

IMPACT OF SMALL AND MEDIUM ENTERPRISES ON NIGERIAN ECONOMIC DEVELOPMENT: AN EMPIRICAL ANALYSIS

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Abstract

The paper is entitled “Impact of Small and Medium Enterprises (SME’s) on Nigerian Economic Development: An Empirical Analysis. Small and medium enterprise is a catalyst for Nigerian’s economic growth and Development. SMEs have been identified as the muscle behind economic development in many countries of the world. This evidenced by their contributions is so eminent to our development economically. As the country struggles to escape economic recession, SMEs have been identified as a forefront of output expansion, employment generation, income redistribution, promotion of indigenouse entrepreneurship, human capital development and production of good and service and make enabling efficient allocation of resources to strengthen industrial development survival tool to reshape the economy. Data were generated from both primary and secondary sources. The paper sampled the opinions of 209 respondents which constitute both the

key players in SMEs and other government officials that make economic policies in Nigeria. The paper found out that tremendous contributions have been made by the SMEs to boost Nigeria's economic and to revamp the economic from recession. Many far reaching recommendations have been forwarded for implementations by the government since SMEs now is been used as the springboard for lifting the economy out of the woods of depression.

Keywords: *Contribution, SMEs, catalyst, economic recovery, issues*

Introduction

Most of the world renowned companies and organizations started as small scale businesses with skills and efforts they grew up to a conglomerated and multinational company of today. Small and medium scale enterprises occupy a unique position in the economy of any nation and they are the bedrock of economic and social development. SMEs constitute the corner stone of any competitive economy and by far outnumber the large-scale enterprise, more fertile ground for creativity and entrepreneurship. Hence, as a result of easy entry into the market, SMEs spring to keep the competition environment lively, a phenomenon that leads to productivity gains and real economic growth, apart from the fact that they generate employment opportunities; they are closer to the grass root which ginger rural development economically. They are less capital intensive and do not require gigantic infrastructure for their operation (Emmanuel, 2009).

Small and Medium Scale Enterprises serves as an engine room for economic development and they are recognize them as the second largest employers of labour apart from government. Government is also encouraging the establishment of such enterprises by forming such bodies like Small and Medium Enterprises (SME) Cooperatives societies etc in government provides monetary incentives for them in the country. SMEs play very important roles in the socio-economic development of Nigeria. For instance, in any depression economic, unemployment increases where the available resources

are underutilized and the raw materials supply to big industries become inadequate. SMEs are also considered as an alternative means of earning a living and providing raw material to industries (Suleman, 2012). About a decade and a half, the adaptation of industrialization strategy based on large scale industries mostly of the assembly type, Nigeria has achieved only a fragile industrial development. A little after independence, some SMEs could not really continue to neither exist nor flourish due to the fact that they were either swallowed up by the larger industries or by foreign firms.

Interest in the development of SMEs and the contribution in the development process continue to be in the forefront of policy debate in developing countries like Nigeria. The advantages of SMEs in various fields including the encouragement of entrepreneurship, greater likelihood of utilizing labour intensive technologies and thus have an immediate impact on employment generation; and they are usually established rapidly in which their operation produce quick returns. SMEs development encourage the process of both inter and intra-regional decentralization; and they are a countervailing force against the economic power of larger enterprises. More generally, the development of Small and Medium Enterprises (SMEs) is seen as accelerating the achievement of wider economic and socio-economic objectives, including poverty alleviation (George, 2017).

Staley and Morse (1999); identified a developmental approach to SMEs promotion which has its objective in the creation of economically viable enterprises which can stand on their own fact without perpetual subsidy and can make positive contribution to the growth of real income and therefore to better living level of Nigeria. As Nigeria's recession continues, experts and business owner are desirous of seeing micro-small and medium enterprises pull the economy out of the slump. If certain steps are taken, 37 million SMEs can make more than 47% to the Gross Domestic Product (GDP) creating jobs when large enterprises are sacking. Nigeria's small businesses currently contribute 47% to the GDP, but

are currently beset by a number of challenges that have pulled them back (Odinaka, 2016). Small and Medium Enterprise is the principal catalyst of entrepreneurship and it constitutes the real fabric of nation's economy. And to say that the present and future economic development of our great country - Nigeria lies in the dynamic and growth of the Small and Medium Scale Enterprises (SMEs) is not an overstatement (Ekwem, 2011).

SMEs being Part of the economic system in Nigeria faces with numerous challenges particularly funding, many of them find it difficult to survive financially. However, the principles underlying financial decision are similar irrespective of size of the business; hence the basic goal for financial management comes through acquisition, anticipation and allocation of funds which equally apply to small scale business.

The difficulty to obtain funds from financial institutions is due to the inability of the SMEs meeting the collateral requirement that would qualify them for the financial assistance from the bank and other government agencies. Even the technical and monetary assistance from the government to strengthen SMEs are insufficient and not regularly provided as promised. The inadequate power supply and other deficiency infrastructures such as (poor power supply, bad road network and unjust operation of financial institutions as well of weak insurance policy etc) by the government have limited the growth and survival SMEs in Nigeria. Security challenges have ever remain a threats to incessant investors and businesses due to communal crisis, religious intolerance and other issue which had undermined the operational objectives of Small and SMEs in Nigeria (Aliyu,2016).

Objectives of the Paper

The central objective of the study is to examine the contribution of SMEs on Nigeria's economy Development. However, the specific objectives of this paper include;

- i. To find out the clear role of SMEs to the economic growth and development in Nigeria.
- ii. To know why credit and infrastructures deficiencies have continued to remain a challenge owners of SMEs in Nigeria despite government efforts.

- iii. To find out the reasons why SMEs are not thriving despite government's policies and programme to encourage its growth and development in Nigeria.
- iv. To ascertain the contributions of government agencies and commercial banks in providing supports to SMEs in Nigeria.

The paper has the following assumptions:

H₀: There is no significance relationship between SMEs and Nigeria's Economic Development.

H₁: There is significance relationship between SMEs and Nigeria's Economic Development.

Literature Review

Conceptual Clarification

Abimbola, (2005); defined Small and Medium Enterprises (SMEs) as business enterprises whose total cost excluding land is not more than two million naira (₦ 2,000,000) only. The Federal Ministry of Commerce and Industry defines SMEs as firms with a total investment (excluding cost of land but including capital) of up to ₦ 750,000 and paid employment of up to fifty (50) persons. European definition of Small and Medium Enterprises as enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding 50 million Euro and an annual balance sheet of total not exceeding 43 million Euro. The concept of SMEs is relatively and dynamic hence, there is no universal definition for small and medium scale enterprise because the classification of business into small and large scale is subjective and qualitative judgment, Ekpenyong and Nyong, (1992). However, within the fixed coordinates of national boundaries. It might be relatively easier as each country tends to desire its own definition based on the role small and medium scale enterprises are expected to play in the economic development of that country and the programme of assistance designed to achieve that goal. Thus the definition of term varies from country to country, organization to organization and the objective the analyst has in mind. There are however some common indicators in most definitions namely; the size of the

capital investment (fixed Asset) value of annual turnover (Gross output) and number of paid employees. Notwithstanding the first attempt to overcome this definition problem was by Bolton Committee (1971) which formulated an “economic” and a “statistical” definition.

The concept of SMEs is relatively and dynamic hence, under the economic definition a firm is regarded as small if it has a relatively small share of the market place, manage by owners or past owners in a personalized way; is independent in the sense of not forming part a large, enterprise. The committee adopted difference definitions of the small firm for different sectors. Whynaneyk et’ al (1993) suggested three other ways, of differentiating between small and large firms other than size as the uncertainly associated with being a price taker, limited customer and product base and uncertainty associated with greater diversity of objective as compared with large firms. Storey (1994); also identifies three key distinguishing features between large and small firms.

The first is the greater external uncertainty of the environment in which the small firm operates and the greater internal consistency of its motivations and actions. Secondly, they have a different role in innovations. Small firms are able to produce something marginally different in terms of product or service. A small and medium scale enterprise is therefore defined as a business concern which is independently owned, managed and operational, not dominant in its field of operation, employs less than zero (0) paid workers and whose total cost including cost of land and working capital does not exceed N 10 million. This is the new national definition as contained in the CBN fiscal policy 2014.

Economic Development: This is a dimension of development that is concerned with the promotion and establishment of an economic system that would improve the standard of living through effective utilization of resources i.e. agriculture boosted by modern technology reducing the percentage of manual labor, the improvement on economic growth with full employment to

ramification of other sectors, resources equally distributed, specialization encouraged high income and social welfare and encourage saving. Therefore, Economic development is the qualitative improvement in the overall super structures through the eradication of poverty, unemployment, inequality, provision of good standard of living and effective manpower utilization (Anyebe, 2008).

Contributions of Small and Medium Enterprises to Nigerian Economy

Small and Medium Scale enterprise play a very important role in the development of Nigerian economy. The government has realized this and has always accorded the high priority to SMSs in the formulation of policies. Some business are seen as agent of growth as they facilitate the development of a broader base, indigenous entrepreneurial culture for the country and a higher valued added to domestic industrial production. They also boost employment by employing large number of people per unit of investment capital than the large-scale capital investment enterprise.

Other roles played by SMEs in the development of Nigeria economy are;

- i. The provision of productive outlets for the number of individuals to work in small units.
- ii. Production of intermediate goods for large enterprises.
- iii. The promotion of effective domestic resources utilization.
- iv. Provision of variety of choice for the customers.
- v. Ensure competition for the establish order and contribute towards a more balanced and stable industrial structure.
- vi. Performance of high economic roles in those areas where the optimum size of operation was small e.g. where there was short run production, large variety of products and where customers were of key importance.
- vii. High flexibility, quick reaction and easy adaptability to the local market and local sources of raw materials and many thus achieve savings in the transportation cost, and therefore most suited for promoting industrial dispersal and decentralization of industry in rural areas. The above mentioned, this shows that SMEs have a very crucial role to play in the process of economic development of Nigeria.

Sources of Finance for Small and Medium Enterprises (SMEs) in Nigeria

Generally, there are some sources of fund which could be considered as being adequate for small and medium scale enterprises. Here we shall consider the sources of funds available to small scale enterprises. These sources of funds are classified into two broad groups according to (Sanusi, 2004).

- i. The internal sources
- ii. The external sources

The grouping has to do with whether or not funds are generated internally within the business or whether there are other sources of funds available outside the business.

Equity Finances: This is finance put down by the owners of the business; this could be from personal savings or property, assistance from family, friends, relatives, and colleagues. Equity finance includes.

- i. **Personal Savings:** This comprises of individual savings of the prospective entrepreneur in the business world, there is a danger of loss.
- ii. The private business venture combines risk of ownership with possibility of profit.
- iii. **Undistributed Profit and Retained Earnings:** This refers to company earnings which are retained rather than distributed as dividend. On the average, about 50 percent of corporate profits after taxes are ploughed back in companies.
- iv. **Depreciation:** This represents a method for allocating to operations the cost of capital asset. The depreciation can just easily be used for financing the expansion of inventories or of accounts receivables.
- v. **Tax provision:** Tax is not usually payable immediately when the profit is earned. In this situation, there is an unchanging and virtually permanent tax provision in the accounts. In other words, the business has continual use of tax on at least six (6) months profit.

Debt Finance: This consists of funds brought into the business from outside. It mostly has to do with financial institution that required

collateral or some form of security like fixed assets or stocks. Debt finance sources include:

- i. **Commercial Banks:** They give out loan such as receivable loans collateral loans and straight commercial loan. These are not payable on demand but at a specific future date or by installments or series dates. Bank loan are not long period.
- ii. **Trade Credit:** this is in effect a loan made by a supplier to the extent that goods are delivered and do not have to be paid for as soon as they arrived. The company receiving the shipment obtains a trade credit because its inventories are financed by the supplier.
- iii. **Government initiative:** Like the National Directorate of Employment (NDE), Bank of Agriculture (BOA) and Bank of Industry (BOI) provides financial loan to SMEs at low interest rate.

Challenges of Small and Medium Scale Enterprises in Nigeria

SMEs encounter the following limitations (Gbenga, 2016)

a. Mortality Rate:

Available evidence shows that a large number of all newly registered SMEs usually fold up during their first year of registration while an even large number hardly survive the first few years of operation. In relation, one of the three new stores does not survive in the first year and two out of three closes their doors within six years. Apart from under capitalization, the high rate of business failure among SMEs has been ascribed to factors such as poor knowledge of project, conceptualization and implementation given the shortage of management and technical skills among most SMEs.

b. Lack of Competitive Edge:

This could be the presentation of weak strategy productivity and poor location strategy. This makes SMEs to have unfavorable position in the markets against stronger and bigger businesses in the market.

c. High Risk Rating:

SMEs are usually classified as “high risk” ventures by most lending institutions. Consequently, they are accorded very low priority rating by such lending institutions in their lending scheme. This problem is also associated with the frequent incident of diversion of loans to other purpose thus a high default rate in loan payment.

d. Lack of Tangible Assets:

Most SMEs as a result of their nature do not possess adequate tangible assets in terms of lands, buildings and machines. This

limits their growth and expansion as they cannot get access to financial lending institutions that often require collateral security for loans.

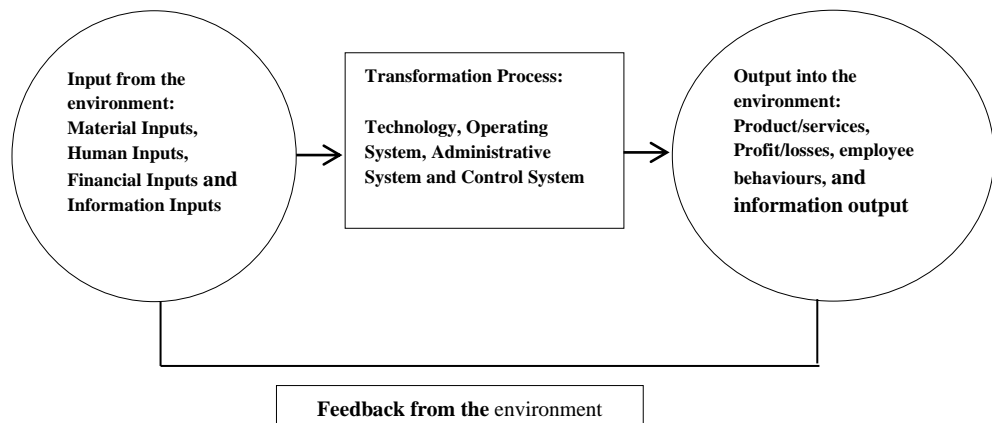
e. Lack of Infrastructural Amenities:

As a result of the inadequacy of amenities, SMEs have to provide such amenities for themselves. 60% of the costs of sales by most SMEs are being spent on infrastructure facilities which in developed societies were readily available. The issue of poor supply of electricity is a major challenge to most SMEs in Nigeria as most of the firms rely on generators to power their machine which is adding the cost of production to SMEs

Theoretical Framework of the Paper

The theoretical framework adopted for this paper is system theory. General systems theory was originally proposed by biologist Ludwig Von Bertalanffy in 1928. Thomas Dye also used the theory in political science.

The Systems view of Organizations



Source: Griffin, 1990, p 58 in Burton et al. 2007 p. 56

A system is “an organized or complex whole; an assemblage or combination of things or parts forming a complex or unitary whole.” (Rosenzweig et al, 1964; 367). SMEs as an organization

could be seen as a System. It consists of four basic elements of a system .The inputs, transformation process, outputs and feedback. The inputs required include the human resources, which are the staff of the organization, financial resources; which are the funds made available to the organization from the government, materials such as vehicles and other working equipments and information resources. These include data on SMEs operations in the societies. These inputs are put through the transformation process of administrative practices, and control techniques, in order to produce the output.

The output here is the outreach and impact made in the larger society which is also a system. These impacts could be in form of more and better access to finances, new and better methods of production resulting in improved products, establishment of new SMEs accessibility to better work space and a general achievement of organizational goal of SMEs. The Systems theory is used for this study because of the input through and output components. SMEs an Organization was established and a given resources to act and produce result in the SMEs sector. Through the application of the Systems theory, we shall see the Output in terms of changes in the SMEs sector and feedback accordingly.

Methodology of the Paper

The paper employed survey research design technique to sourced primary data through a structured questionnaire administration to the 209 respondents drawn across the various registered small and medium enterprises in Nigeria. Through Taro Yamare's formula to sampled the 209 population.

Data presentation and Analysis

The study administered 215 questionnaires to the targeted respondents but on 209 questionnaires was returned completed and 4 of the questionnaires were badly filled which was rejected while 2 of the questionnaires were not returned.

Table 1: Gender of the Respondents

Responses	Frequency
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Percentage %	
64.5	135
35.4	74
100	209

Source: Survey Research, 2019

The table above shows that 64.5% are men, while 35.4% are female respondent.

Table 2: Respondents years spent on the business

Years	Percentage %	Frequency
1 - 10 years	16.7	35
11 - 20 years	35.8	75
21 - 30 years	40.1	84
31 and above years	6.6	14
100		209

Source: Survey Research, 2019

Above table shows that 16.7% have been in the business between 1 - 10 years while 35.8% have been in business between 11 - 20 years and 40.1% has been in business between 21 - 30 years while 6.6% have been in the business between 31 and above years.

Table 3: Respondents Occupations

Occupations	Percentage %	Frequency
Allied Business	16.7	35
Technical	13.8	29
Mechanics	22.3	53
Petty Business	44.0	92
100		209

Source: Survey Research, 2019

The table above shows that 16.7% of the respondent, engage in Agro Allied Business 13.8% engage in technical work while 22.3% are mechanics and 44.0% engage in petty business.

Table 4: Do you agree that SMEs contribute to Nigeria economic development?

Responses	Frequency	Percentage %
Strongly Agreed	66	31.5
Agreed	54	25.8
Not Sure	19	9.0
Disagreed	43	20.5
Strongly Disagreed	37	17.7
	209	
	100	

Source: Survey Research, 2019

Above table revealed that 31.5% said they strongly agreed that SMEs economic contributes to Nigeria economic development and 25.8% agreed in a similar vein, while 9.0% were not ensure if that is so, 20.5% disagreed and 17.7% strongly disagreed with the assertion.

Table 5: Do you agree that SMEs in Nigeria provide a source of livelihood to many Nigerians.

Responses	Frequency	Percentage %
Strongly Agreed	62	29.6
Agreed	48	22.9
Not Sure	15	7.1
Disagreed	40	19.1
Strongly Disagreed	44	21.0
	209	
	100	

Source: Survey Research, 2019

Above table shows that 29.6% strongly agreed that small and SMEs in Nigeria provide a source of livelihood to many Nigeria and 22.9% held the same opinion and 5% were undecided while 19.1% disagreed and 21.0% strongly disagreed on the issue.

Table 6: Do you agree that the SMEs is a principal catalyst of entrepreneurship and constitute the real fabric of Nation’s economy.

Responses	Frequency	Percentage %
Strongly Agreed	65	31.1
Agreed	42	20.0
Undecided	18	8.6
Disagreed	48	22.9
Strongly Disagreed	36	17.2
	209	100

Source: Survey Research, 2019

Above revealed that 31.1% strongly agreed that SMEs is the principal catalyst of entrepreneur and constitute the real fabric of nation’s economy and 20.0% were undecided and 22.9% disagreed while 17.2% strongly disagreed with the assertion.

Table 7: Do you agree that the SMEs serve as an engine room for economic development in Nigeria.

Responses	Frequency	Percentage %
Strongly Agreed	67	32.0
Agreed	38	18.1
Undecided	12	5.7
Disagreed	48	22.9
Strongly Disagreed	44	20.0
	209	100

Source: Survey Research, 2019

Above table indicated that 32.0% strongly agreed that the SMEs serves as an engine room for economic development in Nigeria and 18.1% said they agreed while 5.7% were undecided and 22.9%

disagreed on the claim while 20.0% strongly disagreed too. The table above shows that 23.9% strongly agreed that SMEs provides opportunities for productive outlets for energy of the large number of individual to work small units in Nigeria and 27.7% also agreed while 9.5% were undecided and 19.1% disagreed while in the same vein 19.6% strongly disagreed with the issue.

Table 8: Do you agree that the development of SMEs is a way of wider economic and social objectives such as poverty alleviation in Nigeria.

Responses %	Frequency	Percentage
Strongly Agreed	55	26.3
Agreed	48	22.9
Undecided	14	6.6
Disagreed	53	25.3
Strongly Disagreed	38	18.1
	209	100

Source: Survey Research, 2019

Above table shows that 26.3% strongly agreed that the development of SMEs is a way of accelerating the achievement of wider economic and social objectives such as poverty alleviation in Nigeria and 22.9% also agreed while 6.6% were undecided and 25.3% said they disagreed and 18.1% strongly disagreed.

Table 9: Do you agree that the development of SMEs in Nigeria contributes to about to Gross domestic Product (GDP)?

Responses %	Frequency	Percentage
Strongly Agreed	50	23.9%
Agreed	58	27.7
Undecided	16	7.6
Disagreed	30	14.3
Strongly Disagreed	55	26.3
	209	100

Source: Survey Research, 2019

Above table 23.9% strongly agreed that the development of SMEs in Nigeria contributes to about 47% to Gross Domestic Product (GDP)

and 27.7% also agreed and 7.6% were undecided on the issue, while 14.3% disagreed to the issue while 26.3% in the same vein strongly disagreed.

Table 10: Do you agree that Nigeria economic recession can be averted through the encouragement of SMEs by the government?

Responses	Frequency	Percentage
Strongly Agreed	67	32.0
Agreed	64	30.6
Undecided	10	4.7
Disagreed	43	20.5
Strongly Disagreed	25	11.9
	209	100

Source: Survey Research, 2019

Above shows that 32.0% respondents strongly agreed Nigeria economic recession can be averted through the encouragement of Small and Medium Enterprises by the government and 30.6% of the respondents agreed in the same vein. While 4.7% of the respondents were undecided and 20.5% disagreed and 11.9% respondents strongly disagreed also.

Table 11: Do you think that the issues of meeting collateral require for obtaining financial loan from micro finance banks have made it difficult for SMEs to grow and survive in Nigeria?

Responses	Frequency	Percentage %
Strongly Agreed	50	24.4
Agreed	60	28.7
Undecided	7	3.3
Disagreed	50	23.9
Strongly Disagreed	42	20.0
	209	100

Source: Survey Research, 2019

Above table shows that 24.5% strongly agreed and 28.7% also agreed that the issue of meeting collateral for bank loans in from micro finance banks make if difficulties for SMEs to grow and

survive in Nigeria and 3.3% were indifferent while 23.9% disagreed as well as 20.0% strongly disagreed with the claim.

Table12: Do you think that the inadequate power supply and other deficiency in infrastructure have limits the operation objectives and survive of SMEs in Nigeria?

Responses	Frequency	Percentage %
Strongly Agreed	63	30.1
Agreed	77	36.8
Undecided	14	6.6
Disagreed	37	17.7
Strongly Disagreed	18	8.6
	209	100

Source: Survey Research, 2019

Above table shows that 30.1% strongly agreed, and 36.8% agreed also that the inadequate power supply and other deficiency in infrastructure have limits the operation objectives and survive of SMEs in Nigeria. And 6.6% were undecided while 17.7% disagreed and 8.6% strongly disagreed with the assertion.

Table 13: Do you agree that the security threat due to religious intolerance and ethics crisis in Nigeria and other issues had undermined the operational sources of SMEs?

Responses	Frequency	Percentage %
Strongly Agreed	59	28.2
Agreed	51	24.4
Undecided	20	9.5
Disagreed	33	15.7
Strongly Disagreed	46	22.0
	209	100

Source: Survey Research, 2019

The above table shows that 28.2% strongly agreed and 24.4% agreed that the insecurity threat due to religious intolerance and ethnic's crisis in Nigeria have undermined the operational success of SMEs and 9.5% were undecided and 15.7% disagreed while 22.0% strongly disagreed with the assertion.

Table 14: Do you agree that government’s initiative like the creation of National Directorate of Employment (NDE), Bank of Agriculture, Bank of Industry etc have failed to deliver their mandates strengthening SMEs in Nigeria?

Responses	Frequency	Percentage
Strongly Agreed	50	25
Agreed	65	32.5
Undecided	18	8.6
Disagreed	50	23.9
Strongly Disagreed	26	12.4
	209	100

Source: Survey Research, 2019

The above shows that, 23.9% said they strongly agreed and 31.1% said they agreed that NDE, Bank of Agriculture and Bank of Industry have failed to deliver their mandate to strengthen the SMEs in Nigeria and 8.6% were undecided while 23.9% said they disagreed and 12.4% said they strongly disagreed with the claim.

Table 15: Do you agree that the high interest charge on loans to finance SME’S is discouraging the SME’S owners from borrowing in the banks.

Respondent Percentage	Frequency
Strongly agreed	50
29	
Agreed	65
31.1	
Undecided	10
4.7	
Disagreed	51
24.4	
Strongly disagreed	33
15.7	
Total	209
100	

Source: survey research, 2019

The table above shows that 29.9% the respondents said they strongly agreed and 31.1% also agreed that the high interest charge on loan to finance SME'S is discouraging the SME'S owners from borrowing is the banks. While 4.7% were undecided on the issue. And 24.4% said they disagreed as well as 15.7% also strongly disagreed with the assertion. The above the table shows that 32.0% of the respondent strongly agreed while 28.7% agreed that the development of SME'S is a way of accelerating the achievement of wider economic and social objectives such as poverty alleviation in Nigeria. And 57% were undecided. And 19.1% of the respondents disagreed and also 14.3% said they strongly disagreed with issue.

The assumptions stated for testing in his paper are:

Ho: There is no significance relationship between small and medium enterprises and Nigeria's economic development.

H₁: There is a significance relationship between small and medium enterprises and Nigeria's economic development.

Analysis of the Responses;

We employed a quantitative technique analysis of inferential statistics using (average means score) to test the assumptions formulated above as expressed below.

Formula for means score is $\bar{X} = \frac{\sum FP}{N}$

Where \bar{X} = Mean score

F_p = Sum of frequency percentage.

N = Number of variables

Thus

Decision rule; Accept the null hypothesis and reject the alternate hypothesis if the means score is 60% and above: Therefore, the highest % responses from the tables are as follows;

$$\bar{X} = 61\%+53\%+61\%+50\%+81\%+51\%+63\%+67\%+52\%+48\% +60\% \\ =647/11=58.81\%$$

Therefore, from the analysis of the responses calculated, in this paper we rejected the null assumption and accepted the alternate assumption which stated that there is a significance relationship between SMEs and Nigeria's economic development because the means score is below 60% based on our decision rule of the paper

Result and Discussion of the paper

From the analysis of the data collected, below are the findings.

The paper revealed that SMEs to Nigeria's economic development as the highest number of respondents opined to that fact. SMEs provide a source of livelihood to many Nigerians. Without SME'S many would not have means of survival especially with the trend of unemployment in the country. SMEs are the principal catalyst of entrepreneurial ship and it constitutes to the real fabric of the nation's economy development. The paper discovered that SMEs serve as an engine room for economic recovery and change mantra in Nigeria which provides opportunities for productive outlet for the large member of individual to work in small unite to boost the nations' economy.

The paper pointed out that the development of SMEs is the way of accelerating the achievement of wider economic and social objectives; such as poverty alleviation in Nigeria and for better living standard. And it contribute about 47% to Gross Domestic Product (GDP) is a key for economic development in Nigeria. The study discovered that lack of good policies to boost industrial development in Nigeria is one of the managerial problems to the promotion of SMEs in Nigeria. The policies for economic development have not encouraged the SME's in Nigeria to strive as expected over the years. Those, Micro-finance Banks, commercial banks and Bank of industry Nigeria have not really encouraged the growth and development of SMEs through credit loans. And the issue of meeting conditions for granting loans to SMEs. The SME's finds out difficult to obtain loan from micro finance banks to grow their businesses. The paper also revealed that the issue of security threat due to Constance religion intolerances and ethnics' crises in Nigeria and other issues had undermines the operational success of SME's. The paper also discovered that inadequate power supply and other deficiency in infrastructures have limited the operational objectives and survival of SME's in Nigeria. That, government in ability to create enabling environment to make SME'S to strive have remain a challenge to SMEs over the years.

Conclusion and Recommendations

The contribution of SMEs to Socio-economic development cannot be over emphasis in Nigeria. SMEs play important role in economic development of Nigeria. It has contributed greatly to employment generation, as a means of conquering poverty and inequality, deregulating and liberalizing the integration of global economy etc. Despite the prospective and enormous contributions of SMEs to Nigerian socio-economic development, still it does not meet up its expectations in Nigeria. As asserted that there are many factors that affect the performance of Nigerian SMEs and these factors add to the rate of failure as a result of infrastructural inadequacy, corruption, lack of funding, cost of implementation, electricity limitation and poor managerial skills etc. Government and all at sundry should encourage the growth and development of SME's in Nigeria, since it contributes immensely to the economic development of the nation. Government should come up with policies and programmes of skill acquisition and technical training schools etc that will encourage the people to go into entrepreneurial development skills to sustain the growing of SME's in Nigeria. Therefore, government should increase funding of programmes that can sustains the operation of SME's in the nation such as power supply and other essential amenities for smooth operations of SME's in Nigeria.. Government should continue to sustain the peaceful coexistence been enjoy in the country now to enable the owners of SME's to overcome the fears of the threat of insecurity through ethno-religious crisis which had undermined the operational success of SMES's in the state. The study was constraint by some factors such as inadequate funds due the economy hardship in the country as well as limited time frame given to work out the paper and submit it to the editorial committee. The paper does not claimed to have exhausted the knowledge about the issue of SMEs in Nigeria ,further study should be carry out to fill the gap in knowledge in this paper

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