DOI:10.26524.jms.2016.11

Performance of sme firm in nigeria: malaysia experience

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ABSTRACT: Malaysia and Nigeria fall within the paradigm of developing countries seeking greater economic competitiveness in a global business environment. Both have developed policy framework and implemented strategic plans for the development of small and medium scale enterprises (SMEs) as an indispensable part of economic growth, employment creation and economic transformation towards evolving into an advanced nation by the year 2020. Malaysia through SME has moved from efficiency-driven to innovation-driven economy through effective mechanisms. While Nigeria SMEs is still facing tremendous challenges and threats in achieving economic transformation, despite the strategic policies, institutional framework sets as a priority by the Nigerian Government in ensuring SMEs performance This paper focuses on how Nigeria can learn from Malaysia experience in enhancing SMEs growth for economic transformation and government support through the blend of technology expertise and entrepreneurial skills. This is essentially a general review paper using a descriptive method for the assessment of the Government's support to SMEs performance focusing on sources of financing and technological programs that have been put through for economic transformation. Following assessment, Malaysia duplications of SME success can be sought from Nigeria in achieving his economic blueprints of vision 20: 2020. This will be proposed as a guide for policy makers in Nigeria and for the people in helping and encouraging SMEs and youths by creating enabling and conducive environment to execute.

Keywords: Technopreneurship; SMEs; Growth; Performance; Development; Nigeria; Innovation; Malaysia

INTRODUCTION

The relationship between technologies, entrepreneurship, performance and the growth of Small and Medium Enterprises (SMEs) in a given economic system has long been the primness in business management and economics literature. The role of small and medium scale enterprises has been historically known as a critical catalyst and driver towards contributing to the economic transformation and maturation of many nations around the globe. The global view of the performance of SME sector is equally an important force of driving the economic transformation, development, technology innovation and employment creation in both developing and developed states are easily documented. [1]. The performance of SMEs has a strong influence, in a competitive global business, on the economies of many nations through their ability to innovate new products and services [2-4].

Previous literature measures firm performance from three perspectives: perceived success, firm growth, and financial returns [5]. According to Eniola and Entebang [1] the performance and growth of small and medium enterprises (SMEs) is a major driver and indices for the level of industrialization, modernization, urbanization, gainful and meaningful employment for all those who are able and willing to work, because SMEs contribute to employment growth at a higher rate than larger firms. The SME sector is globally viewed as an important force of driving the economic development and employment creation in both growing and developed countries, which is well documented. SMEs firms with 200 or fewer employees. makes up the largest business sector in every world economy, and governments about the world are increasingly promoting and holding up the SME growth as part of their overall national growth strategy.

According to Haggblade and Liedholm [7] Africa and Asia have the bulk of their population dwell in rural regions where small scale enterprise provides about 20 per cent - 45 per cent of full-time employment and 30 per cent - 50 per cent of rural family income. Small and medium enterprises are the engine of innovation, economic growth, employment development, revenue generation and technical advancement in most modern economies [8-14]. According to Oresotu [13] the contribution and performance of small and medium enterprise cannot be overlooked as they take on a significant part in solving the upsurge of the unemployment problem. Moreover, the contribution of SMEs in emergent economies had also been acknowledged to have played an important part in the development of the economy [15, 16].

A successful knowledge-based economy is characterized by close links between academic and industrial technologies, greater importance placed on innovation for economic growth and competitive edges, heightened importance of education and inveterate learning, and better investment in intangibles such as R&D, software, and education [17]. Investing in the knowledge economy means investing in strategies that will bring about significant changes in the way a country can grow because the application of knowledge brings about more efficient ways of producing and delivering goods and services at lower costs to a greater number of people [18]. A knowledge base economy is one that creates, disseminates, and applies knowledge to enhance its growth and evolution. Knowledge has always been at the centre of any country’s development process. More latterly, however, the increased speed in the origination and diffusion of knowledge makes it even more important element in rapid economic growth. Economic growth and global competitiveness are increasingly driven by knowledge [18].

Firm performance is a focal phenomenon in business management. It has been proposed in literature [19, 20]. Porter [21] construed firm performance as the above-average rate of return maintained over a period of years. Performance can be depicted as the firm’s capability to create acceptable results and actions [22]. Nevertheless, performance seems to be conceptualized, operationalised and measured in diverse approach, thus creating arduous cross- comparison. Firm performance is constrained by internal factors, such as resources and strategic choices, and external factors, such as the carrying capacity of the environment or competition. The resource-based view of the firm suggests that the competitive advantage stems from the possession and deployment of resources that are in some way superior to those of its competitors.

Access to financial provision has been highlighted as one of the major constraints affecting the performance and development of SME/SMIs in Africa. According to Fadahunsi [23] the failure rate of SMEs is about 85 out of every 100 in Africa companies due to lack of access to funding and skills. Abouzeedan, Klofsten and Hedner [24] argued that lack of resources is one of the major issues facing SMEs in their efforts to be innovative. Using the neoclassical theory of growth, early study assumed that growth in the short run was mostly forced by capital investment, while long-term growth was due to exogenous technological change. The authors further said that resources constraints' on SMEs are related both to the firm situation as well as the macro conditions of the economy.

Small and medium scale enterprises (SMEs) in Nigeria operate in an environment with very poor management skills which form a barrier to entry and hinders international competitiveness source. The government, however, is committed to supporting them through tax incentives, subsidized technical assistance and special financing schemes. The challenges; whoever is in implementing such support. There is no doubt that for any emerging economy to witness a global concern and economic shift, the role and performance of SMEs cannot be overstressed. SME sub-sector is a *sine qua non* for inclusive and socially sustainable development; even though institutions that provide support services were available are often limited in capacity and coverage in developing economies [25]. Empirical studies have established that the performance of SMEs is an indicator of economic development and transformation that drive industrial growth through innovation and technology [26-28]. Thus, Small Scale Enterprises is a conduit pipe of providing innovation, employment generation, sustainability and wealth distribution in the economic system as a whole if properly funded.

Malaysia and Nigeria fall within the paradigm of developing countries seeking greater economic competitiveness in a global business environment, and developed policy framework and implemented strategic plans for the growth of small and medium scale enterprises (SMEs) as an essential component of economic development, employment creation and economic transformation towards becoming a developed nation by the year 20: 2020. In Malaysia, the performance of SMEs cannot be overemphasized. SMEs represent a majority of the businesses constituting 97.3 per cent of total establishments in 2010 and have contributed more than 59 per cent of the total employment and accounted for 32 per cent and 19 per cent of the total value-added and output and increment from 28.6 per cent in 2004 [29] . While in Nigeria, the SMEs comprises 99 per cent of all the businesses established as at 2012 [1]. However, the Nigerian SME sectors underperform. According to the National Planning Commission [30] SME, contributed 10 per cent to the employment generation and dismal 2 per cent output. This shows that there is meagreness of efficiency and innovation driven in Nigeria SMEs.

Malaysia through SMEs performance has moved from efficiency-driven to innovation-driven economy through effective mechanisms [31, 32] While Nigeria SMEs performance is still facing tremendous challenges and threats in achieving economic transformation, despite the strategic policies, institutional framework sets as a priority by the Nigerian Government in ensuring SMEs performance [33-36]. The question is why Malaysia and Nigeria experienced such poignant divergence in development paths and performance; what make Nigeria fell so far behind and what processes and institutions fostered, the rapid advancement made by Malaysia. The need to unmask the abilities of the SMEs sub-sectors focusing on financial and technological programs that have been put through for the economic transformation of Nigeria industrial and economic development. This remains an issue that deserve to look into, thus the need for this work.

Descriptively the analysis of the strategic policies under consideration from existing literature and the relevant records was adopted, because of time constraint in administering the questionnaire. However, reviewing of past and related studies by other researcher gave a deeper insight to the study, which enabled the researcher to draw reasonable conclusion. Data gathered were from the secondary sources of information, published and unpublished reports in the form of documentation and scholar journals, CBN reports and publications, Federal Government publications, policy guidelines monographs and newspaper reports were used.

The first section of this article is an introductory discussion about the subject of the article. In the second section the conceptual foundation of SMEs is discussed and analyzed. The third section handles the issue of Government support strategy for SME growth in Nigeria. In the fourth section, the Malaysia as a case study is appraised. In the fifth part, the performance contribution of SME in Malaysia and Nigeria is analyzed. In the sixth and final section are the insight for Nigeria and the conclusions are presented.

Conceptual Foundation

Growing SMEs through knowledge Based Economy

Resource-based theory has been developed to understand how organizations achieve sustainable competitive advantages. Within the resource-based view (RBV), researchers assumed that the firm is a pool of hard-to- copy resources and capabilities and those discrepancies in size distribution and competitiveness of firms occur from their distinctive capabilities to build up, expand, and organize those resources and capabilities to create and apply value-enhancing strategies [37-39]. In the resource-based view Barney [38, 40], Conner [41], Peteraf [39][39]and Wernerfelt [42] knowledge is seen as a strategic asset with the potential to be a source of sustainable competitive advantage for an organization. The knowledge-based view of the firm [43, 44] builds upon and extends the resource-based theory of the firm initially promoted by [45] and expanded by others [see46]. It encompasses the facets to knowledge integration (efficiency, scope and flexibility) and the four primary mechanisms by which knowledge is coordinated; rules and directives, sequencing, routines and group problems solving and decision making.

The role and importance of SMEs in a knowledge-based economy has been appreciated and acknowledged in many nations' economies. The knowledge-based economy is dependent and relies more on intangible resources such as intellectual capital, innovation, technology and creativity, which Nigeria SME has been struggling. Nigeria drifts behind the more dynamic countries in Africa and Asia because its investment climate remains weak. It is incontrovertible that the business environment that is, the economic and institutional regime, contributes significantly to this pitiful performance. This position represents an opportunity as well as a challenge because reforming the business environment usually revolves around "stroke of the pen" types of reforms that can be carried out rapidly and easily once the government has the awareness and the political will to make them happen [47]. SMEs firm working in a business-like environment means addressing various constraints, improving regulatory quality and improving the rule of law.

Longer period of military rule in the country has not given rooms for policy makers to focus on the SMEs and innovation development. Nevertheless, since democracy era, the policy makers at present accept an opportunity to test and improve the economic incentive regime as well as tackle other elements, such as the country's education system and physical infrastructure, which have remained stagnant for the past decade. Moreover, the infrastructure deficit, specifically for ICT and power generation for efficient performance of SMEs has remained a major hurdle.

Nevertheless, the country at present has the largest economic market in Africa, this has given an opportunity for policy makers some fiscal space to address the knowledge base matter. The single area in which Nigeria has excelled since 1999 of democracy returned is economic growth, despite the recent setback due to the worldwide economic crisis, the continued high oil prices and prudent macroeconomic management has resulted in high growth rates during these years and the accumulation of sizable foreign exchange reserves. These offers some fiscal space to begin addressing the backlog of investments required to ameliorate the country's economic system. Encouraging the creation of a knowledge base economy through innovation, as fixed above, will amend the country's competitiveness and set in place a virtuous circle, whereby improved competitiveness in turn will foster more creativity. To make progress along this important agenda, Nigeria will need to determine its strengths and failings.

The Malaysians have gone forward to introduce themselves to impressive national development through application of a knowledge-based economy, rather than the physical assets, the knowledge, information and soft assets have more value and importance. The entrepreneur is an initiator, innovator, and risk-bearer who combine land, labour, and capital resources in unique ways to produce novel products and services. Popescu, Chivu, Ciocârlan-Chitucea, Curmei, and Popescu [48] indicated that the economic activities are raised when they utilize the intensive utilization of knowledge and technology to increase output and employment especially in hi-tech sectors. As for technology-based business in Malaysia, technological advancement is fostered by entrepreneurs and supported by scientific research from institutions of higher learning and government-sponsored research laboratories. This technological advancement helps entrepreneurs to seek and exploit new profit opportunities or to flesh out new profit opportunities [49], pointed out that the characteristics of knowledge-based economy is mainly based on the fact that the: "Physical distances represent no longer an obstacle to economic development, communication, education, successful implementation of projects and integration into society, economic system is open the world" In Malaysian perspective, roles played by entrepreneurs, has contributed substantially to the economic transformation and growth such as wealth creation, improve in standard of living, alleviation of poverty and job opportunities.

The Malaysia Government is concentrating on the technology-based SMEs introduced in 2001. Entrepreneur Development as the new Flagship Application in conjunction with private sector partners with the aim to facilitate the development of entrepreneurs, start-ups and existing information and communication technology companies; to catalyse and nurture a cluster of ICT/SMEs into world-class companies. The government thinks that developing SMEs through entrepreneurial skill and knowledge base is important in placing Malaysia amongst world-class, high-tech nations while also enhancing wealth and employment creation.

These characters, particularly in producing new combinations have started to generate positive effects. The Malaysian story has changed; moving from low-to middle-income status is one of the world’s success stories of the past few decades and being one of the nations to have maintained growth of over 7 percent or more for 25 years [50]. This strong economic performance and transformation through knowledge base has helped better the quality of life for Malaysians and supported advances in education, health, infrastructure, housing and public amenities, so on. Also, the competition nowadays is based in the reinvention and the obligation to innovate positioned in private companies and institutions of higher learning (IHLs). Hence, by having creative and innovative entrepreneurs, the Malaysia economy has kept on motivating, improving and turning. The growth and performance in SMEs have also been accompanied by a near-eradication of hard-core poverty, which fell from 6.9 per cent in 1984 to 0.9 per cent in 2010 [50, 51]. In addition, the start-ups and local companies will create high value jobs, improve export activity, and at the same time accelerate value for new local ICT/SMEs business since the Government is aiming for Malaysia to become a high-income nation that is both inclusive and sustainable by 20: 2020; New ICT/SMEs ventures are able of creating new jobs, new knowledge, and improving productivity and at the same time expanding and sustaining Malaysian entrepreneurial base. Despite this progress, challenges remain.

SMEs Performance and Government Support Strategy in Nigeria

Prior to 1970, the role of government in promoting SME was not significant until after the introduction of Structural Adjustment Programs (SAP) in 1986.There is an apparent dearth of entrepreneurship in Nigeria, a situation that has led to the near non-existent productive capacity of the nation, with very minimal potentials for value addition [52]. The result of the foregoing scenario is low capacity for wealth creation and increase levels of unemployment. However, there is compelling evidence that entrepreneurship and innovation are the twin pillars of socioeconomic development in this modern era [53] .

Nigeria as a developing nation has since long explored and formulated policy structures and strategies to advance technology-based MSMEs growth and to put up a promising future within the worldwide marketplace. The establishment of the Centre for Entrepreneurship Development (CED), Small Scale Industries Credit Guarantee Scheme (SSICS), National Directorate of Employment (NDE), National Open Apprenticeship Scheme (NOAS), Small and Medium Enterprise Development Agency of Nigeria

(SMEDAN), Small and Medium Enterprises Equity Investment Scheme (SMEEIS), Small and Medium Scale Enterprises Credit Guarantee Scheme (SMECGS), as well as National Centre for Technology Incubation (NCTI) to serve as a major boost for the SMEs in innovation and technology. The introduction of privatization and commercialization decrees in 1988 – 1995 resulting in the emergence of business enterprises in the fields of agriculture, manufacturing, banking, mining, education, publishing, and information & communication technology. This development offered the needed impetus for the emergence of micro, small and medium enterprises that are employed in the production and preparation of ancillary products and services via technopreneur [54]. While the initiatives have been marked by some successes, there are also instances of outstanding challenges caused by a paucity of intellectual capital, especially by unavailability of capital for entrepreneurs.

The Nigerian government in realizing vision 20:2020 is putting in place, enabling policies in collaborating with a number of committed international agencies and NGOs to promote effective development of the SME sector for Nigeria through credit schemes. In accession to that, the Nigerian government also pursues viable cooperation with other interested stakeholders like States and Local government for the positive growth of the SME sector by revolving grants, on more liberal conditions than the banking institutions to aid in satisfying the demands of SMEs. The government efforts at meeting the performance needs of the SME sector towards its contributions to the economic growth, after returned to democracy in 1999, have to put in place a well-intentioned strategic policy, schemes, programs and institutional arrangements designed to provide succour to the performance of the small business sector. Equal share of government attempts at directing the fiscal demands of micro-entrepreneurs, a micro-finance policy was established by the Federal Government.

The contribution of the Government became much more perceptible through the scheme of SMEDAN by supporting and supervising entrepreneurship units. While the Central bank of Nigeria provides financial incentives to entrepreneurs through the 10 per cent fund contribution by commercial banks to the Small and Medium Enterprise Equity Investment Scheme (SMEEIS). The establishment of (SMEEIS) in 2000, was recognized by the government of the need to improve the performance of SMEs via equity capital with the objectives of (a) Stimulating economic growth through evolution of local technology for capable and suitable Nigerians (b) generating employment through entrepreneurship development and technology growth (c) Eliminating/ reducing the burden of interest and other financial charges for the entrepreneurs (d) Providing financial, advisory, technical and managerial support (e) Consulting and Ensuring output expansion through marketing (f) income redistribution and productivity of intermediate goods meant to strengthen inter and intra-industrial linkages.

The scheme was initiated to provide solutions to the dearth of long-term finances to SMEs in Nigeria. Through the system, banks are expected to jump-start the development of the real sector of the economy by financing. The scheme covered enterprises in the following sectors- Agro-allied, information technology and telecommunications, manufacturing, educational, service, tourism, solid minerals and construction. Small and Medium Industries Equity Investment Scheme (SMEEIS) as at June 2009, a total amount of over N28 billion naira had been set aside by the banks. Only it was set aside in 2009 by the government because it was not enforced and supervised.

Besides the importance of SMEs, the failure rate of SMEs in developed and as well as in developing countries is at alarming position. Empirical studies pointed out that the significant numbers of new SMEs disappear within the first five years of their operation [33, 35, 36, 55, 56]. The report shows that 90 per cent out of 100 per cent of established initiatives in Nigeria did not survive beyond five years of gestation period due to lack of finance [33, 35, 36, 57-59].

The literature showed that SMEs in Nigeria face high threats of failure in a competitive environment. The knowledge-based economy is dependent and relies more on intangible assets such as intellectual capital, innovation, technology and creativity. SMEs need to research and use their knowledge resources in society to enhance their organizational performance in a competitive environment. [60] stated that the Intellectual Capital of a firm is its possession of the cognition, applied experience, organizational engineering, client relationships, and professional accomplishment that provides it with a competitive edge in the marketplace. Given the abundant natural resource in Nigeria, it is anticipated that the technopreneurs will be able to create and help to build a significant cluster of viable business schemes and concepts in order to nurture and develop a number of strong enterprises in Nigeria that will manifest characteristics such as technology adoption, product and process innovativeness, high market growth rate, and high growth rate, through financial services and advices from financial institutions. However, SMEs in Nigeria are still facing lack of access to credit, formal business and societal networks, which cast a question mark on their performance, growth and natural selection in global commercial enterprise and internal productivity.

Malaysia Case Study

Policy Framework

Malaysia has progressed to substantial advancement in national development efforts. The Malaysian growth story can be considered as a narrative of the structural transformation of a predominantly agricultural economy to a more industrialized economy, and sets about to transform it further in the latter portion of the 1990s towards a knowledge-based economy [61]. In the first 15 years of their Vision 2020 roadmap (which was founded in 1991), Malaysia maintained a regular increase in excess of 8% per annum, and have virtually transformed from an agricultural and commodity-based economic system to an increasingly industrialized country.

The principal SME policy is the maturation of a competitive, modern and technologically strong SME sector able to compete in a worldwide marketplace. Strategies are directed at the acquisition of technologies to propel SMEs up the value chain in the manufacturing, agriculture and services sectors, in realizing the full potential and building a competitive, innovative and technologically viable SME sector able to compete in a global market. Part of the initiatives being undertaken to reach these goals are strategies aimed at

SME development, which has been named as one of the government's key priorities, strategies are directed at the acquisition of technologies to propel SMEs up the value chain in the manufacturing, agriculture and services sectors of SMEs. The Ninth Malaysia Plan (9MP), strategic growth (2006-2010), was thrusts are to motivate the economy up the value chain, to elevate the capacity for knowledge and innovation, to address persistent socioeconomic inequalities constructively and productively.

Moreover, entrepreneurship programs, including advisory and outreach services, have been blown up to equip SMEs with new and improved management and business practices, methods, production, quality improvement, marketing and distribution. As well paid attention are programs that further develop technical skills amongst SMEs, especially in generating innovation and creating economic value from knowledge application. Priority has been given to plans that further collaborative ventures among MNCs, government-linked companies (GLCs) and SMEs to facilitate technology transfer and skills development and marketing, and that create links to enable SMEs to find reliable suppliers for global outsourcing networks.

The continued importance of the SMI to the Malaysian economy is reflected in the Third Industrial Master Plan Study (IMP3: 2006-2020), where the SMI has been outlined a total of 10 strategic thrusts which are categorized into 3 broad spectrums namely: development initiatives; promotion of growth areas and enhancing the enabling environment. The government has identified 12 target growth industries in the manufacturing sectors well as 8 services sub-sectors for further development and promotion given that these industries are strategically important to contributing to greater growth of the manufacturing sector

The plans recognize the need to cultivate internationally competitive SMEs in the context of a changing landscape of business and world trade. The Blueprint acts as a coordinated platform for concerned ministries and agencies to implement comprehensive programs meant to support SMEs in a holistic manner. The following strategic impetus were identified to guide the implementation of these programs: (a) enhancing the competitiveness of SMEs ; (b) capitalizing on outward investment opportunities by conforming to international regulations and standards needed to successfully penetrate overseas markets; (c) driving SMEs performance capability through technology, knowledge and innovation; (d) instituting a more cohesive policy and supportive regulatory and institutional framework by creating a conducive business environment, and (e) enhancing the entrepreneurial skills particularly in financial management and marketing.

Institutional set-up

On July 12, 2012, the NSDC, headed by Prime Minister Datuk Seri Najib Razak, launched the SME Master Plan document. The eight-year plan put in place is expected to push SMEs to greater heights through greater productivity and growth. SMEs had always acted as an intrinsic component of Malaysia’s economic transformation. The pathway for SMEs to attain this aspiration is through innovation-led and productivity-driven development. There are four key elements of this performance Framework, namely (a) Increase business formation

(b) Expand number of high growth and innovative firms (c) Raise productivity (d) Intensify formalization.

Getting hold of the lead in the implementation of SME performance development plans is the Ministry of International Trade and Industry (MITI), which has several attached agencies, namely the Malaysian Industrial Development Authority (MIDA), the National Productivity Corporation (NPC), the Malaysia External Trade Development Corporation (MATRADE), the Malaysian Industrial Development Finance Berhad (MIDF), and the Small and Medium Industries Development Corporation (SMIDEC). Ministry of Agriculture and Agro-based Industry, Ministry of Domestic Trade and Consumer Affairs, Ministry of Entrepreneur and Cooperative Development, Ministry of Human Resources, Ministry of Plantation Industries and Commodities, Ministry of Rural and Regional Development, Ministry of Science, Technology and Innovation, Ministry of Tourism, Ministry of Culture, Arts and Heritage, Ministry of Housing and Local Government, and Ministry of Higher Education. Also performing critical roles in SME performance development are other government agencies such as Bank Negara Malaysia, Export-Import Bank of Malaysia Berhad, Malaysian Venture Capital Management Berhad, and Malaysia Debt Ventures Berhad; the accredited skills development centres located throughout the country; and the various industry associations led by the Federation of Malaysian Manufacturers (FMM) and the National Chamber of Commerce and Industry of Malaysia (NCCIM).

The vision is being implemented in three interlocking phases, as follows: building the foundation- short-term plan: 0 – 5 years; leveraging technology - midterm plan- 5-15 years global competitiveness - long-term plan: > 15 years. Leveraging innovation and technology was seen as a key component of the plan, and this has led to the expected economic growth and transformation and the country is on the verge of becoming a developed nation by the year 2020. The initiatives are expected to increase the contribution of SMEs performance to be on par with those in other developed countries by 2020, with share to GDP increasing to 41 per cent from 32 per cent currently, while the share of employment and exports to increase to 62 per cent and 25 per cent respectively, currently 59 per cent and 19 per cent [29].

SMEs Performance Contribution in Malaysia and Nigeria

Business Competitiveness of benchmark comparison

Business competitiveness has been strongly determined by the prevailing business environment in a country, along with other factors, such as the level of innovation, the availability of venture capital, the availability of university/industry research collaborations, the availability of specialized research and training services, and the dynamism and continuous improvements in company sophistication appropriate to the current stage of a country's development, among other factors [62].

As earlier pointed out, Malaysia and Nigeria are archetype of developing countries. Apart from size, both share some similarities as both were British colonies. Malaysia gained independence in 1957, three years before Nigeria. Malaysia and Nigeria are multi-cultural, multi-ethnic and multi-linguistic countries, with three major ethnic groups, Malays, Chinese and Indians in Malaysia; Hausa, Ibo and Yoruba in Nigeria; in the same line. Their economy at independence was dominated by the agricultural sector. In essence, both Nigeria and Malaysia have almost a similar beginning. SME is the major booster of the Economy of both countries. But the difference is that Malaysia has been able to leverage through technology, not only for the diversification of the economy, but also as a platform for the rapid transformation of the country to an industrialized nation status by the year 20: 2020.

The promotion of SMEs performance in Malaysia is seen as a major transformation, moving from efficiency-driven to innovation-driven economy with the tool for boosting employment. SMEs employ as reported in SME Annual Report 2006, a large number of people per unit of investment capital than the large scale capital intensive enterprise. In terms of value, the SME sector of Malaysia accounts for 34.9 per cent of the manufacturing output and 37.1 per cent of the total exports. Also, the Annual Report of SMEs on 2007, indicated that SMEs represents 99.2 per cent of total business establishments and employing over 5.6 million workers, developing a competitive, productive and resilient SME sector is an important thrust to support the Government's aim of achieving balanced economic development and higher standards of living at all levels of society.

Similarly, SMEs in Nigeria also plays a significant role in economic and social development. It is estimated that Small and Medium Enterprises currently account for over 75 per cent of employment in the country [1]. Also, it noted that in 2002, 98 per cent of all businesses in the manufacturing sector were SMEs operating in Nigeria, providing 76 per cent of the workforce and 48 per cent of all industrial output in terms of value added [1, 6]. SME employs 87.9 per cent of the workforce in the private sector [63, 64]. In the agriculture and manufacturing sectors, SMEs employ more than 80 per cent of the total workforce.

According to World Development Indicator, 2012, in the 1960s, manufacturing accounted for less than 10 per cent of the economy of Nigeria and Malaysia. In the 1960s, Nigeria experienced a higher increase in GDP and per capita GDP of almost 4.6 and 2.5 per cent, respectively, relative to Malaysia which grew at approximately 3.8 and 1.4 per cent, respectively. In fact, Nigeria's per capita GDP was almost one and a half times that of Malaysia during this period. While the Malaysia economy grew at an average of 8.4 per cent between 1971 and 1990, the Nigerian economy grew at merely 2.8 per cent in the same period. The poverty rate in Malaysia declined from nearly 60 per cent in the 1970s to a mere 14 per cent in 1996. In contrast, the poverty rate in Nigeria increased from less than 30 percent in the 1970s to 66 percent in 1986 and further to 78 per cent in 1996 [65, 66].

Table 1. **Business Competitiveness Report Competitiveness Ranking of 148 Countries**

Performance Index (Rank/148)	**China**	**India**	**Malaysia**	**Nigeria**	**UK**	**US**
Government Institutions	47	72	29	129	12	35
Market Efficiency	61	85	10	93	14	20
Technology Readiness	85	98	51	108	4	15
Financial Market	54	19	6	66	15	10
Innovation	32	41	25	100	12	7
Business Sophistication	45	42	20	75	9	6
Quality of Overall Infrastructure	48	85	29	135	8	15

Source: Schwab [67]

According to Schwab [67] Global competitiveness benchmark indices, which was relevant to SMEs performance and categorized into three stages of development: factor-driven, efficiency-driven and innovation-driven. Malaysia was ranked 24th among 148 nations and 2nd after Singapore in Asian member state as one of the most competitive economy's share strengths in innovation and sound financial market. Nigeria was ranked 120th which is a clear indication that the country is far behind Malaysia in terms of economic transformation. Malaysia performance indicator is supported by a number of procedures to improve the performance of SMEs. It was rated higher in terms of total taxation rate, access to loans and venture capital availability, which conduce to the improvement of efficiency and competitive marketplace for commodities and services, well-developed institutional framework and productive business-favourable surroundings.

A number of factors account for the transition in the Asian economies. These include 1) favourable macroeconomic policies, 2) adoption of a developmental state approach where the state deliberately supports industrialization by means of active state-driven industrial policies, 3) focus on agricultural transformation and development of value chains while implementing policies favourable to labour intensive light manufacturing and providing the necessary infrastructure, and 4) human capital development especially in science and technology. When Nigeria is compared to Malaysia and other countries as SMEs driven economies based on the selected indices above, it is inferred that the country has not performed as expected, and it is a clear indication that the country need to improve.

Strategic Sustainability

Many of the strategies and plans carried out by the government as reported in SME Annual Report 2006, have resulted in performance gains for the SME sector in Malaysia in the fields of entrepreneurship development; marketing and promotion; product growth and technology enhancement. It was calculated that the implementation of these programs benefited more than 287,000 SMEs. In 2006 alone, a total of 213 major programs, requiring a total expenditure of RM7.8 billion, were carried out. These plans focused on heightening the mental ability and capability of SMEs.

These performances notwithstanding, there remains a great deal to be answered to further beef up the advanced capability and global competitiveness of Malaysian SMEs, and to ultimately deepen the country's industrial structure. SME Survey in 2001 revealed that Malaysian SMEs are still mostly inward-facing and are faced with constraints in management and technology capabilities, limiting their power to compete and to add value effectively. That is reproducible with an earlier observation of Lall [68] that the majority of the Malaysian industry sector consists of small traditional firms' using low technology and low skill technologies.

Financial assistance

Mohamed Zabri and Jonathan [69] posited that the availability of financing for Malaysian SMEs is not an issue because there is an abundant source of financing for SME firm owners. This observation is indicated on the table 1 above as Reported in Global Competitiveness 2013-2014 under financial market, as the Malaysia financing of SMEs is better off developed countries like UK and USA. The Malaysia government strategy is not once from the blue moon that cannot be replicated. They offers financial support at minimal interest or no interest at all in telling apart the fiscal constraints faced by many SMEs, the government financial supports in the sort of matching grants, soft loans, guarantee scheme and Sharia compliant. SME financing scheme are provided by several ministries and their representations. Finances are also channelled through developmental financial institutions as well as commercial financial institutions. Worth mentioning are the various matching grants that are meant to finance product and process improvement, quality documentation and management system advances, market growth, skills upgrading, factory audit, and acquisition of strategic technology.

The Fund proposes to promote technology upgrading through the initiation and use of technologies in the manufacturing and physical growth of surviving and new products or processes; and to increase wealth creation and knowledge base content of Malaysian companies through the attainment of alien technology.

Apart from grants, the government also extends a mixture of loanwords, such as the Fund for Small and Medium Industries 2, New Entrepreneurs Fund 2, Rehabilitation Fund for Small Businesses, Bumiputera Entrepreneur Project Fund, New Trade Finance Products for SMEs, Soft Loan for Small and Medium Enterprises, Soft Loan Scheme for Factory Relocation, and Soft Loan Scheme for ICT Adoption. Project proposals eligible for consideration under the TAF must be listed in the following priority technology clusters: biotechnology, agriculture, ICT, and industrial. Financial backing is up to a uttermost of 50 per cent of project cost or RM2 million, whichever is lower, depending on the merits of each application. According to SMECORP, in 2006, eight companies were recipients of funds worth RM8 million (www.smecorp.gov.my/v4/node/2951(2/4/2014).

Only 20 per cent of African SMEs have a line of credit from a financial institution [66]. This is an indication that the financial sector has not placed adequate emphasis on support and promoting SMEs. Capital remains the most importantly relatively inadequate to finance SME transactions in Nigeria. Most SMEs in Nigeria are undercapitalized and usually rely on loan capital or on retained earnings, for performance, which are usually inadequate [70-72] to expand their businesses, employment generation and employ the latest technologies, thus ensuring their competitiveness and the country as a whole [73, 74].

Human Resource Development

The Malaysian government has initiated various training programs to enhance the skills and quality of personnel in SMEs. The enhancement of skills is an important aspect of the SMEs' workforce. Towards this end, incentives were given to SMEs continuously to train and re-train their workforce, in order to increase technical and management skills, as well as entrepreneurial know-how. In addition, SMEs was encouraged to acquire relevant knowledge and capacity to operate advanced and specialized equipment to suit different industries. Fulfil the demand for skilled workers in the new business environment; many programs were implemented to provide training to employees of SMEs through many skill development centres. A grant of the cost of training was extended to companies to assist in reducing the cost of training. The National SME Development Council as reported in SME Annual Report 2007 has mandated Pembangunan Sumber Malaysia Bhd. (PSMB), an agency under the Ministry of Human Resources (MOHR), to coordinate and to oversee training and human resource development for SMEs. In Nigeria, the required human resources needed for the pursuit of rapid industrialization is currently under-supplied in the country. There are pervasive shortages of competent academic staff in higher institutions, especially in scientific discipline and technology field. This scarcity is driven by two factors: the ever-persistent brain drain where the most qualified professionals move to developed countries in quest of higher wages and safer and better working environment; and the deterioration of existing educational facilities due to rising school-age population. The Federal Government Committee on Needs Assessment of Nigerian Public Universities indicate that there is presently a huge decline in physical infrastructure and gross shortages in academic staff, with largely degraded lecture theatres and research labs, and pupil-teacher due to lack of transparency in management.

Skills Upgrading Program

The Skills Upgrading Program are aimed at enhancing the skills and capabilities of employees of SMEs in the technical and managerial levels, particularly in critical areas such as the electrical and electronics, information technology, industrial design and engineering fields. Skills upgrading and retraining is vital to enhance the quality of the workforce in order to increase the efficiency of SMEs and to adapt the dynamic business environment. The objectives of the skills upgrading program are to enhance knowledge the owner the SMEs in managing business; to enhance skills & capabilities employees of SMEs. Grant of 70 per cent of the training fees for SMEs is for Technical and Soft Skills. Currently, SME Corp. Malaysia has appointed 51 training centres to undertake technical and soft skills training for SMEs. A key component of the Asian success in maintaining economic growth was rapid technological and industrial upgrading [75]. In Nigeria, the appropriate skill-level required for the pursuit of rapid industrialization is currently under-supplied in the country. There is a general decline in the quality of university graduates and people with technical skills [76]. Empirical evidence indicates an average skills mismatch of 60.6 per cent among recent graduates, with communication, IT, decision-making, critical thinking, interpersonal relationship, and entrepreneurial, technical and numeracy usually required by employers, being seriously deficient [77]. The main challenges highlighted as impediments to Nigeria's success in technological upgrading include: shortage of skills in technology services, inadequate institutional capacity, and low investment in R&D, among others. Various government initiatives have been created to tackle these challenges, but with little success [78, 79].

SME linkage strengthening

SMEs must not merely try to improve their organizational capabilities, but also learn how to leverage on the imaginations of other constitutions, especially large firms and producers of knowledge such as universities and research institutes. In 2008, an initiative to link SMEs to the universities as part of the Government's efforts to enhance the synergy between the industry and university to upgrade the SMEs' capacity and capability. Ideally, collaboration between producers of knowledge (i.e. Universities and public research foundations) and users of knowledge (i.e. Firms) will allow both parties to leverage on the physical and human resources of each other. More significantly, this collaboration is essential so that the fruits of public R&D can contribute towards the acquisition and strengthening of the nation's technological capabilities [80].

A Memorandum of Understanding (MOU) was signed between SME Corp Malaysia and Ministry of Higher Education (MOHE) with the aims are to assist SMEs in improving business operation and productivity through a consultative approach by university scholars, under the oversight and guidance by their readers, to promote entrepreneurship among students and to provide exposure on real life business environment; and to help the students to acquire the essential skills required both, either for working in the small firm or to start their own enterprises upon leaving full time education. .

The influx of MNCs in Malaysia during the FDI boom of the late 1980s and early 1990s, nonetheless, did not result in the anticipated degree of technology transfer. The Malaysian government to come up to this state of affairs revised its industrial development policy to encourage technology spill overs and to speed up industrial deepening. One major course of study geared towards this goal is SMIDEC's Industrial Linkage Program (ILP), which fosters partnership between SMEs and large-scale industries (LSIs). Under the ILP, support is given to raise the mental ability and capability of local SMEs in meeting quality, technical specs and delivery schedules, as easily as in maintaining cost and cost competitiveness. By taking part in the ILP, SMEs are required to reach a high degree of competency in providing components and components required by the LSIs, which could pave the way for their introduction into the regional and worldwide marketplaces.

Another key program is the Vendor Development Program (PPV), which is administered by the Ministry of Entrepreneur and Cooperative Development (MECD). Launched in 1998, the PPV supports the localization program emphasized by the government in order to increase local content of manufactured goods. Under the program, SMEs is given opportunities to become vendors through outsourcing activities established by anchor companies (local conglomerates, GLCs and MNCs). Facilities such as financing, training and technical support services are provided by the government, with cooperation from technical agents, anchor companies, as well as banks and financial institutions. The PPV's main objective is "to develop SMI entrepreneurs as component manufacturer and suppliers, as well as service providers, to local conglomerates and MNCs for local and international markets.

Nigeria today has more than 26 research institutes for research and technology, which covers different sectors. The Federal government recognizes the importance of the producers of knowledge and users of knowledge as a matter of national development. But, Lack of policy coordination, lack of knowledge and information exchange due to human factors and physical constraints like poor communication network, poor infrastructures, and poor conditions of service hinder the smooth flow of ideas and information [6, 81]. Also, the informal sector consists of SMEs lack the resources to link them with the producers of knowledge.

Insights for Nigeria

Extended period of military rule stifled economic and social advancement, especially in the three decades of 1970s to 1990s. During these years, the resources were plundered, social values were debased, and unemployment rose astronomically with concomitant increase in the crime rate [82]. Living standards fell so low, to the extent that some of the best brains with the required skills to push the development process left in droves to other countries, and are now making real contributions to the economic success of their host nations. However, since 1999, the country returned to the way of life of civil democratic governance and has sustained uninterrupted democratic rule for a period of 16 years. The successive civilian governments have given to tackling the daunting challenges. But the growth has not been inclusive, broad-based and transformational. SME has been the primary drivers of growth. The significance of this movement is that economic growth in Nigeria has not resulted in the desired structural changes that would make manufacturing the engine of growth, create work, promote technical growth and induce poverty alleviation.

SME performance development efforts in Malaysia are closely linked to overall economic goals as evidenced by the explicit references made by the SME Development of the phasing strategy mentioned earlier. There are many general lessons that can be learned and adopted, by Nigeria from Malaysia’s experiences. This paper has reviewed the literature regarding the development and performance of SMEs in Malaysia. It is concluded that the initiatives taken by the Government and its agencies in supporting SMEs may be used as recommendations or lessons that may benefit the Nigerian experience in the development of SMEs performance growth.

These insights can be summarized under the following points

i. Effectiveness and commitment of the top management in the Nigerian government to support the SMEs is the first factor on the road to success in the development of SMEs. The government should develop a short and medium term strategy that will focus on how to develop SME and local companies to be technologically self-reliant in the production of capital and consumer goods and raw materials.

ii. The Nigerian Government has to propose a spacious scope of initiatives and incentives for SMEs such as increasing access to funding with minimal or zero interest rates, advice and consultancy, access to data and ICT adoption, infrastructure, access to markets, training in management and planning, networking and business linkages.

Improving business conditions which should contribute to proper information, clear accounting standards, impartial legal system and favourable tax policies and prompt payment of government debts and deliver incentives through non-profit agencies, and disassemble the bureaucratic procedures that may cause ineffectiveness in government initiatives and projects

iii. The government should provide financial resources for the public universities by strengthening the formal education system; in ensuring the adequate development of manpower in innovation and Technology to guarantee the efficient utilization of abundant natural resources, reduce independence on outside sources for industrialization and reduce the drain on our treasury.

iv. Also, emphasize should be on establishments of entrepreneurial development centres in all the public universities for training of entrepreneurial skills at all levels and re-orient the entire society towards innovation and technology thinking in order to develop new technologies and adapt existing ones to improve societal well-being.

v. There should be encouragement of public-private sector partnership participation by forging consensus among stakeholders who are imperative in successfully supporting SMEs through initiative programs and to establish an effective central committee engaged in policy making, planning, management and coordination.

vi. The Nigerian Government should design support programs and incentives to fit the specific needs of SMEs by instilling in the SMEs not to rely on government support only, but they should seek to find their own pathway of growth by relying on innovation strategies which allow them to improve product quality to extend product range, to open up new markets or to increase market share, to improve product flexibility, and to fulfil certain regulations or standards

Conclusion

The success of Malaysia as a model is worthy of emulation in bringing significant economic growth, transformation and national development. Also, increase in prosperity and employment generation in terms of good policy framework. In achieving vision 20: 2020 in Nigeria, and to assure that short term and medium term phases will produce significant global business and economic transformation; the phased strategy mentioned earlier is proposed for the development of Nigeria. To meet up with the Vision 20: 2020 and the duration need to be attuned with the remaining time frame.

The Nigeria Government needs to understand the importance of SMEs and must be willing to provide major resources to strengthen the SMEs. The short and medium term strategies should focus on the development of value added. It has become obvious that financial institutions are important to the development and performance of Nigeria SMEs. Their potentiality in enabling the entrepreneurs reduce poverty; reduce unemployment, increase in export activity, and hasten value for new technology anchored enterprise, especially ICT/SMEs business which is capable of generating new jobs, new knowledge, and improving productivity and at the same time enlarging and sustaining Nigeria's entrepreneurial base [83].

Clearly and incontrovertibly, it is obvious that in achieving national productivity and competitiveness, knowledge intensive and SMEs performance growth is significant. Within this conceptual structure, business and industry are the drivers, government in terms of public policies is the catalyst and the academics, which is the link between educated and intellectuals are the fuel. If Nigeria can adopt the Malaysia model, whose success is admirable, the remarkable success can be duplicated, with dependency and focus on knowledge-intensive and innovativeness; therefore, there will be a great demand for knowledge workers. The Nigeria Government should put in place policies to facilitate higher education institutions for providing knowledge workers/intellectual workers who can lead the country in achieving the nation's vision 20-2020. Technology-based developments can occur only with concerted efforts to revitalize education, develop personnel, and create integrated industries that will involve close collaboration between government, industry, business and academia [31].

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