Case Study
SMEs and Poverty Alleviation in Nigeria: Marketing Resources and Capabilities Implications

Olalekan U. Asikhia

This article seeks to identify the mediating role of marketing resources and capabilities in small and medium enterprises (SMEs)—poverty alleviation relationship. A qualitative approach of conceptualization of the interconnectedness of the major variables of the study is undertaken. Despite several development programs of SMEs and poverty alleviation, the poverty level of Nigerian SMEs has dragged with incidence of high SMEs failure. Marketing resources and capabilities are suggested as probable missing links between SMEs and profitable exchanges that lead to wealth creation, thus alleviating and eradicating poverty. While empirical study in this direction is vital, the current conceptual model shows that SMEs operators would help in the elimination of poverty by acquisition of necessary marketing knowledge, skills, and capabilities to identify the customers' needs, establish vital relationships with them through requisite ego drive, empathy, and capability to change, and thus keep them sold. Prior research concerning SMEs and poverty alleviation in Nigeria has been limited to finance. The findings of the present research have implications for the role of marketing as the ultimate source of profitable growth through exchanges and wealth creation that will help in eradicating poverty.

Keywords: SMEs, poverty alleviation, marketing resources, marketing capabilities, wealth creation, Nigeria

Poverty can simply be defined as the state of being poor and unable to provide basic human needs such as food, clothing, and shelter. Thus, poverty denotes a state of need, of not having access to necessities of life that support actual dwelling. It is a state of helplessness.

Poverty in Nigeria is severe not just in rural areas but everywhere, especially where social services and infrastructure are limited or nonexistent. However, the majority of those who live in rural areas are poor and depend on agriculture for food and income. Small-scale farmers who cultivate plots of lands depend on rainfall rather than irrigation systems to produce about 90 percent of the country's food (Adereti and Ajayi, 2004).

Recent research shows that a high percentage of the poor are already engaged in businesses such as dress sewing, vulcanizing, car repairs, petty trading, carpentry, car washes, dry cleaning, food selling/restaurant, etc. (Adeokun, Adedoyin, and Adereti, 2002). Despite these diverse businesses whose performance are not directly related to natural phenomenon like rainfall, poverty still exists in more than 75 percent of the Nigerian population (IFAD, 2007).

Small businesses have the tendency of increasing individual productive capability and create wealth when the products produced or services are sold from time to time. The evolvement of small and medium enterprises helps industrial dispersal thus stemming the rural–urban drift through creation and sales of goods and services that help individuals to directly mobilize domestic saving, which could be ploughed back into business to ensure growth and contribute to economic developments.

The need for marketing resources and capabilities to sell goods and services cannot be underemphasized. Men and women who are supposed to have been empowered through the establishment of various poverty alleviation programs have remained poor after setting up businesses that would help in repositioning them economically and socially. Many researchers have often criticized the ineffectiveness and inefficiency of programs such as financing through Nigeria Industrial Development Bank (NIDB) and the Nigerian Banks for Commerce and Industry (NBCI), establishment of Small and Medium Enterprises Development Agency of Nigeria (SMEDAN), Small and Medium Enterprises Equity Investment Scheme (SMEEIS), and now micro credit schemes. Data show that many have benefitted from these programs (CBN, 2008); meaning that a lot of businesses had been set up, yet recent Human Development Index (HDI) and the official estimates put the poverty level at 70 percent of the population. In 1980, the poverty level was 27.1 percent; in 1992, it deteriorated to 42.8 percent and plummeted to 65.6 percent by 1996 (Malik, Torimiro, and Adereti, 2003). These figures indicate that despite all the progress, the incidence of poverty has not been addressed as most people look at the problems of small and medium enterprises (SME) from the finance point of view (Ogunleye, 2004; Owosekun, 2001; Owualah, 2004).

The literature that investigates other areas of SME) problems are few or nonexistent. If those individuals who had been empowered through various poverty alleviation programs like the National Economic Empowerment Development Strategy (NEEDS), the National Poverty Eradication Programme (NAPED), and the Millennium Development Goals (MDGS) were all working together to eradicate poverty in Nigeria, then the development of small and medium enterprises would have experienced continuous growth and would have contributed to decreasing the poverty percentage. SMEDAN (2008) reports that 80 percent of SMEs, however, die before their fifth anniversary, suggesting that beyond the finance supplied by the poverty alleviation programs and small and medium enterprises development programs, other factors could mediate between SMEs' performance and poverty alleviation in Nigeria to reduce the incidence of poverty in the country. This article suggests marketing resources and capabilities as one of such factors or variables.

SMEs in Nigeria

SMEs are recognized as catalysts in the socio-economic development of any country. They are veritable vehicles for the achievement of macroeconomic objectives in terms of employment generation at low investment cost and the development of entrepreneurial capabilities, indigenous technology, stemming rural–urban migration, local resource utilization, and poverty alleviation.

Having identified the relevance and catalytic role of the SME in fostering economic development, successive governments in Nigeria since 1940 have been formulating policies favorable to the development of the subsector. Osoba (1987) reports that the initial attempt of the government to develop small-scale industries in Nigeria dates back to 1946 when the first seasonal paper dated No. 24 of 1945 on "A ten year plan of development and welfare for Nigeria, 1946" was presented

Table 1. Summary of Lending Activities of Selected Financial Institution from 1988–1998 (₦000)

Bank	*1988*	*1989*	*1990*	*1991*	*1992*	*1993*	*1994*	*1995*	*1996*	*1997*	*1998*
NIDB Sanction	170.6	73.5	636.3	543.4	1,174.5	1,105.6	566.8	565.1	351.0	0.0	64.5
Disbursement	88.5	235.1	220.8	353.0	1,294.2	635.1	612.8	436.0	925.4	105.3	85.3
NACB, No. Project Disbursement	-	-	-	-	203036 42889 3,234	436,520 31,560 4,715.5	696,022 6,104.2	34,253 415.2	 410.5	47,168 491.3	 443.9
NBCI Loans & Advances	-	392.2	239.1	472.3	777.6	1,761.6	2,0061	2,179.2	14.0	13.6	1,440.3
Peoples Bank Loan & Advances	-	-	-	-	78.0	167.3	178.2	340.0	350.0	360.1	400.5

Source: Eigbe and Central Bank of Nigeria, 1995, p.85.

Table 2. Summary of Community Banks' Activities (Naira million, unless otherwise stated)

Activities	*2002*	*2003*	*2004*	*2005*	*2006*
Number of reporting	316	564	615	725.0	757
Loans and advances	4310.9	9,954.8	11,353.8	14,547.4	16,498.6
Investments	925.5	2,261.0	2,612.7	3,594.1	3,868.2
Sectoral distribution of loans and advances					
Agriculture and forestry	390.5	625.0	483.1	69.9	965.1
Mining and quarrying	58.8	59.5	510.6	14.7	405
Manufacturing	549.6	809.2	331.8	64.9	1,088.7
Real estate and construction	450.8	574.1	279.2	214.8	839.8
Commerce	1385.4	2,733.1	2,875.3	1,591.9	4,504
Transportation/Communication	425.4	1,727.9	1,088.1	2795.1	2087.4
Others	1,050.4	3,425.8	5,785.6	23753.4	6608.5

Source: CBN, 2006a.

to the legislative council on 13 December 1945 and approved with some amendment by the legislative council of 7 February 1946. The first stage of the development plan envisaged the setting of a "Nigeria Local Development Board" whose functions, among others were primarily associated with

- the promotion and development of village crafts and industries and industrial development of the products of Nigeria;
- the setting up and operation of experimental undertakings for the testing of industrial or processing development of any Nigeria products; and
- other suitable projects approved by the governor-in-council.

The schemes set up in the plan were all designed to be major schemes affecting Nigeria as a whole and fundamental to other forms of development in the country. The objective was to develop small-scale industries in their surroundings but on a higher level of efficiency so that they could be more profitable to the operators.

In 1953, however, the World Bank reported that the country had not made any significant progress in its industrial development. At postindependence, the federal government's major aims in the area of trade and industries were summarized in the 1962–1968 national development plan as follows:

- To stimulate the establishment and growth of industries, which contribute both directly and materially to economic growth
- To enable Nigerians to participate in an ever-increasing extent in the ownership, direction and management of Nigerian industry and trade

This policy framework did not accord meaningful importance to entrepreneurial drive within the citizenry nor strategic development of the SMEs.

The absence of specific policies on SME development in the 1962–1968 plan periods was corrected through the Enterprise Promotion Decree (NEPD) in 1972. Industrial development during the 1970s was strongly influenced by

Table 3. Number and Value of Approved Loans to Small Business Establishments in Northern Region of Nigeria

Region/State	*Period*	*Value (₦)*	*Number of Loans*
Northern region	Apr. 1966 – Mar. 68	85,363	69
Benue-Plateau	Apr. 1966 –Oct.72	142,400	46
Kano	Apr. 1966 –Oct.72	102, 184	35
Kwara	-----------do-----------	80,000	25
Northcentral	-----------do-----------	118, 860	47
Northeastern	-----------do-----------	232, 586	85
Northwestern	-----------do-----------	104,399	55
Total		865, 792	362

Source: Turner, 1974.

Table 4. Nigerian Industrial Development Bank Total Approval and Disbursements (1981–1990)

Year	*Approvals ₦ (million)*	*Disbursements*	*Actual ₦ (million)*	*Gap %*
1981	55.47	12.67	42.81	77.2
1982	29.88	27.16	2.72	9.1
1983	22.36	31.90	-9.54	—
1984	0.20	0.24	-6.0	—
1985	2.87	9.64	-6.77	—
1986	16.88	17.14	0.26	—
1987	117.75	21.15	96.60	82
1988	142.96	15.92	127.04	88.9
1989	87.72	52.10	137.64	72.5
1990	132.40	87.70	44.70	33.8
Total	710.49	281.62	428.87	60.4

Source: Owualah, 1999.

the NEPD among other factors. The Industrial Development Centres (IDCs) also assisted in financing small and medium enterprises as well as rendering techno-managerial services to them. Unfortunately, these laudable projects were halted by the civil war and the federal government took over the leadership role in fostering the development of SMEs.

The small-scale industries division, set up within the federal ministry of industries took over the responsibilities of the IDCs. The division reactivated the IDCs in Owerri and Zaria and later established 11 new ones in different states of the federation. Presently the IDC have been established in 21states of the federation including Federal Capital Territory (Ubom, 2004). The main objectives for the establishment of the IDCs are

- to train SME owners on efficient use of resources to increase productivity, wages, and improve living standards of owners and workers;
- to upgrade quality and design of SME products; and
- to create a solid and modern base for the development of local entrepreneurship and dispersal of economic activities.

Between 1966 and 2008 different financing bodies have been set up yet various researchers have consistently looked in the direction of finance as the major obstacle to SME growth. Some of the schemes and policies are

- Small Industries Credit Loan Scheme established in 1966 to provide finance
- Nigerian Industrial Development Bank established in 1964 to provide finance
- The SME II loan scheme operated extensively between 1989 and 1994
- Commercial and merchant banks established since 1969 when CBN (Central Bank of Nigeria) started issuing guidelines and providing loans and advances
- The National Economic Reconstruction Fund (NERFUND) established in 1989 to provide finance
- Nigeria Export-Import Bank (NEXIM) established in 1991 to provide Export Stimulation Loans (ESL) and Rediscounting and Refinancing Facility (RRF)
- National Directorate of Employment (NDE) established in 1987 to empower youth through entrepreneurial, vocational, and managerial skills training. NDE also provides startup capital in the form of guarantee and resettlement loans, tools, and equipment.
- Family Economic Advancement Programme (FEAP) established in 1992 to provide loans to families for various kinds of businesses
- Establishment of People's Bank of Nigeria (PBN) to provide loans and advances to small business owners for expansion (Table 1 shows significant growth of PBN loans and advance.)
- Community banks established in 1990 to provide loans and advances for business startup and growth (Table 2)
- Funding of SMEs through multilateral financial institutions:
  - African Development Bank (ADB), established in 1988, has advanced loans to the tune of $230 million to assist in stimulating non-oil exports of SMEs.
  - The World Bank, for example, in 1989 gave Nigeria a $270 million facility for enterprise development and has been of tremendous help since then.

Table 3 shows the number and value of approved loans to small business establishments in the northern region of Nigeria with the highest value of loan in the northeastern part of Nigeria totaling ₦232,586 (₦ = Naira: Nigerian currency) and the lowest in Kwara state with ₦80, 000 .The total number of loans to small businesses within the period of 1966–1972 was 362 at the value of ₦865,792. Table 4 reveals the total approval and disbursement between 1981 and 1990 of Nigeria Industrial Development Bank.

In Table 5 the annual value of approved project under SME II between 1990 and 1994 is shown with 211 as the number of projects approved and ₦132, 810,267 being the approved amount. The number of projects approved in 1991 was the highest and the amount approved in 1993 was being the highest value in Naira. Table 6 shows the summary of NIDB's approval and disbursement between 1991 and 1998. The highest number of projects was approved in 1991 (34) and the highest value of disbursement was in 1994; (₦192,453).

Table 7 shows the maturity pattern of commercial bank

Table 5. Annual Value of Approved Projects under SME II (1990–1994)

Year	*No. of Projects Received*	*No. of Projects Approved*	*Amount Approved (₦)*
1990	40	28	13,233,740
1991	94	70	33,946,787
1992	40	41	24,339,909
1993	135	50	44,620,642
1994	37	22	16,669,189.87
Total	346	211	132,810,267.87

Source: Eigbe and Central Bank of Nigeria, 1995, p.80.

loans and advances between 1963 and 1992. Table 8 reveals the profile of lending by commercial and merchant banks between 1980 and 1996 with a progressive increase from 1980 to 1996.

Table 9 shows the resource flows to SMEs between 1980 and 1993 from different financing banks and institutions with the value of lending increasing progressively from 1980 to 1993. Table 10 shows the NERFUND approval between 1990 and 1995 with a total of ₦1, 479,000,000 approved for 476 projects.

Table 11 reveals the selected macroeconomic indicators between 1991 and 1995 with the credit to private sectors increasing from ₦82.9m in 1991 to ₦121.6m in 1993, reducing later to ₦27.7m in 1994 and ₦18.5m in 1995. Table 12 reveals a gradual increase of credit to private sector from ₦23.9m in 1996 to ₦27.3m in 1999.

Table 13 shows that the loans and advances of commercial and merchant banks increase between 1995 and 1999. Table 14 shows the credit to private sector in which SMEs are one of them between 2000 and 2006.

All these tables reveal that there has been continuous financial support to the SMEs over the years. Funds were provided by the federal government and channeled through participating commercial and community banks as well as the People's Bank of Nigeria. FEAP had a total of ₦8.6 billion available to meet the financing needs of microenterprises

Table 6. Summary of NIDB's Approval and Disbursement

Year	*No. of Projects Approved*	*Disbursement (₦ '000)*
1991	34	73,726
1992	17	160,225
1993	27	170,839
1994	2	192,453
1995	-	41,381
1996	1	34,456
1997	—	32,650
1998	1	—

Source: Eigbe and Central Bank of Nigeria, 1995, p.86.

Table 7. Maturity Pattern of Commercial Banks Loans and Advances (1963–1992)

Period	*1 Year %*	*1–5 Years %*	*More Than 5 Years %*	*Total*
1963	91.9	8.1	0.0	100
1965	95.0	5.0	0.0	100
1967	91.0	7.0	2.0	100
1969	89.3	8.5	2.2	100
1971	87.0	11.9	1.1	100
1973	88.2	10.3	0.9	100
1975	88.3	10.3	1.4	100
1979	79.5	16.9	3.6	100
1984	77.4	16.5	6.1	100
1985	76.7	15.0	8.3	100
1986	80.4	14.5	5.1	100
1987	80.9	14.4	4.7	100
1988	83.1	13.1	3.9	100
1989	80.6	15.4	4.0	100
1990	78.9	16.0	5.1	100
1991	82.8	12.3	4.9	100
1992	82.7	11.5	5.8	100

Source: Owulah, 1999.

Table 8. Profile of Lending by Commercial and Merchant Banks 1980–1996

Target					***Achievement***	
	Commercial Banks		Merchant Banks		Commercial Banks Actual Lending to SSE ₦ million	Merchant Banks Actual Lending to SSE
Years	Stipulated	Achieved %	Stipulated	Achieved %		
1980	16	1.6	16		102.1	-
1981	16	2.4	16	-	203.2	-
1982	16	2.0	16	-	206.7	-
1983	16	3.1	16	-	351.3	-
1984	16	6.3	16	3.1	729.1	0.052
1985	16	3.8	16	3.4	462.5	0.061
1986	16	9.0	16	3.7	1,413.1	0.101
1987	16	23.3	16	13.3	4,084.9	0.553
1988	16	21.3	16	22.2	4,166.5	0.983
1989	16	21.5	16	21.2	4,731.7	1,251
1990	16	20.3	16	25.9	5,413.1	2,090
1991	20	22.4	20	28.4	6,565.1	2,808.5
1992	20	40.0	20	31.3	20,400.0	-
1993	20	34.8	20	-	15,462.9	-
1994	20	23.6	20	-	29,552.5	-
1995	20	22.4	20	29.9	32,374.5	9,159.6
1996	20	26.8	20	16.7	42,302.1	5,595.8

Source: Eigbe and Central Bank of Nigeria, 1999, p.8.

Table 9. Resource Flows to SMEs (1980–1993)

Items	***(₦'million)***			
	1980	1985	1990	1993
Commercial and merchant banks	106	1,038	7,452	17,900
Development banks	367	689	2,437	8,700
People's and community banks	-	-	132	800
Total	473	1,727	10,111	27,400
Share of commercial and merchant banks (%)	22	60	75	65
Memo SME II projects (₦'million)	-	-	30	1,236

Source: T. A. Oyejide, 1993, p. 210 and reproduced in Eigbe and Central Bank of Nigeria, 1999, p.84

Table 10. NERFUND Approval

Year	*No. of Projects*	*Amount approved (US $'M)*	*Amount approved (₦'million)*	*Gross Value Added*	*Direct Employment*	*Indirect Employment*
1990	75	28	120	304	3,698	15,872
1991	61	17	172	157	2,466	9,864
1992	32	14	202	93	1,664	6,656
1993	67	38	289	988	4,247	16,960
1994	103	71	440	2,641	5,040	20,124
1995	138	123	256	3,527	5,853	23,228
Total	476	291	1,479	7,710	23,231	92,704

Source: NERFUND (1997)

with a view to transforming the rural areas and achieving poverty alleviation.

Through the use of fiscal policy measures, the government has also provided incentives that would stimulate the general development of SMEs. Some of the fiscal measures include

- Pioneer Status or Income Tax Relief Act
- Import duty relief
- Capital allowance to aid capital formation
- Relief for investments in economically disadvantage local government areas
- Tariff measures as effective protection with import tariff to ensure that locally produced goods are efficiently processed and made competitive both in domestic and export markets
- Export promotion incentive
- Foreign exchange facility

Table 11. Selected Macroeconomics Indicators

Indicators	*1991 (1)*	*1992 (2)*	*1993 (3)*	*1994 (4)*	*1995 (5)*
Money and credit (growth rate %)					
Net domestic credit	45.3	69.	91.4	29.2	36.2
Credit to private sector	82.9	100.7	121.6	27.7	18.4
Narrow money (M1)	32.6	52.8	54.4	47.8	8.
Broad money (M2)	32.7	49.2	49.8	39.1	10.3
External sector					
Current account balance (in percent of GDP)	-3.9	-0.9	-2.4	-5.4	-5.6
Overall balance (in percent of GDP)	-4.9	-18.3	-5.1	-4.7	-3.1
External reserves (US $ million)	4,486.7	712.6	1,330.1	1,658.8	1,4410
Average oil output price (US $ barrel)	20.5	19.8	17.5	16.2	16.7
Average official exchange rate (₦/$)	9.9	17.3	21.9	21.9	21.9
Average AFEM rate (₦/$)	-	-	-	-	82.3

Source: CBN, 1995.

Table 12. Selected Marcroeconomic Indicators

Indicators	*1996 (1)*	*1997 (2)*	*1998 (3)*	*1999 (4)*
Money and credit (Growth rate %)				
Net domestic credit	-23.4	-2.8	46.8	35.5
Net credit to government	-55.6	-53.6	144.9	57.1
Credit to private sector	23.9	23.9	27.4	27.3
Narrow money (M1)	14.5	18.2	20.5	47.8
Broad money (M2)	16.8	16.9	23.3	31.4
External sector				
Overall balance (in percent of GDP)	-1.9	0.0	-7.8	-3.1
Current account valance (in percent of GDP)	8.5	1.2	-11.6	0.4
External reserves (US $ million)	4,074.7	7,518.2	7,100	5,450
Average oil output price (US $ barrel)	21.2	19.4	12.9	18
Average official exchange rate (₦/$)	21.9	21.9	21.9	N/A
Average AFEM rate (₦/$)	81.2	82.0	84.4	91.8
Average IFEM rate (₦/$)	-	-	-	96.1
Average parallel market exchange rate (₦/$)	83.1	85.0	87.9	99.2
Average Parallel Market Exchange Rate (₦/$)	83.1	85.1	88.1	99.3

Source: CBN, 1999.

Table 13. Summary of Commercial and Merchant Banks Activities (₦ million)					
Activities	***1995 (1)***	***1996 (2)***	***1997 (3)***	***1998 (4)***	***1999 (5)***
Commercial banks reserves	54,065.0	62,686.0	64,580.9	62,664.6	118,522.3
Aggregate credit (Net)	161,686.0	216,484.0	232,516.5	309,029.5	541,246.6
Loans and advances	140,225.4	157,568.8	232,516.5	262,529.9	338,160.4
Total assets	385,143.0	458,779.0	548,375.0	694,615.1	1,070,019.8
Total deposit liabilities	178,962.0	214,360.0	269,847.2	314,303.5	476,350.9
Demand deposits	79,469.0	95,904.0	128,163.9	142,252.1	202,152.1
Time, savings, and foreign					
Currencies deposits	99,493.0	118,456.0	141,683.3	172,051.4	274,198.8
Foreign assets (Net)	56,634.0	47,261.0	53,334.5	75,141.5	135,223.2
Credit from Central Bank	13,060.0	15,155.0	15,185.6	8,579.4	37,948.1
Capital accounts	43,182.0	55,637.0	73,880.6	101,362.6	141,969.7
Capital and reserves	10,999.3	13,338.3	23,374.9	51,258.7	70,127.9
Other provisions	32,182.7	42,298.7	50,505.7	50,103.9	71,127.9
Average liquidity ratio (%)	37.6	40.1	37.8	42.6	50.9
Average loan/deposit ratio (%)	63.8	69.0	71.4	70.4	54.1
Merchant banks					
Reserves	6,216.0	953.0	1,081.3	3,230.5	2,062.9
Aggregate credit (Net)	32,367.0	49,961.4	49,157.0	69,054.5	62,933.8
Loans and advances	27,945.5	35,900.6	39,557.7	55,039.9	47,948.4
Total assets	79,913.0	111,266.9	91,344.1	126,618.5	124,036.3
Total deposit liabilities	17,856.0	24,924.3	25,317.5	35,010.4	32,456.1
Demand deposits	6,094.0	8,113.0	6,475.2	8,724.4	7,746.8
Time, savings, and foreign					
Currencies deposits	11,762.0	16,811.3	18,842.2	26,286.0	24,709.3
Foreign assets (Net)	16,768.0	15,834.7	16,662.3	21,042.0	26,530.7
Credit from Central Bank	2,112.0	2,222.4	1,040.9	597.9	628.5
Capital accounts	16,515.0	22,314.7	20,027.5	32,517.4	33,049.4
Capital and reserves	2,834.4	4,087.0	11,792.8	21,597.4	21,243.9
Other provisions	13,680.6	18,227.7	8,234.7	10,920.5	11,805.5
Average liquidity ratio (%)	39.7	38.4	39.1	39.3	55.3
Average loan/deposit ratio (%)	88.9	99.5	109.6	95.4	91.2
Deposit money banks					
Reserves	60,281.0	63,639.0	65,662.2	65,895.1	120,585.2
Aggregate credit (Net)	194,053.0	266,445.4	302,308.6	378,084.0	604,180.4
Loans and advances	168,170.9	193,469.4	272,074.2	317,569.8	386,108.8
Total assets	465,056.0	570,045.9	675,719.1	821,233.6	1,194,056.1
Total deposit liabilities	196,818.0	239,284.3	295,164.7	349,313.9	508,807.0
Demand deposits	85,563.0	104,017.0	134,639.1	150,976.5	209,898.9
Time, savings, and foreign					
Currencies deposits	116,261.0	134,290.7	158,345.6	193,093.4	300,729.5
Foreign assets (Net)	73,402.0	63,095.7	69,996.8	96,183.5	161,753.9
Credit from Central Bank	15,172.0	17,377.4	16,226.5	9,177.3	38,576.6
Capital accounts	59,697.0	77,951.7	93,908.1	133,880.5	175,019.1
Capital and reserves	13,833.7	17,425.3	35,167.7	72,856.1	92,085.7
Other provisions	45,863.3	60,526.4	58,740.4	61,024.4	82,933.4

Source: CBN, 2006a.

Other major policies are

- Banks' equity holding in companies, established in 1998, to stimulate increased availability of equity capital to SMEs and help in restructuring their capital base.
- Second Tier Securities Market (SSM) to simplify the stringent listing requirements for sourcing funds in the capital market. The SSM was established in 1985 to assist SMEs in accessing funds from the capital market for expansion and moderation.
- Technical Training and Extension Services Programs such as Industrial Training Fund (ITF), (RMRDC), Federal Institute of Industrial Research, Oshodi, Lagos (FIIRO), Project Development Agency (PRODA) and Centre for Management Development (CMD) are mainly focused on the promotion of SMEs in the country.
- Small and Medium Enterprises Investment Scheme (SMESIS) approved at the bankers committee meeting on 21 December 1999 to promote small and medium industries as a means of stimulating rapid economic growth, industrialization, employment generation and poverty alleviation. The scheme requires all banks to set aside 10 percent of their profits before tax into an account at the central bank as equity investment and for promotion of small and medium enterprises.

CBN (2007) reports that total funds set aside by banks was ₦537.45 billion since December 2006, of which ₦216 billion has been invested in 302 projects across the country.

- Micro Credit Scheme Development Fund was established in February 2008 as part of the effort targeted at reducing poverty by empowering the SME for enhanced productive capacity and wealth creation.

Poverty Alleviation in Nigeria

Kpakol (2008) sees poverty as the inability of a person to acquire the empowerment needed to substantively control the challenges of the environment. In essence, people are poor when they lack the tools and capacity to subdue their environment or when they lack empowerment in

- tools and new techniques,
- innovations,
- management skills and ideas, and
- economic participation.

Therefore, one becomes poor when his environment subdues him.

Poverty alleviation means modes are being adopted to lessen poverty in the society. The Nigerian government has implemented different programs of alleviating poverty. For instance, in 1972, General Yakubu Gowon's National Accelerated Food Production Programme (NAFPP) and the Nigerian Agricultural and Cooperative Bank were entirely devoted to funding agriculture. In addition, Operations Feed the Nation in 1976, established under General Olusegun Obasanjo, encouraged university undergraduates to go to rural areas for farming.

Also, in 1979, Shehu Shagari's Green Revolution Programme was devised to contain food importation while boosting crop and fiber production. Many took advantage of this and went into farming. Unfortunately, the emphasis was on developing the product but not on the marketing of it. People did not get money for their efforts and thus did not remain in the program. The program, which cost about N22 billion (Adereti and Ajayi, 2004), failed to create both employment and wealth.

Buhari's government introduced the Go Back to Land programme with a view of attaining high production of food for the teeming population. In 1986, General Babangida estab-

Table 14. Selected Macroeconomic Indicators

Indicator	*2000*	*2001*	*2002*	*2003*	*2004*	*2005*	*2006*
Moneyand credit (growth Rate %)							
Reserve money	-	-	14.0	19.8	5.2	10.2	20.5
Narrow money (M1)	62.2	28.1	15.9	29.5	8.6	15.5	15.4
Broad money (M2)	48.1	27.0	21.6	24.1	14.0	16.6	30.6
Net foreign assets	-	-	-4.9	6.4	83.8	51.6	51.3
Net domestic credit	-25.3	79.9	64.6	29.1	12.0	169.3	80.9
Net Credit to Government	-170.1	95.2	6,320.6	58.4	-17.9	14.5	-65.0
Credit to private sector	30.9	43.5	19.7	18.4	26.6	-37.0	-676.2
Money multiplier for M2	-	-	2.5	2.7	2.9	3.2	3.5
Income velocity of M2	-	-	5.4	5.4	5.6	6.1	5.7

Source: CBN, 2006a.

lished the Directorate of Food, Roads and Rural Infrastructure (DFRRI) for rural development as a means to provide feeder roads, electricity, portable water, and toilet facilities for the rural dwellers; to ease transportation of goods from the rural areas to the city, thus reducing the rural urban drift; and to allow farmers and business people in the rural areas to have good value for monies invested in any kind of business. In addition, the Better Life Programme was established to help the poor attain greater productivity. In total, about ₦1.9 billion was spent on these programs. Also, many people benefitted from the ₦10 billion spent on the Family Support Programme and the Family Economic Advancement Programme, promoted by General Abacha in 1993. Between 1999 and 2007, the government of Obasanjo spent several billions of naira on the National Poverty Eradication Programme (NAPEP) and Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) as well as National Directorate of Employment (NDE). The underlying philosophy of these initiatives is that if those who are empowered through all these programs are still in business, some of the businesses would have metamorphosed from being small and medium to large-scale operations and there would be multiplier effects of such productive activities on the economy.

Kpakol (2008) opines that poverty does not go away by just expending money on programs; instead, investments in human capital through the creation of skills base are needed, hence the right skill base will attract the right type of income. National Independent Survey (NIS, 2004) reveals that about 66 percent of the population are rural are poor while 43.2 percent of the population are urban poor. The poverty rate in southeast Nigeria is about 26.7 percent while the rate in the northeast is 72 percent, raising doubt about CBN's recent release (CBN 2006b) that the poverty rate in Nigeria is at 54.7 percent.

Village Economic Development Solutions Scheme (VEDSS), the poverty eradication program of the present government, is a home-grown poverty eradication model based on partnership among all tiers of government and development partners. There is great believe that this program will work because it is community based and community driven.

SME and Poverty Alleviation: Marketing Resources and Capabilities Implication

Resources can be tangible or intangible and can usually be given a monetary value, whereas this is impossible for capabilities (Day, 1994). Capabilities are the skills and knowledge that enable enterprises to exploit their resources effectively (Day, 1994; Hafeez, Zhang, and Malak, 2002). For this purpose, human resources and market organizational assets of a firm are combined (Day, 1994), and capabilities are often understood as functionally based activities.

Marketing capability refers to the integrative processes in which the enterprise applies skills and knowledge to market-related needs of the business (Day, 1994). Capability can be demonstrated on operational and strategic levels inside as well as outside the firm when managing alliances and networks with other parties (O'Driscoll, 2006).

According to Day (1994) external marketing capability employs the use of both customer- and competitor-related marketing (information, product development) and skills in collecting and exploiting information (Vorhies and Morgan, 2005). Later, a third type of external marketing capability has been added, i.e., distribution competence, which contains the firm's ability to find and choose appropriate representatives and to develop the distribution channel (Vorhies and Morgan 2005). Internal marketing capability includes strategic, interfunctional marketing capability, and operative management-related marketing capability (Day, 1994). Operational competence includes skills and knowledge related to specific business areas, such as project management and sales promotion.

For the purposes of this research it is obvious that a lot has been done by the national government and poverty alleviation programs to use SME to decrease the poverty. Indeed, a percentage of the Nigerian population/businesses have benefitted from these programs. This is corroborated by Kpakol (2008) when he noticed that most of the time the market is not there and there are no conscious efforts to develop it. Marketing, as summarized by Kotler (2006) and American Marketing Association is the encapsulation of consumers' desires into a product/service for exchange with the customers for a profit to the enterprise and a means of satisfaction to the customers.

Barney (1991), Best (2005), and Prahalad and Ramaswamy (2004) further suggest two classifications of marketing resource:

- Market-based resources: Those resources that can be immediately deployed in the marketplace to directly create or maintain competitive advantage. Best (2005) identifies the ability to identify customer's wants and requirements together with capabilities to create and build appropriate relationships with those customers. A second set of market-based resources lies in the reputation and credibility of the firm among customers, suppliers and distributors—these constitute reputation assets. A third vital market-based resource is the ability to successfully innovate in the marketplace (Zhou, et al., 2001). The final set of market-based resources is found in the human resources of the organization. The employees of the firm are the conduit through which marketing strategies are implemented (Chimhanzi, 2004).
- Marketing support resources: These serve to support

marketing activities and hence contribute indirectly to competitive advantage. Martins and Terblanche (2003) identify the marketing culture of an enterprise and the capabilities of its managers to lead, manage, motivate, and coordinate activities as the two most important marketing support resources.

Davidson (1997) and Giovani (2005) suggest that core competencies as part of organizational capabilities represent the consolidation of firm-wide technologies and skills into a coherent thrust and that a core competency makes a business unique to the target market and also competitively superior. A core competency becomes the thrust of an enterprise relative to both the target market and the competition and is enabled by the underlying strengths of the enterprise in functional areas.

Harmsen and Bjarne (2004) and Meyer and Utterback (1993) assert that core competence must make a tangible and pronounced contribution to the perceived customer benefit of the end product and not be easy for competitors to imitate.

Day (1994) and Hooley, Greenley and Cadogan (2005), however, assert that marketing capabilities are those factors that specifically link the business to the consumer, such as high awareness, superior customer service ability, strong distribution capabilities or a large customer base. They suggest that marketing capabilities represent a significant factor in selecting the business focus or scope. Other examples of marketing capabilities include a highly regarded brand name, a large customer list, a strong relationship marketing program, a strong and responsive communication program, and excellent retention of customers. Klepper (2002) and Kotler (2004) believe that marketing capabilities must constitute a unique ability to provide access to target markets and the competition in order to arrest changes in the environment.

Judge and Elenkov (2005) see the organizational capacity for change as one of the marketing capabilities of an enterprise and they define it as a broad and dynamic one that allows the enterprise to adapt old capabilities to new threats and opportunities as well as to create new capabilities. The organizational capacity for change has also been described as the organization's collective readiness for change (Cunningham et al. 2002). It comprises the organizational infrastructure that can support or hinder change initiatives, and is related to an enterprise's ability to learn and innovate (Verona and Ravasi, 2003).

Usually in an SME, the manager, who is also the major employee of the business, is charged with the responsibility to create the marketing capability and sell the product/service. Greenberg and Mayer (1994) state two major attributes of such manager as

1. Ego Drive (or the ability to conquer): The need to see the customer as being there to help in making sales. The ego must be motivated by failure not to be sheltered by it.
2. Empathy: This is the ability to feel as the customer so as to sell to him a product or service. Having empathy does not necessarily mean being sympathetic. It is possible to know what the other fellow feels without agreeing with the feeling. SME operators cannot create and expand his market without the ineligible and irreplaceable ability to get a powerful feedback from his customer through empathy. Empathy enables the SME operator to sense and adjust to the customer's reaction.

Greenberg and Mayer (1994) talk about having the ability to maintain a synergistic effect of these attributes. It is true that government attacks poverty from two sources: through direct poverty alleviation programs and through the SMEs development programs. If indeed the resources released through these two avenues are creatively used in business, and required knowledge of encapsulation of the right desires of customers are the foundation of such businesses with the use of other marketing support resources and capabilities, then the majority of businesses would not have died before their fifth anniversary as stated by SMEDAN (2008) rather there would have been continuous expansion and industrialization. The person whose business has died adds to the general poverty level, he goes back to queue for more help instead of helping others.

There is a dynamic relationship between empathy and ego drive. It takes a combination of the two, each working to reinforce the other—each enabling the other to be fully utilized to make a successful businessperson.

Marketing resources of small and medium businesses start from the ability to identify needs of the customers. Empowerment to start a business is one thing, identifying needs within community before setting up a business is another. For SMEs to provide solution to poverty is to assume that such businesses create enhanced productive capacity of individuals which create wealth when an exchange is affected and which eventually solves the issue of poverty, thus serving as a poverty alleviation mechanism. This concept is depicted Figure 1.

Many researchers have looked at solving this problem through financial intervention; in turn, government has responded by establishing various financial supports from the standpoint of the SMEs as explained in the earlier sections. Surprisingly, few researchers have bothered to ask or investigate what happened to those who benefitted from these programs and if their businesses had performed well and sufficient enough to have a multiplier effect on the economy and their immediate environment. The only justification for our present state after implementation of all these govern-

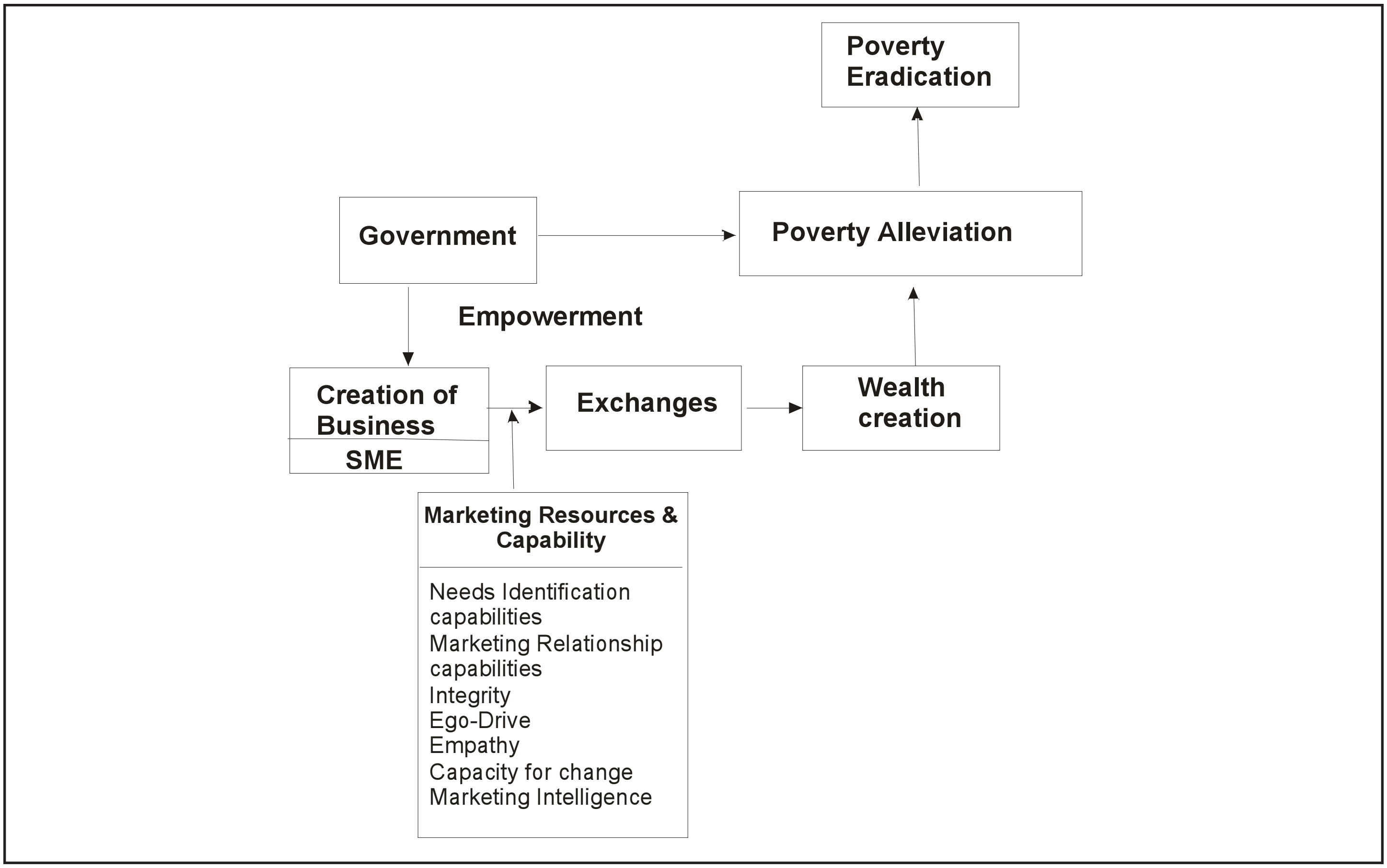

Figure 1. A conceptual model of marketing mediation of SMEs–poverty alleviation relationship

ment programs is that most of the businesses must have crashed out of existence as noted in the SMEDAN report of 2008. Ashibogwu (2008) noted that one of the reasons for this high failure is lack of market research to confirm demand and assess suitability of proposed offerings.

Conclusion

Hanan (1974) asserts that there is no substitute for marketing as the ultimate source of profitable growth. He concludes that market centering may be a business' most successful answer to the problem of how to become more profitable. No amount of money from the government can eradicate poverty without active participation of those concerned.

The need for those benefactors of SMEs and poverty alleviation programs to rightly encapsulate consumers' desires into product/service cannot be overemphasized because consumers do not reject what they need, it is like giving back to the customers/consumers what they asked for. Possessing other market-based resources like integrity, which helps in building reputation and credibility of the business, is equally important. Other characteristics of importance are personal development of the business owners in terms of acquisition of relevant and recent knowledge on how to continue to satisfy the customers, and possessing the capacity for change so as to continually adapt old capabilities to new threats and opportunities as well as to create new capabilities for performance that can create wealth and solve the poverty problem.

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About the Author

Olalekan Asikhia (asikola@yahoo.com) obtained a DBL in marketing from the University of South Africa at Pretoria. His research interests include strategic marketing, entrepreneurship, bank marketing, entertainment marketing, and integrated marketing communication. Dr. Asikhia has published in international peer-reviewed journals. He lectures at the Covenant University, Ota, Nigeria.