

DEVELOPING AND GROWING SUSTAINABLE MICRO, SMALL AND MEDIUM ENTERPRISES - GLOBAL TEMPLATE

Eneh, O. C.¹ and Okezie, Y. C.²

¹Research Fellow I, Institute for Development Studies, Enugu Campus, University of Nigeria, Nsukka; Phone: +234-803-338-7472; Email: esccha@yahoo.com

²Chief Executive, Afrique Consulting Ltd., Lagos; Phone: +234-803-370-0493; Email: youngkez@yahoo.com

Abstract

Poverty is a global concern. Yet, poverty is growing in most countries of the world. The human faces behind poverty conditions across the globe point to the need to make poverty reduction a fundamental goal. The experience of the 'Asian Tigers' has proved that poverty can be reduced by 20% in two decades by developing and growing sustainable micro, small and medium enterprises (MSMEs). This review study examines a global template for developing and growing MSMEs, and discusses the role of enterprises in economic development, various stages of enterprise development, marketing and customer care, and management ethics and practices, in order to address the need for continuous stimulation and encouragement of enterprise development in every country for healthy economic growth and sustainable development. Since national economies are grown and poverty reduction achieved through the development and growth of sustainable MSMEs, and slow pace of economic development is largely attributable to poor development and growth of the MSMEs sector in developing countries, the paper, therefore, recommends the

encouragement of the development and growth of sustainable MSMEs in every country by way of sound policies and curriculum development.

Introduction

Developing and growing sustainable enterprises start with entrepreneurship spirit and talents that are indispensable personal goods or possessions for developing enterprises. Various definitions have been given for entrepreneurship, entrepreneur and their related terms, as well as various levels of enterprises, namely micro, small, medium and large enterprises (Eneh, 2005 and 2007a).

Entrepreneur means someone who undertakes a significant project or activity. It is a venturesome individual, who stimulates economic progress by finding new and better ways of doing things. The French economist, Jean Baptiste Say, puts it this way, “The entrepreneur shifts economic resources out of an area of lower and into an area of higher productivity and greater yield.” Entrepreneurs create value (Dees, 2004).

An economist and political scientist, Joseph Alois Schumpeter (1883-1950), in his theory of economic development stated that entrepreneurs are the change agents in the economy. By serving new markets or creating new ways of doing things, they move the economy forward. He submitted that “the entrepreneur disturbs the equilibrium of the stationary state and is the prime cause of economic development, which proceeds in cyclic fashion along several time scales”. He argued that “the innovation and technological change of a nation comes from the entrepreneurs”. He submitted that these individuals are the ones that make things work in the economy of the country. He also asserted that “the actors that drive innovation and the economy are big companies which have the resources and capital to invest in research and development” (Dees, 2004).

Schumpeter described entrepreneurs as the innovators who drive the creative-destructive process of capitalism, adding that (Dees, 2004):

Developing and Growing Sustainable MSMEs

The function of entrepreneurs is to reform or revolutionize the pattern of production. They can do this in many ways: by exploiting an invention or, more generally, an untried technological possibility for producing a new commodity or producing an old one in a new way, by opening up a new source of supply of materials or a new outlet for products, by reorganizing an industry and so on.” Schumpeter’s entrepreneurs are the change agents in the economy. By serving new markets or creating new ways of doing things, they move the economy forward.

The experience of the ‘Asian Tigers’ has proved that poverty can be reduced by 20% in two decades by developing and growing sustainable micro, small and medium enterprises (MSMEs). National economies are grown and poverty reduction achieved through the development of MSMEs. Slow pace of economic development is largely attributable to poor MSMEs development and growth in developing countries (Eneh, 2007b; Ogunsanya, 2007).

Enterprise Development

Developing an enterprise begins with self-examination and realization of one’s innate entrepreneurship drive. It progresses to visioning and identification of service or product gaps that need to be filled; identification of one’s possession and position with, and from, which one could take off; and identification of partners, employees and networks to help actualize the dream of the enterprise. Environmental scanning follows, to aid business plan development (Eneh, 2007a).

Visioning

Visioning is having today a picture of tomorrow. *Personal visioning* is looking into the future, knowing where you are going, where you want to be, and working determinedly, diligently, assiduously and

persistently towards it. Critical issues in personal visioning hover around the following questions:

- What do I have passion for?
- What do I want to achieve?
- What are my capabilities?
- What are my competences?
- How do I see the future – gloomy, hazy or bright?
- What is my mindset in life affairs – possibilities or impossibilities, can-do spirit or can't-do spirit, brick-wall spirit or borderless spirit?

Entrepreneurial visioning relates to what business opportunities you want to exploit, knowing how to identify it and working towards it. Critical issues in personal visioning revolve around the answers to the following questions:

- Am I innovative?
- Can I take reasonable risks?
- Do I picture opportunities around me?
- Do I fear failure?
- Am I focused on my dreams?

Successful entrepreneurial visioning involves:

- setting the time,
- economic environment,
- political environment,
- social environment,
- cultural environment,
- technological environment,
- global environment, and
- environmental scanning.

Developing and Growing Sustainable MSMEs

Personal visions need to be aligned with entrepreneurial visions by answering the following questions:

- Does my personal vision match my entrepreneurial pursuit?
- What capabilities, competences and skills are needed for my envisioned entrepreneurial pursuit?
- Do I have competences and skills gap?
- How do I effectively fill the gap?

The entrepreneur needs to move from vision to action. He does this by:

- Killing the fear factor;
- Building with the right blocks;
- Continuous monitoring, evaluation and realignment;
- Continuous environmental scanning; and
- Success story.

Business Plan Development

A business plan is a comprehensive written description and analysis of the business and enterprise plans to go into. The business could be service-based, production-based or buying and selling. A business plan is needed in order to give an integral view of the business, to have a roadmap for running the new business, to have the key tool for sourcing business fund, and as an instrument for technical assistance/grant (Okezie, 2008a; Eneh, 2005).

Steps to follow in business plan development are (Okezie, 2008a):

- (1) assessing the situation to identify personal entrepreneurial qualities, as well as service and product gaps,
- (2) developing the vision and mission,

- (3) market survey and information gathering or environmental scanning,
- (4) working out the plans,
- (5) developing the plan, and
- (6) preparation of executive summary.

Okezie (2008a) outlines the contents of a typical business plan as follows:

- 1.0 Executive Summary
- 2.0 Background
 - Introduction
 - Vision and Mission
 - Ownership of the Enterprise
 - Legal status
 - Location and facilities
 - Products/services
 - Business strategy
 - Key success factors
 - Revenue base
- 3.0 Marketing and Clients
 - Nature and size
 - Target clients
 - Key competitors and players
 - Production process
 - Service delivery system
 - Quality assurance
 - Demand/supply analysis
 - Technology
 - Competitive edge
- 4.0 Marketing plan
 - Marketing plan
 - Promotion and distribution strategy
 - Alliances

Developing and Growing Sustainable MSMEs

- Market positioning
- Service and delivery strategy
- SWOT (strengths, weaknesses, opportunities and threats) analysis
- 5.0 Organisation and Management
 - Organisational structure
 - Share holders and directors
 - Management team
 - External support
 - Personnel plan
 - Values and norms of the enterprise
- 6.0 Legal, Regulatory, Social and Environmental Issues
 - Legal issues
 - Regulatory issues
 - Social issues
 - Environmental issues
- 7.0 Financial plan
 - Project cost
 - Funding plan
 - Funding requirement
 - Projected income statement
 - Projected cash flow statement
 - Projected balance sheet
 - Profitability analysis
 - Break even analysis
- 8.0 Risk analysis, contingency plan and exit strategy
 - Risk analysis and mitigants
 - Contingency plan
 - Exit strategy
- 9.0 Other consideration, conclusion/recommendation
 - Economic justification
 - Commercial viability
 - Conclusion/recommendation
- 10.0 Appendices

- Approvals
- Licences
- Organogram
- Proforma invoice
- Assumptions behind the figures
- Certificate of incorporation/registration

A typical executive summary of a business plan, as adapted from Okezie (2008a), is given below:

1.0 EXECUTIVE SUMMARY

- 1.1 The following report and recommendations relate to the proposal by WAZOBIA Nigeria Ventures to establish a Garment Making Business.
- 1.2 The proposed project is to be fully implemented with an investment of N180,000.00, made up of N120,000.00 fixed capital and N60,000.00 working capital.
- 1.3 The enterprise's vision is to be a one-stop garment making shop, providing quality products and services to her customers.
- 1.4 The proposed project will be located at Diobu, Port Harcourt, Rivers State.
- 1.5 A ready market exists for the planned business, based on our market survey.
- 1.6 The financial projections show a good level of liquidity and profitability. The projected turnovers for 2009, 2010 and 2011 are N540,000.00, N675,000.00 and N843,750.00 respectively. Opening profit in 2009 is N108,000.00, increasing to N135,000.00 and N168,750.00 in 2010 and 2011 respectively.
- 1.7 The funding requirement is N144,000.00, since the promoter is committing N36,000.00 to the project.
- 1.8 The enterprise's competitive edge is the promoter's strong technical skills and knowledge of the industry.
- 1.9 The profitability indicators, as extracted from the projections in the plan, are as tabulated below (Table 4.1):

Developing and Growing Sustainable MSMEs

Table 4.1: Profitability indicators

	2009 (Naira)	2010 (Naira)	2011 (Naira)
Turnover	540,000	675,000	843,750
Operating profit	108,000	135,000	168,750
Taxation	-	-	-
Profit after taxation	108,000	135,000	168,750
Return on owner's fund	300%	375%	468.75%
Return on total investment	60%	75%	93.75%

1.10 Conclusion and Recommendation

From the point of view of our analysis, the proposed project is technically feasible, financially viable and economically desirable.

The project offers good investment benefits. We, therefore, highly recommend it for funding and implementation.

Finance for MSMEs

Financial management is the hallmark of successful and sustainable business management. Entrepreneurs need to pay attention to their funding sources as well as the judicious application of such funds (Okezie, 2008b),

Funding sources for MSMEs are:

- Personal savings,
- Loans from friends and family members,
- Micro-credit from micro finance bank of government agency,
- Micro-credit from co-operatives,
- Equipment leasing,
- Loans from the bank of industry, and
- Grants from donor agencies.

The cost of fund must be taken into consideration. The tenure of the loan must be taken into consideration. The loan should be planned ahead of the time of procurement (not an *ad hoc* arrangement). Loan procurement should be project-tied. The repayment plan should be restructured taking into consideration the project cash flows.

The core components of financial management for MSMEs are:

- Working capital management,
- Managing cash flows,
- Managing inventory,
- Managing accounts payable,
- Managing accounts receivable,
- Planning and managing capital expenditure,
- Capital expenditure budgeting,
- Risk (a condition in which there is a possibility of an adverse outcome) and insurance management,
- Risk classification: insurable and uninsurable risks, and
- Business assets insurance – property (fire policy), stocks (fire/burglary policy), vehicle (accident/theft policy), cash (cash-in safe and cash-in-transit and fidelity policy), goods (good-in-transit policy).

Tools for financial management for MSMEs are cash budgeting, profit planning, periodic physical stock counts, financial ratio analysis, and internal control arrangement. Appropriate accounting records must be maintained and entrepreneur must be cost conscious. Business diversification or expansion must first be planned. Personal finances must be separated from business finances. Part of profit must be set aside annually as reserves to build a strong financial base for the business. Business taxes must be paid to avoid sanctions. Financial prudence must reign, and needless spending must be shunned. Acquisition of fixed assets with working capital must be

Developing and Growing Sustainable MSMEs

avoided. Fund not tied to specific project must not be borrowed. Reconcile monthly bank account statement.

Marketing and Customer Care for MSMEs

Customers are the business. Without creating customers, a business cannot achieve its goals, such as profitability, good corporate citizenship, increasing shareholders value and employees welfare (Okezie, 2008c).

Creating customers means:

- Identifying potential customers needs in the market place;
- Finding out which of those needs the enterprise can profitably serve;
- Designing the product or service as to meet such needs;
- Creating awareness about the product or service;
- Making the product or service available at times and places as to meet customers' needs;
- Pricing the product or service to reflect costs (plus mark-up or profit), competition and customers' ability to pay; and
- Providing necessary customers' care and services, to ensure their satisfaction.

Critical start-up marketing steps for MSMEs are:

- Studying and surveying the market before venturing into the planned business.
- Asking these relevant questions and obtaining answers:
 - Who are the potential customers?
 - What is the projected demand (quality/value) for the product over a period of three years?
 - Will the demand sustain the business?
 - Can the business compete with the existing players in the line of business?
 - Does the market for this business have growth potentials?

Once answers are obtained for these questions, the coast will become clear for forward movement.

Tools for creating awareness on a product or service include:

- ❖ Handbills.
- ❖ Fliers.
- ❖ Posters.
- ❖ Words of mouth.
- ❖ Introductory letters.
- ❖ Brief adverts on classified page of local newspapers.
- ❖ Networking.
- ❖ Complimentary cards.

Strategies for successful marketing of product or service include:

- ✓ Moving quickly to satisfy customers' needs;
- ✓ Using pricing to differentiate products or service;
- ✓ Paying attention to quality and packaging;
- ✓ Building customer loyalty;
- ✓ Offering samples and demonstration;
- ✓ Educating customers; and
- ✓ Developing a marketing budget.

Non-monetary values that customers look out for in marketing are:

- Quality of product or service.
- Reliability of product or service.
- Business integrity of the enterprise.
- Customer care service.

Developing and Growing Sustainable MSMEs

Offering credit in transactions is a factor in small businesses. It is advisable to:

- Avoid credit sale of product or service to a new customer.
- Establish a track record or history of customers.
- Take referees before credit is offered.
- In view the working capital needs of the enterprise, determine the credit duration, e.g. 30 days.
- Determine credit limits for each customer, depending on established capacities of both parties.
- Maintain credit file and accounts for each customer.
- Reconcile credit balances monthly.

The marketing techniques for promoting the business and retaining customers can be divided into five: customer care, keeping abreast with market-related information, networking, competitive price for product or service, and diligence. Good customer care practice involves paying attention to customers' needs, being courteous to customers, quick response to customers' demands, taking customers' complaints seriously, taking interest in the customers and their businesses, avoiding "hit and run" approach, and being honest to customers.

Keeping abreast with market-related information entails sourcing current, reliable and relevant market-specific information; continual scanning of operating environment, and knowing how competitors are operating. Networking is the process of developing and engaging in mutually beneficial relationships. It entails developing relationships with operators in the same business line, joining relevant business organizations, attending seminars/workshops/trade fares, and generosity with call-cards.

Competitive price for product or service avoids excessive profit margin that out-prices the product or service from the market and reduces sales. It avoids prestige pricing as a start-up, which sets a high price to convey the image of high quality or uniqueness.

Diligence in business calls for hard work, patience and perseverance, consistency, focus and passion, knowing that there no quick fixes to success.

Management Practices for MSMEs

Eneh (2008) acknowledges that the failure of most small and medium businesses is not much of lack of funds as poor managerial skills. Key issues in managing successful businesses are:

- ✓ Planning activities.
- ✓ Organizing activities.
- ✓ Leading employees/apprentices to achieve targets.
- ✓ Controlling activities in the planned direction.
- ✓ Using management skills to avoid running helter skelter.
- ✓ Creating and retaining customers.

Good management practices involve good time management, sourcing and managing information, good interpersonal relationship and communication skills, good human resources management, good conflict management, and continuity and succession.

Time management

Time is a unique resource. It is fixed: 60 seconds in a minute, 60 minutes in an hour, 24 hours in a day, 7 days in a week, 28 days or 4 weeks in a lunar month, 365 days or 52 weeks in a year, 366 days in a leap year. It cannot be saved, like money, or stored, like goods. It cannot be retrieved. It is precious.

It does not recycle, unlike water. Water falls as rain from the firmament. Part of the water gets back to the sky through evaporation. There, it condenses and falls again as rain. But, time comes and goes – never to return.

This is why time must be more judiciously utilised than any other resource. To use time effectively requires planning. Most entrepreneurs fall into the trap of not being able to manage their time.

Developing and Growing Sustainable MSMEs

They have divided attention for every activity. A major step in managing time well is setting priorities and knowing where your time goes everyday.

Time wasters can be external or internal (Table 4.2). Internal time wasters include poor instruction or delegation, poor attitude to work, disorganization, indecision, social activities, lack of planning, unclear goals, and poor discipline. External time wasters include meetings, waiting for replies, weak job definition, bureaucracy, travel, work overload, interruptions, and inconsistent priorities.

Table 4.2: External and Internal Time Wasters

<i>S/N.</i>	<i>External</i>	<i>Internal</i>
1.	Meetings	poor instruction or delegation
2.	waiting for replies	poor attitude to work
3.	weak job definition	disorganization
4.	bureaucracy	Indecision
5.	travel	social activities
6.	work overload	lack of planning
7.	Interruptions	unclear goals
8.	inconsistent priorities	poor discipline

Source: Eneh, 2008

Techniques for time management include:

- ❖ Setting priorities and doing essential tasks first;
- ❖ Doing related activities together;
- ❖ Breaking big jobs into small tasks;
- ❖ Scheduling events in a timetable (having a “to-do list” daily);
- ❖ Focusing on one task at a time;
- ❖ Completing tasks;
- ❖ Organizing self;
- ❖ Delegating tasks as much as possible; and
- ❖ Taking action now, not procrastinating.

Business information sourcing and management

Information is power. Successful businesses gather and use business information. Today's business world is information-driven. Sources of business information can be internal or external, informal or formal. Internal information sources include business documents (e.g. invoices, receipts), annual reports and accounts, accounting records, files, etc. External business information sources include business journals/newspapers/magazines, business support services centres, chambers of commerce/trade groups, research reports/studies, bankers/auditors/lawyers, internet, directory/yellow pages/guides, seminars/workshops/training/colloquia/symposia/public lectures, government, etc.

Informal business information sources include discussion with staff/friends/co-operators, personal networks, grapevine, etc. Formal business information sources include official correspondence, etc.

Information storage systems include filing (manual), data base/bank, e-mail address or website.

Effective information management involves:

- Obtaining accurate information;
- Recording information in a meaningful manner;
- Storage of information in manner that enables fast retrieval; and
- Regular evaluation of information to ensure its meeting current and future needs.

Interpersonal relationship and communication management

Good interpersonal relationship and communication management skills are essential for business success because enterprises are social systems. Effective communication skills are important in relating well with employees, customers, suppliers, government officials, friends, competitors, business associates and advisers. Entrepreneurs must relate decently with the opposite sex in the course of their business. They must be good listeners in order to understand others' views

Developing and Growing Sustainable MSMEs

before responding or reacting. They should be sure to observe the 6Cs of communication:

- Is it clear? – avoid ambiguity; use terms that are simple and straightforward.
- Is it complete? – avoid half information.
- Is it correct? – ensure that all information is correct.
- Is it complete? – be sure all necessary information is included.
- Is it courteous? – make it pleasant, sincere and tactful.
- Is it concrete? – avoid abstracts, be precise.

Human resources management

Human resources are the most important asset, especially for a small business with few employees and limited financial resources. Key issues in human resources management in MSMEs are:

- Determine the number of employees/apprentices needed, thinking big but starting small.
- Hire or get people with the right skills and attitude for your type of business.
- Give the personnel appropriate orientation.
- Ensure that they buy into the vision of the enterprise.
- Hold periodic meetings with employees/apprentices.
- Pay fair economic wage.
- Be a coach to your employees/apprentices.
- Delegate duties where appropriate.
- Take interest in their welfare and future.
- Have respect for your employees/apprentices.
- Train them in areas and skills that will enhance their performance.
- Appraise their performance periodically, e.g. every six months.
- Avoid discrimination in treating them.
- Motivate your workers for greater productivity.

- Every organization has three vital assets – products/services, customers and employees. Mishandling any of these can lead to business failure.

Conflict management

Conflict is a situation where people disagree on an issue or issues based on principle, perception or values. Causes of conflict include poor communication, difference in values, differences in goals/wants/needs, differences in perception, personality clashes, competition, and change.

In the course of day-to-day business, conflict may arise between colleagues or between staff and customer or business associate or competitor. Resolving a conflict often follows the steps below:

- ✓ Initiate discussion;
- ✓ Give good information;
- ✓ Get good information;
- ✓ Identify the core problem;
- ✓ Generate possible solutions;
- ✓ Jointly evaluate possible solutions;
- ✓ Decide together the most acceptable exit to the problem; and
- ✓ Be committed to the agreed decision.

Succession

It is said that success without succession is no success. Successful entrepreneurs hand over their business to successors for continuity. To do this:

- ❖ Formalize the business through registration;
- ❖ Put proper management structure, accounting records and information system;
- ❖ Seek the support of business development and support services providers;

Developing and Growing Sustainable MSMEs

- ❖ Identify potential successors, expose, train, guide and groom them; and
- ❖ Pick the ultimate successor, who could be your son, daughter, a trusted member of your or other family;

Basic Record-Keeping and Accounts for MSMEs

According to Okezie (2008d), the importance of financial records for small enterprises includes:

- To capture day-to-day transactions;
- To show the true state of affairs of the business at any point in time;
- To provide the desired financial information to the lenders, regulatory bodies, tax authorities and potential investors; and
- To help management in planning, controlling and decision making;

Common accounting terms include:

Revenue: money or income the business receives from selling its products or services.

Cost of sales: what it costs to the firm to generate a particular volume of sales.

Inventory or stock: goods bought as raw materials input or finished goods for sale.

Variable costs: any cost that changes based on volume of activity.

Fixed cost: any cost that does not vary with activity level (e.g. rent, loan interest, etc).

Assets: these are the resources other than human used in generating the business income (e.g. equipment, cash at bank, stock, electric power generating set, etc.)

Liabilities: these are the firm's financial responsibilities, e.g. creditors.

The basic accounting records include:

- Cash book (for cash receipts and payments),
- Daily operating expenses register,
- Income and outgoing cheques register,
- Bin cards (stock or inventory records),
- General ledger, and
- Fixed assets register.

Basic accounting documents are:

- Payment voucher,
- Receipt,
- Invoice, and
- Waybill.

Periodic financial reports include:

- Income statement (profit and loss account),
- Balance sheet, and
- Cash budget.

Critical reviews of business financial records involve:

- ❖ Monthly, quarterly or annual physical stock counts; and
- ❖ Monthly reconciliation of bank statements balance.

Ethics of Business Practice

According to Umoh (2008), business ethics is a set of values, beliefs, and culture evolving over a period of time that guides business practice. Business ethics is a form of applied ethics, which is aimed at inculcating in the business owner and his employees how to conduct business responsibly. It is often translated through such terms as integrity of responsible business conduct, what is right or wrong,

Developing and Growing Sustainable MSMEs

legality, etc. It is, therefore, the pursuit of that which is legal, right and balanced.

Ethics requires a high sense of:

Awareness: This is seen in one's management. Activities are planned and priority given to urgent matters. Goals are set and pursued. It is seen in personal grooming and consciousness in human relations, in striving for excellence and in self-discipline.

Responsibility and loyalty: Responsibility demands that you should care for and account for whatever is put in your care or charge. Loyalty is about commitment to set objectives or goals, steadfast allegiance to the management of the organization or your business. High sense of responsibility should be exhibited in one's own roles, towards superiors and subordinates, towards the customers and suppliers.

Probity: This calls for demonstrated honesty in dealing with confidential matters, in handling company's finances, and indeed in very different situations.

Accountability: This is being responsible and answerable for your decisions and actions when called to do so. It is required for positions held or authority received and roles played, and for resources utilized.

Ethical principles in business include:

Trust: Business thrives mainly on trust. Often times, you are faced with the challenge of whom to trust. Trust presents a picture of belief that somebody is so sincere or honest in his statements or offers that he will not try to harm or deceive. It is the belief that something is true or correct and you can rely on it. It is having confidence that a company or a product can be relied upon.

Right: Right is seen as justified claim or action. Most of us know the difference between right and wrong. How do your business decisions make you feel? Would you like others to know you made the decision you did? Insist on doing the right thing in your business dealings.

Integrity: This implies having strong moral principles. Integrity in business pays. Any business run that is devoid of integrity has a short life span. Being honest in your business dealings demonstrates integrity.

Honesty: Tell the truth always. Avoid denials that could affect your integrity in business. Disclose any necessary information to your publics and facilitate access to queries. Respond openly to all queries and complaints. Honesty earns confidence of your publics. Honesty has a lasting positive implication on the business.

Responsibility: In this context, we refer to responsible business conduct, being reliable or trustworthy, accountable, etc. Business should be run responsibly in order to build the trust of customers and other publics.

Fairness: Ensure fairness in action and deals undertaken. Ensure adequate compensation for the parties involved. Apply same standards in judging an action, no matter whose ox is gored. Fairness ensures that no one is cheated or treated unduly.

Equity: In upholding equity, you are expected to treat everyone equally – no discrimination, partiality or nepotism. Equity is the pursuit of that which is fair and reasonable. Do not try to exploit your workers, partners, customers, etc. Do not take advantage of your customers' ignorance in terms of the quality, the quantity and price of the product or service.

Developing and Growing Sustainable MSMEs

Loyalty: Loyalty entails commitment to set objectives by all concerned. It calls for steadfast allegiance to the management of the organization. Disloyalty can dislodge the mission of an organization. Business organizations require loyal employees, loyal customers, loyal suppliers, distributors, etc.

Fidelity: Keeping promises is one of the challenges of good business practice. You have a duty as a business owner to keep promises – promises of quality, of prompt delivery, of quick services, quick response to complaints, etc. Keeping promises creates enduring trust in the mind of your publics that you will deliver what you promised.

Reparation: What do you do when you find out that you have short-changed or deceived your client? The principle of reparation puts a duty on you to compensate others when you harm, defraud or cheat them. When this is done, it restores confidence and promises business growth.

Confidentiality: Confidentiality entails being discrete with the publics. It also means refusing to reveal official information. Certain information are regarded as confidential and thus treated with secrecy, especially in large organizations. Be discrete with business information, especially if it does not affect your publics adversely.

Most business actions and choices, decisions and judgments have ethical aspects. They involve specifically values, help or harm people, or indicate character or all of the above. Hiring or firing, choosing suppliers, setting prices, establishing objectives, allocating resources, determining dividends, disciplining workers, planning schedules, awarding contracts, etc., all involve ethical choices.

Ethical consideration is an indispensable aspect of business. It promotes sound business practice. It is expressed in all aspect of business, such as outlined above and more. It is evident in product design, product quality, pricing, promotion, packaging, sales and

marketing, negotiation, social responsibility, environmental issues, legal tax and regulatory issues, and so on. In fact, there is no area or aspect of business that does not raise ethical questions.

Your ethical foundation will go a long way in determining your attitude, your responses, your relationships, your actions, and choices. In fact, for your success in your business dealings, you are expected to adhere strictly to a set of these moral principles. This is what being ethical is about. Do to others what you would expect them to do to you.

It is worthwhile to run your business ethically. On the long run your business gains due to its long lasting impact on business growth. Insist on those values that are morally sound. Insist on doing things right. It will make your publics have confidence in your business, which will result in great patronage. Trade tricks, sharp business practices, profiteering, etc. are unethical business behaviours. They will undermine the success of your business. Therefore, avoid them in your business dealings.

Summary and Recommendations

The entrepreneur shifts economic resources out of an area of lower and into an area of higher productivity and greater yield. He creates value. He disturbs the equilibrium of the stationary state and is the prime cause of economic development, which proceeds in cyclic fashion along several time scales. The innovation and technological change of a nation comes from the entrepreneurs. These individuals are the ones that make things work in the economy of the country. The actors that drive innovation and the economy are big companies which have the resources and capital to invest in research and development.

Entrepreneurs are the innovators who drive the creative-destructive process of capitalism. The function of entrepreneurs is to reform or revolutionize the pattern of production. They can do this in many ways: by exploiting an invention or, more generally, an untried technological possibility for producing a new commodity or producing an old one in a new way, by opening up a new source of supply of

Developing and Growing Sustainable MSMEs

materials or a new outlet for products, by reorganizing an industry and so on. Entrepreneurs are the change agents in the economy. By serving new markets or creating new ways of doing things, they move the economy forward.

National economies are grown and poverty reduction achieved through the development and growth of sustainable micro, small and medium enterprises (MSMEs). Slow pace of economic development is largely attributable to poor development and growth of the MSMEs sector in developing countries.

It is, therefore, recommended that developing and growing sustainable MSMEs should be encouraged in every country by way of sound policies and curriculum development.

References

- Dees, S.L. (2004), "Entrepreneur." Retrieved on 11/11/05 from <http://www.hcnpublishing.com/Essays/entrepreneur-definition.html>
- Eneh, O.C. (2005), *Small and Medium Enterprises in Southeast Nigeria: Problems and Solutions*. Enugu: WIPRO International.
- Eneh, O.C. (2007a), *Entrepreneurship in Food & Chemical Industries*, Enugu: Institute for Development Studies.
- Eneh, O.C. (2007b), "Poverty Reduction – Pro-growth and Prop-poor Strategy," *International Journal of Development Studies*, Vol. 2(3): 73-78.
- Eneh, O.C. (2008), "Management Practice for Small and Medium Enterprises" Paper presented at the Entrepreneurship Development Training Programme for the Association of Women Entrepreneurs in Enugu State organized 10-21 November by The Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) at the Main Hall of the University of Nigeria, Enugu Campus, Enugu, Nigeria.
- Ogunsanya, A. (2007), "Growing the Economy and Achieving Poverty Reduction Through Micro, Small and Medium Enterprises Development," in Nwosu, I.E and Okereke, C.C. (eds) *Growing the*

Economy and Achieving Poverty Reduction in Nigeria: The Crucial Role of MSMEs, Enugu: Ezu Books Ltd.

- Okezie, Y. (2008a), "Business Plan Development" Paper presented at the Entrepreneurship Development Training Programme for the Association of Women Entrepreneurs in Enugu State organized 10-21 November by The Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) at the Main Hall of the University of Nigeria, Enugu Campus, Enugu, Nigeria.
- Okezie, Y. (2008b), "Finance for Small Businesses" Paper presented at the Entrepreneurship Development Training Programme for the Association of Women Entrepreneurs in Enugu State organized 10-21 November by The Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) at the Main Hall of the University of Nigeria, Enugu Campus, Enugu, Nigeria.
- Okezie, Y. (2008c), "Marketing and Customer Care for Small Enterprises," Paper presented at the Entrepreneurship Development Training Programme for the Association of Women Entrepreneurs in Enugu State organized 10-21 November by The Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) at the Main Hall of the University of Nigeria, Enugu Campus, Enugu, Nigeria.
- Okezie, Y. (2008d), "Basic Record-Keeping and Accounts for Small Business" Paper presented at the Entrepreneurship Development Training Programme for the Association of Women Entrepreneurs in Enugu State organized 10-21 November by The Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) at the Main Hall of the University of Nigeria, Enugu Campus, Enugu, Nigeria.
- Umoh, B.D. (2008), "Ethics in Business Practice" Paper presented at the Entrepreneurship Development Training Programme for the Association of Women Entrepreneurs in Enugu State organized 10-21 November by The Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) at the Main Hall of the University of Nigeria, Enugu Campus, Enugu, Nigeria.