

MICRO, SMALL AND MEDIUM ENTERPRISE NATIONAL SURVEY 2013



Dr Yemi Kale, Statistician General of the Federation/CEO,
National Bureau of Statistics

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NATIONAL BUREAU OF STATISTICS

*“It’s not government that creates jobs; its **small business**. Our job is to make sure they have the access to **capital**, the access to contracting opportunities, and the help, advice and mentoring that they need to go out and be **successful**”*

K. Mills, 23rd Administrator of Small Business Administration,
Obama Administration (2009-2013)



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MSMEs and Economic Growth

MSMEs for Economic Growth

It is well known that Micro, Small and Medium Enterprises are key drivers of socio-economic transformation in both developed and developing countries, put at the forefront of economic policy

Potential for growth:

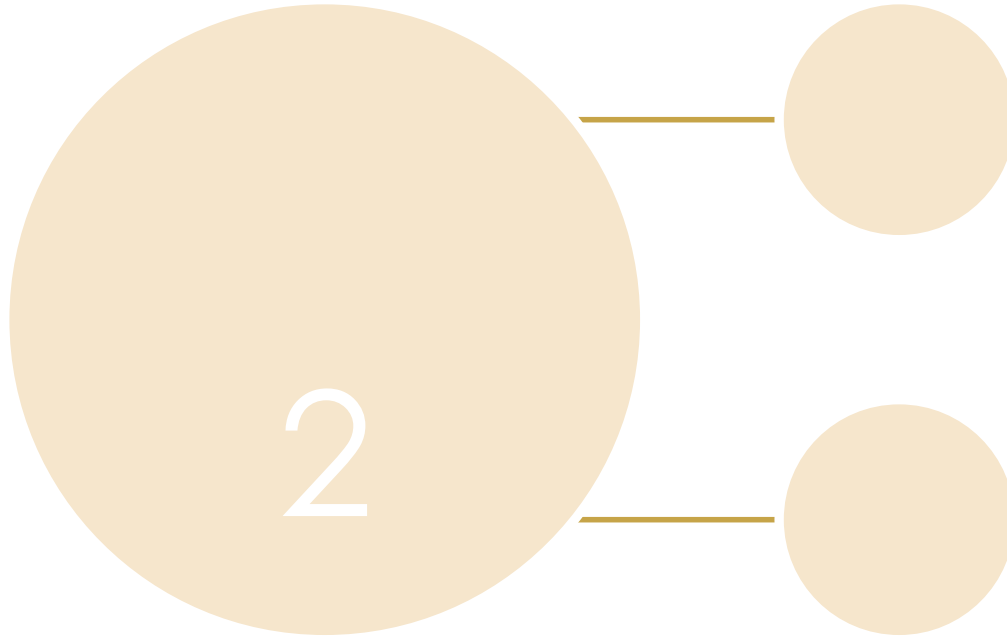
- Low levels of capital needed
- Labor intensive; employment potential
- Innovation high
- Flexibility to change
- Encourages more equitable distribution of wealth and economic diversification
- Increase in local value added;
- Stimulates local economy
 - Drawing wealth, businesses and jobs from commercial centers easing infrastructural pressure
 - snowballing effect, as more infrastructure and upward and downward linking business suddenly find it beneficial to set up in that location and in this way development spreads faster as economic grow

Challenges:

- Vulnerable to business collapse
- Affected by policy change
- Unregulated, untaxed and unsupported by government



To harness this potential and mitigate challenges, policymakers need **accurate and reliable data** to understand the characteristics and dynamics of the MSME sector



Survey Background and
Methodology

Background of Survey

- Main objective was to establish a **credible and reliable database** to support MSME growth and development
- **Collaboration** between The Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) and the National Bureau of Statistics (NBS)
- **Some aspects like employment and GDP contribution not comparable due to methodology updates since last report**
- Previous collaboration with NBS in **2010** in collection of the **baseline MSME data** was a success, with basic findings as follows:
 - Number of the MSMEs in Nigeria in 2010 of 17,284,671
 - Micro enterprises constituted 17,261,753 or 99.87%
 - Small enterprises accounted for 21, 264 or 0.12%
 - Medium scale enterprises were 1, 654 in number or 0.01%.

Defining MSMEs

S/N	Size Category	Employment	Assets (=N= Million) (excl. land and buildings)
1	Micro enterprises	Less than 10	Less than 5
2	Small enterprises	10 to 49	5 to less than 50
3	Medium enterprises	50 to 199	50 to less than 500

- It is possible under this criteria that a conflict of classification may arise. In such cases, **the employment-based classification will take precedence**
 - Eg. if an enterprise has assets worth seven million naira (N7M) but employs 7 persons, the enterprise would be regarded as micro.

Sampling Methodology

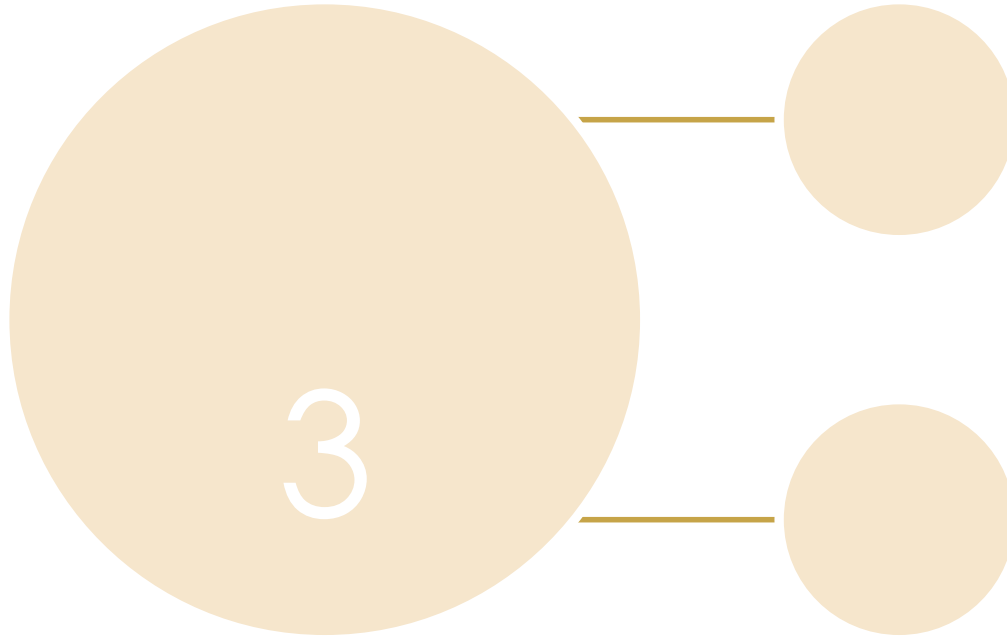
Conducted in all the 36 States of the Federation and the Federal Capital Territory.

Micro Enterprises

- Canvassed through the National Integrated Survey of Household (NISH) Schedule.
- Twelve (12) households with enterprises were systematically selected per EA making a total of **480 Households with enterprises in each state**.

Small and Medium Enterprises

- **4000 Enterprises** were selected for study across the country in **13 sectors**
- Small (employing 10-49 persons) and medium (employing 50-199 persons) enterprises were covered through the National Integrated Survey of Establishment (NISE) Module.



Findings: MSME Sector
Overview

Key Findings: Overview

- The total number of enterprises:

37,067,416

- Micro: 36,994,578
- Small: 68,168
- Medium: 4,670
- Highest number in Lagos
 - Micro: 3,224,324 (8.72%)
 - Small Medium: 11,663 (16.01%)
- Lowest number:
 - Micro: Nasarawa (382,086, 1.03%)
 - Small and Medium: Kwara (226,031, 0.31%)

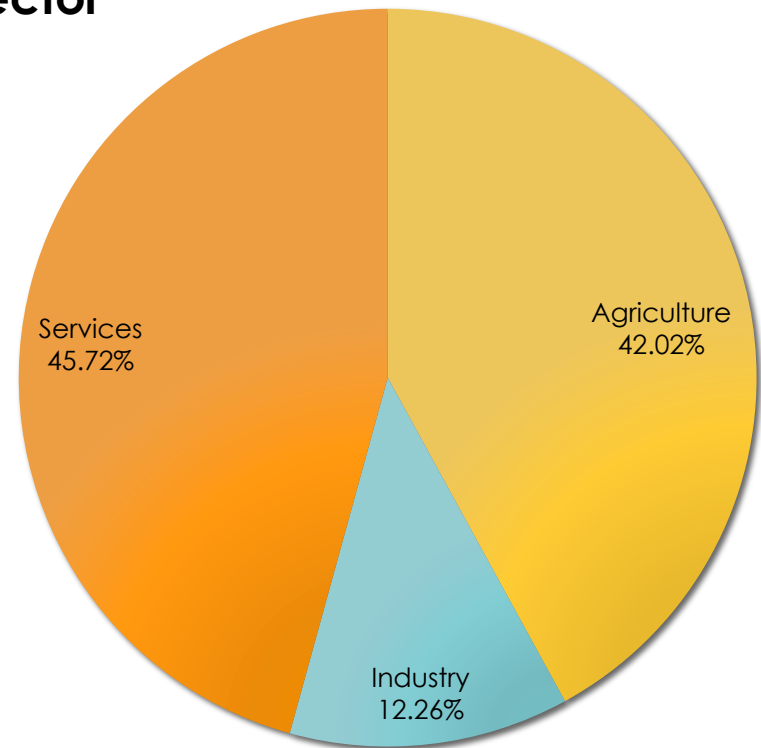


Contribution to GDP

- MSMEs contribution to Gross Domestic Product in nominal terms stood at 48.47%, contributing 7.27% to exports

Contribution of MSMEs to GDP by Economic Sector

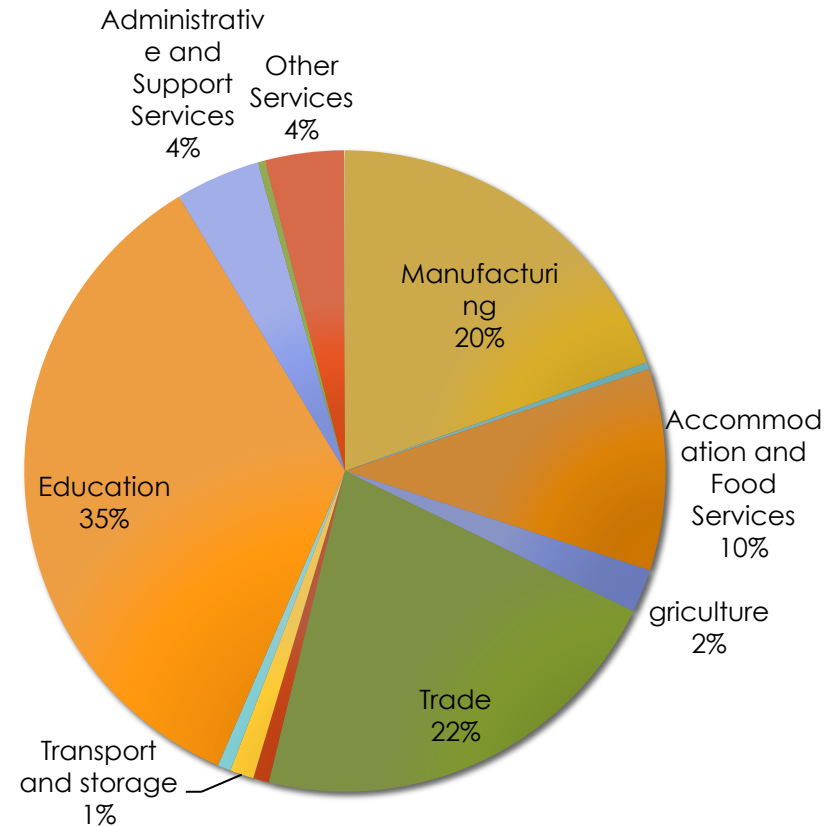
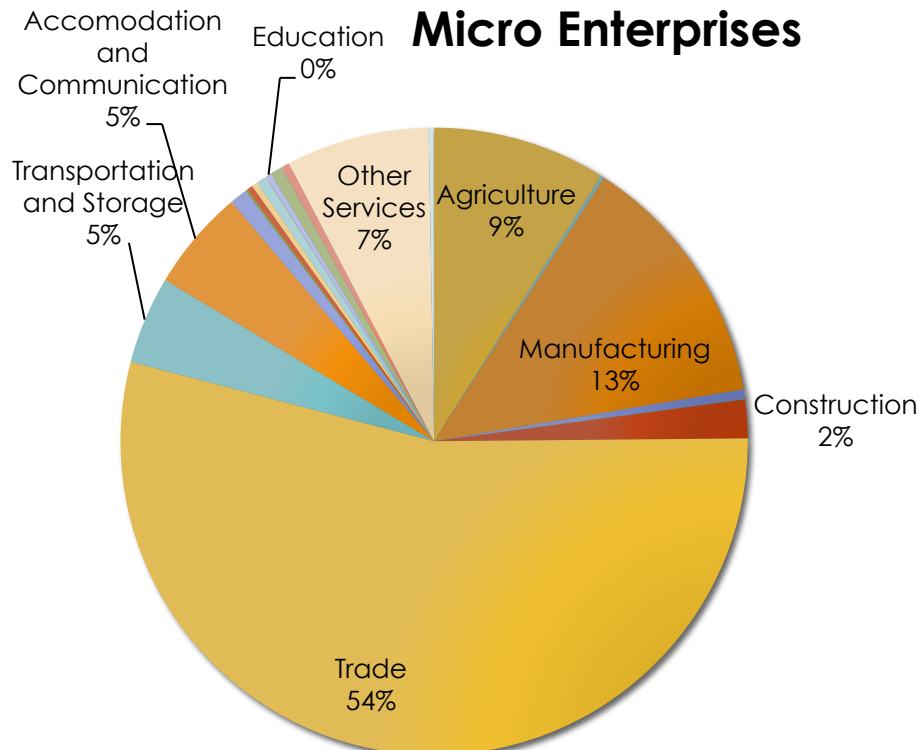
- Services accounted for 45.72% of total
- Agriculture followed with 42.02%
 - This is due to the low levels of capital and employees needed in businesses within these sectors
- Industry 12.26%



Composition of MSMEs: Business type

- Education had the greatest number of Small and Medium enterprises, followed by Manufacturing
- Trade had the greatest number of Micro enterprises, followed by Manufacturing

Small and Medium Enterprises



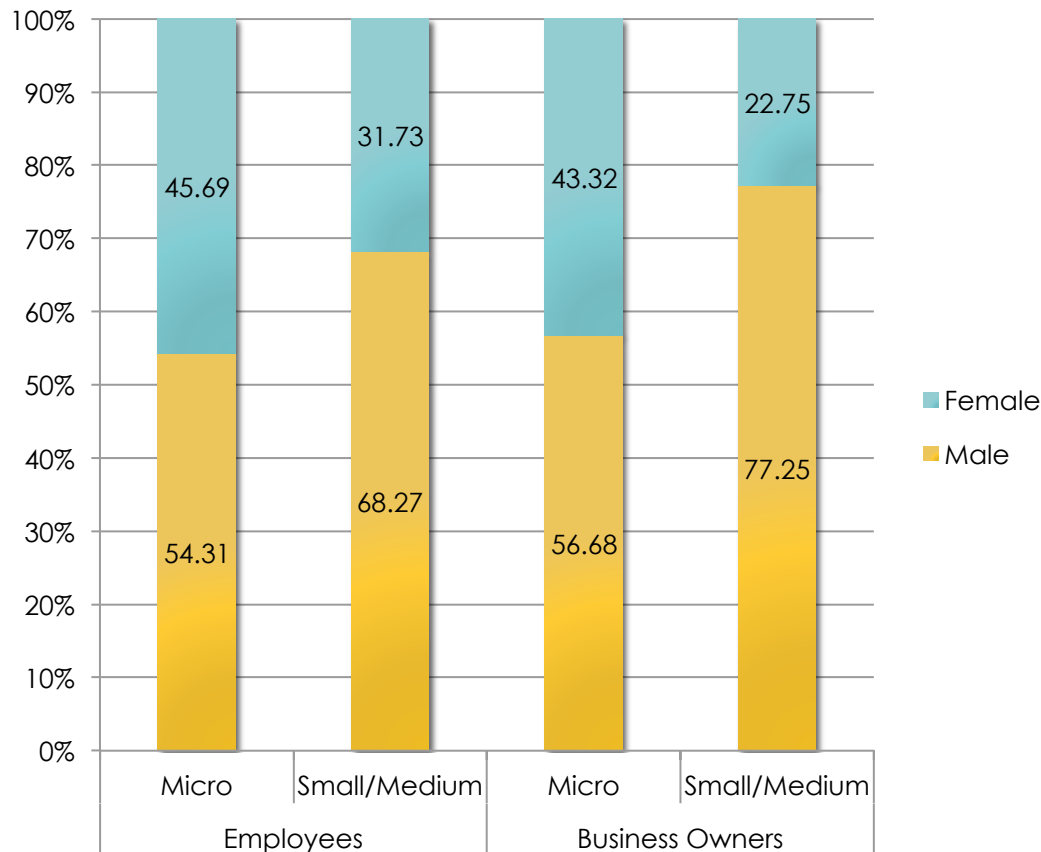


Labour

Employment

- The total number: 59,741,211, representing 84.02% of the total labour force

By Gender:

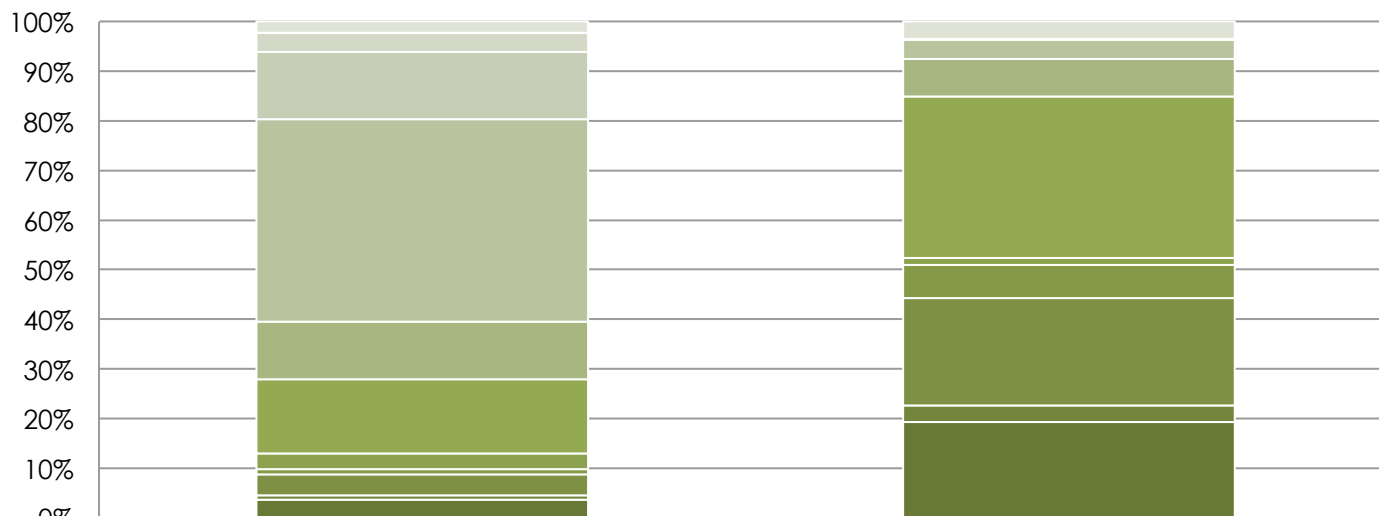


- Micro enterprise more gender equal in both business owners and Employees
- Higher gender inequality in business owners in both Micro and Small and Medium
- Highest inequality in Small/Medium Business owners with 77.25% male domination

Education of MSME Owners

- 1 in 5 people in micro enterprises have no education
- 3.6% of people in SMEs have no education

MSMEs by Educational Attainment



	Small and Medium	Micro
OTHERS SPECIFY	2.24	3.43
DOCTORATE	3.78	0.02
M.SC/M.A/M.ADMIN	13.55	0.22
B.SC/BA/HND	40.86	3.87
NCE/ND/NURSING	11.67	7.56
SSS	14.97	32.52
VOCATIONAL/COMMERCIAL	3.10	1.43
JSS	1.12	6.75
PRIMARY	4.14	21.65
BELOW PRIMARY	0.97	3.21
NO EDUCATION	3.60	19.35

Employment: Skills Gap

- Average Skills Gap larger in Micro enterprises, at 42.10%, against 27.75% in Small and Medium
- Top 5 business types with greatest skills gaps:

	Micro	Small and Medium
1	Mining and Quarrying: 65.48%	Water Supply, Sewerage...: 60.00%
2	Extraterritorial Organisations and Bodies:52.99%	Trade: 37.38%
3	Accommodation and Communication: 51.99%	Agriculture: 33.34%
4	Education: 50.83%	Arts, Entertainment...:32.32%
5	Real Estate: 49.83%	Administrative Activities: 26.83%



Finance

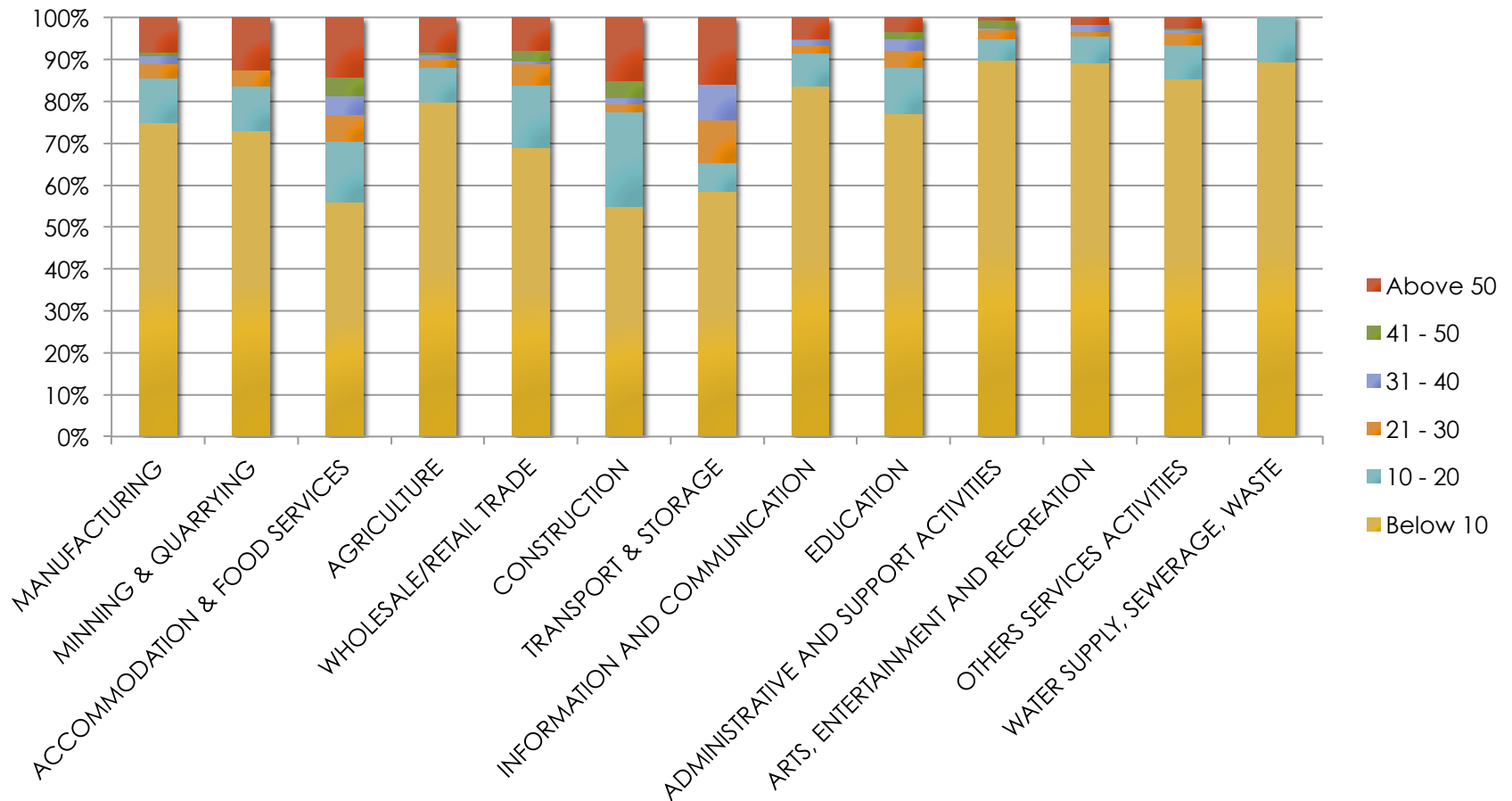
Financing MSMEs: Startup Capital

- **Currently, low levels are being used:**
 - **Micro:** 68.35% start with < N50,000
1.28% start with > N1,000,000
 - **Small and Medium:** 88.87% start with < N10,000,000
2.44% start with > N50,000,000
- Most Capital Intensive Sectors at Startup

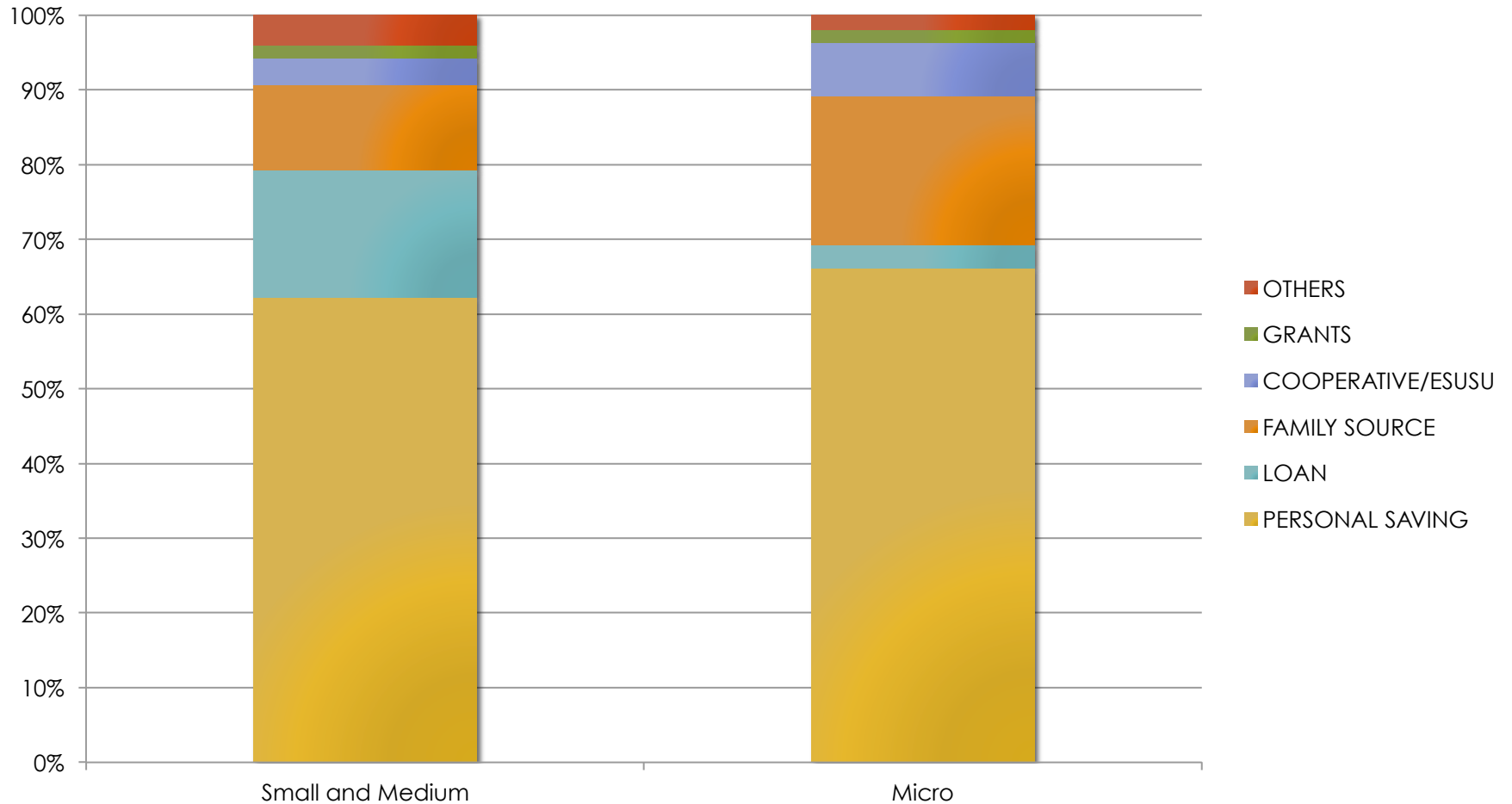
	Micro (above N1 m)	Small and Medium (above N50 m)
1	Professional, Scientific and Technical Services (5.54%)	Transportation and Storage (9.09%)
2	Administrative and Support Services (5.36%)	Construction (6.58%)
3	Mining and Quarrying (4.70%)	Accommodation and Food Services (5.78%)

Capital: Total

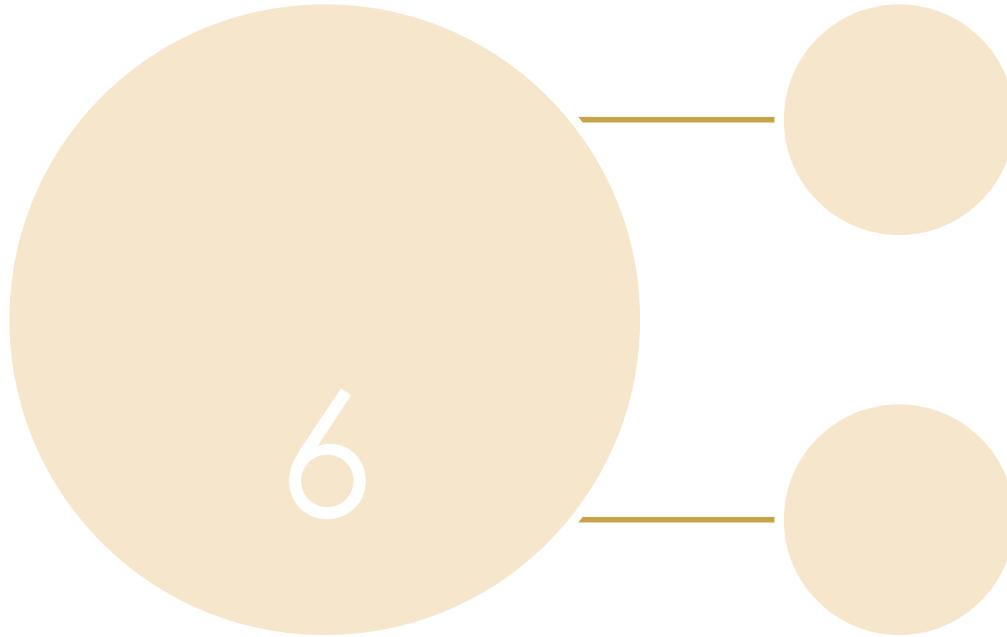
Small and Medium Enterprise Total Capital (N, Millions)



Capital: Source



Micro enterprises rely more on Family and Cooperatives, whereas Small and Medium are more likely to access a loan



Challenges

Absence of Formalisation

Lack of capital and poor integration into final markets

Most of the enterprises are operating without legal and financial protection

- **Business Plan:**

- Micro: 69.52% no business plan

Lack of planning in MSMEs contributes to their high rate of failure as well as a lack of willingness of investors to provide capital

- **Registration:**

- Micro: 95.99% not registered

Unregistered business makes it hard to keep track of development and needs of small business, as well as regulate them and generate revenue from tax

- **Insurance:**

- Small Medium: 65.16 % no insurance
- Micro: 94.61% no insurance

MSMEs are particularly vulnerable to shocks, so a lack of integration into financial markets means that this risk is greater

- **Patents:**

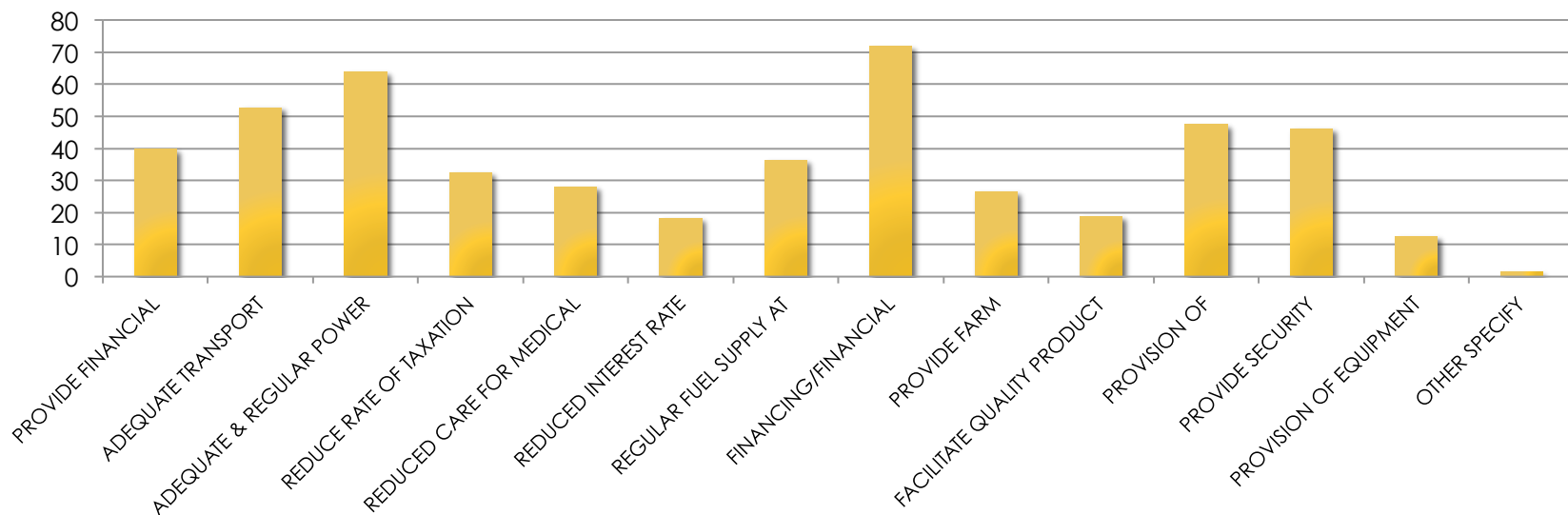
- Small and Medium: 65.57% no patented product
- Micro: 90.99% no patents

Patenting products allows economic benefits of a product to remain local

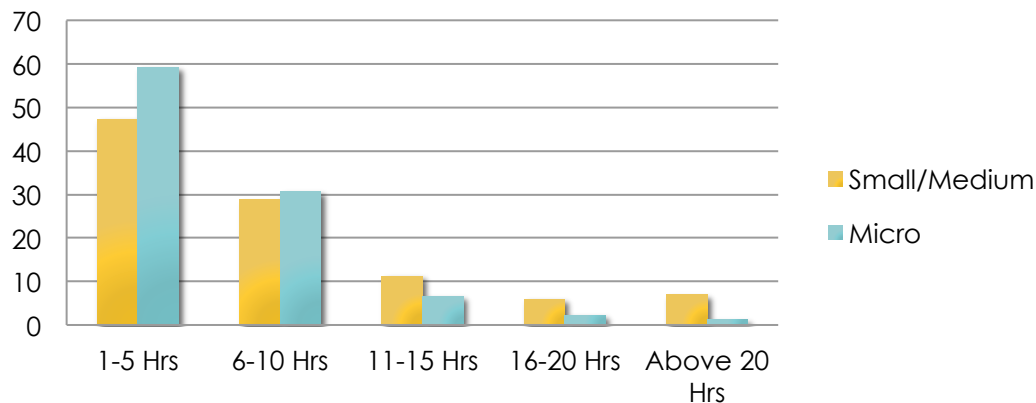


Challenges from MSME Perspective

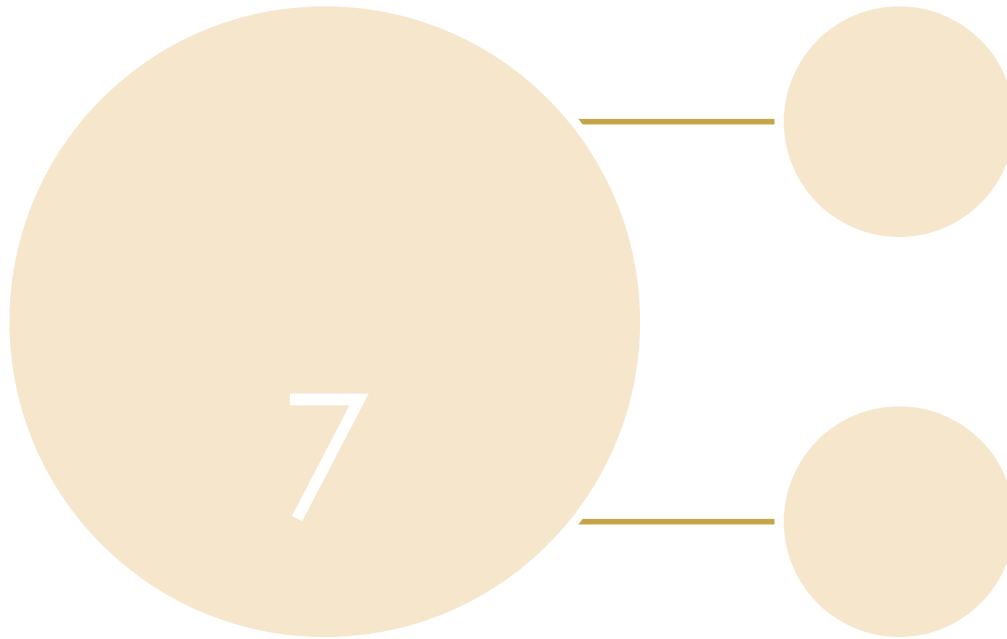
Priority Areas of MSME Assistance



Daily Use of Alternative Source of Power



- The three priority areas: access to finance, provision of infrastructure and regular supply of power and water.
- Small/Medium rely on more hours of alternative sources of power every day



Policy Recommendations

Policy Recommendations

- A proactive strategy is necessary to address the 6 key constraints faced by the sector:
 - Access to finance
 - Weak infrastructure
 - Inconsistency of Government Policies
 - Access to market
 - Multiple taxation
 - Obsolete technology
- Stable financial development, effective and secure financial systems and targeted lending
- Good institutions at all levels of government supporting and promoting MSMEs.
 - This will ensure corruption and regulatory burdens are minimized and rule of law, land and property rights, creditors' rights etc. are overcome



THANK YOU FOR YOUR ATTENTION

NATIONAL BUREAU OF STATISTICS

Plot 762, Independence Avenue,
Central Business District,
Abuja.

Email: ykale@nigerianstat.gov.ng
feedback@nigerianstat.gov.ng

Website : www.nigerianstat.gov.ng

facebook

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