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Influence of Culture on Nigerian SMEs Compliance Attitude to IFRS for SMEs

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Abstract
The need to stem up quality accounting practices among SMEs in Nigeria has prompted the adoption of IFRS for SMEs on January 1, 2014. However, the observed level of compliance to the stand alone international accounting standard has led this study to give due considerations to how the SMEs operational way of life (culture) influences their attitude to expected adherence to the provisions of the new accounting framework. Adopting a review approach, the secondary sources of data as complemented by models were used in portraying the relativism of culture and cultural dimension to Nigeria SMEs attitude to bookkeeping and their poor compliance to the guidelines of IFRS for SMEs in the maintenance of her financial records. Although the research is of the opinion that assisting and motivating Nigeria SMEs to imbibe the culture of maintaining sound financial records remain government's priority at the moment, it proposes that a single regulatory agency be set up by law to solely oversee all activities of SMEs in Nigeria. This implies that the commitment of the Central Bank of Nigeria, Bank of Industry, Financial Reporting Council (FRC) of Nigeria, Federal Inland Revenue Service/State Tax Authorities, and Corporate Affair Commission to the survival, growth and expansion of SMEs in Nigeria could be reduced to each of these government agencies having a representative executive member in the single regulatory agency. This way, areas of under performance prompted by multiplicity of regulatory agencies, will receive meaningful attention and reliable consensus response from the government.
Keywords: Compliance, Culture, Cultural Dimensions, IFRS for SMEs, Regulatory Agencies, SMEs.

INTRODUCTION

The inconsistent Accounting practices found in different parts of the world have historically fascinated Accounting researchers over the years (Schutte and Buys, 2011). Financial record maintenance practices of SMEs are not an exception.

The challenges facing SMEs in many developing countries are quite numerous. The most worrying among these challenges are funding and accountability. The fact that most new small business enterprises are not attractive prospects for banks should be a source of concern to the government. In Nigeria, the situation is not different. Most SMEs operate without sound accounting records and system that could motivate the banking sector to come to their funding aids. The importance of proper accounting system in any organization irrespective of size cannot be overemphasized (Nkwor and Nkwor, 2015) since the organization's true financial picture are only obtainable from the quality of accounting records maintained.

It is pathetic to point out that majority of the accounting practices put up with by SMEs sector in Nigeria lack consensus approach that are based on requirements of domestic business laws (i.e CAMA).

This could be as a result of the fact that, until 2010 when the roadmap for the full adoption of the International Financial Reporting Standards (IFRS) was officially made public, little or no realizable attention had been given to the issue of accountability or effective financial reporting among SMEs in Nigeria.

Sawani (2009), is of the opinion that the creation of local GAAPs and/or adoption of Accounting Standards is usually influenced by a variety of factors, some of them Political, and some of them due to the legal or tax system. But Wahrisch (2001) has identified the following five influential factors namely Cultural factors, legal/political factors, economic factors, educational factors, and the capital market factors. The influence of these environmental factors on the adoption of and compliance to IFRSs and the likes of IFRS for SMEs have been duly considered by researchers, and the results often suggest that Cultural differences among countries globally, even in Europe, are of significant influence.

Deaconu, Popa, Buiga and Fulop (2009) argued that despite the simplifications that is obtainable in the IFRS for SMEs accounting reporting framework, especially in certain accounting treatments as compared to many existing guidelines across different national territories, adopting the same in European Union may not be appropriate considering the cultural diversity and variety of accounting systems prevalent in that continent.

Culture is thus considered an essential element in the framework for understanding how social systems change since culture to a commendable extent influences the norms and values (accounting guidelines and other business laws e.g CAMA) of such systems and the behaviour of groups (Nigeria SMEs) in their interactions within and across systems.

The significance of Culture in influencing and explaining behaviour in social systems has been recognized and explored in a wide range of literature especially the anthropology, sociology and psychology literature (Gray, (2011).

It is no longer strange news that so many SMEs operating in Nigeria are not adequately registered and recognized by the Corporate Affairs Commission (CAC) for reasons of tax payments and unreasonable molestations and exploitative activities of the state and local governments in Nigeria.

Worthy of mention, is the fact that many small and medium businesses in Nigeria are often non tax friendly. It has been presumed as a notable foundational occurrence among SMEs in Nigeria as the absence of a well regulated and SMEs enabled business environment readily attest to this. This has often led to higher capital outlay in setting up and running such categories of businesses, and has thus served as rationale for persistent tax/fees evasion and non-maintenance of proper accounting records, at least, to weaken government's effective assessment of such SMEs actual tax liability.

The implication is that small scale businesses are subjected to fixed fees or tax payments by the Local and State government while the Medium Scale Enterprises (for those duly registered with the Corporate Affairs Commission) are sometimes assessed on the basis of their annual income.

These notwithstanding, little is known about the nature and uniqueness of the Nigerian SMEs 'Culture' and its possible influence on the attitude of SMEs to sound accounting system and due compliance to recognized SMEs accounting frameworks. Hence, there exist the problems of dearth of research focusing exclusively on the influence of Culture on the attitudinal approach of Nigeria SMEs to sound financial accountability especially when compliance to national accounting frameworks or recommrnded guidelines is involved.

It is against this backdrop that this research work is evolved to give due review considerations to the extent to which Culture influentially affects the attitude of Nigeria SMEs to due compliance with IFRS for SMEs.

LITERATURE REVIEW

Conceptual framework

The importance of Culture and its historical roots is only just beginning to be recognized, especially as it affects the present global move for the adoption of IFRS for SMEs.

It is a universal phenomenon, as there is no society in history without a Culture.

Small and Medium Enterprises (SMEs) operating in different cultural contexts have become increasingly sensitive to the potential impact of the culture of their business sector on their preparation of Financial Statement in line with approved accounting guidelines. This in most cases, have often resulted in the non maintenance or adoption of varying approaches to its financial record keeping activities.

Evidence of the influence of different levels of development on the Accounting environment can also be found in recent times where some developed countries and continents find it difficult to mandatorily adopt the International Financial Reporting Standards (IFRS) for Small and Medium Enterprises (SMEs) despite the high positive attitude of the developing countries to its adoption amidst prevailing challenges of poor compliance to the same.

Moreover, diverse Accounting practices are also attributable to different levels of development. Despite the fact that most of Europe consists of developed countries, Individual member states of the European Union will move at different speeds to adopt IFRS (Schutte and Buys, 2011). Aside national pride, the fear of uncertainty, customs, and business culture may also have stood out as contributory factors. (Sawani, 2008).

Focus has often been on the Cultural dimensions of Hofstede (1980) and the Accounting values by Gray (1988) to effectively evaluating the implications of such cultural differences on the compliance attitude of Nigeria SMEs to the new international accounting standard- IFRS for SMEs, and its effect on the Accounting environment.

Thus, Hofstede's cultural dimensions have been duly considered in this study and these are- *Individualism versus Collectivism* that portrays the relationship between the Nigeria SMEs and compliance to the new IFRS for SMEs, *Power Distance* that relates to social inequality that cuts across different categories of SMEs in all sectors of the economy either due to size, capital, or performance capacity in relation to authority, *Masculinity versus Femininity* that relates to the social implications of the number of male or female running SMEs in Nigeria, and the *Uncertainty Avoidance* that relates to the ability of Nigeria SMEs to deal with or handle uncertainties that may surface as a result of adhering or complying with the guidelines of IFRS for SMEs.

A multicultural, multiethnic, multi-religious and pluralistic nation like Nigeria, whose small businesses activities history from the very onset, has been independently and diversely oriented with different methods of maintaining business financial records and accounts obtainable in the North, South West and South East. may afterall be faced with the challenges of having a homogeneous culture often known as a "National culture". National culture enables SMEs in terms of consensus compliance to a given guideline or framework in a given country to be distinguished in conducts that are common and clearly portray her national pride as well as approach to issues and beliefs external to her professional prospects and her existing standards in professionalism.

Markus and Kitayama (1991) contend that anecdotes like these symbolize meaningful and important cultural differences between SMEs in Nigeria, as is the case in the European Union where voluntary adoption and compliance to IFRS to SMEs is prevalent.

It is these differences that have served as basis for the theory of Independent and Interdependent self-construal which is arguably one of the most influential works in the past decades in culture and psychology (Matsumoto, 1999).

THEORETICAL FRAMEWORK

IFRS for SMEs adoption in Nigeria

Accounting has overtime witnessed consistent changes. One of this is the birth of a unified and globally acknowledged set of accounting frameworks- International Financial Reporting Standards (IFRS). IFRS is bent on providing high quality, understandable, and internationally enforceable set of accounting standards that could help provide transparent and comparable financial information for users.

Shortly after its inception in 2001, the International Accounting Standards Board (IASB) started a project to consider reporting issues for Small and Medium-sized Entities (SMEs). Following a discussion paper in 2004, and an exposure draft in 2007, the Board (IASB) issued the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) in July 2009 (IFRS Foundation, 2013). Being a 230 pages well articulated financial reporting guideline for SMEs (as against the 3,000 pages as obtainable in the full IFRSs document), the new International accounting standard is organized by topics that are categorized into 35 sections with more simplified disclosure requirements than is the case with the full IFRSs (reduced disclosures of roughly 300 disclosures).

It could be recalled that the federal government and its relevant agencies in line with the roadmap for the adoption of IFRS, had mandated that all Nigerian businesses comply with the global standard, with SMEs given until 1 January 2014 to comply. This meant that SMEs first IFRS based financial statements ought to have been prepared as at the year ended December 31, 2014.

In South Africa, the second largest economy in Africa, small private companies were mandated to do the same since December 1st, 2012.

Being the second country in Africa to adopt IFRS behind South Africa, the timely embrace of the widely acknowledged international accounting standard by Nigeria readily enhances the international perceptions of the quality of financial reporting in the country as well as the confidence of investors in Nigerian public companies and Small and Medium Enterprises.

Nevertheless, due compliance with and implementation of the requirements of IFRS for SMEs entails that this category of companies need capture data and information in a manner that were not previously required nor statutorily enforced for effective reporting purposes. Okoro (2014) stressed that companies may need to do calculations, consolidations and reports they did not do in the past. And this will be particularly burdensome for companies that lack proper accounting system in place, and usually rely on manual spreadsheets and methods to keep track of their financials. SMEs are uniquely core constituents of this category of companies in Nigeria.

Emphasizes has been on the need for Small and Medium scale Enterprises (SMEs) to adopt the reporting standard- IFRS for SMEs, despite the challenges it would pose to them. It is believed that the adoption would help promote accountability and transparency in the financial reporting exercises of Nigeria SMEs. Yet, as worrisome as this may be, it is important that it is meaningfully resolved on what and what should really serve as the sole consensus and national workable criteria for the effective identification and categorization of Small and Medium-sized Enterprises in Nigeria, in the context of compliance to IFRS for SMEs, considering the fact that most of these businesses are still at their micro stage of operation, and hardly meet up with the simple method of double entry system let alone adopting and complying with a more defined system of accounting that is globally debated on.

One of the national definition of SMEs in Nigeria produced by the National Council on Industry (NCI) in 1996 and upheld by the Central Bank of Nigeria, classified '*small scale enterprises'* as those with total cost, including working capital but excluding cost of land above N1.0 million, but not exceeding N40.0 million with a labour size of between 11 and 35 workers. 'Medium *Scale Enterprises*' are defined as those with total cost, including capital but excluding cost of land above N40.0 million but not exceeding N150.0 million with a labour size of between 36 and 100 workers (Ehinomen and Adeleke, 2012).

Ultimately, the implications for SMEs adoption of IFRS are capital intensive. At every stage of the transition process, huge capital outlay is involved. These range from registration costs, personnel costs, training and retraining costs, IT infrastructure costs to routine maintenance costs. Initial adoption of the standard, according to KPMG (2010), may require some upfront investments resulting from system changes (accounting approach even among users of accounting packages that would be forced to switch to IFRS for SMEs compliant accounting package), reformatting of the financial statements, and training cost.

The cost of training is another challenge for first time adopters, even this will be less on the long run since IFRS for SMEs will not be under going yearly updates.

Obuh (2012) arguably lends support to the above view stating that the adoption of the international standard by SMEs in Nigeria will definitely result in additional cost and pain to these entities, especially the cost of implementation, because they do not have the personnel, they do not have the training (though some trainings deemed insufficient enough are ongoing), they do not have the other resources that are required to implement IFRS.

Buculescu and Stoica, (2015). equally buttressed on this issue maintaining that some researchers using statistical methods have also showed that countries which have already adopted IFRS for SMEs have significantly lower GDP per capita and financial reporting systems of lower quality than countries which refused to adopt IFRS for SMEs. This probably goes to lend credence to the level and quality of knowledge and training SMEs operators possess with regards to IFRSs for SMEs.

Nigeria is a country with a commendable challenge of inadequacy of data maintenance. How can a country that lack adequate feasible record of the actual number of SMEs operating within its business environments at state and national level, claim to possess what it takes to implement the requirements of IFRSs for SMEs most effectively? Or does this mean that the country through its relevant agencies such as the Central Bank of Nigeria and the Financial Reporting Council (FRC) of Nigeria readily adopted the said globally accepted international accounting standard for SMEs on mandatory terms yet with the intent of making it a voluntary guidelines for such categories of businesses seeing that there appears to exist no realistic monitory framework for the effective implementation of the accounting standard towards achieving mandatory compliances among owners of such businesses who in most cases do not even possess the technical know-how to appreciate the relevance of new accounting standard let alone applying the same or hiring a knowledgeable professional accountant for the preparation of their financial statements; perhaps, for the first time since the business commenced operations. This notwithstanding, the new international reporting standard for small businesses readily possesses some benefits that are at the disposal of users of the new accounting standard.

Nigeria SMEs' Culture

A close study of SMEs operations in Nigeria has shown that a commendable level of independence exist among small and medium business operators in Nigeria. Although some SMEs in Nigeria hold membership in the Association of Small Business Owners of Nigeria (ASBON) and the National Association of Small and Medium Enterprises (NASMES) in Nigeria, their independence in their choice of and attitude to accounting practices is often retained.

SMEs culture in Nigeria readily encourages individualism, with a small power distance vividly obtainable among them. The implication is that SMEs in Nigeria, in terms of compliance to statutory regulations, constitute a major challenge to regulatory agencies in Nigeria, as the small scale enterprises category seldom operate within the provisions of the law, thereby having little or no commendable respect for the authority. Moreso, Nigeria SMEs do respond strongly against situations, policies, or innovations of uncertainties that may aggravate their cost burden or business expenses, or even improve their chances of paying credible taxes to the government. Such radical changes are rarely welcomed among these categories of business operators on the short run. As much as survival, growth and expansion is upmost among Nigeria SMEs, prevalence of harmonious response to new policies or frameworks such as IFRS for SMEs, is usually not the case.

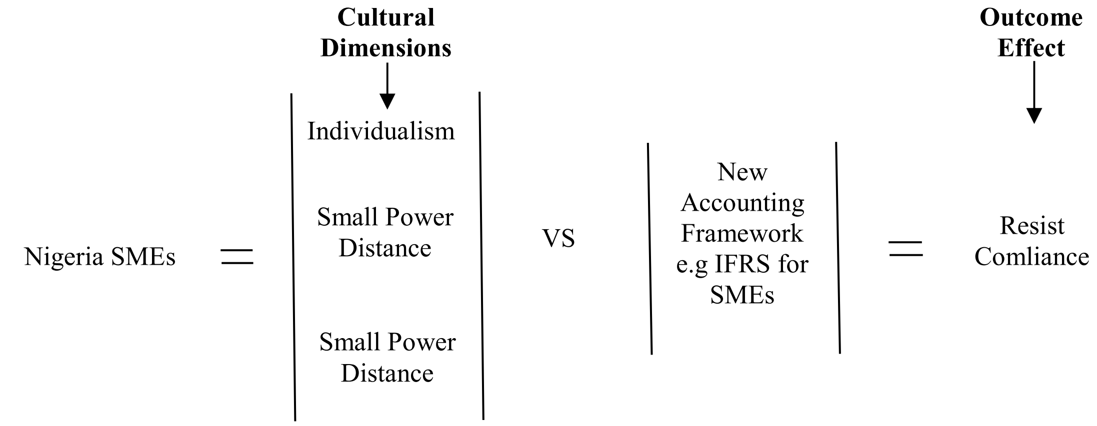

FIG. 1: Nigeria SMEs cultural dimensions and compliance attitude trade off.

The poor and tight business environment within which SMEs operate in Nigeria and the multiplicity but ineffective regulatory approach of the government through her agencies to the activities of SMEs in Nigeria may have also contributed to their negative attitude to sound consensus accounting practice that is based on a generally recommended set of accounting guideline like IFRS for SMEs as well as tax payments. The recent digital innovative approach of the Bank of Industry (BOI)- SSAPP, can serve as a reference point, even though it will go along way, if embraced by Nigerian SMEs, in reducing the problem of poor financial record maintenance among SMEs in Nigeria.

However, the question that remains unanswered is "are the procedures and accounting system of the SSAPP compliant to the guidelines of IFRS for SMEs? Or are the BOI and CBN/FRC approaching the accounting problems of SMEs in Nigeria on two or more different mechanisms?

Cultural dimensions and SMEs compliance attitude

Individualism

This is characterized by an emphasis on self as separate from others. Groups with individualistic cultures value individual rights and opportunities, pursuing personal interests, and setting and achieving personal goals (Yamauchi, 1998). It reflects the extent to which individual SMEs expects personal freedom to make choices on the accounting approach to adopt for their business and the bases for such accounting system being chosen. In individualist cultures, self-reliance is based on people being true to their own values and beliefs (Rhonda et al, 2003), and is essential for aggressive and creative behaviour, economic development, and tend to be achievement focused (Lock et. al. 2001).

According to Han and Shavitt (1994), most Northern and Western regions of Europe and North America are recognized patriots to the Individualistic cultural pattern of setting and adopting International Accounting Standards for SMEs, especially the United States of America.

Collectivicism

According to Maloney (2003), Collectivism refers to the extent to which people from very early ages are integrated into strong cohesive "In groups" (hereafter in this study represented as the Association of Small Business Owners (ASBON), National Association of Small and Medium Enterprises (NASMES). The "In group- SMEs' Associations" becomes the major source of the member's identity and is viewed as the only protection against the hardships/challenges of member SME's professional life, practice and sustainability. Collectivism paves room for SMEs acceptance of responsibility to regulatory bodies or government agencies like Central Bank of Nigeria (CBN), Financial Reporting Council (FRC) of Nigeria, Bank of Industry (BOI), and the Corporate Affairs Commission (CAC).

Collectivism is characterized by an emphasis on belonging to one or more collectives. Collectivists do value social norms, cooperation, obligations, interpersonal harmony, and group cohesion (Triandis, 1995). Infact, collectivism emphasizes on helpfulness, interdependence, and group success (Rhonda et al, 2003).

In a collectivist culture, personal goals may be subordinated to the interests of the collective group (Yamauchi, 1998). According to Han and Shavitt (1994), the collectivistic cultural pattern is common in Asia, Africa, Latin America and the Pacific. Nigeria is a reliable example of this pattern of cultural dimension in Africa, although the country has some difficulty at maintaining the same at the SMEs level of operations.

Uncertainty Avoidance

This is the group's (herein as SMEs) forbearance and feelings of discomfort for ambiguity and uncertainty (Imran et al (2003). It refers to the individual SME's search for the truth that is beneficial and relevant to its survival, growth, and expansion, and depicts to what degree cultural practices of a given group, society, or sector facilitates its member small and medium businesses to sense either bumpy or relaxed amorphous conditions. Aluko (2003) linked it to that of a national culture attribute that portrays the extent to which a society or business group/individuals feel threatened by uncertain and ambiguous situations and tries to avoid them.

This feeling leads them to beliefs or business practices that readily simplify their performance-oriented activities and certainty even if not statutorily acknowledged (SMEs employng different accounting practices or not all). Paez and Gonzalez (2000) affirming these claims, opined that a socio-cultural approach tend to assume that cultures are tension systems, because changes in circumstances can transform cultural practices and question existing norms. There are differences between attitudes, norms and practices as well as strains between roles and norms in the same given situation.

Uncertainty about the future is a basic fact of human life. High uncertainty business sectors tend to reduce the impact of such uncertainty through technology, adherence to external but reliable standards, compliance to laws/rules and rituals. Low uncertainty avoidance SMEs are more relaxed, such that self-acknowledged accounting practices counts more than adherence to principles, and deviance is seems to be more tolerated.

Power Distance

This is the extent to which the less influential members of a business sector accept and assume that power in such a sector is unevenly dispersed or distributed unequally. Power and disparity in terms of financial strength and performance capacity, of course, are really primary specifics of any business sector and organizations. This usually affects the accounting practices behaviour of the less powerful as well as of the more powerful SMEs in a society. Small and Medium Enterprises in Large Power Distance sectors usually accept a hierarchical order in which every category of SMEs has a place which needs no further justification. Businesses in Small Power Distance societies strive for power equalisation and demand justification for power inequalities by seeking government intervention through friendly policies. However, when issues of sound financial records maintenance are raised, small businesses in small power distance tend to respond more negatively when compared to those in the large power distance. Rationales for such actions is usually limited to financial incompetence and non possession of what it takes to bear the administrative cost that goes with such compliance.

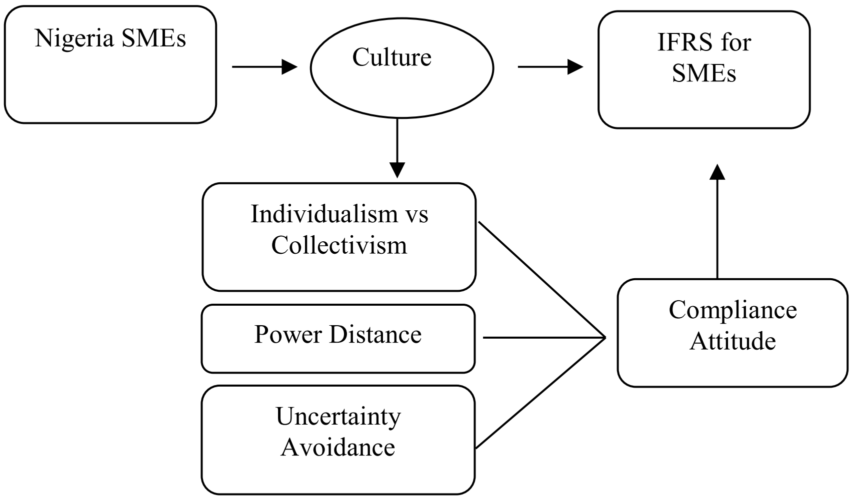

FIG 2.: Cultural Influence on compliance to IFRS for SMEs.

However, Schutte and Buys, (2011)a argued that the cultural dimensions often considered important for purposes of adopting the full IFRS are not necessarily also applicable to the SMEs sector.

No culture is purely or 100% individualistic or collectivistic, rather. a culture may become more individualistic or more collectivistic than other cultures. Global events of today have proven this to be true, confirming that collectivistic cultures might gravitate toward individualism and individualistic cultures adopting collectivistic values. Culture is not fixed or static. It changes overtime in response to new situations and pressures (Sciberras, 2011).

Contemporary Response to SMEs Accounting Problems

One of the major weaknesses of SMEs, as earlier noted, is poor record keeping and weak financial management which, of course, makes it difficult to evaluate their financial performance and invariably inhibits their ability to access loans from banks or attract investors (Adekoya, 2015).

In response to this deficiency, the Bank of Industry (BOI) in partnership with Kinesis Consulting Limited developed an SME Accounting Application (SAAPP) that is capable of enabling users keep proper records of transactions as well as generate requisite financial statements. The product of this partnership (SAAPP) is believed to directly tackle the issue of inadequate accounting records that plagues many SMEs in Nigeria.

Adekoya (2015) stressed that this app can help entrepreneurs maintain proper accounting records of their business transactions, and generate requisite financial statements, without employing the services of an Accountant.

SAAPP software is user friendly, with simplified menu-driven accounting tool that does not require formal accounting knowledge by the entrepreneur. It helps to raise balance sheets, which reports on the SMEs assets, liabilities and ownership equity, as well as profit and loss accounts, and cash flow (Admin BOI, 2015).

According to Adekoya(2015), structured financial statements can be generated simply by inputting data in respect of daily transactions such as sales, expenditures as well as other sundry payments and receipts.

However, the question is, how many SMEs especially the small or micro scales will spare the time needed to man the software daily, given the hussle pattern of running such businesses.

Conclusion and Recommendations

The argument that many SMEs in Nigeria could have access to better credit scores if their full accounts are filed in line with IFRS for SMEs guidelines may afterall remain an attractive inactive statement if a functional implementation and monitory framework is not developed and effected timely as SMEs in Nigeria approach its expected second reporting date (December 31, 2015) since the adoption of IFRS for SMEs in Nigeria on January 1, 2015. Although the International standard appear promising enough, common sense require that the first primary motive of the Federal government is to devise progressive and functional means of effectively engaging SMEs in the act of undertaking reliable financial accounting exercise in view of the daily business transactions. The innovative step recently taken by the Bank of Industry (BOI) through the development of SMEs accounting applications (SAAPP) is commendable example.

Assisting and motivating Nigeria SMEs to imbibe the culture of maintaining reliable accounting records should be the government's priority at the moment. This is because the successful implementation of an advanced accounting framework in any given system depends to a greater extent, on the existence and functionality of a similar process in that system.

Financial record keeping is not a common phenomenon among Small Enterprises in Nigeria, and this means that instituting a well followed up act of doing so as a functional system or culture among such category of businesses in Nigeria will go a long way to determine how well IFRS for SMEs will be implemented in the SMEs sector in Nigeria. For IFRS for SMEs to be effectively implemented in Nigeria, proper book keeping need first become part and parcel of Small and Medium businesses' day to day managerial business processes.

Even the Medium Enterprises category, who in most cases, utilise accounting packages or softwares in maintaining their accounting records may not be willing to switch to any IFRS for SMEs compliant accounting package, considering the possible cost implications attached to such decision.

This is because, at every stage of the transition process, huge capital outlay is involved. These range from new accounting software procurement cost, installation costs, data transfer cost, possible loss or mix up of data in the course of data transfer, time constraint, personnel costs, training and retraining costs, new IT infrastructure costs to routine maintenance costs. Nigeria Medium Enterprises, considering the above challenges and more, may not be willing to embrace IFRS for SMEs on the short run or even in the future, except where enlistment as a public company becomes the case. And if that happens, then it is disqualified from using IFRS for SMEs in the preparation of its financial statements.

The Bank of Industry (BOI) may have to intensify its effort at equipping Nigeria SMEs with SAAPP as there is also need for the agency to reduce the cost of procuring the Accounting Apps.

The federal government need resolve the problem of mu;tiplicity of regulatory agencies in the affairs of Small and Medium Enterprises in Nigeria. A single regulatory agency should be set up by law to man the general activities of SMEs in Nigeria. The Security Exchange Commission strengthened by the Nigerian Stock Exchange mans the activities of publicly listed companies in Nigeria, the Central Bank of Nigeria mans Commercial Banks and Micro finance Banks and Institutions, the Nigerian Deposit Insurance Corporation mans the liquidation of companies in Nigeria, but no single agency mans the affairs of SMEs in Nigeria.

The commitment of the Central Bank of Nigeria, Bank of Industry, Financial Reporting Council (FRC) of Nigeria, Federal Inland Revenue Service/State Tax Authorities, and Corporate Affair Commission to the survival, growth and expansion of SMEs in Nigeria could be reduced to each of these government agencies having a representative executive member in the single regulatory agency.

This single regulatory agency will take responsibility for understanding the culture and activities of SMEs in Nigeria, establishing the identity and existence of Nigeria SMEs, maintaining and enhancing cordial relationship between different SMEs associations in Nigeria and the new agency's regulations and other laws affecting SMEs operations in Nigeria. Issues of SMEs registration, effective but reasonable taxing, financing incentives, and accounting practices being aligned with new accounting guidelines like IFRS for SMEs will receive consensus suitable attention in the new agency from time to time through the mutual commitments of respective representative members of the regulatory agencies responsible for the same.

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