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The Impact of Regulatory Environment on the Effectiveness of Small and Medium Scale Enterprises: A Study of Selected Small and Medium Scale Enterprise in Owerri

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Abstract: This paper examines the impact of regulatory environment on the effectiveness of small and medium scale enterprises. The study employed a survey approach and used the questionnaire as its major source of data collection. In order to guide the study, two research questions and hypotheses that are consistent with the objectives of the study were raised. The population of study consists of 105 staff of selected five small and medium scale enterprises in Owerri. The researchers used purposive sampling technique to select 89 members of staff as the sampled unit. The mean score $\bar{X}$ was the tool for data analysis, and from the findings, the researchers concludes that regulatory environment has significant impact on business competitiveness and innovativeness which were used to proxy effectiveness of small and medium scale enterprises. Based on the findings also, the researchers among others recommended that consultation between SME regulators and operators of SMEs can help address some of the harsh consequences of the regulatory environment.

Keywords: Regulatory Environment, Organizational Effectiveness, Competitiveness, Innovativeness

1. Introduction

The modern business manager operates in a highly dynamic environment. The change in the environment has been rapid and unpredictable. Economic variables have been complex both in form and impact on the practice of business in Nigeria. Consumers and clients have been showing complex behaviors both in local and international markets. The most dramatic change has been that exhibited by competitive pressures. Competitors have been applying one strategy or the other to adapt to the dynamic and unpredictable nature of the business environment.The most single significant influence on organizational policy and strategy is the environment outside and inside the organization (Grant, 1999). Currently, business environment is perceived to havecomplexity, turbulence and speed in change, all Nigerian organizations (large or small) must pay greater attention than ever before to their environments when formulating and implementing policies and strategies in order to survive and grow (Otokiti & Awodun, 2003).

Discussing the relevance of understanding the regulatory environment in contemporary business practice, Agulanna and Chris (2003) opined that business and industries operate in a large web of regulatory environment. They come into existence through the web, operate within the web and go out of existence passing through the same web. They went further to posit that business managers must comply with the federal, state, and local government laws as well as court orders. According to Dickson, Gates, Kapur, Seabury and Tally, (2007) regulatory environment has been identified as a controlling element for business to legally and freely function. In this paper, we shall take the business regulatory environment as legislation, political and administrative factors that have an influence on businesses. In the 1980s, organizational effectiveness became more prominent and switched to being a concept from the status of a construct (Henry, 2011). This concept is related to issues such as the ability of an organization to access and absorb resources and consequently achieve its aims (Federman, 2006). Cameron (1978) pointed out that organizational effectiveness is the proficiency of the organization at having access to the essential resources. However, McCann (2004) noted it as the criterion of the organization's successful fulfillment of their purposes through core strategies.

According to definition of Yankey& McClellan (2003) "OE is the extent to which an organization has met its stated goals and objectives, and how well it performed in the process. Scott et al (2008) opined that the term organizational effectiveness is usually deployed to contrast with development effectiveness. It focuses on the direct results of an agency's interventions, for which it can be held accountable, in contrast with development outcomes, which are the effect of many agencies interventions. The term OE usually focuses on the internal systems that are geared towards producing development outputs and outcomes. In this sense, it is synonymous with results based management and managing for development results.Drawing upon the work of Kushner and Poole (2002), the performance of an organization may be modeled along four components: resource acquisitions, efficiency, goal attainment, and client satisfaction. Brooks (2003) believes that ignoring any of these dimensions is to possess an incomplete understanding of the organization's performance. Obviously, the feedback loop between these components is more far-reaching than the definition of each component. The researchers focused on competitiveness and innovativeness as the measures of organizational effectiveness.

Statement of the Problem

In contemporary Nigerian business environment, low-sales, high cost of production, low capital utilization, lack of foreign exchange to source needed inputs, poor power supply, and low quality of goods and services, among others have become recurring decimals in business reports. These issues have led to lack of proper integration and coordination of various corporate subsystems in Nigerian organizations, resulting in the failure to achieve the stated goals and objectives. Enterprises are subsumed in the environment with which they interact by importing inputs and exporting outputs. Thus, the vagaries and the extremities of the environment affect the fortunes of organizations (kennerly& Nelly, 2003).In order to improve the business climates and encourage the growth of SMEs, government at different times legal frameworks and policies. While these policies are made with the best of intentions, the process of their implementations most times falls short of operational environment realities. The problem of this paper therefore is to examine the impact of regulatory environment on the effectiveness of SMEs.

Objectives of the Study

The general purpose of this study is to examine the impact of regulatory environment variable on organizational effectiveness. However, the following specific objectives shall be examined;

i. To examine the impact of regulatory environment on organizational competitiveness
ii. To examine the impact of regulatory environment on the organizational innovativeness
iii. Research Questions
iv. The following research questions shall serve as a guide to this study;
v. What are the impacts of regulatory environment on organizational competitiveness?
vi. What are the impacts of regulatory environment on the organizational innovativeness?

Hypotheses

The following tentative assertions are made for this study

HO1: regulatory environment does not have significant impact on organizational competitiveness

HO2: regulatory environment does not have significant impact on organizational innovativeness

2. Literature Review

In this section, the researchers x-rayed the contributions of different authorities in this line of knowledge

Organizational Effectiveness

According to Hardesty (2003), organizational effectiveness is defined in many different ways depending on the organizations goals and objectives in today's market and also is dependent on the industry. In today's market, organizational effectiveness is dependent on seven to ten attributes/characteristics, dependent on the theorist.Hardesty (2003) says there are ten characteristics those highly effective organizations exhibits. They are, "clarity of the organization's mission, the power of leadership vision, adherence to shared values throughout the organization, cohesive, balanced team of leaders, clear and measurable goals and objectives, mechanisms for external feedback and input, a desire to learn continuously, pursuit of excellence, competent planning and decision-making processes, periodic celebrations of nobility of the work and collective accomplishments". Fitz-Enz (1997) concluded there are eight practices of highly effective organizations. They entail balanced values, commitment, culture, communication, partnering, collaboration, innovation and risk, and competitive passion. Stating what an organization is supposed to look like and how it should function is easy. The hard part is how to get there and practicing the characteristics of an effective organization. Most organizations know the success of an organization is dependent on the people in place that produce the product or service. It starts with the leadership who tries to instill values throughout the organization.

Edward Deming, a renowned organizational effectiveness theorist, discussed 14 points that management needs to practice to operate as an effective organization. Deming's 14 points are:

(1) Create constancy of purpose toward improvement of

product and service, with the aim to become competitive and to stay in business, and to provide jobs; (2) Adopt the new philosophy. We are in a new economic age. Western management must awaken to the challenge, must learn their responsibilities, and take on leadership for change; (3) Cease dependence on inspection to achieve quality. Eliminate the need for inspection on a mass basis by building quality into the product in the first place; (4) End the practice of awarding business on the basis of price tag. Instead, minimize total cost. Move toward a single supplier for anyone item, on a long-term relationship of loyalty and trust; (5) Improve constantly and forever the system of production and service, to improve quality and productivity, and thus constantly decrease costs; (6) Institute training on the job; (7) Institute leadership. The aim of supervision should be to help people and machines and gadgets to do a better job. Supervision of management is in need of overhaul, as well as supervision of production workers; (8) drive out fear, so that everyone may work effectively for the company; (9) Break down barriers between departments. People in research, design, sales, and production must work as a team, to foresee problems ofproduction and in use that may be encountered with the product or service; (10) Eliminate slogans, exhortations, and targets for the work force asking for zero defects and new levels of productivity. Such exhortations only create adversarial relationships, as the bulk ofthe causes oflow quality and low productivity belong to the system and thus lie beyond the power of the work force; 0 (11) Eliminate work standards (quotas) on the factory floor. Substitute leadership and eliminate management by objective. Eliminate management by numbers, numerical goals. Substitute leadership; (12) Remove barriers that rob the hourly worker of his right to pride of workmanship. The responsibility of supervisors must be changed from sheer numbers to quality. Remove barriers that rob people in management and in engineering oftheir right to pride of workmanship. This means, inter alia, abolishment of the annual or merit rating and of management by objective; (13) Institute a vigorous program of education and self-improvement; (14) put everybody in the company to work to accomplish the transformation. The transformation is everybody's job (The Edwards Deming Institute, n.d.).

Senge (1990) states that learning organizations are Organizations where people continually expand their capacity to create the results they truly desire, where new and expansive patterns ofthinking are nurtured, where collective aspiration is set free, and where people are continually learning to see the whole together. For an individual to practice real learning one must find what they truly desire and what they believe in their heart. This is true in organizations as well. For real learning to occur in organizations, the organization as a whole and the individual units ofthe organization need to understand their purpose and mission they are trying to achieve, before they can engage in learning.He identified five dimensions that distinguish a learning organization from a traditional organization; which are: (1) systems thinking, (2) personal mastery, (3) mental models, (4) building shared vision, and (5) team learning.

Systems thinking is about looking at all of the units, processes, techniques, and branches within an organization and viewing them as a whole instead of individually. It is necessary for learning organizations to think about how a decision will impact the future. Many times the complete consequence of a decision is not seen because it is a long-term consequence. Learning organizations look beyond the quick fix to a resolution that works both short-term and long-term. Learning organizations have constant feedback systems in place to continually check the progression or regression of the decision. The second discipline, personal mastery, is defined as the following: People with a high level of personal mastery live in a continual learning mode. They never 'arrive'. Sometimes, language such as the term 'personal mastery' creates a misleading sense of definiteness, of black and white. But personal mastery is not something you possess. It is a process. It is a lifelong discipline. People with a high level of personal mastery are acutely aware of their ignorance, their incompetence, their growth areas. And they are deeply self-confident. Personal mastery is not about competence and skills; it is about the vision the organization has and recognizing where the organization has a weakness and being truthful to those weaknesses. The third discipline is mental models, which refers to looking at the assumptions that a given organization has and to realize how these assumptions impact behavior or performance. Specifically: The discipline of mental models starts with turning the mirror inward; learning to unearth our internal pictures of the world, to bring them to the surface and hold them rigorously to scrutiny. It also includes the ability to carryon 'meaningful' conversations that balance inquiry and advocacy, where people expose their own thinking effectively and make that thinking open to the influence of others. (Senge, 1990) So often organizations try to implement a new process or go after a new market that initially might be unsuccessful. The unsuccessful attempt is often remembered and carried over through generations ofthe company without the process or attempt being fully analyzed to conclude that it was a weak process or market. The fourth discipline, building shared vision, is defined as, the capacity to hold a shared picture of the future we seek to create. This discipline creates the ability for an organization to become innovative.

The fifth and final dimension of learning organizations is team learning, which is viewed as, "the process of aligning and developing the capacities of a team to create the results its members truly desire. If the organization does not operate as a team, they will struggle to succeed in their endeavors. When an organization operates as a team they openly discuss and scrutinize assumptions and "discover results and insights not attainable individually. Effective organizations do not contain individuals that focus on themselves individually, instead they work for what the entire organization is trying to achieve.

Ken Wright, an organizational effectiveness consultant, combined previous research from Covey, Senge, and Deming to develop his own definition and way to measure organizational effectiveness. Wright (1997) calls it "organizational wellness" and defines it as an, "organization that is well as one which is self-renewing and continuously improving, a true collaborative community of learners". Organizational effectiveness is developed through culture, processes, and professional growth. The culture of the organization defines the context of information, processes, people, values, beliefs, and techniques. The culture is how things get accomplished, recognized, discussed, changed, put into place; it defines how the organization operates, reacts, and implements new ideas or change. The processes of an organization are independent and interdependent. They can operate solely without one another, however, each process within an organization make up the entirety of the organization. Therefore, if one of the processes breaks down, it is likely it will affect the entire organization. Process, decision-making, and communication are the main processes that need to be flawlessly operating for an organization to have effective processes. Professional growth is related to the opportunities that exist in an organization for employees to grow. Effective organizations continuously offer their employees professional growth opportunities. Maturation is instilled and expected in effective organizations. Organizations that can excel in these three areas will become an effective organization (Wright, 1997).

Factors Affecting Organizational Effectiveness

According to Malik et al (2011) factors that may affect the organizational effectiveness are: performance,motivation, organizational environment, managerial expertise, creative synergy, multi-ethnic and racialbackground. In the following lines performance, motivation, organizational environment, and managerialexpertise will be focused for explanation.

a) Performance

An Anonymous writer has defined “performance” as all the activity of a given participant on a given occasion, which serves to influence in any way any of the other participants. Performance is usually considered to be a broader term than effectiveness and includes efficiency and behavior. However, in practice, these terms are often used interchangeably Scott et al (2008). According to Malik et al (2011) employee performance basically depends on many factors like performance appraisals, employee motivation, Employee satisfaction, compensation, Training and development, job security, Organizational structure and other. Performance may also depend on some factors such as: pay rises, flexible time system, personal satisfaction, and so on.

b) Motivation

According to Kamery, (2004) of Nova Southeastern University employees may be motivated on the job by many things, such as a sense of achievement, recognition, enjoyment of the job, promotion opportunities, responsibility, and the chance for personal growth. Employee motivation and performance are tied directly to the style of management that is applied and to principles of positive or negative reinforcement. Kamery, (2004) further elaborated that the key to motivating employees is remembering that not all employees are the same. Something different makes each employee tick. In order to achieve motivation, managers must know each employee. Managers must have a wide range of motivational techniques available. Each employee has a different set of values and personal experiences that brought them to where they are today. Employees are motivated by learning and should likewise be motivated to learn. Workers should be offered regular opportunities to attend conferences in their field, seminars, or in-house training programs. A supervisor can provide the environment in which employees are willing to motivate themselves. The purpose of a motivating environment is to encourage every member of an organization to motivate himself to contribute his best effort to the job at all times. A motivating environment is not a permissive environment, but one where the expectations of each employee are for their best work within their capability. A motivating environment is not necessarily one in which all employees are happy all of the time. A motivating environment may produce satisfied employees, which in turn may make many employees happy. A motivating environment exists with conditions of high standards, clear objectives, adequate training, effective leadership, rewards that employees value, and adequate working conditions.

c) Organizational Environment

According to Malik et al (2011) organizational environment reflects from the culture composition, rules and regulations, freedom of work etc. Malik et al (2011) explained organizational environment (Robbins, 2008) that the forces that can make an impact. Forces made upopportunities and threats. Organizational environment determines the manner and extent to which roles,power, and responsibilities are delegated, controlled, and coordinated, and how information flows betweenlevels of management. This structure depends entirely on the organization's objectives and the strategychosen to achieve them. Malik et al (2011) narrated quoting Lusthaus, Anderson and Murphy thatenvironment is made up of the administrative, technological, political, economic, socio-cultural, andstakeholder factors. Each organization is set in a particular environment to which it is inextricably linked. This environment provides multiple contexts that affect the organization and its performance, what it produces, and how it operates.

d) Managerial Expertise

Malik et al (2011) expressed that managerial expertise includes training, check and balance, opportunity ofcondensed workweek etc.According to a report of “Vernon Roche Hodgson Inc through the use of surveys, interviews andempirical research, results conclusively indicate that leadership, or how leaders behave, has a directrelationship to overall perceptions of organizational effectiveness, or how organizations will perform. This issignificant for leaders to understand, since they may be unaware of how their behaviors impact theiremployees.According to a study of Lee & Tseng (2005) (study adopted the listed, over the counter (OTC) andemerging electronic companies only operating in Taiwan as the research objects) organizational culture hasinfluence over organizational effectiveness. This study defined the eight dimensions of organizational culture as: (1) tolerant / staff-oriented; (2) achievement-oriented; (3) innovative; (4) analytical; (5) social relationships ;(6) rewarding staff; (7) stable work environment; (8) demanding. These eight dimensions of organizationalculture showed generally sufficient characteristic. This study also suggested three dimensions of organizationaleffectiveness: (1) structural flexibility/ control; (2) focus Internal /external (3) strategy means/ends. Thesethree dimensions of organizational effectiveness presented the mainly ample characteristic (Lee and Tseng, 2005)

e) Organizational Culture

Organizational culture is closely related to organizational effectiveness (Trefry 2006), because culture and subculture mould employees' values and values influence employees' perceptions and decisions (Mariappanadar, 2005). Obinna and Farkas (2011) asserted that the success and failure of atypical organization is the culture itapprehends and its conflicts management style. It is imperative that employees live and work within the fourwalls of culture be it individual, group or corporate cultures; we are bounded and breathe in cultures. Cultureaffects all people, leaders and those led, and it affects the way they organize. The management of culturaldiversity is becoming a significant issue for companies of all sizes, not just multinationals. According to a studyof Lee & Tseng (2005) (study adopted the listed, over the counter (OTC) and emerging electronic companiesonly operating in Taiwan as the research objects) organizational culture has influence over organizationaleffectiveness. This study defined the eight dimensions of organizational culture as: (1) tolerant / staff-oriented ;(2) achievement-oriented; (3) innovative; (4) analytical; (5) social relationships; (6) rewarding staff; (7) stablework environment; (8) demanding. These eight dimensions of organizational culture showed generallysufficient characteristic. This study also suggested three dimensions of organizational effectiveness: (1)structural flexibility/ control; (2) focus Internal /external (3) strategy means/ends. These three dimensions oforganizational effectiveness presented the mainly ample characteristic.Çiçek and Özer (2011) expressed that organizational culture can enhance organizational performance by energizing and motivating employees,unifying people around shared goals, and shaping and guiding employee behaviors. Some researchers asserted that organizational culture could provide a source of sustained competitive advantage for firms, particularlywhen it is seen as a firm-level resource that is valuable, rare, and difficult to imitate. An organization's culturalnorms strongly affect all who are involved in the organization. Organizational culture with a development andinnovation orientation had a direct effect on a firm's innovation performance.

Regulatory Environment

In the literatures, there had been divergent views about the concept of environment through contributions of different authors and scholars. Okoh and Munene (1986) posited two views of perceived environment in the literature. The first is inter-organizational view, which considers the environment as a collection of person, groups and other organizations that provides inputs to, or receives outputs from a local organization. The second consideration is that environment is a set of general, social, economic and technological conditions. Obasan (2001) says environment is the sum total of the physical and social forces and institutions that are relevant to the organizational goal setting and goal attainment which are taken directly into consideration by members of the organization when making business decisions and plans. According to Osuagwu (2001) environment has been seen as the totality of the factors that affect, influence, or determine the operations or performance of a business. The environment determines what is possible for the organization to achieve.

In the view of Adeoye (2013), Legal/public Policy Environment consist of the laws, regulations and procedures of acountry which business enterprises are anticipated tocomply with in the course of their operations. These lawsmay facilitate successful business conduct as well asconstitute major handicaps to successful performance.Furthermore, in carrying out their business operations, business enterprises are required by law to pay taxes, value added tax, capital gains tax, education tax, import duties, excise duties, etc. There are also labour laws that synchronize the contract of employment specifically the relationship between employers and the unions, the minimum age a person must attain before he/she can be lawfully employed, employee compensation, etc.

Regulation is a governmental tool to attain desirable public policy goals (OECD 1997).Mahon and Murray (1980) define regulation as an administrative and legal processdesigned to insure that the public interest is represented and served by means other thanmarket forces. Theyfurther differentiated between social andeconomic regulations. The main purpose of social regulation is to regulate non-economicactivities, like health and safety, whereas economic regulation targets economic activitiesin a specific industry. Primary reasons for regulation are to limit excessive competition (Vietor 1989) and to promote stability within an industry (Kim and Prescott 2005). To thisend, researchers highlight the importance of regulatory agencies or regulatory programmesto control the market (e.g. Mahon and Murray 1980). Such control takes the form ofmarket entry/exit control and price control (Vietor 1989; 1991; 1994; Viscusi, Vernon andHarrington 1995).

Theoretical Framework

According to Balduck and Buelens (2008), the issue of effectiveness in organizations revolves round four main approaches: the system resource approach, the goal approach, the strategic constituency approach and the internal process approach.

The Goal Approach: The first extensively used approach in organizational effectiveness is the goal approach. Its focus is on theoutput to figure out the essential operating objectives like profit, innovation and finally product quality (Schermerhorn, Hunt, R. N. Osborn, & R. Osborn, 2004).

There are some basic assumptions for the goal approach.

The System Resource Approach: The second approach is named the system resource approach which pays attention to the input of the figure. It explains the effectiveness from the point of view of the ability to obtain necessary resources from the environmentsoutside the organization (Schermerhorn*et. al.*, 2004).

The Process Approach: The third approach is known as the process approach which pays attention to the transformation process and isdedicated to seeing to what extent the resources are officially used to give services or produce goods (Schermerhorn*et. al.*, 2004). By effectiveness, it is meant that the organization is internally healthy and efficient and the internalprocesses and procedures in that place are quite well-oiled. In an effective organization, there is no trace of stressand strain. The members are completely part of the system and the system itself works smoothly.

The Strategic Constituency Approach: The fourth approach is the strategic constituency approach. It deals with the effect of the organization on the mainstakeholders and their interests (Schermerhorn*et. al.*, 2004). Based on this approach, effectiveness refers to theminimal satisfaction of all of the strategic constituencies of the organization. Strategic constituency involves all thepeople that are somehow connected to the organization. These people may have different roles such as the users ofthe services or products of the organization, the resource providers, the facilitators of the organization's output, themain supporters and the dependents of the organization (Cameron, 1981).

3. Methods

Aham (2000) defined data analysis as the conversion of raw data into usable information. The statistical tool used for data analysis and test of hypotheses in this paper is the men score.The data gathered were ranked as follows: SA= 5, A = 4,U = 3, D = 2, SD = 1. The mean score is mathematically expressed as:

$$\bar{X} = \frac{\sum_{i=1}^{n} X_i}{N}$$

Where $\bar{X}$ = the mean, $\sum_{i=1}^{n}$ = summation, X = the scores and N= number of scores. The decision rule is to accept results with a mean score of 2.5 and above while rejecting those with a mean score below 2.5

4. Data Presentation and Analysis

In this section of this paper, the researchers presented the data gathered. The data was later analyzed using the mean score.

Key

SA = Strongly Agree, A = Agree, U = Undecided, D = Disagree, SD = Strongly Disagree

Table 1. *Responds on the Relationship between Regulatory Environment and SME's Effectiveness.*

S/N	Competitiveness factors	Options							
		SA	A	U	D	Sd	Fx	$\bar{X}$	Remark
1	Regulatory environment increases market share	14	36	23	13	3	257	2.89	ACCEPT
2.	Regulatory environment impacts significantly on customer's satisfaction	6	20	18	30	15	239	2.68	ACCEPT
3.	Regulatory environment impacts positively on cost efficiency	11	27	21	17	4	263	2.96	ACCEPT
4.	Regulatory environment have increased our economy of scale	14	30	13	22	10	284	3.19	ACCEPT
5.	Our employees working condition have been affected by regulation of the industry	4	9	15	38	23	175	1.97	REJECT
	Innovativeness factors								
6	Regulatory environment enhances market innovativeness	10	19	27	18	15	257	2.89	ACCEPT
7	Product innovation can be enhanced by regulatory environment	8	24	30	22	9	279	3.13	ACCEPT
8	Innovation in business processes can be affected by regulation of the business environment	12	29	29	19	-	338	3.8	ACCEPT
9	Regulatory environment has influenced our innovation in research and development	5	11	17	25	31	200	2.25	REJECT
10	Regulatory environment has led to the adoption of new technology in business processes	6	9	13	30	31	196	2.2	REJECT

5. Results and Discussions

The overall finding in this study shows that regulatory environment has significant impact on the effectiveness of small and medium scale enterprises in Nigeria. In research question one; the researchers concluded that competitiveness of SMEs in Nigeria is largely influenced by the regulatory environment. This can be seen in the response pattern as the mean score in questionnaire item 1-4 was higher than the decision point (i.e 2.89, 2.68, 2.96, and 3.19 > 2.5 respectively). However, the response of questionnaire item 5 in research question one shows that regulatory environment does not have significant impact on the working condition of employees in SMEs in Nigeria. In research question two, the mean of questionnaire 6, 7, and 8, were positive i.e their mean were higher than the 2.5 decision point. This suggests that regulatory environment impacts significantly on market, product and process innovation in Nigerian SMEs. But in questionnaire item 9 and 10, the result shows that regulatory environment has no significant impact on SME's research and development programmes as well as technological adoption. A closer review of the study shows that while regulatory environment has impacted on the market and financial dimensions of SMEs effectiveness in Nigeria, it has failed to address the issues of ethics and social concerns.

6. Conclusion and Recommendations

Sequel to the findings above, the researchers concludes that regulatory environment impacts on SMEs effectiveness in Nigeria significantly based on the dimensions of SME effectiveness covered in this study. Moreover, whereas there are laws guiding working conditions, the impact of its implementation is minimal. Therefore, the regulatory environment cannot be said to have contributed satisfactorily to the improvement of the working condition of SME employees in Nigeria. Based on the findings, the researchers further conclude that the contribution of the regulatory environment in the promotion of research and development and ICT adoption in SMEs is minimal. The researchers recommend that;

- In making regulations and policies guiding SMEs in Nigeria, standards for ethics and social concern should be given strategic attention.
- Regular consultations between business regulators and SME operators are needed if the harsh consequences of the regulatory environment must be mitigated effectively.

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