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GLOBALIZATION AND BUSINESS ENVIRONMENT OF SMALL AND MEDIUM SCALE ENTERPRISES: A CONCEPTUAL REVIEW

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Abstract

Globalization has increased the challenges of small and medium scale enterprises (SMEs) in today's business environment. It has encouraged SMEs in the developed and developing countries to make their presence felt in the world economy by competing not only with domestic rivals, but also with foreign firms with superior competitive advantages in the global market. This paradigm shift for SMEs created a need to examine the link between globalization and business environment of SMEs, most especially in the developing countries. In this article, a conceptual review of selected literature was used to establish the link between globalization and SMEs activities, within the contexts of the Nigerian business environment. Scholarly articles of past and extant studies were reviewed in this study to explore and provide matching ideas that give *relevance to the topic. The finding of the study reveals that SMEs must not only analyze the increasing complexity and challenges of their business activities within the global environment, but also device various strategies to combat such challenges, in order to survive and grow in the global markets. This study suggests that SMEs must have a clear understanding of their business environment in order to respond to the forces of proactive change in the global market.*

Keywords: Globalization, Business Environment, Small and Medium Enterprises, Conceptual Review, Nigeria

INTRODUCTION

Globalization is a controversial subject. It encompasses many diverse disciplines and schools of thought and shares inter-connected meaning to the fields of sociology, cultural anthropology, economics, trade, marketing, philosophy, business management, technology, and political science (Hendee, 2010). Economics focus on the transfer of goods, services and funds, scholars in the field of political science, focus on the role of United Nations Organizations(UNO),World Trade Organizations (WTO) and similar kind of international institutions, while anthropologists and sociologists concentrate on the interconnectivity of different cultures (Akram, 2011; Nayak, 2011). Although, pertinent issues on globalization constitute key research in the field of management and social sciences, however, no single generally accepted definition of globalization exists. Hill (2014) views globalization as a shift toward a more integrated and interdependent world economy. Torgler and Piatti (2013) defines globalization as a process of establishing networks of connections among actors in different countries, mediated through a variety of flows including people, information, ideas, capital and goods. Ireland et al. (2011) defines globalization as the increasing economic interdependence among countries and their organizations as reflected in the flow of goods and services, financial capital, and knowledge across borders. These variances in the definition of globalization show that there is no consensus on a single definition of globalization between all disciplines of life. In the meantime, the area of convergence of the various definitions lies in the aspect of a growing interconnectedness, integration, interdependence, interaction, intensification, diffusion, cooperation and changes among countries. Hence, in this paper, globalization refers to the increasing interconnectedness, interdependence, intensification, interaction and integration of compliant nations from a segregated economy to an open economy.

Globalization resulting in fierce competition in various product lines has forced SMEs to adopt strategies in tune with the global trends. SMEs have been undergoing a metamorphosis in the era of globalization for over a decade and many developments of relevance to SMEs, have taken place within the country and internationally (Nagayya and Rao, 2011). Although, SMEs are the backbone of economy in many countries and often constitute more than 90% of all the companies or enterprises in some countries, however, in spite of their prevalence, they are very vulnerable and susceptible to competition in the global landscape (Gunasekaran, Rai & Griffin, 2011). They opine further that over the years, globalization has greatly led to increase in the rate of competition among SMEs in both the developed and the developing countries. Thus, the increasingly global nature of competition has forced many firms in the developed and the developing countries to develop and distribute their products more widely and rapidly globally, adapt to environmental change, create new global alliances, become environmentally and socially responsive in their dealings and be sensitive to cost reduction and well as local needs (Aregbesola et al, 2011).

Although studies conducted in the field have pointed out that more than 90% of the firms actually belong to SME category, there has been relatively limited research in the area involving globalization, and their implications on SMEs competitiveness (Gunasekaran et al, 2011). Some scholars believe that globalization offered the possibility of boundless benefits, growth and prosperity in the developed and developing countries (Irani and Noruzi, 2011; Awuah, 2012; Akor, 2012; Machida, 2012; Ajagbe et al., 2015). On the other hand, critics of globalization assert that the benefits of globalization have not been shared equally among all nations (Nusta, 2013; Nayak, 2011; Nayak, 2011; Alstrom and Bruton, 2010). They argue further that globalization during the second half of the 20^{th} century favoured only a few developing nations with access to critical resource base, competence, information and socio-political network, to crystallize their resource bases and competences to reap the benefits of free markets.

Nigeria, like other countries has not been left out in the struggle to gain regional and global recognition. Osotimehin et al (2012) opine that since the adoption of the Structural Adjustment Programme (SAP) in Nigeria, in 1986, there has been a decisive switch of emphasis from the grandiose, capital intensive, large scale industry towards micro, small and medium scale enterprises, which has immense potentials for developing domestic linkages for rapid and sustainable industrial development. In addition to the adoption of SAP in 1986, the federal government of Nigeria also implemented a new industrial policy in 1988, which gave a pivot role to private sectors and refocused the priority from large-scale industries to small and medium scale enterprises (Osotimehin et al, 2012). However, in spite of the aforementioned benefits of small and medium scale enterprises, such as enormous opportunities and huge employment creation capacity, the Nigerian government has made several attempts to enhance the growth and development of small and medium scale enterprises in the country. However, in spite of all these measures, SMEs in Nigeria continue to perform below expectations. Thus, this situation constitutes great concern to the Nigerian government, citizens, SMEs operators, practitioners and organized private sector groups in Nigeria (Anudu, 2013). Therefore, it is essential to find out if the poor performance of small and medium scale enterprises in Nigeria could be attributed to the growing pace of globalization that is sweeping across nations. This study seeks to examine the link between globalization and SMEs, within the context of the Nigerian business environment.

This paper is divided into four sections. The first section deals with the introduction aspect of the study, the second section focuses on an extensive literature review on globalization and the drivers of globalization, the third section provides an overview of SMEs that help to provide insight into the factors that affect SMEs in the era of globalization. The fourth section deals with the conclusion, recommendation, contributions of the study to knowledge, as well as the potential avenues for future research.

LITERATURE REVIEW

Globalization

Globalization has become an inevitable phenomenon in human history that brings the world closer through the exchange of goods and services, information, knowledge and culture. Globalization is the growing interdependence of countries worldwide, through the increasing volume and variety of cross-border transactions in goods and services, as well as international capital flows (Aregbesola et al, 2011). As the world becomes more connected, people in all nations achieve a greater level of interdependence in activities such as trade, communications, travel, and political policy (Machida, 2012). This fundamental change towards the end of the twentieth century has profoundly affected business, politics, society, citizens and the ways in which various stakeholders interact with each other (Hill, 2014). Nayak (2011) also argues that globalization comprises of the integration of socio-political, economic and cultural dimensions of nations across the world. Globalization has become an inevitable phenomenon in human history that brings the world closer through the exchange of goods and services, information, knowledge and culture (Hill, 2014).

Proponents of globalization believe that it offers the possibility of boundless growth and prosperity, for both developed and the developing countries that accepted the phenomenon of an increasingly borderless world (Ajagbe et al., 2015). Awuah (2012) also opines that through the complementary exchange relationships among interdependent actors, almost all countries, firms, and private individuals have a greater access to products, services, technologies and practices, which may be modern, effective, and superior to some existing ones. Machida (2012) also argues that as the world grows more connected, people in all nations achieve a greater level of interdependence in activities such as trade, communications, travel, and political policy. Equally, globalization has led to noticeable improvement in global communication through radio and satellite television and other innovative technological equipments. For instance, manpower training can be conducted from any place in the world with the aid of information technology tools through internet facilities in today's market (Akor, 2012; Solomon et al., 2014; Bilau et al., 2015). In the same way, the modern banking system through electronic banking (e-banking) and automated teller machine (ATM) facilitates fast and easy movement of cash that enhances cashless operations. Also, rapid advancement in Information and Communication Technology (ICT), such as global telecommunication infrastructure, cross border data flow, the internet, satellite networks and wireless telephones are all credited to globalization which has brought about major transformation in world communication and has made communication across the globe to be easier than before Thus, unprecedented changes in communication, transportation and computer technology have given the process of globalization new impetus and made the world more interdependent than ever (Irani and Noruzi, 2011; Adesina, 2012; Awuah, 2012; Hill, 2014).

Conversely, while the advocates of globalization believe that it has led to substantial economic growth in some part of the world, others refute such believe and claim that the benefits of globalization have not been universal (Nusta, 2013; Alstrom and Bruton, 2010; Czinkota, 2010). Nayak (2011) posits that the dynamics of globalization since the nineties resemble a gradual destabilization process, like that of slow war-like situations in which large firms through a complex web of government and institutional mechanism brought about a gradual disruption of the normal order in the economy of the developing countries. He asserts further that the stability of the industry, the speed of change, the problems and opportunities for producers, and the availability of higher-quality or lower-priced goods and services to consumers have all been changed. Thus, he concludes that what worked well during the late 19th and 20th centuries in economic and commercial terms is less likely to lead to success today, either for firms or countries (Alstrom and Bruton, 2010). In the same way, Czinkota (2010) claims that globalization facilitates the activities of entities that threaten safety and security. He argues further that, the globalization of commerce, travel, and information transfer; increases the salience of economic disparities and facilitates the ability of far-flung but like-minded collaborators to undertake harmful activities. Also, in line with the view of the critics of globalization, Nusta (2013) asserts that even though globalization enhances firm's market opportunities, it also increases the level of competitiveness in the global market. He asserts further that the friendly competition that existed in previous time has been replaced with hyper-competition around the world.

According to Naz et al. (2011) globalization has created various cultural, religious and psychological identity crisis, such as; cultural imperialism and pluralism, changes in traditional social structure, encouragement of secularization, decline in social solidarity and complexity in social relation. Adesina (2012) also asserts that one major negative consequence of technological globalization, most especially the advent of internet and cable networks in Nigeria, is the exposure of the Nigerian youth to negative western culture. He asserts further that in spite of the benefits of technological development, the internet which is an open, free and an unregulated device has also brought with it negative challenges, such as changes in people's moral perspectives and ethical values. In line, with the preceding observation, Aregbesola et. al., (2011) also reiterate that in spite of the unprecedented level of success recorded as a result of globalization, there is also much evidence of the devastating injustice that people have suffered, especially those people who should have benefitted immensely from this development. Similarly, Czinkota (2010) believes that the liberalization of trade, investment and finance, has increased the space in which illicit activity flourished beyond government control. He argues further that globalization makes firms vulnerable to external forces. Awuah (2012) in his own opinion posits that the interdependent exchange relationships among actors in the global world will not leave many actors spared from the spread of pandemic and global crisis. He opines further that the global financial meltdown of 2007-2009, which was triggered by the bursting of the U.S. housing price bubble and the resulting increase in mortgage delinquencies, brought financial crises to many countries. While, Nayak (2011) reiterates that globalization during the second half of the 20th century favoured only a few developing nations with access to critical resource base, competence, information and socio-political network.

Emergence of Globalization Era

For thousands of years, people have been buying and selling from one another across country borders. Ball and McCulloch (2010) affirm that even before the time of Christ, Phoenician and Greek merchants usually sent their representatives abroad, to buy and sell goods. They argue further that an early form of globalized economy and culture known as archaic globalization, existed during the Hellenistic Age. During this period, commercialized urban centres were focused around the axis of Greek culture, which stretched from India to Spain, with cities like Alexandria, Athens, and Antioch at its centre. According to Alstrom and Bruton (2010), the forty percent tax levied on manufactured goods that were shipped and sold in other countries, discouraged trade between nations after the end of World War II in 1945. However, the period of big unit capitalism which began from the end of World War II until 1971, was marked with unmatched economic growth, whereby conveniences once available only to the rich became accessible to nearly everyone. Hence, by 2005 the average tariff had fallen to four percent and trade between firms in different countries had become the dominant factor in business (Alstrom and Bruton, 2010).

Hill (2014) believes that the start of the second period of globalization can be traced to 1971. In that year, President Richard Nixon announced that the United States would no longer redeem international dollar holdings at the rate of $35 per ounce of gold. This commitment forms a central foundation of the international financial system, which was implemented at the end of World War II. This financial system was referred to as the Bretton Woods System. The outcome of the Bretton Woods agreement was to help tame the wild economic fluctuations that occurred between World War I and World War II. Hence, Bretton Woods' system created mechanisms to support countries that ran into balance of payments difficulties. However, the system became confining to member states and their economic flexibility. Subsequently, by 1971 President Nixon and other world leaders felt it was time to loosen those controls. This resulted into a more flexible economic environment that further supported international trade and the creation of the World Bank and International Monetary Fund (Alstrom and Bruton, 2010). Hill (2014) asserts further that, since the collapse of communism at the end of the 1980's, the pendulum of public policy in nation after nation, has swung towards the free market end of the economic spectrum. Hence, regulatory and administrative barriers to doing business in foreign nations have been removed, and there has been a huge transformation in the economy of former communist nations which has allowed businesses both large and small, from both advanced nations and developing nations to expand internationally.

Drivers of Globalization

Several factors, such as; the growing decline in trade and investment barriers, the diffusion of information and communication technology, changes in access to information, changes in how people save, spend, and invest, social and cultural convergence, among other factors, have helped drive the expansion of globalization since the collapse of Bretton Woods in 1971 (Ahlstrom and Bruton, 2010; Hill, 2014). For instance, in the 1920s and 30s many of the nation-states of the world erected formidable barriers to international trade and foreign direct investment. These barriers were in form of high tariffs on importation of manufactured goods. The typical aim of such tariffs was to protect domestic industries from foreign competition. However, this resulted into retaliatory trade policies, whereby countries progressively raise trade barriers against each other, which contributed to the great depression of the 1930s (Ahlstrom and Bruton, 2010). Thus, the Bretton Woods Conference in 1944 after the great depression of 1930's in the industrially advanced economies and the losses incurred due to the Second World War set the tone for the current form of global trade and investment (Nayak, 2011).

Consequently, having learned from the experience of the great depression, the advanced industrial nations of the West committed themselves after World War II to removing barriers to the free flow of goods, services, and capital between nations. In addition to reducing trade barriers, many countries have also been progressively removing restrictions to FDI (Ahlstrom and Bruton, 2010). Since then, many countries have adopted free-market economic systems, vastly increasing their productive potential and creating a myriad of new opportunities for international trade and investment. Thus, it is evident that those countries which failed to open their economies and adopt an export promotion strategy also failed to reap the benefits of the globalization process. Equally, technological innovation and its diffusion have clearly played a significant role in the re-definition and re-organization of commercial and economic space known as globalization (Johnson & Turner, 2006). The emergence of science and technology has enabled man to create devices, tools and machines through which the threats of the society are being subdued and brought under his control.

Hill (2014) affirms that since the end of World War II, the world has seen major advances in communication, information processing, and technology. Technology has brought about tremendous speed and the high level of intensity which characterize the modern world. Thus, technology development had led to a high rate of diffusion and transfer of knowledge which is greatly superior to that of the past (Archibugi and Iammarino, 2002). In addition, a growing number of people now have access to the internet which allows them to obtain information from literally millions of sources, and the number of websites is rising sharply (Hodgets and Luthans, 2000). In view of all these, advancement in ICT have given most consumers, investors and organizations valuable new tools for identifying and pursuing economic opportunities, such as; faster and more informed analyses of economic trends around the world, easy transfers of assets, and collaboration with partners worldwide (Kim & Pae, 2007; Ajagbe et al., 2016).

Also, noticeable changes in the amount of information available began with the globalization of television network During the Cold War era, television and radio broadcasting were restricted businesses, because the spectrums and technologies available for transmission were limited. Governments either ran most television broadcasting directly or highly regulated it. For businesses, this new access to information allows firms to assemble technologies, raw materials, and funding for products or services for customers around the world. This access to information also affects even the most remote location today (Ahlstrom and Bruton, 2010). Similarly, at the end of the Cold War era, most large-scale domestic and international lending was done by big commercial banks, investment banks, and insurance companies. These firms preferred to lend to companies that had good track records and investment grade ratings. This made it difficult for an upstart or new business to get needed cash since the financing for firms often depend more on one's interpersonal business connections than the business idea. Subsequently, the creation of the corporate bond market introduced some pluralism into the world of finance and took away the monopoly of the banks (Ahlstrom and Bruton, 2010).

Traditionally constrained by adequate access to financial resources, the liberalization of financial markets has enabled the larger SMEs to tap international capital markets. In fact, the larger presence of foreign banks in domestic economies facilitated foreign investment of SMEs following their larger counterpart abroad. Johnson and Turner (2006) opine that deregulation, liberalization and technological change have indeed combined in recent decades to transform the finance sector to support the growing number of transnational transactions. Hence, transnational flows of goods and capital have driven globalization during recent years (Johnson and Turner, 2006; Ahlstrom and Bruton, 2010). Bhavani (2010) also posits that developing countries have also benefited significantly from increased flows of capital and other forms of finance. He posits further that for many developing countries, the integration of capital markets for SMEs has opened new avenues for financing. In the same way, there is a growing interdependence between globalization and international mobility of not only highly skilled professionals but also of semi-skilled personnel. Sukh (2013) states that two general trends are noticeable for the migrating workers; the first trend relates to the highly skilled workers, such as; academics, medical practitioners, engineers and scientists who migrate to developed nations for better jobs, incomes and professional recognition. While, the second trend consists of technical and managerial personnel who obtained education, training and experience in the West and who return to their home countries for work, or to create competitive and new business ventures (Lipsmeyer and Zhu, 2011).

Osotimeyin et al. (2012) also posits that globalization has created a global culture in which identity is amalgamated to create a homogenous culture throughout the world. This may facilitate the local beliefs and cultural values to be universalized rather than to be demolished. On the contrary, such a cultural invasion is a threat that causes serious problems for some conservative states, by virtue of the fact that the openness to foreign content can erode the traditional values and indigenous cultural identity. Akor (2012) also believe that under globalization political activity has transcended national borders through global movements and other political integration schemes such as the EU and through intergovernmental organizations such as the IMF, the World Bank and the WTO. Hendee (2010) argues that the global mobility of workers refers to a brain and skill circulation rather than just a brain drain from one country to another.

OVERVIEW OF SMEs

SMEs are the foundation upon which large scale enterprises are built. Globally, there is no consensus on the definition of SMEs, as the term small and medium is relative and differs from industry to industry, and country to country. Ogunleye (2014) opines that what is being defined as SMEs in a developed country can be regarded as a large-scale enterprise in the developing country, using parameters as fixed investment and employment of the labour force. It is also important to recognize that definitions change over time and hence, even in the developing countries what was previously classified as SMEs could be regarded as large-scale industry when the quantities of relevant parameters change during the production process. The major criteria used for defining small scale enterprises include; sales value, financial strength, relative size, initial capital outlay and independent ownership (Akingunola, 2011). Okwu et al (2013) also opine that more general and comprehensive criteria for defining SMEs in different countries, include the number of employees, annual turnover, local operations, sales volumes, financial strength, managers and owners' autonomy, relatively small markets compared to their industries and capital usually supplied by individual or shareholders.

The global recognition and interest in small and medium scale enterprises (SMEs) is justified by its potential in the areas of employment generation, capacity to reduce inequalities, ability to mobilize domestic savings for investment, introduction of business methods, goods and services that help to restructure weak agricultural sector or other uncompetitive transition economies, enhancement of economic balance through industrial dispersal, promotion of effective resource utilization and in linking participants in supply chain (Ben-Caleb et al, 2013). Also, Asikhia (2010) states that SMEs are veritable vehicles for the achievement of macro-economic objective, in terms of employment generation at low investment cost and the development of entrepreneurial capabilities, indigenous technology, stemming rural-urban migration, local resource utilization and poverty alleviation. Osotimehin et al. (2012) also assert that SMEs enables firms to rely largely on local raw materials, thereby leading to greater industrial development in the country.

In the United States of America, Britain and Canada, SMEs is defined in terms of annual turnover and the number of paid employees. Britain conceives small scale business as an industry with annual turnover of 2 million pounds or less, with fewer than 200 paid employees, while Japan conceptualizes small scale enterprises as those firms with 100 million yen paid up capital and 300 employees (Okwu et al., 2013). In the same way, Onou and Okieruovo (2009) asserts that in India, SMEs are enterprises with investment in plant and machinery not exceeding N450, 000.00 equivalents. Malaysia on the other hand, sees SMEs as an enterprise with a shareholders' fund of less than N250, 000 in equivalent and less than 50 workers. Hence, the difference among industries could be ascribed to the different capital requirement of each business, while those among countries could arise as a result of differences in industrial organizations of countries at different stages of economic development (Ogunleye, 2014).

In Nigeria, several attempts have been made to define and classify SMEs. According to Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) small enterprises are defined as those enterprises whose total assets (excluding land and building) are above five (5) million naira but not exceeding fifty (50) million naira, with a total workforce of above ten (10), but not exceeding forty-nine (49) employees. Equally, medium enterprise is seen as those enterprises with total assets (excluding land and building) above fifty (50) million naira, but not exceeding five hundred (500)million naira with a total workforce between fifty (50) and one-hundred and ninety-nine (199) employees (SMEDAN, 2012). This definition adopts a classification based on dual criteria, employment and assets (excluding land and buildings).

Table 1. Analysis of SMEs by Size Category, Employment and Assets.

S/N	Size Category	Employment	Assets (=N= Million)
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

Source: Survey Report on Micro, Small and Medium Enterprises in Nigeria (2012)

Business environment of SMEs

According to Elmawazini and Nwankwo (2013), SMEs are open systems with multiple interactions with their environment which imposes certain constraints on their operations and provides them with resources and opportunities for market and product expansion. Manuel (2010), reiterate that the business environment not only provides SMEs with resources and opportunities for market expansion, but also imposes certain constraints on their operations. Lipsmeyer and Zhu (2011) also argue that the business environment of SMEs is characterized with a synergy of both internal and external uncertainties introduced daily by continuous changes in opportunities and threats prevailing in the market place. They opine further that it comprises of both opportunities and threats that are capable of causing major surprises and shocks for SMEs. This view is in-line with the theory of dynamic capability which emphasis the dynamic nature of the business environment and its role as a catalyst for determining the success and failure of business enterprises. The failure of the resource based view to explain why certain firms have competitive advantage in situations of rapid and unpredictable market change, termed high-velocity or dynamic markets led to the concept of dynamic capabilities. Sukh (2013) defined dynamic capability as the ability of a firm to integrate, build, and reconfigure internal and external competencies to address rapidly changing environments.

Conceptually, dynamic capability refers to the ability of the firm to recreate and execute innovation options to achieve a competitive advantage. It deals with the process of integrating, reconfiguring, gaining and administering resources to match and create market change (Lipsmeyer and Zhu, 2011; Hendee, 2010; Kerosi and Kayisime, 2013). In such markets, the mere existence of appropriate bundles of specific resources is not sufficient enough to sustain competitive advantage rather; the firm must constantly reconfigure, gain and dispose of resources to meet the demands of a shifting market. Lipsmeyer and Zhu (2011) mention that in all markets, dynamic capabilities change in nature in high-velocity markets from their embodiment in more stable markets. In stable markets they are detailed, analytic and stable processes and resemble the traditional conception of routines (Hendee, 2010). In contrast, Kerosi and Kayisime (2013), in high velocity markets, dynamic capabilities become simple, experiential and fragile processes with unpredictable outcomes. The simplicity of these capabilities means that there is little structure or routine for managers to rely on.

According to Okwu et al. (2013), the factors that determine the performance and relevance of SMEs include policies of the government, such as regulation and deregulation, infrastructure, access to external finance, technology, competition and corruption in the business environment in which SMEs operate. Other factors, such as entrepreneurial skills, technological capability, market share, service quality, financial capability among others also determine the performance of SMEs (Ball and McCulloch, 2010; Adesina, 2012). Also, technological capability attained through an organization's innovative ability is one of the key to developing core-competency among SMEs. Muritala et al. (2012) believes that to raise efficiency or establish a better competitive position, SMEs' efforts must be directed towards developing capabilities to absorb, adapt and master technologies that have been developed elsewhere in a process of technological learning. Technological innovation is regarded as a tool for strengthening the competitiveness of a nation. Thus, SMEs can largely improve their production abilities and profitability by improving their technological capabilities (Bakare and Gold, 2012; Archibugi and Iammarino, 2002). Also, Kim and Pae (2007) assert that technological capability enables firms to be competitive and to gain competitive edge in the global market. Likewise, technological capability can boost the confidence of SMEs to enter a foreign market even when other companies are already established there. It can also encourage major firms to form competitive alliances in which each partner shares technology and the high costs of research and development. This is known as strategic technology leveraging (Ball and McCulloch, 2010).

Likewise, Bhavani (2010) asserts that for majority of indigenous SMEs, access to finance remains a problem as most are not aware of the financing options available or are simply too small to tap either domestic or foreign capital markets. SMEs tend to face greater financial constraints than do larger firms. Credit is mentioned more frequently by smaller firms as a constraint on growth. Thus, adequate financing is necessary to help SMEs set up and expand their operations, develop new products, and invest in new staff or production facilities. However, in the developing countries SMEs often run into problems because they find it much harder to obtain finance from banks, capital markets or other suppliers of credit. Hence, studies recognize lack of finance as major constraint in SMEs development in developing countries (Ayodeji and Balcioglu; 2010; Duru and Lawal; 2012; Ben-Caleb et al., 2013).

Similarly, SME's efficiency largely depends on the ability and knowledge of both the employer and the employees, that is, its human capital. Educated workers are not only more productive but they have more learning and innovative abilities. Therefore, entrepreneurial skills may be developed through training and education (Hendee, 2010). According to Kerosi and Kayisime (2013), the myth that entrepreneurs are born, no more holds, rather it is well recognized now that the entrepreneurs can be created and nurtured through appropriate interventions in the form of entrepreneurship skills development programs. Umaru and Chinelo (2014) also assert that good entrepreneurial skills of workers enhance the growth and development of SMEs in developing economies. Meanwhile, notable scholars have identified a wide range of competences as entrepreneurial skills, these include; the ability to multi-task, adapt, manage time and people, take responsibility and make decisions, take risks, persevere, make contacts, sell ideas and persuade others, work both as part of a team and independently, work under pressure, innovate, carryout a thorough research, plan, coordinate and organize effectively (Lipsmeyer and Zhu, 2011; Hendee, 2010; Kerosi and Kayisime, 2013).

SMEs and the Nigerian Business Environment

According to Anudu (2013) in spite the compelling growth potential of small and medium scale enterprises, along with their enormous opportunities and huge employment creation capacity, SMEs in Nigeria have been performing below expectations. Thus, this situation has been of great concern to the government, citizenry, operators, practitioners and the organized private sector groups in Nigeria The decline in the performance of SMEs in Nigeria can be largely attributed to factors, such as low level of entrepreneurial skills, poor management practices, constrained access to money and capital markets, low equity participation from the promoters because of insufficient personal savings, the level of poverty and low return on investment, inadequate equity capital, poor infrastructural facilities, high rate of enterprise mortality, shortages of skilled manpower, multiplicity of regulatory agencies and overbearing operating environment, societal and attitudinal problems, integrity and transparency problems, restricted market access, lack of skills in international trade; bureaucracy, lack of access to information given that it is costly, time consuming and complicated at times, as well as unfavourable macro-economic environments which are militating against the performance of the sector (Muritala et al, 2012; Ben-Caleb et al, 2013).

In the same way, Dhungana (2010) believes that for the majority of indigenous SMEs, access to finance remains a problem, because most SMEs are not aware of the available financing options. Likewise, Ben-Caleb, Faboyede and Fakile, (2013) believe that aside from the difficulties encountered in obtaining loans and funds from financial institutions, coupled with the poor record keeping and managerial inefficiency of SMEs operators, most of the small and medium enterprises promoters deliberately divert borrowed fund to ostentatious things such as acquisition of more wives, chieftaincy titles and extravagant spending, thereby exacerbating their financial difficulties (Ben-Caleb, Faboyede and Fakile, 2013). Some scholars also believe that the main reason why Nigerian SMEs are performing below expectation is as a result of government's lacklustre attitude towards the implementation of policies to protect the sector from external forces (Oduyoye et al., 2013; Okwu et al., 2013).

Equally, based on numerous factors militating against the performance of SMEs in Nigeria, it is not surprising that various attempts by the government to restructure the economy only worsened and wrecked further dislocation and hardship on many SMEs (Awuah, 2012). The outcome of course was closure of some enterprises while many others drastically reduced their scale of operation at the expense of labour. According to Asiedu and Freeman (2006), firms with large intangible assets are more productive than small firms based on their ability to absorb risks and take advantage of economies of scale. Akor (2012) also states that SMEs globally are showing renewed optimism as they seek to grow their domestic market share and diversify their product offering. Bakare and Gold (2012) affirms that in the face of uneven competition many more industries face the grim possibility of closure unless the government applies urgent brake to the present full liberalization policy.

CONCLUSION

Globalization increases the range of opportunities for companies operating in the current competitive global market. However, though, globalization offers potential benefits to firms, it is not without risks. Thus, SMEs in the global market must anticipate the increasing complexity in their business activities as goods, services, people, and so forth move freely across geographic borders and throughout different economic markets. This study presents issues that SMEs are facing in the era of globalization. The study reveals that in order for SMEs to perform effectively in a competitive global environment, they must adapt to the changes in the global business environment. Also, to remain competitive, the SMEs need to re-examine their business strategies and judiciously utilize the opportunities that globalization presents in today's market for meeting the changing global market needs and to gain competitive advantage in the domestic and foreign market. Equally, owners and operators of SMEs must have a clear understanding of their environment in order to respond to the forces for proactive change. This study augments the findings of past researchers in this field and also serves as a foundation for future researchers to build on. This study can examine whether globalization has contributed to the problem of resource-curse in the developing countries that are endowed with abundant natural resources. Also, for a more robust and generalizable findings, future researcher can use mixed research method to conduct similar studies for other developing countries.

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