**GOVERNMENT POLICIES AS A TOOL FOR CREATING A BUSINESS ENVIRONMENT**

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**ABSTRACT**

This study was carried out on the government policies as a tool for creating a business environment with special reference to business owners in Ikeja local government area, Lagos State. Specifically, the study aims to find out whether policy exist in small and medium enterprises, examine and assess various policy traceable in the organization, identify whether a specific method of policy actually exist in small and medium enterprises, identify problems if any encountered in regulating the organization and find out the consequences of policies in small and medium enterprises (activities). The study employed the survey descriptive research design. A total of 77 responses were validated from the survey. From the responses obtained and analyzed, the findings revealed that policy exist in small and medium enterprises. The study also revealed the various policy traceable in the organization are equal opportunity policy, workplace health and safety, employee code of conduct policy and employee complaint policies. The study further revealed that there is a specific method of policy actually exist in small and medium enterprises. More so, the study revealed the problems encountered in regulating the organization are stifle innovation, undermine sustainable development, agility and change management and compliance risk. Finally, the study revealed the consequences of policy in small and medium enterprises is altering the customers proposed expenditure, increased taxes lower consumers' disposable income available for spending, facilitates changes in the market environment and stifles growth of SMEs. The study thereby recommend that Nigerian government should enact and implement laws, regulations and policies that will link institutional development to entrepreneurial growth and survival. Furthermore, the Nigerian government should create a business environment that is highly conducive to owners of SMEs. Such approach will help to boost their rate of survival.

****CHAPTER ONE****

****INTRODUCTION****

****1.1    BACKGROUND OF THE STUDY****

In a country with mixed economy like Nigeria, the government and the individual are managing the economy together. This means that people, groups and the three levels of government are free to start businesses. The three lowest levels of government include the local government, the state and the federal government, respectively. In the modern world, mixed economy appears as the most widespread economic system, but what makes the difference is the degree of mixing. As a result, the government has important roles to play in this type of economy. Given the importance of government commercial regulation in the country, its regulatory power over commercial activities was defined in Article 16 (1) and (s) of the Federal Constitution of 1979. 1984 also, the first was modified by the government Federal military of the time. This amendment was also included in sections 16 (1) and (3) of the 1999 Constitution of the Federal Republic of Nigeria. And both constitutions have specified the following with respect to our national economic activities. Section 16 (1) states that the state must, within the framework of the ideal and the objectives of this Constitution, control the national economy to ensure maximum welfare, freedom and freedom. Energy citizen on the basis of social justice and fairness of status and opportunity. Without prejudice to their right to operate or participate in areas of the economy that are not the main sectors of the economy.

Subsection 4 of Section 16 defines the main section as activities directly related to the production, distribution and exchange of wealth or goods and services. These main sectors of the economy will be declared periodically by a resolution of each Chamber of the National Assembly administered and administered exclusively by the Government of the Federation. Without prejudices to its right to operate or participate in areas of the economy, to manage and operate the major section of the economy. Moreover, according to section 16 (3); a body shall be set up by an act of the National Assembly which shall have power to review from time to time the ownership and control of business enterprise operating in Nigeria and make recommendation it some and to administer any law for the regulation of the ownership and control of such enterprise.

Therefore, it is clear that the role of government is to protect and represent the interest of the society and the citizenry in which business operates.  It can be further said that government through policies protects consumers from abuse, they ensure efficiency in the use of resources and promote equitable distribution of income.

Government policies are the most dynamic of all government influence on business in Nigeria.  This is due to instability in Government of Nigeria and has contributed to massive change in policies affecting the operation of business.

These policies may include monetary or fiscal policies.  Fiscal policies which is a macro-economic tool that involves the use of government spending and taxes (T) in guiding the nation’s economy to achieve pre-determined economic good.  Monetary policy on the other hand is the regulation of money and the terms and availability of credit.  Government can regulation of business activities. Conclusively, government can use other means such as import duties and tariffs to regulates business in Nigeria, in order to protect domestic industries and producers against foreign competition. This study is therefore carried out to examine government policies as a tool for creating a business environment.

****1.2 STATEMENT OF PROBLEMS****

The influence of government on business can take so many forms.  The study aims to look at the regulation or government regulation towards Small and medium businesses and also suggest how to increase the organization’s efficiency through the regulation. Government has realized that political independence without economic independence is meaningless.

The research on government regulation with particular reference to Small and medium businesses has raised some questions among experts and professionals, which this study has attempted to address.  These include;

a.   Can government regulation in organization be minimized and for untimely eliminated?

b.     Can organization exist without regulation?

c.      Is regulation beneficial or detrimental to organizational goal?

d.      How can organization efficiency be increased by regulation?

****1.3 OBJECTIVES OF THE STUDY****

The main objective of this study is to asses government policies as a tool for creating business environment. The following are the specific objectives of the study:

1.   To find out whether policy exist in small and medium enterprises

2.   To examine and assess various policy traceable in the organization.

3.   To identify whether a specific method of policy actually exist in small and medium enterprises.

4.  To identify problems if any encountered in regulating the organization.

5. To find out the consequences of policies in small and medium enterprises (activities).

****1.4       RESEARCH QUESTION****

1.      Does policy exist in small and medium enterprises?

2.      What are the various policy traceable in the organization?

3.     Does a specific method of policy actually exist in small and medium enterprises?

4.     What are the problems encountered in regulating the organization.

5.   What are the consequences of policy in small and medium enterprises (activities).

****1.5 SIGNIFICANCE OF THE STUDY****

Business had been criticized seriously due to discriminatory rates and policies. The economic power had been in the hands of all kind of processing and manufacturing industries through trusts and corporate merger. Meanwhile, due to this government in order to rescue the economy has come up with so many regulatory measures which are beneficial to the following people;

a.           Employers

b.           Employees

c.           Consumers etc.

In fact it is because of these, it becomes necessary to study the effect of government policy on management of different businesses in Nigeria.

****1.6 SCOPE OF THE STUDY****

The study of this topic government policies as a tool for creating a business environment is supposed to include many kinds of business sector both private and public sector.  In order to manage the topic and carryout the study effectively and effectively the researcher deemed it fit to restrict the topic to the effects of government policy on business and it affects organizations.

Although, reference will be made on a general basis because of the diverse native of business.

****1.7       DEFINITION OF TERMS****

The following terms or words used in this study will be defined:

****Business:****This simply means an economic activity undertaken to produce goods and or services.

****Mixed Economy:****It is a system of economy in which both private individuals and government jointly run the economic activities of the country.

****Fiscal Policy:****It is a tool or measure which the government used in regulating the economy through taxes and government spending.

****Monetary Politic:****This is another measure used by the government in order to control the supply of money and the terms and availability of credit in the nation.

****Government:****It is an agency designed to administer the affairs of a state or nation.

****Policy:****This is the system which government in controlling the economic activities of the nation.

**CHAPTER TWO**

**REVIEW OF LITERATURE**

**INTRODUCTION**

Our focus in this chapter is to critically examine relevant literature that would assist in explaining the research problem and furthermore recognize the efforts of scholars who had previously contributed immensely to similar research. The chapter intends to deepen the understanding of the study and close the perceived gaps.

Precisely, the chapter will be considered in three sub-headings:

* Conceptual Framework
* Theoretical Framework

**2.1 CONCEPTUAL FRAMEWORK**

**Government Policies**

Writing on the origin of policies, Micheal and Jones (1973) identified government as one of the major sources of policy – formulation saying that: “ Policies may originate in response to problem encountered in organizational operation or both with respect to various interest groups associated with the firm sometimes referred to as the” claimants on the operation”. Continuing, Micheal and Jones (1973) stated “That government at various levels is an important claimant of, anti-trust and labour laws, product labeling requirements, taxation and various other kinds of government regulations and control”. Ibekwe (1984) stressing the importance of policy making at government level writes “the objectives of policies of a country as often stated are increase of output, reduction of inflation, reduction of employment, diminution of economy inequality and trade balance creation”. Ahiazu and Nwokoye (1984) stated that business legislation (policies) made by government are aimed at including acceptable behaviour from individuals, groups and corporate entities in a civilized society and at imposing sanctions on deviant behaviour s. Business legislation has a wide range of objective including:

1. Furthering national economic goals such as curbing inflation, stimulating the economy or conserving foreign exchange.
2. Enhancing competition among business entities by prohibiting monopolistic tendencies and unfair method of competition by firms.
3. Ensuring that contracts are entered into and executed with justice done to the parties to the contracts.

To ensure feasibility and implementation of set objectives, government make sure policies are on fiscal, monetary, agricultural and rural development, industrial etc. The1989 Central Bank of Nigeria Annual statement of accounts gave an insight into the contexts of some of there policies i.e. that the aim of fiscal policies can be classified into three groups.

1. Those aimed at increasing revenue.
2. Those designed to guarantee effective protection to domestic industries.
3. Those directed towards the promotion of research and development. Example of fiscal policies are exercise duty, sales tax, import duties and withholding tax. The monetary policies are designed to influence and control the level of money, relatively to the level of prices, savings and investments such as interest rates, are normally used in monitoring and controlling money policies on the other hand, these policies made by government have multifarious objectives or targets. For example, fiscal policy targets are:
4. To provide suitable price incentive for agricultural and industry.

(2) To encourage or stimulate the expansion of agriculture and industry.

(3) To encourage and direct investment into priority area as well as promotion of experts disposed of industries, development and use of local imputes.

**Policy And Its Functions**

A policy is a guide for making administrative decision, (Kator, 2008). Much earlier, Griftin and Elbert (1999) has defined policy as an organizations manner of doing business and directing management actions. Essentially, a policy is an internal administrative law governing effective actions within the organization. Since policy is a guide to action for the total organization, it follows that its formulation, implementation and decision implications will tend to affect the total organization. Internally and its external environment, this is because every organization is a system made up of various subsystems made up of various unit or sections. Each sub-system must of necessity be in harmony with the others and with the total system to avoid friction and to prevent operational managers from working at cost purposes. Amongst others, the major functions of policy include;

1. It classifies management viewpoint with and philosophies within designated areas of operation.
2. It provides a pattern within which delegations of authority may be expedited and controlled.
3. It establishes latitude and guide with which authorized persons may make administrative decisions and effect action.
4. It anticipated future conditions and situations and resolves how they will be dealt with.
5. It fosters a feeling of confidence in making administrative decision.

From the foregoing, government policies are those points of views and established manner by which government carry out its business and direct managerial actions to the good governance and well being of the state. Policies that are formulated by government have a tremendous influence. Government policies attest issues like the rate of inflation the quality and the rate of infrastructural development, the level of peace and security, the rate of human capital development amongst others. One major bone to the positive influence of government policies, according to Ogunbor (2003), is the mode of policy implemented, when policies are not appropriately implemented, no matter how good the formulation, they tend to have no positive effect on the society. This inordinate implementation, used to measure the growth of progress of a business enterprise is the rate of expansion of the organization. Expansion can be seen in terms of development and increase in personnel, capital case, assets, and establishment of other branches of outlets (Osuala, 1995). Government policies have far-reaching effect, on the growth of business. This is because the policies formulated and implemented by government affect every aspect of the operating costs and effectiveness of the businesses. Some of these policies and how they affect businesses will be highlighted in the following subheadings:

* **Government Policy on Taxing:**

Cost of product has a tremendous effect on the growth of business. Lower costs encourage growth while higher operating costs constitute impediment to growth and expansion. The operation of a business is not cost effective when the business is not making enough profit in relation to money spent. This tetrads business growth and may result in output collapse. (Manser and Schwartz, 1982). The National Bureau of Economic Research (2000) says plainly that when an organization’s marginal tax rates goes up; the rate of growth of its business enterprise goes down. Ur lower taxes increase a business cash flow which helps with liquidity constraints during economic slowdown and could increase the demand for investment and labour. Usman (2000) claimed that the Nigerian government has evolved some fiscal policy measures and incentive designed to offer support for the growth and development of business.

* **Government Policy on Infrastructural Development**

Creating an enabling operating environment according to Muomah (2003) is also a factor that would reduce operating costs and accelerate the growth of business. Enabling environment includes the provision of basic infrastructures such as uninterrupted power supply, goods roads and other basic amenities.Adebowale (2004) stated that infrastructures is the bone of industry in Nigeria environment is harsh and has not significantly encouraged the emergence of new businesses as well as the survival and growth of existing ones. Nwankwo (2003) observed that most businesses have to strive to provide most of the facilities for themselves. Facilities like water, electricity and roads are provided by these companies who had it difficult to grow and expand. Adequate and better managed infrastructure will eliminate the problem or constant disruption in production activities resulting in increasing output and lower cost. The improvement in telecommunication brought about lay the global system on mobile (GSM) revolutions, impacts positively on the operations of businesses and reduces communication cost (Bala, 2000).

* **Government Policy on Inflation Matters.**

In the recent years inflation has been a particularly serious problem for businesses because it tends to compound all of the other operational problems. For example, inflation boost cost of the small retailers inventory, as well as all operation cost and pushing up capital requirements. Many businesses find it difficulties to cope with high level of inflation for extended periods. Ohuabunwa (1998) stated the evidence abound that the naira does not change in value with the passing of time but in its producing power which has been so drastically weakened by inflation that survival and growth of businesses is hard to achieve. Ajibade (2000) asserts that this has been unstable and inadequate government policies concerning industrial activities in Nigeria encourage inflation. These policies which are already in place should be aborted and reformatted.

* **Government Policy on Safety and Security**

Security and economic investment are inseparable twins. It takes safe and well-secured environment to guarantee business growth. In a study carried out by the World Bank (1997) cam and theft were listed as serious problems that subsequently increased the cost of doing business in many developing countries including Nigeria. Almost 80 percent of the entrepreneurs reported a lack of confidence that the authorities would protect their person and properly from criminals or crime. Over 70 percent said that judicial unpredictability and corruption were major problems in their business operations. Crime control and prevention cost business organizations a lot of money. Many thieves make a good living stealing from the business that employ them but burglary constitute the robbery account for only a small position of business loses. It is pertinent to note that crime prevention should constitute a major policy of government in order to create a conducive environment for business. For example, the provision of streetlight as part of government policy on security by the Delta State government has enormously helped to protect businesses at night from thieves had previously taken advantage of darkness of perpetuate crime.

* **Government Policy on Human Capital Development**

For effective and economic planning and regulation, as well as the execution of operations of enterprise, efficient workforce is involved in judgment and decisions in determining plan and in using data to control performance and progress against plan; the personnel (labour) is involved in carrying out the operations of the enterprise (Breach, 1997). However, for human capital to spawn an appreciate impact on development, a nation needs to have a minimum critical mass of at least seventy percent of more literate and healthy population. If the people are literate and healthy, at least with basic education, it opened up the minds of the masses, the more enlightened workers and perhaps, institutes some element of discipline in them. In Nigeria, human capital development is largely hinged on the policies formulated by the government. For sustainable development of human capital, the government has to focus on the health and the educational sector, (Ajibade, 2000). Health care facilities have to be established and functional to keep the work force in perpetual good health condition. The establishment and proper use of educational facilities and skill acquisition centers should also be ranked high in government programmes. Where policies do not encourage the establishment and functionality of these facilities, human capital development cannot be adequately guaranteed and this can have a far reaching effect on the growth of businesses.

**Business Environment**

The term enterprise refers to any social activity whose primary goal is to offer services or produce goods within the framework of a community or society. The exact type of business that takes place in a given society is largely determined by the attitudes, needs and beliefs of members of such community. In real life scenario, the society makes demand on the business and vice versa. The term business environment refers to the interrelationship that exists between the community and the business establishments that operate within the community. Nevertheless, it is imperative to note that the support and specific business environment varies from one geographical location to another. So while some business environments may be hostile, others can be very favourable for the growth of business. The conceptual meaning of the term business environment is quite complex. Thus, business environment ought to be dynamic, so that it can be compatible with the independent actions of all organizations and institutions as well as individuals that have both direct and indirect effects on business operations (Olson 1987). Furthermore, Olson (1987) identified the various stakeholders that are involved directly or indirectly in the country’s business environment as follows:

*  The Individuals, which include customers that are in needs of the services or goods offer by a business organizations; employees that provides the necessary entrepreneurial skills required for the provision of services and production of the goods. 
* The business establishments, which are primarily responsible for supply of services and input necessary for production, distributions and subsequent retailing of the goods and services. Most time, these stakeholders also act as competitors in the market. 
* The state, which includes regulators of the economy, employers, producers and consumers of services and goods etc.

In his study, Aluko (1983) identified two broad categories of business environment. These are internal business environment and external business environment. According to him, the internal business environment comprises of technologies and tools that are used by organization for normal business operations. Examples of components of the internal environment include control procedures, administrative procedures, production system, products, service, marketing procedures and the market itself. On the other hand, Aluko (1983) listed some components of external business as follows: government regulatory system, ethical system, technological system, social system, economic system, legal system, political system, customers and competitors in the same business environment. But most importantly, Aluko (1983) pointed out that the business is strongly related to its environment. In other words, the two are somewhat interdependent. As a developing country, Nigerian business environment is constantly changing. Such change, whether negative or positive, can either offer more opportunities or generate more threats for the existing businesses. This partly explains why the decision taken by many business organizations are greatly influenced by various elements of external and internal business environment. It also explains the interdependence between business and its environment. Ajayi and Adebisi (2006) observed that this interdependence is essential for adequate understanding of how business functions as well as how policies are being formulated. Base on the above assertion, Isimoya (2005) affirms that the business operations involved two basic institutions namely: the market environment and the company. In this case, the company is mainly responsible for dispatching services, goods and information (communication) to the market. In return, the market generates feedback and sales (money) for the company. In his study, Obikoya (1995) pointed out that the existence of other elements, which are very much capable of influencing the company and market. According to him, such elements are the primary determinants of the exact services which the company has to offer in the market, and ultimately attain success. He identified competitive environment, which consists of intermediaries and industry, as the first of such element. For example, the company’s level of success in its normal business operation is primarily determined by the materials, capital, efficiency of suppliers/distributors and competitiveness for labour in the industry. Obikoya (1995) also pointed out that the second levels of environmental elements are found mainly in the micro-environments. In this context, macro-environments simply refer to independent institutions that can enhance the operations of a business organization. Typical examples include market intermediaries, insurance firms, financial institutions, members of the public. The last and most general level of environmental forces identified by Obikoya (1995) is the macroenvironment. The various elements of the business environment can have considerable effect on the firm’s performances, conduct and structure. In fact, it is practically impossible for any business to operate effectively without them. This is one of the major reasons why it is very essential for every business to establish operational structures that will enable them adapt to any changes in the market. The success of any business organization depends largely on the extent, to which it is fine-tuned to its environment. The term innovative is generally used to describe any firm that take advantage of the opportunities that comes with change, and overcome any threats that come with such change. Thus, a business can only be prosperous, if it is innovative and adaptive. This is illustrated by Amuda (2006), as he strived to revealed the inter-dependence between the company and its environment, and went further to explain the open system concept.

**The Effects Of Government Policy On Performance Of Business Organizations**

In every country, the existing governmental policies have the potential to affect the operation as well as performance of every business. Such impacts can be explained from the technical point of view. Base on this perspective, the specific governmental policies that can have direct or indirect effects on businesses include taxation, subsidies, interest rates and exchange rates. The government taxation policy has been widely recognized as one factor that can affect the performance of every business. For instance, the imposition of high taxes on specific imported products will ultimately encourage local businesses to produce more of such goods. But if the taxation on raw materials required for local production is high, then the local entrepreneurs may be discourage to commence or continue production. Any increase on corporation tax will have the same impact as rising production cost. In order to cover such costs, business owners may be forced to increase the price of their finished products. Other taxes that can have the same effects include: value added tax (VAT) and environmental taxes. Even though VATs are specifically for the final consumers, the business may incur considerable costs when administering the VAT system. The government’s financial policy and banks’ interest rates can also have considerable effects on economy as well as the business environment (Okojie, 2013). For instance, if the bank’s lending rate is high, then businesses will be discouraged to borrow from the financial institution. Unfortunately, such trend will result to a considerable fall in the rate of investments, as companies will not have enough money for more investments. It is important to note that the government is primarily responsible for the creation of frameworks and rules that guide business operations in the country. Such rules are not always constant, and may change from time to time, thereby forcing entrepreneurs to change how they operate their businesses. Thus, government policy can have huge effects on the operations as well as performance of business establishments In every country, the government’s contribution to the nation’s economy remains the most essential aspect of its economic policy. After the Second World War, several governments of the world became increasingly involved in the economy, through the establishment of state run industries. Many of these industries exist in form of public corporations. But the 1999 saw an era of massive privatization, as many private investors took over the government owned corporations. Nigeria is not left out in this trend. However, these private acquisitions make the business environment to become even more competitive (Okojie, 2013). The interest rate is another prominent aspect of economic policy that depends largely on the government’s specifications (Ocampo and Vos, 2008). In Nigeria, this responsibility is overseen by the Monetary Policy Committee, which has monthly meeting with the primary objective of determining the exact level of interest to adopt in the country’s economy. Unarguably, whatever decision they take will be felt instantly by entrepreneurs that operate in the country. For example, any increment of interest rates will result to a complementary rise in the costs of doing business. It can also have considerable negative impacts on the consumers’ purchasing power, thereby triggering massive fall in the volume of business sales. The government’s spending policy is another factor that can have significant impact on business operations (Wallace, 2000). Generally, increased governmental spending on a specific sector will ultimately trigger more business activities in such sector, as enterprises that supply inputs in such sector will experience a substantial increase in their income. Furthermore, the provision of subsidies for some business activity can also trigger more economic activity in a given sector. Typical examples include introduction of tax holiday, provision of petroleum subsidy, removal of excise duties etc. A number of authors have conducted empirical studies on the impact of inflation (government’s monetary policy) on business performance. In one of such studies, Spyros (2001) carried out an investigation on the exact effects of government’s monetary policy on volume of profits generated in Greece stocks. The study, which involved the use of VAR model, revealed no considerable relationship between inflation and returns on stock. In another similar study, Floros (2004) carried out a study aimed at establishing how returns on assets are influenced by inflation. Like in the previous case, the author observed no significant relationship between the two variables of study. These studies suggest that the government’s monetary policies may not actual have significant impact on the business performance A number of studies have also been conducted on fiscal policy. In one of such researches, Unegbu and Irefin (2011) investigated the effects of value added tax (VAT) on economic and human developments. The study, which is based on relevant data between 2001 and 2009, was carried out strictly in Adamawa state, Nigeria. The result indicated that up to 91.2% of the variations in the expenditure pattern of the state was attributable to VAT allocations. In another study, Symons, Howlett, and Alcantara (2011) investigated the effect of VAT compliance on business system. The authors used the 2008 tax information from 183 economies for this study. The findings identified three indicators that could be used as measures of compliance as follows collection rate, compliance burden and cost of taxes. According to the results of this study, companies tend to comply more with VAT than corporate income tax. The research also revealed that the discrepancies in the exact amount generated by each country from VAT depend largely on specific administration approach employed by each of the country. The impacts of VAT on Nigerian economy were also studied by Umeora (2013). In this case, the results showed that VAT correlate positively with the Nigerian economy, but have negative effects on businesses that operate in Nigeria.

**2.2 THEORETICAL FRAMEWORK**

**Practical theory**

Practical theories are discursive approaches to entrepreneurial learning, which are typically derived from the actual experience and story of entrepreneurs. Practical theory is “tacit, intuitive, implicit and situated resource of practice”. Unlike other abstract, explicit and generalized theories, practical theories are very easy to prove and verified”(Rae, 2003). Base on these postulations, Rae (2003) defined practical theory as a living body of learning that originated from the tacit and intuitive resource of practice, but used in combination of combined thinking and acting in personal praxis. But for Olugbenga (2012), practical theory are mere analytic tools that enable people to observe and understand the relationship between several aspect of their lives, and consequently take account of their respective actions. Some practical theories are offshoot of social constructionism, which is framework that allows entrepreneurs to establish relationship between general abstract principles and “what we do” concept. The fact that majority of SMES are entrepreneurship based, makes this theory highly relevant for this academic study. Furthermore, Rae (2003) notes that practice based theory influence important features like problem solving skills, decision-making skill, routing of managing relationship with others and dealing with recurrent situations. Coincidentally, these characteristics are inherent traits of very successful entrepreneurs.

**Dependency Theory**

This theory originated as a refutation to the Western Filter Model of development - a school of thought which argues that the backwardness of Africa is as a result of its traditional pattern of life and activity. The dependency theory which is based on the Marxian principles, postulates that low level of development in poor countries is actually in a dialectical relationship development of developed countries. The dependency theory blamed imperialism as the major factor responsible for the underdevelopment of African nations. Of course, this postulation is clearly in line with the current situation confronting Africa, which it illustrates as the macrocosm, while that of Nigeria is microcosm. Despite critics opinion that the African problems should be attributed to bad and corrupt leadership, the theory maintained the political and economic dependence of African nations on the developed world, remains the main factor that promote underdevelopment in the region. Thus, to solve the issues confronting Nigeria and other Africa countries, it is very important to minimize these regions’ dependence on developed countries. According to Olugbenga, (2012) this economic independence should be the most main target of Africa. He says; "what needs to be created is an integrated African economy oriented not to the needs of the west, but to the needs of Africa as defined politically by the African people. Anything short of that will prove incompatible with our aspirations for political and cultural autonomy." This should also reflect in Nigeria economy, where the private sector needs to be absolutely free from the government’s control. However, it is still important for the government to retain its intervention in the areas of policies and funding.

**CHAPTER THREE**

**RESEARCH METHODOLOGY**

**3.1 INTRODUCTION**

 In this chapter, we described the research procedure for this study. A research methodology is a research process adopted or employed to systematically and scientifically present the results of a study to the research audience viz. a vis, the study beneficiaries.

**3.2 RESEARCH DESIGN**

Research designs are perceived to be an overall strategy adopted by the researcher whereby different components of the study are integrated in a logical manner to effectively address a research problem. In this study, the researcher employed the survey research design. This is due to the nature of the study whereby the opinion and views of people are sampled. According to Singleton & Straits, (2009), Survey research can use quantitative research strategies (e.g., using questionnaires with numerically rated items), qualitative research strategies (e.g., using open-ended questions), or both strategies (i.e., mixed methods). As it is often used to describe and explore human behaviour, surveys are therefore frequently used in social and psychological research.

**3.3 POPULATION OF THE STUDY**

 According to Udoyen (2019), a study population is a group of elements or individuals as the case may be, who share similar characteristics. These similar features can include location, gender, age, sex or specific interest. The emphasis on study population is that it constitute of individuals or elements that are homogeneous in description.

This study was carried out to examine government policies as a tool for creating a business environment, using selected businesses in Ikeja local government area, Lagos State. Business owners form the population of the study.

**3.4 SAMPLE SIZE DETERMINATION**

A study sample is simply a systematic selected part of a population that infers its result on the population. In essence, it is that part of a whole that represents the whole and its members share characteristics in like similitude (Udoyen, 2019). In this study, the researcher adopted the convenient sampling method to determine the sample size.

**3.5 SAMPLE SIZE SELECTION TECHNIQUE AND PROCEDURE**

According to Nwana (2005), sampling techniques are procedures adopted to systematically select the chosen sample in a specified away under controls. This research work adopted the convenience sampling technique in selecting the respondents from the total population.

In this study, the researcher adopted the convenient sampling method to determine the sample size. Out of all the entire population of business owners, the researcher conveniently selected 80 out of the overall population as the sample size for this study. According to Torty (2021), a sample of convenience is the terminology used to describe a sample in which elements have been selected from the target population on the basis of their accessibility or convenience to the researcher.

**3.6 RESEARCH INSTRUMENT AND ADMINISTRATION**

The research instrument used in this study is the questionnaire. A survey containing series of questions were administered to the enrolled participants. The questionnaire was divided into two sections, the first section enquired about the responses demographic or personal data while the second sections were in line with the study objectives, aimed at providing answers to the research questions. Participants were required to respond by placing a tick at the appropriate column. The questionnaire was personally administered by the researcher.

**3.7 METHOD OF DATA COLLECTION**

Two methods of data collection which are primary source and secondary source were used to collect data. The primary sources was the use of questionnaires, while the secondary sources include textbooks, internet, journals, published and unpublished articles and government publications.

**3.8 METHOD OF DATA ANALYSIS**

The responses were analyzed using the simple percentage and frequency tables, which provided answers to the research questions.

**3.9 VALIDITY OF THE STUDY**

Validity referred here is the degree or extent to which an instrument actually measures what is intended to measure. An instrument is valid to the extent that is tailored to achieve the research objectives. The researcher constructed the questionnaire for the study and submitted to the project supervisor who used his intellectual knowledge to critically, analytically and logically examine the instruments relevance of the contents and statements and then made the instrument valid for the study.

**3.10 RELIABILITY OF THE STUDY**

The reliability of the research instrument was determined. The Pearson Correlation Coefficient was used to determine the reliability of the instrument. A co-efficient value of 0.68 indicated that the research instrument was relatively reliable. According to (Taber, 2017) the range of a reasonable reliability is between 0.67 and 0.87.

**3.11 ETHICAL CONSIDERATION**

he study was approved by the Project Committee of the Department. Informed consent was obtained from all study participants before they were enrolled in the study. Permission was sought from the relevant authorities to carry out the study. Date to visit the place of study for questionnaire distribution was put in place in advance.

**CHAPTER FOUR**

**DATA PRESENTATION AND ANALYSIS**

**INTRODUCTION**

This chapter presents the analysis of data derived through the questionnaire and key informant interview administered on the respondents in the study area. The analysis and interpretation were derived from the findings of the study. The data analysis depicts the simple frequency and percentage of the respondents as well as interpretation of the information gathered. A total of eighty (80) questionnaires were administered to respondents of which only seventy-seven (77) were returned and validated. This was due to irregular, incomplete and inappropriate responses to some questionnaire. For this study a total of 77 was validated for the analysis.

**4.1 DATA PRESENTATION**

**Table 4.1: Demographic profile of the respondents**

|  |  |  |
| --- | --- | --- |
| **Demographic information** | **Frequency** | **percent** |
| **Gender**Male |  |  |
| 42 | 54.54% |
| Female | 35 | 45.45% |
| **Age** |  |  |
| 25-30 | 25 | 32.5% |
| 30-35 | 30 | 38.96% |
| 35-40 | 10 | 12.98% |
| 40+ | 12 | 15.58% |
| **Marital status** |  |  |
| Single  | 25 | 32.46% |
| Married | 45 | 58.44% |
| Separated | 7 | 9.09% |
| Widowed | 0 | 0% |
| **Educational level** |  |  |
| WAEC | 0 | 0% |
| BS.c | 45 | 58.44% |
| MS.c | 32 | 41.55% |
| PH.d | 0 | 0% |

**Source: Field Survey, 2022**

**4.2 DESCRIPTIVE ANALYSIS**

**Question 1:**    Does policy exist in small and medium enterprises?

**Table 4.2: respondent on question 1**

|  |  |  |
| --- | --- | --- |
| **Options** | **Frequency** | **Percentage** |
| Yes  | 45 | 58.44 |
| No  | 12 | 15.58 |
| Undecided | 20 | 25.97 |
| **Total** | **77** | **100** |

**Field Survey, 2022**

From the responses obtained as expressed in the table above, 58.44% of the respondents said yes, 15.58% said no. While 25.97% of the respondent were undecided .

**Question 2: What are the various policy traceable in the organization?**

**Table 4.3:** Respondent on question 2

|  |  |  |  |
| --- | --- | --- | --- |
| **Options** | **Yes** | **No** | **Total %** |
| Equal opportunity policy | 77(100%) | 00 | 77(100%) |
| Workplace health and safety | 77(100%) | 00 | 77(100%) |
| Employee code of conduct policy | 77(100%) | 00 | 77(100%) |
| Employee complaint policies | 77(100%) | 00 | 77(100%) |

**Field Survey, 2022**

From the responses obtained as expressed in the table above, all the respondents constituting 100% said yes in all the options provided. There was no record of no.

**Question 3:**   Does a specific method of policy actually exist in small and medium enterprises?

**Table 4.4: respondent on question 4**

|  |  |  |
| --- | --- | --- |
| **Options** | **Frequency** | **Percentage** |
| Yes  | 45 | 58.44 |
| No  | 12 | 15.58 |
| Undecided | 20 | 25.97 |
| **Total** | **77** | **100** |

**Field Survey, 2022**

From the responses obtained as expressed in the table above, 58.44% of the respondents said yes, 15.58% said no. While 25.97% of the respondent were undecided .

**Question 4:   What are the problems encountered in regulating the organization?**

**Table 4.5:** Respondent on question 4

|  |  |  |  |
| --- | --- | --- | --- |
| **Options** | **Yes** | **No** | **Total %** |
| stifle innovation | 77(100%) | 00 | 77(100%) |
| undermine sustainable development | 77(100%) | 00 | 77(100%) |
| Agility and Change Management | 77(100%) | 00 | 77(100%) |
| Compliance risk | 77(100%) | 00 | 77(100%) |

**Field Survey, 2022**

From the responses obtained as expressed in the table above, all the respondents constituting 100% said yes in all the options provided. There was no record of no.

**Question 5:  What are the consequences of policy in small and medium enterprises (activities)?**

**Table 4.6:** Respondent on question 5

|  |  |  |  |
| --- | --- | --- | --- |
| **Options** | **Yes** | **No** | **Total %** |
| altering the customers proposed expenditure | 77(100%) | 00 | 77(100%) |
| Increased taxes lower consumers' disposable income available for spending | 77(100%) | 00 | 77(100%) |
| Facilitates Changes in the Market Environment | 77(100%) | 00 | 77(100%) |
| Stifles Growth of SMEs | 77(100%) | 00 | 77(100%) |

**Field Survey, 2022**

From the responses obtained as expressed in the table above, all the respondents constituting 100% said yes in all the options provided. There was no record of no.

**CHAPTER FIVE**

**SUMMARY, CONCLUSION AND RECOMMENDATION**

**5.1 SUMMARY**

In this study, our focus was on the government policies as a tool for creating a business environment using selected businesses n Ikeja local government area, Lagos State as a case study**.** The study specifically was aimed at highlighting whether policy exist in small and medium enterprises, examine and assess various policy traceable in the organization, identify whether a specific method of policy actually exist in small and medium enterprises, identify problems if any encountered in regulating the organization and find out the consequences of policies in small and medium enterprises (activities). A total of 77 responses were validated from the enrolled participants where all respondent are drawn from business owners in Ikeja LGA.

**5.2 CONCLUSION**

Based on the finding of this study, the following conclusions were made:

1. Policy exist in small and medium enterprises.
2. The various policy traceable in the organization are equal opportunity policy, workplace health and safety, employee code of conduct policy and employee complaint policies.
3. A specific method of policy actually exist in small and medium enterprises
4. The problems encountered in regulating the organization are stifle innovation, undermine sustainable development, agility and change management and compliance risk.
5. The consequences of policy in small and medium enterprises is altering the customers proposed expenditure, increased taxes lower consumers' disposable income available for spending, facilitates changes in the market environment and stifles growth of SMEs.

**5.3 RECOMMENDATION**

Based on the responses obtained, the researcher proffers the following recommendations:

1. It is recommendable for Nigerian government to enact and implement laws, regulations and policies that will link institutional development to entrepreneurial growth and survival.
2. Furthermore, The Nigerian government should also create a business environment that is highly conducive to owners of SMEs. Such approach will help to boost their rate of survival.
3. Thirdly, the various s levels of government in the country should embark on the massive infrastructural development. Such projects should concentrate on power generation, power distribution, security and good transport network. All these strategies will help to enhance the economic development of Nigeria.

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**APPENDIXE**

**QUESTIONNAIRE**

**PLEASE TICK [√] YOUR MOST PREFERRED CHOICE(S) ON A QUESTION.**

**SECTION A**

**PERSONAL INFORMATION**

Gender

Male ( )

Female ( )

Age

25-30( )

30-35( )

35-40( )

40+ ( )

Education Level

WAEC ( )

BS.c ( )

MS.c ( )

PH.d ( )

**SECTION B**

**Question 1:**    Does policy exist in small and medium enterprises?

|  |  |
| --- | --- |
| **Options** | **Please tick** |
| Yes  |  |
| No  |  |
| Undecided |  |

**Question 2: What are the various policy traceable in the organization?**

|  |  |  |
| --- | --- | --- |
| **Options** | **Yes** | **No** |
| Equal opportunity policy |  |  |
| Workplace health and safety |  |  |
| Employee code of conduct policy |  |  |
| Employee complaint policies |  |  |

**Question 3:**   Does a specific method of policy actually exist in small and medium enterprises?

|  |  |
| --- | --- |
| **Options** | **Please tick** |
| Yes  |  |
| No  |  |
| Undecided |  |

**Question 4:   What are the problems encountered in regulating the organization?**

|  |  |  |
| --- | --- | --- |
| **Options** | **Yes** | **No** |
| stifle innovation |  |  |
| undermine sustainable development |  |  |
| Agility and Change Management |  |  |
| Compliance risk |  |  |

**Question 5:  What are the consequences of policy in small and medium enterprises (activities)?**

|  |  |  |
| --- | --- | --- |
| **Options** | **Yes** | **No** |
| altering the customers proposed expenditure |  |  |
| Increased taxes lower consumers' disposable income available for spending |  |  |
| Facilitates Changes in the Market Environment |  |  |
| Stifles Growth of SMEs |  |  |