CHALLENGES OF SMALL-SCALE ENTERPRISES IN ENUGU STATE, NIGERIA: A HISTORICAL STUDY OF NEW JERUSALEM BAKERIES

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Abstract
Industrial economies of the world are known to evolve economic policies that are small-scale enterprisefriendly. The importance of small-scale enterprises to sustainable economic development could be premised on such factors as bringing employment to the grassroots, making effective use of unskilled and semi-skilled labour, ensuring local content in production among others. From the foregoing, the benefits of the small-scale enterprises in a developing economy become obvious. However, most research in development studies tend to focus more on the economic activities of Large-Scale Enterprises (LSEs) and Multi-national Corporations (MNCs). Identifying the vacuum in the study of small-scale enterprises in south-eastern Nigeria, this study adopts the eclectic method of analysis and the historical method of documentation to narrate the struggles of New Jerusalem Bakeries, Enugu. The general challenges faced by small-scale enterprise in Enugu State could be gleaned through the business history of New Jerusalem Bakeries. The study submits that the survival and productivity of small-scale enterprises in Enugu State and elsewhere in Nigeria would demand effective government intervention.

Keywords: Small-scale, Enterprise, Industry, Bakeries

Introduction

The Small and Medium-scale Enterprise (SME), is invariably a vital tool of development in a capitalist economy. Its contribution towards development could be viewed on its ability to make use of idle materials, local raw materials, and to bring employment to the grassroots.[1] A large number of cottage industries well spread could ensure socio-economic well-being which comes in form of accelerated improvement of the cost of living, decrease in unemployment rate, decrease in crime rate, human capacity building, increase in government internally generate revenue (IGR), and general increase in the country's economic productivity. Therefore, it is only beneficial for any pro-capitalist economy to endeavour to encourage the growth and spread of cottage industries and SMEs. Considering the fact that Nigeria is a pro-capitalist economy, one may observe with chagrin that the country and its component states have not been visibly encouraging the emergence and growth of cottage industries and SMEs.

Enugu State is one of the component states in Nigeria. It is among the five states of the South-East geopolitical zone. Enugu State houses one of the most elaborately planned metropolitan cities in the SouthEast. The city of Enugu, which is equally the administrative capital of Enugu State, is located at the foot of the Udi plateau. The city houses the important railroad from Port Harcourt, 150 miles (240 km) southsouthwest, and is located at the intersection of roads from Aba, Onitsha, and Abakaliki. The urbanisation of the Enugu town was accelerated by the discovery of coal on the plateau in 1909. The discovery of coal in the Udi escarpment was so important that it also led to the building of Port Harcourt.[2] Enugu city indeed expanded to accommodate the birth and expansion of cottage industries as well as SMEs. Some of the indigenous Large Scale Enterprises (LSEs) which started as cottage industries and which are located within Enugu State and beyond have their origin traceable to the Enugu City. Popular among such LSEs is Juhel Nigeria Limited.[3]

The New Jerusalem Bakeries has been struggling as a small and medium scale enterprise (SME) in Enugu since its inception. Most of the challenges it is facing are quite common among cottage industries and SMEs in the city. These challenges range from inadequate management skills to unfriendly business climate precipitated by government actions and inactions. However, economic historians appear to be too engrossed with nature and patterns of traditional indigenous economies that the historical analysis of emerging modern industries remains lacking on the shelves of libraries of Economic History. This study, therefore, aims at presenting an aspect of the business history of a typically struggling cottage industry in a Nigerian city.

Conceptual Clarifications

There are some keywords and basic economic history concepts which enrich this study and keep it along the track of its thesis. It is pertinent to attempt the definition of these concepts in order to avoid ambiguity and also to ensure that the submissions of the study are well comprehended.

***Cottage Industry*:** Cottage industry is sometimes regarded micro-industry. The concept of cottage industry is defined by B.A.N. Onugu as:

> *a firm, whose total cost including working capital but excluding cost of land is not more than ten million naira (N10,000,000) and/or with a labour size of not more than thirty (30) full-time workers and/or a turnover of less than two million naira (N2,000,000) only*.[4]

]The *Merriam-Webster Dictionary and Thesaurus* documents cottage industry as "an industry whose labor force consists of family units or individuals working at home with their own equipment."[5] A description of the New Jerusalem Bakeries will provide a pointer that at some point during its inception, it belonged to the category of cottage industry as explicated in the above definitions.

***Small and Medium-Scale Enterprise (SME) and Large Scale Enterprise (LSE)*:** The concepts of SME and LSE have been variously defined. The divergent definitions reflect the subjective views of economists on what constitutes a SME or a LSE. Nonetheless, there are some determining factors which could guide one in categorising these industries. Some of these determining factors are explicated by D. O. Ayozie, S. J. Oboreh, F. Umukoro and V. U Ayozie, as "capital outlay, number of employees, sales turnover, fixed capital investment, available plant and machinery, market share and the level of development."[6] The authors go on to asset that the Third National Development Plan in Nigeria defines a small scale business as "a manufacturing establishment employing less than ten people, or whose investment in machinery and equipment does not exceed six hundred thousand naira."[7] B.A.N. Onugu opines that "Nigeria's SMEs cover enterprises with total cost of N200million excluding land and total employees of between 10 and 300 people."[8] He further posits that LSE is:

> *…any enterprise whose total cost including working capital but excluding cost of land is above three hundred million naira (N300,000,000) and/or a labour force of over two hundred (200) workers and/or an annual turnover of more than twenty million naira (N20,000,000) only.*[9]

These divergent views show how difficult it would be to reach a consensus as to the actual definition of SME and LSE. Nonetheless, one can distinguish SME and LSE based on some of their basic features. SMEs are distinguished by the following features:

- *Ownership and Management to SMEs*: The chief executive generally participates actively in the decision-making process and day to day operation of the firm with little or no adequate specialist support. The chief executive can be known by all employees of the company or organization. The chief executive is the owner, founder and manager as well as the controller of the business.

- *The Scope*: SMEs cut across the industrial sector although the majority is agro- allied and food processing. There are quite some wood products and product furniture, in non-metallic mineral, in plastic wares, in clothing, tailoring, and the rest. Considering the facts that they form a large pool of indigenous enterprise and technical know-how and a breeding ground for entrepreneurial management, the SMEs sector needs to be supported and prepared for the uprising in economic activities in Nigeria.[10]

The Culture of Small and Medium-Scale Enterprises in Igboland The culture of establishing Small and Medium-Scale Enterprises (SMEs) by the Igbo people (which at times grew into LSEs) could be said to have been informed by several factors, which included traditional way of life and some historical events in Nigeria. While the economic policy implementations of the Nigerian government over the years do not considerably favour the development of a sustainable private sector, the indigenous people of Igboland seem to defy all odds to establish private enterprises of various scales and capacity. This commendable feat may be attributed to the socio-cultural and economic lifestyle of the Igbo people from the pre-colonial times and also the circumstances the people found themselves after the Nigeria-Biafra War, which ended in January 1970.

The importance the Igbo people attached to agriculture over other sectors of the economy in the precolonial times underscores their emphasis on self-dependence and self-sufficiency (in the contemporary Igbo society, self-dependency and self-sufficiency basically informs the desire for cottage industries and SMEs). The overt importance they attached to agriculture is probably borne out of the uncertainty that surrounded trade and manufacturing. While trade and manufacturing were directly influenced by the market forces, agricultural production and the insurance against starvation were largely determined by the people's willingness to cultivate the land. Victor Uchendu, has this to say of the Igbo as regards their suspicion of other forces which affect livelihood outside that which they could directly control and influence to a great extent:

> *To remind an Igbo that he is* ori mgbe ahia loro*, 'one who eats only when the market holds' is to humiliate him. This does not imply that traders are not respected: all it means is that the Igbo see farming as their chief occupation and trading as subsidiary not a substitute for it*.[11]

The above explication shows that throughout history, the Igbo hardly trust another means of livelihood other than that which they directly provide for themselves through the cultivation of the soil. This does not however mean that the Igbo abhorred trading but it explicitly portrays the self-sufficiency of the Igboman. This trait obviously informs the attitude of the average Igboman towards working for another person for wages. The belief is that no one should determine when they "eat" or not. With this mindset, the people are prone to struggle for their own business enterprise where they will be able to determine the flow of their wealth.

Furthermore, the nature which the private industrial sector of Igbo economy evolves is largely influenced by the trends of the pre-colonial manufacturing sector of the communities of the enclave. There was hardly communal effort or ownership of the means of production in this sector. In the pre-colonial times, the people engaged in such industries as blacksmithing, cloth-making, pottery, and so on. The blacksmiths who were principally found in Awka today's capital of Anambra state, were not known to have been answerable to any sovereign nor did any form of state own the means through which the iron works were done. Rather, what was obtainable was kinship-based guilds.[12] This may be attributable to the political system prevalent in most Igbo societies during that period. The republican nature of the society made an allowance for minimal influence or control over any form of production in the economy.

Another key factor to the development and flourishing of an effective private sector in an economy is the creative and inventive abilities of the entrepreneurs. In the pre-colonial times, the Akwete community of southern Igboland is said to have specialised in cloth-making. This industry was basically reserved for the women. They are said to have invented numerous new styles in weaving which stood them out in the craft in the whole of east of the Niger. Njoku captures the trend when he states:

> *The skill of Akwete weavers lay, to a great extent, in the manner in which they could manipulate a repertoire of stylised motifs into a wide range of different arrangements. This is evidence of their inventiveness, and new motifs are frequently appearing on their cloths*.[13]

This inventive and creative trait of Akwete weavers is basically found in most Igbo entrepreneurs today and this has distinguished the Igbo businessman as daring and adventurous. Perhaps, this explains why some notable industrialists from the South-East geo-political zone pioneered the domestic manufacturing of some hitherto imported goods in the country. An example is the Pokobros Group which pioneered the indigenous production of motor consumables, especially, engine oil lubricants.[14]

Apart from the traditional heritage of the people of Igboland and its influence on their attitude towards private entrepreneurship, the events and circumstances the Igbo people found themselves in post-colonial Nigeria invariably fostered their strive for economic independence. The self-sufficient attitude of the Igboman makes him invest in locations that are at times very far from their home state. The visibility of their business enterprises[15] makes them major contributors to the private sector growth of their host economy. In like manner, majority of the privately owned business enterprises in Igboland have their proprietorship mostly found within the indigenous people of the enclave.

This visibility has its consequences. The antagonism faced by the Igbo people after the first *coup d'état* of January 15, 1966, in places outside their traditional locality was evident in the hostile stance against the ethnic group by their neighbours. Chinua Achebe succinctly captures the situation in most parts of the country outside the East when he writes:

> *The weeks following the coup saw Easterners attacked both randomly and in organised fashion. There seemed to be a lust for revenge, which meant an excuse for Nigerians to take out their resentment on the Igbos who led the nation in virtually every sector – politics, education, commerce, and the arts. This group, the Igbo, that gave the colonizing British so many headaches and then literally drove them out of Nigeria was now an open target, Scapegoats for the failings and grievances of colonial and post-independence Nigeria*.[16]

The pogrom in Northern Nigeria aside, the people of the West scarcely concealed their disdain for the Igbo and they vividly showed this with their enthusiastic eagerness to see the people leave the West especially

Lagos where they had significant investments. Chinua Achebe further captured this unfortunate situation in the following lines:

> *As many of us packed our belongings to return east some of the people we had lived with for years, some for decades, jeered and said, "Let them [Igbos] go; food will be cheaper in Lagos." … there were more and more reports of massacres, and not only in the North, but also in the West and in Lagos. People were hounded out of their homes and returned to the East. We expected to hear something from the intellectuals, from our friends. Rather, what we heard was "Oh, they had it coming to them," or words to that effect…*[17]

However, the Igbo were spurred to invest in the areas within their geographical domain with more unfortunate events that had preceded the civil war. The loss of properties outside Igboland, especially in Port Harcourt where the notorious "abandoned property" saga conspicuously played out and the community ties strengthened by the need for security in the aftermath of northern massacres before and during the war made the relocation of at least some part of business activities paramount. This also made the post-civil war industrialisation of Igboland less restricted to major urban centres like Onitsha, Nnewi and Aba. To avoid clustering industries on definite target areas industries were located at Abagana, Awka, Ihiala, Ogidi, Oko, Ozubulu and other Anambra communities which are increasingly urbanising today.[18]

These bitter experiences of the civil war and the marginalisation that followed suit may have dissuaded the average Igboman from looking unto the government for economic empowerment. The Igbo youths who were hitherto enthusiastic to acquire western education largely abandoned this quest for private business entrepreneurship. Therefore, instead of economically suppressing the Igbo, some of the civil war and post-civil war gimmicks aimed at crippling the economic potentialities of the people simply fostered private sector growth in the South-East states.

The New Jerusalem Bakeries as a Small and Medium-Scale Enterprise

It would be un-academic and utterly spurious to conclude that the New Jerusalem Bakeries emerged as a result of penchant the people of Agulu have for confectionary industry. Nonetheless, many of the bakery houses in Enugu today have their ownership traceable to Agulu people. It is, therefore, quite a coincidence that a retired couple from Agulu residing in Enugu would decide to establish a cottage bakery industry that later grew to SME.

It was not the initial design of Engr. and Mrs. Ben Agajelu to establish a bakery industry that would be producing confectioneries on commercial quantity. Ben Agajelu and his wife, Comfort, are both retired civil servants. They both worked with the Anambra State Ministry of Education. During their years of active service as civil servants, the couple acquired a piece of land at No. 9 Awgbu Street, Upper Housing Estate, Abakpa Nike Enugu, Nigeria. The piece of land was not acquired for the purpose of commercial industrial venture. In fact, the initial purpose was to erect a residential block of flats on the land.[19] At the twilight of their active years as civil servants, Mr and Mrs Agajelu started nursing the idea of producing bread and other baked goods for subsistence. The idea was to produce loafs of bread in a hygienic environment as against what was usually obtainable in bread production in Enugu city at that time, when the hygiene awareness was low.[20] In retrospect, the stringent measures being implemented by the Enugu State Ministry of Health on bakeries as regards hygiene in the more recent times may be attributed to the poor state of hygiene that used to dot bakeries and baking activities in Enugu.[21]

For the fact that Mr. And Mrs. Agajelu did not plan on producing bread and other confectioneries on commercial bases, there was no business name adopted initially. Baking activities for home consumption actually started when the couple had retired in 1995. The equipments needed for bread production were internally sourced. What this means is that the first oven used to bake the initial loaves of bread was partly homemade. The oven was charcoal-powered and the lumps of charcoal used were obtained from the household kitchen. At that stage, the loaves of bread produced were relatively rough.[22] Cottage industry has been identified as the type of industry whose labour force consists of family units or individuals working at home with their own equipment.[23] Considering this description of cottage industry and the early manufacturing practice of the New Jerusalem Bakeries as narrated in the present paragraph, the bakery could comfortably be described as a cottage industry at that stage. In order to acquire a recipe that would ensure proper baking and delicious loaves, Comfort went ahead to sought the training services of a professional. However, she did not go for the training until a bigger capacity oven was acquired in 2001. The oven was also charcoal-powered but had the capacity of baking about twenty (20) cup-sized loaves of bread per baking session.[24] By the mid 2001, Comfort had commenced the baking training under Mrs. Mbanefo. Mrs. Mbanefo had a cottage bakery where she produced bread for commercial purposes. She handled production with the members of her household while her husband distributed the products with the family's 504 Peugeot Station wagon.[25]

After three months of intensive training, Comfort started her home production of smooth and delicious loaves of bread. The richness of the loaves was confirmed by the neighbours or visitors who were served the loaves as snacks when they came visiting. It was one of the visitors that suggested the idea of producing for commercial purposes to Mr. And Mrs Agajelu.[26] Before establishing the bakery, the couple was already running a commercial poultry farm. They obtained the poultry feed for the farm from a feed mill located in Ngwo Udi, Enugu State.[27] It was during one of the feed milling outings that the couple met Mr. Godwin Kanu, the oven builder. Mr. Kanu also had a poultry farm and was equally milling his feed at the Ngwo mill. [28] He struck a friendship with Mr. And Mrs. Agajelu and during one of his visits to the couple's house he was served the homemade bread. Kanu immediately suggested that the bread should be produced and commercialised. According to him, "the bread was too good to be produced for subsistence only."[29] He went on to suggest to the couple to acquire a larger capacity oven to be able to expand and produce loaves of bread of commercial quantity.[30]

After some bargaining, Kanu and Mr. And Mrs. Agajelu struck a deal whereby Kanu would make an oven that was worth five hundred thousand naira (N500, 000.00) for the commencement of a commercial bakery industry. An initial payment of fifty thousand naira (50, 000.00) was made with the arrangement that the company would finish up payment subsequently.[31] This particular arrangement underscores a feature of the category of industries referred to as small-scale. As documented in a study by A.G. Onukwuli *et al*, a small-scale enterprise is the type of enterprise with capital and asset base as low as five thousand naira (N5, 000) and as high as one million naira (N1, 000,000).[32]

The oven was constructed, delivered and installed on the piece of land which was initially designed for a block of residential flats. A small wooden shelter was already constructed and the cottage bakery was transformed to an SME. A brand name was chosen for the bakery "New Jerusalem" and it was duly registered with the Corporate Affairs Commission of Nigeria.[33] By September 2002, the New Jerusalem Bakeries had taken off as a small-scale industry consuming an average of two bags of wheat flour daily to produce about one hundred loaves of bread.[34] In addition, it had initial staff strength of about seven workers, excluding the proprietors. The workers comprised of:

- One baker
- One mixer and miller
- Three moulders
- One driver and
- One sales person[35]

Subsequently, the staff strength averaged to about fifteen workers.[36]

The Challenges of Managing the New Jerusalem Bakeries as a Small-Scale Enterprise in Enugu State

The nature of the business climate of a given place goes a long way to either encourage or discourage the establishment and survival of a SME. For small scale enterprises to grow, it is important to strengthen not only the internal business environment but also the external business environment.[37] There are certain factors that determine a conducive business environment for the private sector. Such factors include infrastructure, capital, security, availability of production resources among others. The state of decay, in Enugu State, of these salient factors that determine a favourable business climate presents a huge challenge to the management and growth of the New Jerusalem Bakeries. These challenges are discussed in this section of the study.

• **Infrastructural Decay:** This plaguing problem sufficiently underscores the government failings to provide enabling environment for investors in Nigeria. Government parastatals and public service corporations have faltered in great magnitude that privatisation of these public service firms appeared to be the only option for the country to survive the ugly infrastructural rot. Due to the fact that Nigeria practiced what has been conveniently termed mixed economy, parastatals that have the responsibility for providing basic infrastructure and amenities crucial for the survival of the polity was placed under government ownership and control. The gigantic corruption and incompetence that have over the years laid siege on the nation's government kept these corporations ineffective. Some of the public corporations have been in a state of comatose in most states of the country for so many years. A good example is the Enugu State Water Corporation. This corporation is virtually nonexistent in the state today.[38]

Different Federal Government parastatals have equally failed on different degrees of enormity. Probably the most noticeable, because of its invaluableness to industrial development and general economic wellbeing of the polity, is the gross failings of the hitherto government parastatals responsible for electric power generation and distribution.

The management of New Jerusalem Bakeries had on different occasions, laid emphasis on the enormous challenges faced by the company because of the notoriously erratic electric power supply and the unrealistic tariff regime implemented by the power distributors in the country.[39] This electric power challenge on the company is shown in the massive expenditure recorded for alternative power supply. The company had to purchase high capacity but relatively expensive power generating sets and also record enormous expenditure on fuel and maintenance.[40]

Reacting to the electric power situation in the country, a known private-sector investor, Dr Ifeanyi Eric Okoye lamented that the power situation took an ugly turn even with the privatisation of the sector.[41] He emphasised that the situation was worse in the Southeast geopolitical zone where tariff was unjustifiably increased to a rather ridiculous percentage.[42] When asked about the situation in the Southeast, he stated thus:

> *The situation has not improved; it is even worse now than it has ever been. The worst part of it now is that the tariff has also changed, almost 100 per cent more than it was before January 2015. Before, we used to pay N23.97 kobo per unit of electricity, but from last January it changed to N46.66 kobo per unit and this is killing and really dangerous. The electricity availability has not improved; it is even getting worse and the cost is increasing. This is very dangerous, especially for businesses in the Southeast. The cost is not uniform. In Lagos they pay about N26 per unit of electricity, while in the*

> *Southeast we pay N46.66 kobo per unit. This is unacceptable; it is killing businesses*.[43]

Nonetheless, the Dr. Okoye reiterated his support for total privatisation of government parastatals but emphasised that the exercise should be conducted credibly and free from corruption.[44] Today, New Jerusalem Bakeries still records large expenditure to enjoy the electricity services.

Decay of accessible roads also poses an enormous infrastructural challenge to New Jerusalem Bakeries. This challenge is shown on the gigantic expenditure recorded on vehicle maintenance and replacements due to bad roads.[45] Without accessible roads, marketing is hampered and this greatly affects returns on investment.

- **Capital:** The New Jerusalem Bakeries experiences dearth in initial capital outlay. The problem emanated partly because of the fact that the business owners did not initially set out to establish a commercial bakery.[46] As could be seen in an earlier section, the Agajelu couple had the idea of producing bread for subsistence before they were persuaded to commercialise production. The implication of this was that there was little initial capital available for the takeoff of the company.

Furthermore, the proprietors of the company vehemently refused to seek credit facilities from commercial banks or the Bank of Industry (BoI). Ben Agajelu gave the reason for snubbing bank loans on the premise that their interest rates were often outrageous.[47] Dr. Ifeanyi E. Okoye, who is the Chief Executive Officer of Juhel Nigeria Limited, equally confirmed the high interest rate associated with commercial bank facilities in Nigeria.[48] In like manner, the bank which provides the facility may not hesitate to confiscate the property which was mortgaged.[49]

In the final analysis, an empirical observation of the activities of the New Jerusalem Bakeries shows that the company from the onset lacked start up capital, working capital and expansion capital. This lack of capital outlay could also be blamed on the government's lack of initiative to provide funds for SMEs. Furthermore, it provides an insight into the financial condition of civil servants in Nigeria especially during the military regimes. With lack of capital, the necessary upgrades for business expansion remains an uphill task for New Jerusalem Bakeries.

- **Security:** One of the challenges faced by SMEs in Nigeria is the security situation. A passive observer could easily identify the weakness of the different security agencies in Nigeria to provide adequate security. The policies and initiatives to strengthen the interior security and encourage private entrepreneurship notwithstanding, security situation in the country still has much to be desired. Since the return to civilian democratic government in Nigeria in 1999, the successive governments have tried to introduce initiatives that would curtail crimes.

In the light of the fact that poverty is a veritable breeding ground for cultivating crime in the society, the Chief Olusegun Obasanjo administration initiated several poverty alleviation programmes, popular among which was the National Poverty Eradication Programme (NAPEP).[50] The Dr. Goodluck Jonathan administration could be said to have initiated a rather laudable police reforms programme in the area of police surveillance. The government reportedly initiated the provision of an integrated digital trunking communication network comprising five subsystems namely; E-Police, Video Conferencing, Coalition Emergency Response and Video Surveillance.[51]

The attractive outlook of these security-related reforms notwithstanding, enough has not been done to protect the business interests of SMEs. In the Enugu metropolitan, there are numerous cases of theft, armed robbery and other civil security disturbances on some SMEs. A retired Police Public Relations Officer of Central Police Station (CPS), Enugu, Ndubisi Ogbodo, stated that there were more than twenty-five cases of armed robbery in different growing industries in the Enugu metropolis between 2002 and 2005.[52]

However, he suggested that the high rate of robberies in industries at that time was as a result of absence of internet banking. Ogbodo was of the opinion that armed robbers are gradually losing interest in robbing SMEs in the city because “they hardly see substantial cash that is worth the risk.”[53]
The New Jerusalem Bakeries had experienced a case of attempted armed robbery. In 2004, at the nascent stage of the bakery, the proprietor of the business, Ben Agajelu noticed strange men in the compound. Stepping out to meet the strangers Ben noticed that one of them was brandishing was appeared to be a pistol handgun. Acting on impulse, the proprietor dashed back into the building. His sudden movement probably unsettled the suspected armed robbers who hastily left the compound. This event caused the management of the bakery to champion the invitation of a vigilante outfit, which the bakery heavily funded.[54]

• Unavailability or High Cost of Production Resources: One may assume that the production resources needed in SMEs could be easily sourced locally. However, the availability of production resources or the determinant of the local content of the production is based on the nature of production. Due to the problem of lack of elaborate industrial raw materials manufacturing in Nigeria, most bakery industries could be said to be dependent on imported materials or production resources. Apart from the wheat flour, many primary production materials in bakeries, which include margarine and sugar, are mostly imported. The wheat that is used for the production of wheat flour itself is also mainly imported.[55] This situation makes bakers in Nigeria to be susceptible to the changes in the government importation policies and the foreign exchange.

The New Jerusalem Bakeries was particularly hit hard in 2005-2006 because of the unavailability or high cost of bakery production resources. During that period, the Dangote Group appeared to be enjoying monopoly of importation and bagging of industrial sugar. Dangote Sugar distributors complained bitterly of untoward practices engaged in by some of the management of the Dangote Sugar company, which resulted to the payment of huge amounts in bribe to ensure supply.[56] After paying such huge amounts in bribe, the distributors expected to make gains therefore, the wholesale and retail prices of a bag of sugar skyrocketed. In that year, the price of a bag of sugar was known to have drastically shot up from four thousand naira (N4, 000) to ten thousand naira (N10, 000).[57]

A closer observation of the scarcity of industrial sugar in Nigeria and the monopoly the Dangote Sugar enjoyed reveals the neglect of local contents in the Nigerian industrial sector and the government’s failure to encourage industrial raw materials manufacturing in Nigeria. It is on record that as at 2001, the total quantity of sugar imported into the country was 1 million tons at a total cost of N45billion (Forty Five Billion Naira). As time went by, the trend increased considerably with sugar imports exceeding US $1 billion (One Billion United States Dollars) per annum while demand remains unsaturated.[58] This trend ensure high cost or unavailability of sugar, therefore, causing the New Jerusalem Bakeries and other SMEs that consumed industrial sugar untold hardship.

The New Jerusalem Bakeries also faces other challenge which could not be contained in this study. Nonetheless, the management of the bakery industry have been experimenting measures that ensures the survival of the SME. However, it is not a part of the purpose of this study to explicate on the strategies which the New Jerusalem adopts to surmount its gigantic challenges. This makes the study inconclusive and open for further research.

Conclusion
Arising from the foregoing, one may rightly conclude that the Small and Medium Scale Enterprises (SMEs) contribute in no measure to the economic growth of a state. This is so considering some factors pointed out in the introductory section of the study, which includes making use of rather idle raw materials, bringing labour and employment to the grassroots, and ensuring local content in manufacturing. The New Jerusalem

Bakeries, as could be deducted from the study, put to effective use idle raw materials, especially when the industry was still at the cottage level. When it got to a level where it could be comfortably considered a SME, its manufacturing content and staff strength grew.

Nonetheless, the expansion of the industry came with enormous challenges, as could be seen in a section of the study. These challenges underscore the travails of growing manufacturing sector in Enugu State and Nigeria at large. Therefore, in as much as Nigeria could be considered a capitalist state, it is pertinent that the government be aware of the reality that Nigerian capitalism is still at a nascent stage and needs a lot of encouragement. Such encouragement could come in form of creating an investment-friendly climate in Nigeria and also learning from the economic strategies and models used by such countries as Japan and China (which had also experienced periods of tough economic challenges) to attain economic growth and development.

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