INNOVATION AND SUCCESS OF SMALL AND MEDIUM ENTERPRISES (SMEs) IN KANO STATE NIGERIA

Kabiru Mohammed Atiku*

Kabir Haruna Danja**

ABSTRACT

Small and medium enterprises (SMEs) play a vital role in the Nigerian economy and are considered as a backbone of industrial development in the country. The objective this study is to justify the level of relationship between innovation and success among SMEs. Determine the level of innovation and level of success among the SMEs and lastly to establish whether there is significance difference between the level of innovation and the level success between SMEs. The study followed a descriptive survey design, given the target population of 108 SMEs in Kano state; a sample size of 85 was selected. The data for the study are collected through use of questionnaires as the main tool. It discover that the independent variable (innovation) significantly influence change in the dependent variable (success). Therefore, it is crucial for SME to invest in R&D and innovation programs to always ensure that they are moving ahead, through the formation of cluster.

***Isa Kaita College of Education Dutsin-Ma, Katsina State. Nigeria**

****Kampala International University, Uganda**

Introduction

Small and medium-sized enterprises (SMEs) are considered to be an engine for growth in both developed and developing countries; the benefits of a vibrant SME sector include: the creation of employment opportunities; the strengthening of industrial linkages; the promotion of flexibility and innovation; and the generation of export revenues (Mensah, 1996; Harvie and Lee, 2001; Lerner, 2002). Furthermore, Smallbone and Welter (2001) stated that there is an increasing recognition of the role that SMEs can play in wider social and economic restructuring. In Nigeria, the role of SMEs will be increasingly important as the nation attempts to move towards its goal of becoming a fully industrialized country by the year 2020.

Various studies conducted in the past have indicated that usually in the developing countries, SMEs are found to contribute 40-60 per cent of the total output or value added to the national economy. Emphasis to be given in the promotion and development of SMEs in LDC is much more urgent where about 50 per cent people are unemployed. Small and Medium Enterprises (SMEs) will be promoted with high innovation capabilities to become part of the global supply chain.

Equal strategic importance is also the role of the SMEs in other developing countries like Nigeria. The failure of the Import Substitution and Large-scale Industrialisation policies of the post-independence era led to the growing acceptance of the central role of the small scale industries in the industrial development of developing nations, and Nigeria in particular (Amakom, 2008).Their importance, particularly looking at their growth and experience over the last few decades, cannot be over emphasized. Studies have indicated that small scale business firms provide an effective means of stimulating indigenous enterprise and enhancing greater employment of local technology (World Bank, 1999; ECA, 2001; CBN, 2005; Uzor, 2010). The development of small scale industries (SSIs) is, therefore, an essential element in the growth strategy of most economies and holds particular significance for Nigeria (Dandago *et al* 2011).Any government policy that seeks to target poverty reductions, food security, and Industrialization as well as mitigate rural-urban migration must be hinged on the development of

small scale industries. The government would also strive to raise the country's capacity for knowledge, creativity and innovation, and has to plan and nurture first class mentality among the people of Nigeria.

Kano State Nigeria has been a center of industrial and commercial activities for centuries. The inhabitants of the ancient city of Kano are known to have excelled in not only merchandizing but also engaged in bourgeoning small scale industrial activities manifested in handcrafts, blacksmithing and agricultural activities among others. With the coming of modem economic activities, the state has witnessed remarkable progress in commercial and industrial activities resulting in the development of modem manufacturing activities and establishment of market outlets (K-SEEDS 2004).

Fundamentally innovation has to do with changes leading to improvement in the quality and quantity of products as well as techniques of doing things. Innovation is dynamic and creates new things out of existing ones. Through innovations, the entrepreneur introduces new production techniques, new commodities, improve on existing ones, open up new markets, explore new source of raw materials and design new techniques of management. Research and Development Programs are formal avenues of introducing or inculcating innovative skills in the entrepreneur. These skills are what the entrepreneur translates into business establishment and development.

However, Nigeria SMEs are equally operating within a globalize economy, where there is an intensive competition, then they must develop competence require for enhancing products and processes development, implementing organisational changes and developing new links through the market (Yoguel and Boscherini, 2000). That is, developing their "innovative capacity will help them to acquire capabilities required for competitive process. Innovative capacity refers to the firms' capability to transform general knowledge into specific one, using their stock of competencies and dynamic assets, including formal and informal learning (Ernst and Lundvall, 1997). In this sense, these competencies are not limited to information or equipment, but they include organisational capabilities, and behaviour and routine standards affecting the decision

making process and the innovative development of firms. SMEs in Nigeria do not necessarily innovate in formally recognised ways it is likely that they make extensive use of external linkages. (Oluwajoba, *et al* 2007)

Innovation climates in Kano state are hampered by weaknesses of knowledge-based economies, namely levels of educational attainment, the business environment and the information infrastructure. As a consequence of this problematic environment, innovation systems in Kano state are poorly constructed and are very fragmented. On the enterprise side, generally a large number of micro-enterprises operate in the informal economy, and a more or less important number of foreign-based firms, which tend, however, to be disconnected from the rest of the economy.

On the knowledge side, there is generally a limited research community, operating usually in an ivory tower, and a university system poorly connected to local realities, particularly to labor market needs and opportunities. Particularly problematic are the lack of technological support services and infrastructure (metrology, quality control, standards, etc.).

Small and Medium Enterprises (SMEs) in Nigeria have not performed creditably well and hence have not played the expected vital and vibrant role in the economic growth and development of Nigeria. This situation has been of great concern to the government, citizenry, operators, practitioners and the orgarnised private sector groups. It is clear that most SMEs in Nigeria die in the first two years, majority employ less than 10 workers are not growing and contribute less to GDP.Whereas many factors account for SMEs success or failure (e.g. competition, know-how, access to financial capital, government support, access to market etc.), innovation are very crucial even if other factors like capital or access to market are in place. Without innovation SMEs will continue to fail. Thus it is proposed that SMEs must be innovative of their ventures if they wish to succeed and contribute to national development. While this problem is well known, few researchers have bothered to investigate the causes and of these none has surveyed into the extent to which innovation contribute to success of SMEs ventures. This necessitated this study to cover this research gap by establishing the extent to which innovation affect success of SMEs in Kano Nigeria.

Null Hypotheses

The following hypothesis tested in the study:

- There is no significant relationship between the level of innovation and level of success among the small and medium enterprises (SMEs).
- There is no significant difference between the level of innovation and level of success among the SMEs.

Methodology

This study followed a *descriptive survey* design. It also uses a cross-sectional and an ex-post-facto design. The *descriptive design is both comparative* and *correlational* strategies. The target populations of this study are the business managers of SMEs. There are more than 400 registered SMEs in Kano but only 108 SMEs are functioning (Kurawa 2006). For the purpose of this study, the researcher will use only the 108 SMEs. Distributed within the six industrial area of Kano state. These include, Bompai, Sharada phase I, Sharada phase II, Challawa, Tokarawa, and Kawaji.

Given the target population of 108 SMEs in Kano state, a sample size of 85 was selected. This was arrived at using Slovene's formula used to determine the minimum sample size. Purposive and stratified random sampling methods were used to select business managers of professional and non-professional firms distributed within the six industrial areas of Kano.

The data for this research are collected through use of Questionnaires as the main tool. Such instruments are guided by the nature of data that have been collected and also for easy collection of the information needed in a short period of time.

Literature review

According to allbusiness.com (2010), the abbreviation SMEs occurs commonly in the European Union and in International Organizations such as the World Bank, the United Nations

and the World Trade Organization. Also the term Small and Medium Scale Businesses (SMEs) ispredominantly used in the United States of America. The European Union states traditionally have their own definition of what constitutes SMEs. For instance, the traditional definition in Germany Limits Small and Medium Scale Enterprises to two hundred and fifty (250) employeeswhile in Belgium, it is limited to one hundred (100) employees. Recently, the European Union has standardize the concept by categorizing enterprises with less than ten (10) employees as 'micro', those with fewer than fifty (50) employees as 'Small' and those with fewer than two hundred and fifty (250) employees as "medium". In the United States of America, any business with fewer than one hundred (100) employees is classified as "small" while medium scale business refers to a business with fewer than five hundred (500) employees.

In a global context, a general definition of SMEs using size and scale of operation is not easy, but within the fixed co-ordinates of national boundaries, it might be relatively easier. Ekpenyong (1992) tries to identify different features in classifying SMEs in various countries. In countries such as the USA, Britain, and Canada, small-scale business is defined in terms of annual turnover and the number of paid employees. In Britain, for instance, small-scale business is defined as that industry with an annual turnover of 2 million pounds or less with fewer than 200 paid employees. In Japan, small-scale industry is defined according to the type of industry, paid-up capital and number of paid employees. Consequently, small and medium-scale enterprises are defined as: those in manufacturing with 100 million yen paid-up capital and 300 employees, those in wholesale trade with 30 million yen paid-up capital and 100 employees, and those in the retail and service trades with 10 million yen paid-up capital and 50 employees. At the 13th Council meeting of the National Council on Industry held in July, 2001 Small and Medium Enterprises (SMEs) were defined by the Council as follows:

Small-Scale Industry is an industry with a labour size of 11-100 workers or a total cost of not more than N50 million, including working capital but excluding cost of land. (NCI 2001).

Medium Scale Industry is an industry with a labour size of between 101-300 workers or a total cost of over N50 million but not more than N200 million, including working capital but excluding cost of land. (NCI 2001).

According to Onugu (2005), 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; labour-intensive production processes, concentration of management on the key man, limited access to long term funds, high cost of funds as a result of high interest rates and bank charges, high mortality rate especially within their first two years, over-dependence on imported raw materials and spare parts, Poor inter and intra-sectoral linkages - hence they hardly enjoy economies of scale benefits, Poor managerial skills due to their inability to pay for skilled labour, poor product or low quality output, absence of research and development, little or no training and development for their staff, Poor documentations of policy, strategy, financials, plans, information systems, low entrepreneurial skills, inadequate educational or technical background, Lack of adequate financial record keeping, poor capital structure, i.e. low capitalisation, poor management of financial resources and inability to distinguish between personal and business finance. Others are high production costs due to inadequate infrastructure and wastages, use of rather outdated and inefficient technology especially as it relates to processing, preservation and storage, lack of access to international market, lack of succession plan and poor access to vital information.

Findings

Innovation as the independent variable was operationalized into two innovative activities, level of innovation activities and joint innovative activity with some actors. All items on innovation were likert scaled using four points ranging between 1 = strongly disagree to 4 = strongly agree. Respondents were required to indicate the extent to which they agree with each of the items or statements by filling in the number that best describes their perceptions. The self-ratings of SMEs were analysed using means indicating the extent to which they possess each as indicated in table 1.

Table 1 level of innovation activities among SMEs.

Innovation Activities	Mean	Interpretation	Rank
Firm has research and development department (R&D)	2.24	Low	15
Firm introduce new technology	2.58	High	9
Firm introduced a new product	2.62	High	7
Improved an existing product	2.85	High	1
Introduced a new process	2.54	High	13
Improved an existing process	2.59	High	8
Developed a new product	2.55	High	11
Developed or modified an existing process	2.65	High	5
Developed prototype	2.06	Low	18
Pilot plants	2.18	Low	16
Introduced changes in management routines	2.79	High	2
Introduced quality controls	2.74	High	3
Introduced maintenance routines	2.58	High	9
Changed the plant layout	2.16	Low	17
Introduced waste management procedures	2.72	High	4
Introduced a new marketing technique	2.55	High	11
Introduced an in-house training program	2.47	Low	14
Open up new markets or increase market share	2.65	High	5
Average Mean	2.53	High	
Joint Innovation Activities with Some Actors			
Competitors	2.20	Low	11
Clients/Customers	2.86	High	1
Consultancy and marketing firms	2.44	Low	5
Suppliers of equipment, components, software	2.58	High	4
Private research institutes	2.38	Low	6
Public research institutes	2.33	Low	9
Universities or higher education institutes	2.15	Low	12
Strategic allies	2.34	Low	7
Technology Centre's	2.25	Low	10
Government ministry	2.34	Low	7
Innovation expertise within the firm	2.60	High	3
Associated companies within your corporate group	2.65	High	2
Average Mean	2.43	Low	
Overall Average Mean	2.48	Low	
Notes: n=85, numerical values and description are 3.26-4.00 (SA) very high, 2.51-3.25 (A) high, 1.76-2.50 (D) low and 1.00-1.75 (SD) very low.			

Source: Primary data, July 2012

Result from table 1 indicate that there are different levels of innovation on different aspects, for example, respondents rated the level of innovation activity to be high (mean=2.53) equivalent to agree on

the likert scale and joint innovative activities rated to be low (mean=2.43). Overall, all items on innovation were rated to be low (mean=2.48), indicating that there was a relatively low level of innovation in Small and Medium Enterprises in the selected areas in Kano state Nigeria.

Table 2 level of success among SMEs

Profitability	2.60	High	10
Market share	2.62	High	9
Diversification	2.40	Low	12
Product differentiation(including change in quality)	2.79	High	3
Positive environmental impact	2.59	High	11
Compliance with regulation or standard	2.90	High	1
Employment	2.69	High	7
Financial resources	2.75	High	6
Government support	2.00	Low	13
Human resources	2.66	High	8
Entrepreneurial skills	2.79	High	3
Technical procedure and technology	2.85	High	2
Marketing strategy	2.79	High	3
Average Mean	2.65	High	
Notes: n=85, numerical values and description are 3.26-4.00 (SA) very high, 2.51-3.25 (A) high, 1.76-2.50 (D) low and 1.00-1.75 (SD) very low.			

Source: Primary data, July 2012

Table 2 results indicate that the level of firm success is relatively high in selected areas of Kano; all the thirteen indicators of firm success were measured, as rated or perceived by the respondents. Diversification was rated as low (mean = 2.40), disagree on the likert scale, government support was rated as low (mean = 2.00), disagree on the likert scale. To get a summary picture on how respondents rated the level of firm success, a mean index for all the thirteen aspects of firm success were rated, and computed which turned out to be 2.65, agree on the likert scale and ranked as high firm success.

Table 3 difference in the level of innovation according to Firm's size

The underlying hypothesis here was that the levels of innovation do not differ according to size of the firm. The One way ANOVA was used to verify this hypothesis and, results are indicated in Table 3:

Firms Size	Mean	F	Sig	Interpretation
Up to 9	2.19			
10 – 49	2.42	5.695	0.001	Significant difference
50 – 249	2.67			
Beyond 250	2.81			

Results in Table 3 indicate that the level of innovation differ significantly according to the size of firm (sig < 0.05). The means revealed a major difference in innovation basing on the size of the firms. There is clear progression in the level of innovation basing on the size of the firm; here big firms are more innovate compared to small firms, therefore basing on these results the null hypothesis that states that there is no significant difference in the level of innovation according to the size of the firm was rejected.

Table 4 difference in the level of success according Firm's size

The underlying hypothesis here was that the level of success does not differ according to size of the firm in terms of employment level. The One way ANOVA was used to verify this hypothesis and, results are indicated in Table 4:

Firms Size	Mean	F	Sig	Interpretation
Up to 9	2.50			
10 – 49	2.56	3.434	0.021	Significant difference
50 – 249	2.81			
Beyond 250	2.92			

Results in Table 4 indicate that the level of success differ significantly according to size of firm (sig < 0.05). The means revealed a major difference in the level of success according to the size of the firms. There are clear progressions in the level of success basing on the size of the firm; here big firms are more successful compared to small firms, therefore basing on these results the null hypothesis that states that there is no significant difference in the level of success according to the size of the firm was rejected.

Table 5 Relationship between Innovation and Success of SMEs in Kano state, Nigeria

To establish if there is a significant relationship between innovation and success of SMEs in Kano state of Nigeria, here the researcher stated a null hypothesis that there is no significant relationship between innovation and success among SMEs in Kano state Nigeria. To achieve and test this null hypothesis, the researcher correlated the means for all aspects of innovation with those of success using the Pearson's Linear Correlation Coefficient as indicated in table 5.

Variable Correlated	R- value	Sig	Interpretation
Innovation Vs. Success	0.586	0.000	Positive and significant relationship

Table 5 indicate that innovation and success among SMEs in Kano state, Nigeria are positive and significantly correlated (r = 0.586, sig = 0.000). Basing on the findings, sig value revealed that there is a positive and significant correlation (sig. = 0.000 < 0.05), leading to a conclusion innovation significantly influence the success among SMEs in Kano state, Nigeria at a 5% level of significance.

Therefore the null hypothesis which states that "there is no significant relationship between innovation and success among SMEs in Kano state of Nigeria" was rejected. To get a general picture on the overall relationship between innovation and success among SMEs, two mean indices were computed for innovation and success of SMEs, after which the two indices were linearly regressed, as results in table 6.

Table 6 linear regression results for success and innovation in SMEs

Variable Regressed	Adjusted R^2	F	Sig	Interpretation
Success Vs. Innovation	0.378	26.527	0.000	Positive and Significant effect
Coefficients	**Beta**	**T**	**Sig**	
Constant	----------	5.053	0.000	Positive and Significant effect
Innovate	0.632	5.421	0.000	Positive and Significant effect
Joint Innovation	- 0.008	-0.073	0.942	Insignificant effect

The linear regression results in table 6 above indicate that innovation (independent variable) on regression model contribute over 37% towards variations in success (dependent variable) among SMEs in Kano state, Nigeria as indicated by a Adjusted R^2 of 0.378. This implies that well SMEs should be innovative in order to succeed in Kano state, Nigeria.

Results further suggest that the independent variable (innovation) included in the model significantly influence change in the dependent variable (success) (F = 26.527, Sig. = 0.000). Leading to a conclusion that innovation significantly explains the high rate success of SMEs in Kano state, Nigeria.

Conclusions

From the finding, the overall items on innovation where rated to be low (mean=2.48), indicating that there was a relative low level of innovation in SMEs in selected areas in Kano state Nigeria. This indicates that there are no strength links between research institutes and productive sector of the economy.

As those research institutes are the main generators of knowledge, which is why a more fluid exchange would promote the formulation of innovation. To developed prototype was rated as low (mean=2.06), this may be attributed to the low level of knowledge of the entrepreneurs. Developing prototype definitely requires a strong knowledge of your product and it may require some elbow grease, which is finance. Pilot plants also rated low (mean=2.18), the reason is that pilot plants require high capital investment due to long duration to complete a product and therefore, it requires careful project planning and focused attention on critical activities otherwise confusion, delay and conflict may rise. Changing plant layout which was rated as low also (mean=2.16), this is associated with the change in product design which is difficult to accommodate and require capital investment in machines.

In joint innovation activities, universities or higher education institutes were rated as low also (mean=2.15), this may be associated with the challenges facing the Nigerian universities and other research institutes. The critical challenges include non-commercialization of successful research results, non-demand driven research and development (R&D) activities, low value addition to industrial goods and services, lack of linkages between the research institutes and private sector. Duplication of functions among research institutions, competition from foreign imports, low technological transfer mechanism etc.

Recommendations

From the findings and conclusions reached in the study. The researcher made the following recommendations basing on the study objectives and hypotheses:

1.   From the finding R&D was rated low with a mean score of 2.34. Therefore, there is need to improve on research and development (R&D). Finance can be a determining factor for innovation in SMEs, which often lack internal funds to conduct innovation projects and have much more difficulty obtaining external funding than larger firms. This increases the importance of efficient interaction with other firms and public research institutions for R&D, exchange of knowledge and, for commercialisation and marketing activities. This can be achieved through the formation of clusters.

2.   Also prototype was rated low mean score 2.06, this mean there is need for SMEs to develop prototype which is an original model on which something is patterned. When it comes to prototype development, the inventor can utilize a professional prototype company, virtual designer, model maker or construct it on his own.

3.   As indicated in table 1, developing pilot plants was rated as low with mean of 2.18. Base on this result, Small and medium enterprises should develop Pilot plant in their production process. Pilot plants is something done as a test before being introduced more widely. This will help to fills the technology gap between a successfully demonstrated research concept and its practical implementation.

4.   The finding indicate that the in house training was rated low with mean of 2.47, based on this the researcher recommend the introduction of an in house training program. In house training enhances productivity by way of effectively developing the human resources. The management team can decide to focus on in-house methods of training. This can be orgarnised through using previous experience of in-house training, input from line managers and employee feedback. Then write a combined induction and customer care programme. The programme should cover a combination of relevant topics, like communication skills, personal presentation and health and safety standards. It will takes half a day and to deliver to all new staff.

5.   The average mean of joint innovation activities was rated low with mean of 2.43. The result indicates that the SMEs should ensure collaboration with some partners in the development of innovation. As a parallel to innovation systems, joint innovation may be developed. The presence, for example, of local public research institutions, large dynamic firms, industry cluster, venture capital and a strong entrepreneurial environment can influence the joint innovative performance. These create the potential for contacts with Competitor, Consultancy and marketing firm, Strategic alliance, Government ministry and Technological centers.

6.   From the research finding, private research institutes, public research institutes, universities or higher education institutes and technology centres all are rated low. This made the researcher to emphasize the need to strengthen links between universities and businesses, as higher research institutes are the main generators of knowledge, which is why a more fluid exchange would promote the formulation of innovation policies to drive forward the technological development. There are a lot of challenges and opportunities for promoting links between research institutions and productive sector (businesses). First, scientific and technological capacities should be strengthened by means of increased investment in R&D, in the public and private sectors alike. Second, research institutions (universities or higher education institutions, private research institutions, public research institutions and technology centres) must improve the quantity and quality of their scientific publications and broaden applied research, while the productive sector should seek to specialize with increased technological intensity and

to boost investment and participation in R&D activities. Third, the reputable consulting firms can set up a stand at any giving trade fair just for the purpose of marketing business ideas to prospective entrepreneurs.

7.   Diversification which is among the key outcome of business success was also rated low (mean=2.40). Therefore, there is need for business diversification. This can help an investor manage risk and reduce the volatility of an asset's price movements. Though, no matter how diversified your portfolio is, risk can never be eliminated completely. You can reduce risk associated with individual stocks, but general market risks affect nearly every stock, so it is important to diversify also among different asset classes. The key is to find a medium between risk and return; this ensures that you achieve your financial goals.

8.   In developing country like Nigeria, satisfactory government support has shown to be important for small firm success, but the result indicate government support was rated as low (mean=2.00). Based on this finding, there is need for government support. To expand the scope of small and medium enterprises (SMEs) financing, government has set up two apex credit delivery schemes, namely World Bank/CBN SME II loan scheme and the National Economic Reconstruction Fund (NERFUND) to on-lend funds to SMEs through a network of approved participating banks. Almost all of them are under-capitalized and thus unable to attract foreign credits. Loans granted variously due to political patronage thus genuine entrepreneurs were denied. In short term, government resources have been the main sources of long-term funds, for this institutions. It is hoped that in time, these DFIs would be capable of accessing both the domestic and international markets for funds to finance SMEs. Nevertheless, for these government-owned DFIs to be successful in the long term as reliable agencies for sustainable financing of SMEs, they must operate under a different philosophy that is underpinned by commercial orientation to assure their financial viability.

References

1. Amakon, U. (2008), "Post-Independence Nigeria and Industrialization Strategies".Central Bank of Nigeria, (CBN, 2005). "*Baseline Study of Small and Medium Scale Industries in North-West   Region, Nigeria.*

2. Allbusiness.com (2010), "Small Business Advice".http://www.allbusiness.com

3. Dandago,K.I. &Usman, A.Y. (2011). "Assessment of Government Industrialisation Policies on Promoting the Growth of Small Scale Industries in Nigeria". Paper Presented at the 2011 Ben-   Africa Conference Zanzibar, Tanzania. 31 October-2 November 2011.

4. Ernst, D. &Lundvall, A. (1997). "Information technology in the learning economy, challenges for Developing countries". Danish Research Unit for dynamics (DRUID) Working Paper No. 97'   12.

5. Ekpenyong, D.B. (1992): "Problems of small businesses and why they fail", Journal of General Studies,Bayero University, Jos, 3(1).

6. Harvie, C. and Lee, BOON-Chye (2001) "Best Asian SMEs: Contemporary Issues andDevelopment – An Overview". In Charlie Harvie and Boon-Chyee Lee (eds) *The role ofSMEs in National Economic in East Asia*, Chapter 1, pp. 1-20 Cheltenham (UK): EdwardElgar.
7. K-Seeds (2004).Kano State Economic Empowerment and Development Strategy. "Policy Framework" September 2004.

8. Kurawa, I.A. (2006). "Investment Opportunities in Kano the Centre of Commerce". A Publication of The Research and Documentation Directorate.First Published 1427/2006. Kano state   Government.

9. Menshah, Samuel (1996) "The evaluation of Government Loan Guarantee: A Theoretical and Empirical Perspective", *Public Finance Quarterly*, 24 (2): 263-81.
10. NCI (2001). "13th Council Meeting of the National Council on Industry held in July, 2001.

11. Onugu A.N. (2005): Small and Medium Enterprises (SMEs) in Nigeria: Problems and Prospects

12. Oluwajoba, A.I. *et al* (2007). "Assessment of the capabilities for innovation by small and medium Industry in Nigeria". African Journal of Business Management Vol.1 (8), pp 209-217, November,2007. Available online at http://www.academicjournals.org/AJBM

13. World Bank. (1999). "*World Development Report 1998/99: Knowledge for Development.* Washington:World Bank. [1999, 9 August].   http://www.worldbank.org/wdr/wdr98/contents.htm

14. Smallbone, D. and Welter, F. (2001) "The Role of Government in SME Development inTransition Economies", *International Small Business Journal*, 19 (4): 63-78i.
15. Yoguel, G. & Fabio, B. (2000). "The Environment in the Development of Firms' Innovative Capacities: Argentine Industrial SMEs from Different Local System". Nota Tecnica no 34/00 InstitutodeEconomia da Universidade Federal do Rio de Janeiro-IE/UFRJ. Accessed on   19/01/2012 from: http://www.druid.dk/wp/pdf files/00-12.pdf