

# FINANCING SMALL BUSINESS IN OGUN STATE, NIGERIA: THE CRITICAL ROLE OF THE SMALL AND MEDIUM ENTERPRISES DEVELOPMENT AGENCY OF NIGERIA (SMEDAN)

Oluseyi O. Oduyoye, PhD Solomon A. Adebola, PhD Adekunle O. Binuyo, PhD

Department of Business Administration and Marketing, Babcock Business School, Babcock University, Ilishan Remo, Ogun State, Nigeria

### Abstract :

The typical Nigerian budding entrepreneur has always been guided by such institutional credit markets as the Bank of Industry, Microfinance banks and cooperative societies as avenues for improving the wealth - creating potentials of such entrepreneur . Against a background of serious unemployment and dwindling fortunes of small and medium scale businesses all over Nigeria, the study had a main objective of evaluating the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) in her support role as a link between affordable sources of finance and cooperative - financed small and medium scale enterprises in Ogun State, Nigeria between 2005 and 2010. The study, designed as a survey, utilized a two - pronged approach in sourcing primary data through the use of questionnaires. Out of the 140 questionnaires administered, 135 were returned representing 96.4% response rate. 27 respondents were officials of OGSCOFED, the coordinating body of cooperative societies in Ogun State, Nigeria, while the remaining 108 were nonexecutive cooperative members who are owners of small businesses in the State. With a Cronbach's coefficient of 0.902, the internal consistency and reliability of the questionnaire was confirmed while the data were analyzed using inferential and descriptive statistics such as simple percentages, rating indices, and the Student's t distribution . Among the study's major findings were that

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calculated values ranged from 0.001 to 1.000 for 26 and 107 degrees of freedom and 5% level of significance compared with t  
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tabulated values which ranged from  
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2.056 to 2.064 in the paired samples tests for the study's sole hypothesis.

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s. Because the t  
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calculated values all fell within the acceptance region, the study's null hypothesis was accepted. The specific areas in which the agency faltered included non-consultations with international donor agencies as well as not serving as an effective link between small businesses and cheaper sources of finance during the study period.

In conclusion, SMEDAN did not quite measure up to public expectation on a major performance index of linking small and medium enterprises (including cooperative societies) with cheaper sources of finance. The study recommended that the Nigerian government institutions as well as the Nigerian public should patronize SMEs as a deliberate state policy. Additionally, the government should link small businesses with cheaper sources of finance.

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he small and medium enterprise sector, as the nerve centre of most nations' industrial development, needs to be encouraged in order to engage the army of the nations' fresh graduates and subsequently reduce unemployment via youth and women empowerment, cooperative development and foreign direct investment.

**Key Word :**

Sources of finance , small business, cooperative society, foreign direct investment .