Richards (2017), strategy is seen as the company's game plan' which results in future oriented plans interacting with the competitive environment to achieve the company's objectives. Strategy therefore is a long term plan of action designed to achieve a particular goal, most often winning. Strategies are very pertinent because the business world is entering a new frontier composed of rapid, unpredictable change and substantial uncertainty that are transforming the nature of competition. Success in today's business world requires new managerial mindsets that emphasize global markets, strategic flexibility, and the ability to tolerate and harness change (Nnadi, 2014). The modern business setting requires new forms of managerial thinking and organizational structures, global mindsets, considerable strategic, structural flexibility and innovativeness so as to bring about the rise of new industries, change how businesses compete, and transform how businesses are managed thereby enhancing sustainable practices (Ukpong and Eyo, 2016). Therefore, there is serious need to bring about total turnaround on SMEs operations and for that desired change to be possible, the right strategies must be adopted.

There are many strategies for the operations of small and medium scale businesses for sustainability. However, for the purpose of this research, the researcher examined the funding strategies. Funding Strategy focuses on the use of diverse individuals, government, local as well as international organizations machineries to provide funds for SMEs. Fund has been identified as the major underlying requirement and an important input factor in the development and industrialization effort. Plant, machinery and equipment must be paid for as well as the development of managerial and technical expertise. The need for finance is seen as essential in the creation of a general economic environment conducive to sustain SMEs. Today in Nigeria, both the existing and emerging indigenous entrepreneurs are in dire need of financial resources from both the international and domestic sources. This is essential because poor funding of SMEs has been one of the factors responsible for the country's sluggish economic growth and development (Adebisi, Gloria and Aiwanehi (2015).

SMEs are mostly funded by their owner's personal or family savings. Nonetheless, the high level of poverty and consequently low level of savings in Nigeria and other Less Developed Countries have made this source of funding for the establishment, growth and development of new and existing SMEs inactively low. This perhaps explains why most SMEs in Nigeria more often than not start off with inadequate funding and afterward start warming up for shut down if external funds from either the government or financial institution do not come. According to Anyadike, Emeh, and Ukah (2012), 'the unpreparedness of small business owners in terms of capital prior to going into business is said to be accountable for their untimely failure'. Therefore, most SMEs in Nigeria are not adequately capitalized and as such are not capable to raise funds in the capital market owing to their inability to meet the stipulated strict conditions (i.e. registering as limited liability company) which is regarded as somewhat on the high side (Alkali and Isa, 2012).

Another funding challenge includes scantily prepared project proposal as well as feasibility study of the project, incomplete and inaccurate financial records and lack of succession plan in event of the entrepreneur's exit (Aremu, 2013). Funding is therefore the most hindering factor to the development and sustenance of SMEs towards contributing to Enugu State's economic growth in terms of output of goods and services. Without finance, the oil wheel of economy which acquires the service of skill labour, modern technology, and machinery for creation of value to meet the perceived needs for profit, makes the pursuit of economic advancement a mirage. The law of scarcity is profound when it comes to finance; hence, the need to formulate appropriate strategy for its acquisition in Enugu State is very significant.

The rate of youth unemployment in Enugu State is very alarming. This is evidenced in the rate at which youths in Enugu State scramble for any employment advertisement placed by employers of labour in the State. Meanwhile, as the years go by, many graduates from many higher institutions in the country join the struggle, thereby worsening the situation.

As it stands now, the outbreak of Corona Virus pandemic otherwise known as Covid-19 has even worsened the situation of job seekers not only in Enugu State but globally. Many businesses and economic activities were adversely affected by the pandemic and till now, people are still battling the post Covid-19 harsh economic realities. It is therefore very possible that the economic situation of Enugu State as may also be applicable globally may be in sorry state in many years to come. This entails that the youths who before now, wait for the white kola jobs may wait even longer.

Meanwhile, the situation above is a clear indication that there are minimal jobs and employment opportunities in Enugu State in particular and Nigeria in general. Therefore, a major viable option for job creation is small and medium scale enterprises which has not only contributed immensely for job creation, improved the standard

of living and fostered economic development. However, the biggest fear of the researcher is that these SMEs may not last for a reasonable long period of time despite being a very reliable means of job creation in Enugu State due to poor access to funds.

In line with the above assertions, the researcher therefore is disturbed that if funds are not provided to sustain SMES, the SMEs will keep winning up, which will do more harm to the economic and social lives of Nigerians in general and Enugu State in particular. This will equally increase the unemployment rate and the consequences may be too harsh and difficult to control. This could worsen the social vices already witnessed nationwide such as armed robbery, kidnapping, rapping, thuggery, insecurity, and violence among other social vices. This concern necessitated this research work on the funding strategies for enhancing small and medium scale businesses operations for sustainability in Enugu State.

### **Research Questions**

The following Research questions guided the study:

1. What are the Funding strategies for enhancing Small and Medium Scale Enterprises operations for sustainability in Enugu State?

### **Null Hypotheses**

The following null hypotheses which were tested at 0.05 level of significance, guided the study:

H<sub>01</sub>: There is no significant difference between the mean ratings of SME Entrepreneurs in Urban Areas and Rural Areas on the funding strategies for enhancing Small and Medium Scale Enterprises operations for sustainability in Enugu State.

### **Review of Related Literatures**

Raising capital is probably the biggest obstacle many entrepreneurs face in starting a business. It's both a serious problem and a popular excuse for many business-minded people. Iwuoha (2020) states some of the ways SMEs can raise fund to start up a business as first Starting with personal savings. Using savings as a source of capital works best for people who already earn some form of income, no matter how little. If you're employed for example, you certainly earn an income from the salaries or wages you're being paid. If you're a student, it's very likely that mummy, daddy and big brother often send you some pocket money. Saving a reasonable part of any money received is a good start to raising the capital needed for a dream business. To start that dream business, there is serious need to start making both small and big sacrifices to ensure that savings are made. It is usually easier to convince your friends, family, investors and banks to finance an SME if investments have already been made in the venture.

Another option as provided by Iwuoha (2020), is to talk to friends and family. The friends and families are people who have strong influence over a person. They already like and care about a person and want him/her to succeed. They are also willing to listen to the business ideas and provide support especially supportive friends and families. Because they are emotionally connected to the operator, friends and families are willing to take a higher risk to invest in the business unlike banks and investors who consider risk very closely and seriously.

Strategy advocated by Adjei, Anokye, Mintah and Offeh (2014) that will make obtaining finance SMEs stress free is tapping the opportunities available in the National Economic Reconstruction and Fund (NERFUND). This fund was established to give loans to small enterprises that fulfilled certain conditions through the participating commercial, merchant and development banks. The NERFUND by all intents and purposes is to plug the finance gap in small scale enterprises development in Nigeria. There is no doubt that if the programme of



NERFUND is carefully implemented, it is capable of launching Nigeria into the path of self- sustaining industrial growth.

Another Funding strategy for SMEs according to Christopher and Adepoju (2012) is use of Monetary and Credit Policies. Adepoju states that the most significant change in credit policies in favour of SMES is the directive given by the Central bank to commercial bank to allocate at least 16% of their loans and advances to SMEs and that any banks that default will be sanctioned. This directive seems to have produced very encouraging results. Not only have the returns on small scale enterprises improved significantly, there appears to have been a favourable shift in the distribution of commercial banks loans and advances with the ratio of actual loans and advances of SMEs subsector crossing the 20% level.

Also strategy of obtaining fund for SMEs as pointed out by Christopher and Adepoju (2012) is through Small Scale Enterprises Loan Facility. The small scale enterprises loan facility is designed to boost the performance of SMEs. Among others the facility is aimed at providing an alternative and more flexible source of long- term funds for developing new SMEs as well as rehabilitating the existing ones. To qualify, the beneficiaries must contribute a minimum of 25% of the projects capital cost in equity or internally generated resources.

International Collaborative Partnership for Project Development is also a viable option for raising fund for SMEs. It is a generally accepted fact that for an economy to grow and develop, and for the industries in such an economy to be globally competitive, the economy should not be a closed system. It must be dynamic and open to external contribution, as no single system is self-sufficient in its entirety (Christopher and Adepoju, 2012). The subject matter of partnership for project development in SMEs business of Nigeria becomes relevant as a way of re-positioning these businesses. The positive history of Asian Tiger, today, could conveniently be traced to the foreign inputs in various forms stocked in those countries enterprises some years ago (Christopher and Adepoju, 2012).

The Role of the Bank of Industry (BOI) in financing SMEs is immeasurable. Rafiat and Ejededawe (2015) pointed out that the bank of industry was established with the sole aim of assisting the SMEs not only in granting them loan facilities but also in Entrepreneurship Development Programme (EDP). The EDP was founded on the recognition that mere fiscal policies and financial incentives alone are not enough to accelerate the development of SMEs, the operators of the enterprises should be exposed to EDP. The objectives of Entrepreneurship Development Program include the creation of awareness for self development and utilization of skilled people through the creation of employment generating industries (Rafiat and Ejededawe, 2015).

Another viable means of raising fund for SMEs is through Second-Tier Securities Market (SSM). The second-Tier securities Market was established as an avenue for SMEs to raise long term funds through equity financing instead of depending on borrowed funds (Mamman and Aminu, 2013).

Also worthy of mention as pointed out by Rafiat and Ejededawe (2015) as a means of raising fund for SMEs is to embark on international partnership for project development. This requires going beyond the shores of the nation to seek out for partners in various forms. The partner's assistance could come inform of investment, technical assistance, supply of raw materials, machinery and other inputs. In fact, the partners could ensure the placement of the finished products on the international market for global competitiveness.

Technical knowledge of specialized finance institutions/agencies will also be of great help in provision of fund for SMEs. Okonkwo and Obidike (2016) pointed out that it is very important for entrepreneurs to keep abreast of various financial services of various specialized institutions as this will create consciousness of funding opportunities. It is a wrong approach to wait until needs arises before investigating what are the requirements of

these institutions. It suffices to mention some of these specialized institutions. They include; Bank of Industries (BOI), The Nigerian Export-Import Bank (NEXIM) and Small and Medium Industries Equity Investment Scheme (SMIEIs) among others (Okonkwo and Obidike, 2016).

Membership of Trade Association will also assist SMEs operators in raising fund. Kadiri (2012) stated that this is essential as the entrepreneur will be able to leverage on this in having access to current information both those that relate to operations within the economy and also those that relate a new financing opportunities. At times, evidence of belonging to these associations could be very useful when approaching financial institution for facilities.

Application of SMEs grants from government and international agencies who are interested in supporting small and medium businesses is another viable means of providing fund for SMEs. Afolabi (2013) stated that SMEs generate a lot grant to improve local technology and produce many products and services that support larger companies and industries. For these reasons and many more, government institutions and international organizations set up several grants to support small and medium scale businesses in Africa. The problem is that it is not many people that know about these opportunities or even bother to apply for them. Applications are usually free and will cost you nothing. Grants, unlike loans, do not attract interest and will not be repaid. However, grants can often require more paperwork than loans.

Crowd funding is another means of financing SMEs. Golić (2014) examined crowd funding as an alternative means of financing SMEs. Crowd funding is a pioneering and somewhat new idea of sourcing funds through the internet that links entrepreneurs and investors (Fatoki, 2013). Entrepreneurs can collect funds through the internet, by way of open invitation, to finance business ventures from relatively small offerings of a relatively large number of investors (Golić, 2014). Golić examined the expansive collection of opportunities that crowd funding provided, which could benefit the wider socio-political community and the potential crowd funding customers like SMEs.

SMEs can also raise fund through Angel investors. An angel investor is typically someone who has a lot of 'free' money and is willing to invest in your business in return for an ownership stake. Angels are usually informal business people, or high net-worth individuals (like professional lawyers, engineers or accountants) who are looking for high-return investments (Gudov, 2013). Some of them are experienced entrepreneurs who have become wealthy from the businesses they own but are keen to invest in new startup businesses as a way of helping the next generation of entrepreneurs (Kerr, Lerner and Schoar, 2014). Angel investment represented an economically driven activity, engaged by individuals who often invest to meet the capital demands of small businesses (Kerr, Lerner and Schoar, 2014). Kerr explained further that Angel investors invest in high-net-worth individuals and private startup companies and that Angel investors pool resources collectively and create more substantial investments than when they could have had an independent investment. In addition to the capital they invest, angel investors often provide coaching and mentorship which are very important for any young business (Gudov, 2013).

Worthy of mention as a means of funding SMEs is engagement in SMEs or Entrepreneurship competitions. There are good number of business plan competitions that are available every year for African entrepreneurs and small business startups. Many SMEs operators don't even know about them. All kinds of local and international organizations put these competitions together to encourage and boost small and medium scale businesses on our continent. Governments, foundations, the United Nations are just a few of the big names behind some of these contests (Hoque, Sultana and Thalil, 2016).

In addition, to enter for these SMEs or Entrepreneurship competitions, first, the interested persons need to make sure they read the rules guiding the competition to confirm that they are eligible to enter the contest. Above all, they should have a well-prepared business plan that presents your brilliant idea or business in a simple, interesting and convincing format. Remember, even if they don't win the competition, they could attract a lot of attention to themselves and their business ideas (Hoque, Sultana and Thalil, 2016).

Meanwhile, finance is the life wire of any organization. Intending SME operators should exploits various options earlier discussed to raise funds such as personal savings, financial aids from family and friends, bank loans, grants from government and international organizations as well as assistance from bank of commerce and industries. Other possible options are assistance through Second-Tier Securities Market, having technical knowledge of specialized finance institutions/agencies, membership of trade associations, via Crowd finance and through Angel investors as well as engagement in SMEs/Entrepreneurship competitions. An SME operator may not exploit all the options, but some of the options will surely be of great help for SMEs financing. When funding is made available, SMEs will need to keep proper financial accounting records to enhance sustainability.

### **Research Method**

The research design used for the study is descriptive survey. The study was carried out in Enugu State. The population for the study consisted of one thousand, four hundred and thirty two (1,432) registered small and medium scale enterprises in Enugu State. This comprises of 1,016 SMEs in Urban Areas and 426 SMEs in Rural Areas of Enugu State (SMEDAN, 2020).

The researcher employed random sampling techniques for the study. The respondents were drawn from the operators (Managers or Owners) of registered small and medium scale businesses in Enugu State. The Yaro Yamane formular was used to determine the sample size of 313 Owners of small and medium scale enterprises in Enugu State Comprising of 222 for Urban Areas and 91 for Rural Areas. The research instrument used for data collection was a structured questionnaire designed by the researcher for SMEs operators in Urban Areas and Rural Areas of Enugu State. The questionnaire consisted of two sections. Section one consisted of personal data, while section two consisted of items derived from the content of the research objectives. It contained fifteen (15) questionnaire items. A four-point response scale of strongly agreed (SA), Agreed (A) Disagreed (D), and strongly disagreed (SD) was used for the data collection.

The instrument was validated by 3 experts, two from Business Education Departments and one Measurement and Evaluation expert all from Enugu State University of Science and Technology. The reliability was established using Cronbach Alpha and the data yielded reliability coefficient of 0.773 thus, indicating that the instrument was reliable and suitable for use for the study.

Three Hundred and thirteen (313) copies of the questionnaires were administered using 6 research assistants to SME Entrepreneurs in Urban and Rural Areas of Enugu State. Two hundred and twenty five copies of the questionnaire were returned, 140 in Urban Area and 85 in the Rural Area. The research questions were analyzed using mean statistics and standard deviation. Also, t-test was used to test the research hypotheses at 0.05 level of significant. The decision rule implies that items with mean value of 2.50 and above were regarded as agreed while items with mean values below 2.50 were regarded as disagreed.

### **DATA ANALYSIS AND RESULTS**



In this chapter, the analysis of data collected for the study is presented. The data were obtained from the 75 questionnaire items administered on the 313 SMEs Entrepreneurs in Enugu State. The results are presented according to the research questions and hypothesis tested.

### Research Question 1

What are the Funding strategies for enhancing small and medium Enterprises operations for sustainability in Enugu State?

**Table 1**

**Mean response of SMEs Entrepreneurs in Urban and Rural Areas in Enugu State on Funding strategies for enhancing small and medium Enterprises operations for sustainability in Enugu State.**

Item no	Items	SMEs Entrepreneurs in Urban Areas		SMEs Entrepreneurs in Rural Areas				$\bar{X}_a$	SDa	P
		$\bar{X}_1$	SD <sub>1</sub>	$\bar{X}_2$	SD <sub>2</sub>					
1	Starting with personal savings	3.01	0.65	3.13	0.71	3.07	0.68			Agree
2	Borrowing from Micro finance banks with low interest rate	3.04	0.71	3.12	0.70	3.08	0.71			Agree
3	Borrowing from commercial banks that are SME friendly	3.00	0.69	2.89	0.68	2.95	0.69			Agree
4	Borrowing from thrift societies with less interest rate	3.12	0.75	3.14	0.72	3.13	0.74			Agree
5	Borrowing from the Bank of Industry (BOI)	2.96	0.71	2.67	0.65	2.82	0.68			Agree
6	Belonging to cooperative societies for easy access to loan	3.11	0.68	3.11	0.72	3.11	0.70			Agree
7	Partnering with like-minds by pulling your little resources together to get started	2.95	0.64	3.15	0.73	3.05	0.69			Agree

8	Ploughing back of profit	2.96	0.65	3.32	0.83	3.14	0.74	Agree
9	Sourcing grants from International Collaborative Partners	2.77	0.69	3.02	0.71	2.90	0.70	Agree
10	Utilizing the opportunities available in the National Economic Reconstruction Fund	3.21	0.68	3.26	0.81	3.24	0.75	Agree
11	Becoming a member of Trade Association so as to have first hand information on source of fund.	3.11	0.62	3.22	0.76	3.17	0.69	Agree
12	Partner with investors who have the money but lack business ideas by providing the ideas while they provide the finance	3.17	0.77	3.06	0.71	3.12	0.74	Agree
13	Minimizing expenses to maximize profit	3.10	0.71	3.25	0.82	3.18	0.77	Agree
14	Using Monetary and Credit Policies available in the state	3.07	0.67	3.05	0.72	3.06	0.70	Agree
15	Use of technology such as ICT to reduce risks, enhance efficiency leading to lower costs of employing so many staff	3.10	0.69	3.13	0.81	3.12	0.75	Agree
<b>Aggregate mean and Standard Deviation</b>		<b>3.04</b>	<b>0.69</b>	<b>3.10</b>	<b>0.74</b>	<b>3.02</b>	<b>0.72</b>	<b>Agree</b>

Table 1 shows that funding is one of the strategies for enhancing small and medium Enterprises operations for sustainability in Enugu State. The mean ranges from 2.82 to 3.18. A grand mean of 3.02 attest to it. The grand standard deviation of 0.72 shows that the respondents have consensus opinion in their responses to the items.

**H0<sub>1</sub>:** There is no significant difference between the mean ratings of SME Entrepreneurs in Urban Areas and Rural Areas on the funding strategies for enhancing the operations of small and medium scale businesses for sustainability in Enugu State.

**Table 2**

**t-test of significant difference between the response of SMEs Entrepreneurs in Urban and Rural Areas on funding strategies for enhancing the operations of small and medium scale businesses for sustainability in Enugu State.**

Group	$\bar{X}$	SD	N	df	t-cal	t-crit	Decision
SME Entrepreneurs in Urban Areas	3.04	0.69	140	224	0.6048	1.960	Do not reject
SME Entrepreneurs in Rural Areas	3.10	0.74	85				

As shown in the Table 2, the t-cal is 0.6048 while the t-critical is 1.96 at 0.05 level of significance. Since the t-cal < t-tab, do not reject the null hypothesis (see Appendix IV). The null hypothesis is therefore not rejected. Therefore, there is no significant difference between the mean response of SMEs Owners in Enugu State on funding strategies for enhancing the operations of small and medium scale businesses for sustainability in Enugu State.

### **Discussion on the Findings**

The findings indicated that the respondents accepted all the funding strategies for enhancing the operations of small and medium scale businesses for sustainability in Enugu State. Therefore, SMEs will be sustained by: Starting with personal savings; Borrowing from Micro finance banks with low interest rate; Borrowing from commercial banks that are SME friendly; Borrowing from thrift societies with less interest rate; Borrowing from the Bank of Industry (BOI); Belonging to cooperative societies for easy access to loan; Partnering with like-minds by pulling your little resources together to get started; Ploughing back of profit; Utilizing the opportunities available in the National Economic Reconstruction Fund; Becoming a member of Trade Association so as to have first hand information on source of fund; Partner with investors who have the money but lack business ideas by providing the ideas while they provide the finance; Minimizing expenses to maximize profit; and Using Monetary and Credit Policies available in the state. This is in line with the submission of Iwuoha (2020) who asserted that SMEs can raise funds through personal savings as well as support from family and friends. It also aligns with the contributions of Rafiat and Ejededawe (2015) who pointed out that SMEs can raise funds through the banks. Therefore, there is no Significant difference between the means response of SMEs Owners in Enugu State on funding strategies for enhancing the operations of small and medium scale businesses for sustainability in Enugu State.

### **Conclusions**

Based on the findings of the study, conclusions were drawn that the following strategies will enhance SMEs operations for sustainability in Enugu State: Starting with personal savings; Borrowing from Micro finance banks with low interest rate; Borrowing from commercial banks that are SME friendly; Borrowing from thrift societies with less interest rate; Borrowing from the Bank of Industry (BOI); Belonging to cooperative societies for easy access to loan; Partnering with like-minds by pulling your little resources together to get started;

Ploughing back of profit; Utilizing the opportunities available in the National Economic Reconstruction Fund; Becoming a member of Trade Association so as to have first hand information on source of fund; Partner with investors who have the money but lack business ideas by providing the ideas while they provide the finance; Minimizing expenses to maximize profit; and Using Monetary and Credit Policies available in the state.

### **Recommendations**

Based on the findings of the study, the researcher made the following recommendation:

1. SMEs in Enugu should explore funding opportunities available locally and international to raise fund for SMEs sustainability.
2. The government should provide trainings and funding to SMEs to ensure sustainable operations
3. SME operators in Enugu State should acquire relevant financial management skills before embarking on SMEs operation.

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