

The Role of Government Policy Programme in the Growth and Development of MSMEs in Nigeria

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Abstract

This research work is focused on understudying the role of government policy programmes in the growth and development of micro small and medium enterprises with a view of highlighting its relevance in contributing to the overall economic growth of the Nigerian economy from the standpoint of both the micro and macro-economic analysis. The policy in review is the national enterprise programme which serves as a vehicle for the promotion and development of MSMEs. However, this policy agenda is challenged in view of the multifaceted needs of MSMEs. The theoretical framework used for the study is the systems theory which conceives a system as comprising of different components or parts that are interdependent, integrated and function as a whole. Methodologically the research adopts an ex-post-facto research design which utilizes survey method to collect relevant data. Using inferential statistical approach hypotheses were drawn and tested using Chi-square method in seeking the correlation between the variables. Conclusions were drawn on the subject matter to suggest that government policy programmes have significant effect on micro, small and medium scale enterprises as they are instrumental in increasing output and mobilizing the resources that engenders the sustainability of the sustainable of any economy. Recommendations were made based on the findings for adequate funding and support services for MSMEs in addition to the proper management and the timely release of funds for MSMEs.

Keywords: Policy, Programme, Development, Growth, Enterprises

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Introduction

In both industrialized and developing countries, micro, small, and medium-sized businesses (MSMBs) have been and will be crucial to driving industrial progress and economic growth. Supported by Sanusi (2013 referenced in MSME Africa, 2020), the economic literature has widely documented and acknowledged the role of MSMEs as drivers of economic growth and development in many nations. More than 98% of all businesses in recently industrialized nations are micro, small, and medium-sized enterprises (MSMEs), and they employ a disproportionately large number of people. In 2019, the Central Bank of Nigeria defined micro, small, and medium-sized enterprises (MSMEs) according to the number of employees and the value of their assets (not including land and buildings). Businesses are considered small-scale if they employ 10–49 people and have an asset base of more than N5 million but less than N50 million. Businesses are considered medium-scale if they employ 50–199 people and have an asset base of more than N50 million but less than N500 million.

A dual criterion of employment base and asset value (excluding land and building costs) is used to define MSMEs in the amended National Policy on MSMEs. Firms with less than N10 million in assets and less than 10 employees are considered micro companies by this standard. The asset basis of a small-scale firm is between 10 million and 100 million, while the employment base is 10 to 49 persons. In contrast, medium-sized businesses typically employ between fifty and ninety-nine people and have assets of between one hundred million and one thousand million Nigerian naira (SMEDAN, 2024).

In response to the difficulties encountered by MSMEs, the National Enterprise Development Programme was launched. Facilitating agencies like SMEDAN, the Bank of Industry, and the Ministry of Budget and Planning are part of this government policy programme that seeks to support MSMEs in their economic growth and development by offering enabling facilities. The program's overarching goal is to increase the impact that micro, small, and medium-sized enterprises (MSMEs) have on the economy's GNP and GDP. Industrial development is greatly influenced by micro, small, and medium-sized enterprises (MSMEs), as pointed out by Onifade and Taiwo (2022). They are a major supplier to the industrial sector and a place where entrepreneurial skills can be honed. According to SMEDAN (2024), micro, small, and medium-sized enterprises (MSMEs) have a crucial role in increasing production, creating jobs, redistributing income, encouraging entrepreneurship, and bolstering industrial linkages through the provision of primary goods.

Problems faced by micro, small, and medium-sized businesses prompted the creation of the National Enterprise Development Programme. Fostering economic growth and the development of micro, small, and medium firms is the primary focus of the government's policy strategy. The Ministry of Budget and Planning, the Bank of Industry, SMEDAN, and others are providing resources to help this project succeed so that it can increase its share of the country's GDP and GNP. A key component of any thriving industrial sector is the MSE (micro, small, and medium scale enterprise) (Onifade & Taiwo, 2022). By producing basic goods and services and by creating an environment conducive to the development of entrepreneurial abilities, micro, small, and medium-sized enterprises (MSMEs) are essential

to the growth of the industrial sector. Micro, small, and medium-sized enterprises (MSMEs) are vital to the economy because they increase output, create jobs, redistribute wealth, encourage entrepreneurial spirit, and strengthen industrial linkages through better manufacturing of basic goods. In the year 2024, SMEDAN is cited as the source.

The government's extensive set of policies and instructions to address certain issue areas are referred to as government policy programmes (Cinjel, 2022). To encourage the development of micro, small, and medium-sized enterprises (MSMEs) in Nigeria, the government has made it its mission to formulate and implement policies and programmes to address the challenges these businesses face. Although the state is alone liable for formulating and carrying out policies, other parties must be engaged in order for policies to be thorough and efficient. In order to promote economic and equitable development, governments around the world prioritise tackling the issues encountered by micro, small, and medium-sized firms (MSMEs) due to the crucial role these businesses play in industrial development and overall economic progress. Micro, small, and medium-sized businesses (MSMBs) are seen by the Nigerian government as vital to the country's economic growth and job creation (Agyapong & Boohene, 2020). Micro, small, and medium-sized enterprises (MSMEs) in Nigeria have not benefited much from the many governmental measures that have been put in place over the years. Job losses, high unemployment, poverty, low GDP, per capita income, and underdevelopment of the industrial sector are all consequences of the quick decline of MSMEs, which is a cause for concern. This is a major roadblock to Nigeria's industrial development because there isn't a strong, active, and pervasive MSMEs subsector, say Ogbu and Ugwu (2023).

Statement of the Problem

This research examines the impact of government policy programmes on the growth and enhancement of micro, small, and medium-sized firms (MSMEs) within the industrial sector. The national enterprise programme aims to enhance the growth, development, and impact of micro, small, and medium-sized enterprises (MSMEs) in Nigeria with the support of auxiliary organisations such as the Bank of Industry and the Small Micro Enterprise Development Agency of Nigeria (SMEDAN). However, the program's first policy objective is inadequate in addressing the challenges faced by MSMEs, including high crime rates, low per capita income, poor infrastructure, widespread unemployment, and low gross domestic product.

The main objective of this study is to examine the role of government policy programme in the growth and development of MSMEs in Nigeria. While the specific objectives are to:

- i. Examine the role of Bank of Industry in the growth and development of MSMEs in Nigeria
- ii. Examine the role of SMEDAN in the growth and development of MSMEs in Nigeria

Research Hypotheses

Ho1: There is no significant relationship between Bank of Industry and the growth and development of MSMEs in Nigeria

Ho2: There is no significant relationship between SMEDAN and the growth and development of MSMEs in Nigeria

Literature Review

Conceptual Clarification

Theories depend significantly on clarifying essential notions. This work specifies concepts to identify their key features for a thorough understanding of the research challenge and proper acknowledgment. It offers new concepts or expands current ones, encouraging a new way of thinking through sophisticated frames or models. Understanding how words create objects is the main challenge to achieving conceptual clarity. Critical thinking entails setting goals, choosing, evaluating, and combining data sources, and ultimately creating a final conceptualization that can be verified for accuracy. This offers multiple interpretations. Critical thinking is included in each of these processes in the following ways: i) Identifying and challenging assumptions ii) comprehending the significance of context in forming meaning iii) envisioning and investigating other interpretations Developing critical thinking skills.

Conceptualizing Micro Small and Medium Scale Enterprises

The word "small and medium scale enterprises" (MSMEs) is more comprehensible through understanding rather than a strict definition, as is the case with many terms in the social sciences. This is not difficult to understand. The phrase lacks a universally accepted definition. Various researchers, nations, and agencies have provided definitions based on their different levels of development. According to the OECD (2020), the definition of MSME is often based on the policies and programmes of a country that focus on developing MSMEs and examine the role of SMEs in these programmes. The Organisation for Economic Cooperation and Development (OECD, 2021) defines Micro, small, and medium-sized enterprises (MSMEs) as companies that are independent and have less than a set number of employees, with the exact number varying by nation. MSMEs are categorised within the specific framework of national boundaries, however defining them universally based on size and scale of operation can be challenging (Nakku, Agbola, Miles, & Mahmood, 2020):

An industry is considered micro or cottage if it employs ten or less people or if its total capital expenditures (not including land) do not exceed N1.5 million. A small-scale industry is one that employs eleven to one hundred people or has a total cost of less than fifty million Nigerian naira (N50,000,000), including working capital but not land. An industry is considered medium scale if it employs 100 to 300 people or if its total cost (including working capital but not land cost) is more than N50 million. An industry is considered large-scale if it employs more than 300 people or has a total cost of more than N200 million (including working capital but excluding cost of land).

Using the dual criterion of employment base and asset (excluding cost of land and building), the Central Bank of Nigeria (2019) defines a small or medium-sized enterprise (SME). Any business with 10–49 employees and an asset base of more than N5 million but less than N50 million (not including land and construction costs) is considered a small-scale enterprise. In

Nigeria, a medium-sized business is defined as one that employs 50–199 people and has assets of more than N50 million but less than N500 million (not including land and building costs).

As per SMEDAN (2024), the updated National Policy on MSME classified MSMEs based on two criteria: employment base and asset value (not including land and building costs). Micro enterprises could be defined as any business with less than 10 employees and less than N10 million in assets. Medium Scale Enterprises have an asset basis of more than N100 million but less than N1000 million, and Small-Scale Enterprises have an employment base of 10–49 workers with an asset base of more than 10 million but less than 100 million.

Table 1.

S/N	Size Category	Employment	Asset (in N Millions) (excl. land and building)
1	Micro Enterprises	Less than 10	Less than 10
2	Small Enterprises	10 – 49	10 - less than 50
3	Medium Enterprises	50 – 199	100 – less than 1000

Source: SMEDAN, 2024

Classifying micro, small, and medium-sized enterprises (MSMEs) into sectors around the world often relies on two main factors: the number of employees and the size of the businesses. In cases where these two criteria are in dispute, the employment criteria will be applied. In 2024, SMEDAN

Nature of Micro, Small and Medium Scale Enterprises (MSMEs) in Nigeria

- a) Micro, small, and medium-sized enterprises (MSMEs) are essential to national economic growth and industrialization. It is helpful to have a quick look at the characteristics of MSMEs that could have good or negative impacts on their growth in order to comprehend their current situation in Nigeria.
- b) Some choose to incorporate into limited liability companies, while others choose to operate as sole proprietorships or partnerships. In reality, they are still run by a single proprietor or a small group of partners, and when this happens, the organisation usually fails because the partners' personal interests took precedence. One defining feature of micro, small, and medium-sized enterprises (MSMEs) in Nigeria is the type of ownership they have. The majority of micro, small, and medium-sized enterprises (MSMEs) are run by one person or a small group of people. Thus, a one-man or partnership business may have the appearance of a limited liability company on paper, but in reality, it is neither (Godwin & Simon, 2021). Among the 72839 MSMEs surveyed for their ownership structure, 53074 (or 72%) are run as sole proprietorships, 6.5% as partnerships, 14% as private liability companies, and 0.7% as cooperatives, according to data from the SMEDAN and National Bureau of Statistics Collaborative Survey tables. New Balance Sheet (2019). The survey's findings

indicate that the current ownership structure is mostly Due to low initial capital and a lack of technical and entrepreneurial skills, sole proprietorships have a significant impact on the growth of micro, small, and medium-sized enterprises (MSMEs). Pwc (2020) added the following qualities to the list: ii. Low startup capitals: As a natural consequence of being an owner, most of the money and funds needed to run a business come from individual savings. Growth of micro, small, and medium-sized enterprises (MSMEs) in Nigeria has been greatly impacted by this. In order for a business to expand, capital is crucial. While capital has the potential to contribute to economic growth and industrial development, many experts believe that a shortage of money is the primary reason why MSMEs do not experience better growth. Of the 64508 micro, small, and medium-sized enterprises (MSMEs) surveyed by SMEDAN, 88.9% had initial capital of less than 10 million naira. This represents 57329 out of 64508 MSMEs. Because of this, the majority of MSMEs lack the resources necessary to hire skilled workers and invest in cutting-edge machinery that may boost output while minimising waste.

- c) Production processes that greatly rely on human labour. Small and medium-sized enterprises (SMEs) play a crucial role in the labour market because their production style is labor-intensive and requires little capital.
- d) High interest rates and bank charges make long-term funding difficult to get and expensive: Banks and other financial institutions make it difficult for micro, small, and medium-sized enterprises (MSMEs) to obtain long-term loans by implementing stringent lending conditions, which is a response to the MSMEs' susceptibility and high mortality rate.
- e) An excessive reliance on imported raw materials and spare components, especially in the initial two years, and a high mortality rate overall. Because of this, they have been unable to obtain bank loans.
- f) They have weak connections between different industries; thus they don't reap the benefits of economies of scale very often.
- g) Managerial incompetence as a result of a lack of funds for trained workers
- h) A lack of investment in R&D, leading to subpar final products. Research can lead to the discovery and implementation of more efficient methods of creating high-quality products at lower costs. Because of this plus the fact that their products aren't up to snuff on the international stage, this is one of the characteristics of Nigerian MSMEs that has stunted their expansion.
- i) Inadequate records of policies, strategies, finances, plans, information, and processes
- x. Inadequate knowledge, training, or experience in entrepreneurship
- j) Poor management of financial resources, insufficient record keeping, and confusion between company and personal finances
- k) Infrastructure issues and waste lead to high production costs.
- l) Relying on older, less efficient technology that is only available locally, particularly in processing, preservation, and storage.

The Role of Micro, Small and Medium Scale Enterprises (MSMEs) in Industrial Development and Economic Growth

In both developing and developed countries, micro, small, and medium-sized enterprises (MSMEs) are often seen as the driving force behind industrialization and economic growth. Small and medium-sized enterprises (SMEs) play an essential role in economic growth because they have the ability to diversify production, create jobs, foster individual entrepreneurship, integrate with larger industries, and improve local technology (Onyeye, Court, & Agbaeze, 2020).

Historically, and especially in the less developed countries, micro, small, and medium-sized enterprises (MSMEs) have garnered a lot of interest from the public and commercial sectors. Because of the apparent benefits to economic development, the governments of several of these nations have established policies that are meant to further their development plans, projects, and initiatives. For example, these ideal benefits include creating jobs, particularly in rural areas, transforming traditional technology to modern technology, encouraging indigenous entrepreneurs, reversing the urban-rural migration, making better use of raw materials, promoting local technology, mobilising local savings, achieving linkage balance through more equitable investment, and being able to operate profitably in very niche markets with low purchasing power, among many other things (Adeosun & Shittu 2021).

Those who are fighting for the growth of MSMEs in the country also claim the following roles:

- i. The minimal amount of capital needed to start the businesses.
- ii. A huge number of people will be able to find work thanks to the abundance of establishments and the labor-intensive ways they operate.
- iii. Advancements in technology, new innovations, and modifications are prevalent in these businesses.
- iv. This industry typically achieves a more equitable distribution of income.
- v. A more balanced regional development and industrial diversification are guaranteed.
- vi. All of these businesses have followed the natural progression of indigenous enterprise.
- vii. These businesses are generally improving the rate of industrial development.
- viii. A propensity for these smaller businesses to supply larger ones with raw materials and finished goods for their services.

Factors Militating Against the Development of Micro, Small and Medium Scale Enterprises in Nigeria

Globally, micro, small, and medium-sized enterprises (MSMEs) are the backbone of economic growth and industrialization. Despite the importance of micro, small, and medium-sized enterprises (MSMEs) and their potential, their expansion is hindered by a number of problems in Nigeria and other developing nations. Here are the issues:

- i. **Inadequate Access to Financial Markets and Funds:** As previously stated, this is because of the character of Nigeria's MSMEs. When it comes to MSMEs' need for loans, the banking sector is hesitant to provide them. The failure of the MSMEs to

- raise the necessary equity investment, along with poorly drafted project applications, missing financial documents, and insufficient collateral, is to blame. Since many MSMEs do not have a clear strategy for taking over the business in the case of the owner's untimely demise, banks see them as high-risk investments. Since most MSMEs rely on funding from friends and family, they are unable to respond quickly enough to unforeseen obstacles, making working capital a significant production restriction. Much more concerning is the fact that MSMEs do not have sufficient access to capital market financing. Many micro, small, and medium-sized enterprises (MSMEs) have pointed the finger at the onerous process and regulations that prevent them from listing on the Stock Exchange, but others have suggested that their reluctance to disclose information could be a more significant factor.
- ii. **Skill Gap:** Owners' desire for privacy and a lack of capital force many micro, small, and medium-sized enterprises (MSMEs) to hire workers with lower levels of education and experience. Naturally, this has an impact on productivity, limits growth, and makes it harder to compete.
 - iii. **A Lack of Financial Discipline:** Some business owners, who aren't very good at managing or entrepreneurship, spend their money on frivolous things. Some owners of micro, small, and medium-sized enterprises (MSME) knowingly redirect loans meant for project support to extravagant spending. As a result of their erroneous belief in the need to divide up the "national cake," some people are unwilling to repay loans in full and on time, including interest and principal.
 - iv. **A Lack of Sufficient Infrastructure:** A major obstacle to the growth of SMEs is the inadequate supply of necessary services like roads, power, and water. Using alternative energy sources, particularly electricity, is quite expensive. Several MSMEs have closed their doors or are operating at a reduced capacity as a result of this.
 - v. **Inadequate Policy Implementation:** Efforts to resolve the numerous obstacles hindering the expansion of MSMEs have been poorly carried out. The expansion of micro, small, and medium-sized enterprises (MSMEs) has not been significantly impacted by any of the active government initiatives. This could be due to a lack of resources, manpower, and communication and coordination among the agencies tasked with implementing these policies.
 - vi. **Inadequate managerial and entrepreneurial expertise** allows many MSMEs to mismanage their personnel and material resources. Since this is a requirement for any MSME to qualify for the Small and Medium Industries Equity Investment Scheme and because banks want to make sure the businesses are sustainable before giving loans, it has limited their access to bank loans. Their capacity to grasp prospects for growth and expansion is limited due to a lack of appropriate educational background and extensive exposure to the business world.
 - vii. **Limited Access to Markets:** This is because to factors such as insufficient funding, outdated technology, a lack of entrepreneurial spirit, and an inadequate supply of skilled labourers, all of which dampen production quality. Because of this, they are unable to expand into new markets.
 - viii. **Nigeria's government's failure to diversify its revenue streams away from crude oil** has a chilling effect on micro, small, and medium-sized enterprise (MSME) growth and

- industrialization. This is because the government sees no need to invest in the manufacturing sector, which is essential to achieving an industrial revolution and fostering economic growth.
- viii. Multiple and inconsistent policies: This is one of the challenges that micro, small, and medium-sized enterprises (MSMEs) in developing nations like ours face. Whenever a new administration takes office, they often alter policies in an effort to discredit the outgoing one. That makes it hard for businesses to stay abreast of policy developments, and it doesn't help that various branches of government sometimes come up with ideas that are at odds with one another.
 - x. Inconsistency: Inconsistency is a contributing factor to the high mortality rate of MSMEs. Due to the lack of a suitable successor to run the company in the event of the owner's or owners' untimely death, many micro, small, and medium-sized enterprises (MSMEs) operate as sole proprietorships or partnerships.

Assessment of Some Government Policies on MSMEs in Nigeria

The purpose of establishing the National Policy on MSME was to provide a consistent framework for the growth of MSMEs. A number of obstacles, as detailed by Pwc (2020), impacted the overall execution of the National Policy on MSME. These include:

- i. Institutions from both the public and business sectors do not fully support the project.
- ii. Weak institutional synergy
- iii. A general lack of enthusiasm for micro, small, and medium enterprise (MSME) development at all levels of government
- iii. Little capability on the part of MSMEs and v. Inadequate financing for the process of MSME growth. Because of these problems, the policy was reversed in 2015 to fix the issues that harmed the MSMEs' overall execution.

A Foundational Theory

The purpose of this research was to examine "The Role of Government Policy programme in the development of Micro, Small and Medium Scale Enterprises in Nigeria" through the lens of systems theory. A scientist named Ludwig von Bertalanffy laid the groundwork for systems theory in his 1956 book comprehensive systems theory. After Talcott Parson popularised the idea of social systems, David Easton expanded on it in his work on political systems, and both of them borrowed from each other. This view holds that because political systems function within social contexts, it is impossible to study political events in a vacuum. According to David Easton, the two main parts of systems theory are input and output.

According to Easton (1957), the very nature of a political system gives it a set of characteristics. There are four of them: identifying properties, input/output, system differentiation, and integration. According to Easton (1957), property identification is concerned with differentiating one political system from another by defining its boundaries, identifying and explaining its basic components, and so on. The system receives demand and support from the environment as inputs, and the system produces outputs as a result of these inputs. According to Easton (1957), the political system is sustained by a variety of inputs that are transformed into outputs, which in turn have repercussions originating from both the system and its surroundings.

The philosophical foundation of systems theory in policymaking can be found in the Estonian paradigm for studying political systems. Environment, political system, and output are the three main components that make up system theory, according to Easton. The inputs that shape the environment are the goals, conditions, and forces that create demand; the outputs, or demands, are the issues, aspirations, and wants that people express and bring to the attention of the political system. The government's institutions, procedures, and employees make up the political system, which transforms inputs into outputs. The authoritative distribution of values is known as outputs, and the knowledge on the performance of outputs is sent back into the political system as feedback.

Methodology

The study adopted the inferential statistical method approach in investigating the possible causal connection between two variables making it appropriate for statistical validation of inferences. Thus, the study employed the chi-square statistical tool in the analysis of data.

Model Formulation

$$\chi^2 = \frac{\sum (f_o - f_e)^2}{f_e}$$

Where;

χ^2 = Measure of the departure of the obtained or observed frequencies from expected frequency by chance.

Σ = Summation of all observed and expected frequencies.

f_o = Obtained or observed frequencies.

f_e = Expected frequencies.

Data Analysis / Result

Hypothesis 1: There is no significant relationship between Bank of Industry and the growth and development of MSMEs in Nigeria

Table 2.

Small and Medium Scale Enterprises	Response					Total
	A	SA	D	SD	U	
Small Scale Enterprises	1	-	14	13	3	31
Medium Scale Enterprises	2	1	-	-	-	3
Total	3	1	14	13	3	34

Table 3.

Cell	Fo	Fe	Fo-Fe	(Fo-Fe) ²	Σ(Fo-fe) ² Fe
A	1	2.75	-1.75	3.06	1.11
B	0	0.91	-0.91	0.83	0.91
C	14	12.76	1.24	1.54	0.12
D	13	11.85	1.15	1.32	0.11
E	3	2.74	10.26	0.07	0.03
F	2	0.26	1.74	3.03	11.65
G	1	0.09	0.91	0.83	9.22
H	0	1.25	-1.25	1.56	1.25
I	0	1.15	-1.15	1.32	1.15
J	0	0.26	-0.26	0.07	0.27
Total					26.09

$$\begin{aligned}
 \text{Degree of freedom} &= (r-1)(c-1) \\
 &= (5-1)(2-1) \\
 &= 4 \times 1 \\
 &= 4
 \end{aligned}$$

Level of significance = 0.05

Table 4.

		DF	At 0.05	Hypothesis
Statistic	Calculated value	4	26.09	Ho Rejected
X	Critical value	4	9.488	

Decision

Since the calculated value is higher than the critical value, we reject the null hypothesis and support the alternate hypothesis. We can say that there is a significant relationship between Bank of industry and the growth and development of Micro Small and Medium Scale enterprises in Nigeria.

Hypothesis 2: There is no significant relationship between Small and Medium Enterprises Development Agency (SMEDAN) and the growth and development of MSMEs in Nigeria

Table 5.

Small and Medium Scale Enterprises	Response					
	A	SA	D	SD	U	Total
Small Scale Enterprises	2	1	19	6	3	31
Medium Scale Enterprises	2	1	-	-	-	3
Total	4	2	19	6	3	34

Table 6.

Cell	Fo	Fe	Fo-Fe	(Fo-Fe) ²	$\Sigma(\mathbf{Fo-fe})^2$ Fe
A	2	3.65	-1.65	2.72	0.75
B	1	1.82	-0.82	0.67	0.37
C	19	17.32	1.68	2.82	0.16
D	6	5.47	0.53	0.28	0.05
E	3	2.74	0.26	0.06	0.02
F	2	0.35	1.65	2.72	7.77
G	1	0.18	0.82	0.67	3.72
H	0	1.68	-1.68	2.82	1.68
I	0	0.53	-0.53	0.28	0.53
J	0	0.26	-0.26	0.07	0.26
Total					15.57

$$\begin{aligned} \text{Degree of freedom} &= (r-1)(c-1) \\ &= (5-1)(2-1) \\ &= 4 \times 1 \\ &= 4 \end{aligned}$$

Level of significance = 0.05

Table 7.

		DF	At 0.05	Hypothesis
Statistic	Calculated value	4	15.57	H ₀ Rejected
X	Critical value	4	9.488	

Decision

Since the calculated value is higher than the critical value, we reject the null hypothesis and support the alternate hypothesis. We can say that there is a significant relationship between Micro Small and Medium Scale Enterprise development agency and the development of Small and Medium Scale enterprises in Nigeria.

Conclusion

Due to their significant contribution to enhancing production and facilitating the allocation of resources that support an economy's longevity, small and medium-sized enterprises (SMEs) are a primary target of government policy initiatives, as indicated by the study's findings. The Bank of Industry's objective is to offer financial assistance for the development, expansion, diversification, rehabilitation, and modernization of micro, small, and medium-sized enterprises (MSMEs). SMEDAN has promoted and facilitated development programmes and support services to accelerate the growth of MSMEs. It supports the growth of micro, small, and medium-sized firms (MSMEs) by linking them with internal and external finance sources, appropriate technology, technical knowledge, and improving their managerial skills.

Recommendations

- i. Government policies on MSMEs should be well articulated while ensuring that the agencies charged with the responsibility of managing the development of MSMEs are adequately funded in order for them to carry out their functions effectively.
- ii. The appointment of personnel into key positions in these agencies should be based on competence rather than political affiliation, so as to ensure formulation and implementation of sound policy that will enhance the development of MSMEs.
- iii. There should be proper management and timely release of fund for MSMEs by relevant bodies.
- iv. Government should ensure the provision of necessary socioeconomic infrastructure, especially electricity which has bedeviled the growth of MSMEs and increased the cost of production and also increased the cost of doing business.
- v. Government should ensure both micro and macro-economic stability in order to sustain existing MSMEs and to attract new ones.

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