



The Role of Government in the Development of MSMEs in Nigeria between 1991 and 2012

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ABSTRACT

The main thrust of this study was to investigate the role of government in the development of micro, small and medium enterprises (MSMEs) in Nigeria between 1991 and 2012. Three research hypotheses were formulated to guide and direct the study. Ex-post facto research design was adopted for the study. A sample of 300 respondents was selected and used for the study. Data for the study was collected using a validated and structured questionnaire. Data collected was analyzed using Pearson product moment correlation coefficient. Results from the findings revealed that: there exist a significant relationship between the provision of government capacity building programmes and development of MSMEs within the years under study. A significant relationship existed between financial support by Government and the development of MSMEs in Nigeria and a significant relationship exists between the provision of infrastructure by government and the development of MSMEs in Nigeria. The study recommended that; since the issue of inadequate human capacity is a challenge to MSMEs in the country, government should continue to develop and provide capacity building opportunities to enhance process improvement for this sector. In the same manner, government should take the issue of provision of technology, industrial or business clusters very seriously to address the problem of affordable technological support for MSMEs.

Keywords: Capacity building programmes, financial support, infrastructure, MSMEs, role of government.
JEL Codes: J30, J31.

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1.0 INTRODUCTION

Micro, small and medium enterprises (MSMEs) are recognized as the driving engine of socio-economic transformation of any economy. Internationally, the MSME sub-sector absorbs more than 80 percent of job opportunities, facilitates primary production and value addition, enhances capacity utilization and

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improves capital per head. It is thus the surest avenue for providing needed goods and services in rural or semi-urban areas, addressing the problem of rural to urban migration and income distribution, growing the entrepreneurial talent and stimulating economic development in the community (Kondaiah, 2010).

Micro, small, medium or even large enterprises evolve through the process of meeting a need in a society, doing business or engaging in entrepreneurship. (Desai, 2010) described entrepreneurship or entrepreneurism as the lifeblood of any economy and the solution to unemployment and poverty. Consequently, it has been rightly pointed out that the economic development of the developed world emerged largely from the efforts of micro and small enterprises. Historically, most of the large companies and multinationals of today were started by entrepreneurs with very small capital. In this direction, it is noteworthy that international conglomerates such Guinness, Ford, Microsoft etc. as well as Nigerian-based multinationals controlled by the Dantatas, Dangotes, Adenugas, Ibrus, Innoson, Ekene Dili Chukwu and so forth are classic examples of mega companies that were started as micro or small enterprises (Okpara, 2000).

Without overlooking mega or large businesses, empirical findings have shown that a significant feature of a flourishing or thriving economy is a vibrant MSME sub-sector playing the ennobling role of creating employment, providing sustainability and innovation in the economy and the vital linkage between large businesses and individual consumers. It has also been found that countries with a higher share of MSME have higher growth than those with a lower ratio with the larger businesses having their origins traceable to MSMEs. In addition, a large percentage of the population depend on this sector directly or indirectly for one thing or the other in meeting their needs (Ilyas, 2010). Though they all have the same profit motive, MSMEs are characteristically different from their larger counterparts in their operational uncertainty, ability to access funding and other needed resources, and the capacity towards innovation and evolution. Because MSMEs have a higher propensity to employ more labour-intensive production processes than large businesses, they contribute significantly to the provision of productive employment opportunities, generation of income and boost poverty reduction in the society (Etuk & Mbat, 2010).

According to the Small and Medium Enterprise Development Agency of Nigeria (SMEDAN), MSMEs account for approximately 90% and 99.8% of all businesses in developing countries and the European Union (EU) respectively. They also are responsible for 47%, 77% and 62% of all employment in United States of America (USA), the EU and Japan respectively, while 58%, 53% and 51% total value addition to the economies of the EU, Japan and South Korea respectively is attributable to this sub-sector. Other studies have also shown that in high income countries such as Britain and USA, MSMEs contribute over 55% of Gross Domestic Product (GDP) and over 65% of total employment. In the low income countries like Nigeria and Burkina Faso the sector accounts for about 60% of GDP and 70% of total employment, while in middle income countries such as India, Brazil, China, Mexico it contributes over 70% of GDP and 95% of total employment (SMEDAN, 2012).

Generally, the MSME sub-sector plays a commanding role in the transition of traditional economies to modern ones, by adopting innovation and providing opportunities for secondary production or processing which enhances revenue generation and socio-economic development. MSMEs also help to absorb productive resources at all levels and add to the formation of flexible economic systems where they interlink with large firms. Such linkages are germane for attracting foreign capital and investment (Jayachandiran, 2009). MSMEs are therefore a distinctive mainstay of any economy that requires attention by all stakeholders, especially the government. Though the definitions and characterization of MSMEs vary from country to country, there is universal consensus on the type of businesses that are so classified. Micro enterprises are everyday businesses, started either to provide livelihood to the proprietor or fill a need in the community. They are characterized by low levels of asset, few personnel, low capital, mostly informal with a high mortality rate. Some examples include petty traders, artisans like vehicle mechanics, furniture makers, and so forth. Small and medium enterprises (SMEs) are on the higher scale of business enterprises and are more sophisticated in personnel, methods of operations

and service provision (Jayachandiran, 2009). Some examples include Super markets, Filling Stations, Hotels, finance institutions etc.

According to a recent survey by SMEDAN there were 17,284,671 businesses in Nigeria as at 2010 that fit into the definition of MSMEs. Out of these, 17,261,753 or 99.87% are micro enterprises, while 21,264 or 0.12% are small enterprises and 1,654 or 0.01% are medium scale enterprises (SMEDAN, 2010). MSMEs are known to hold the future to the development and occupy a pivotal position in the economy, especially as it concerns industrial growth, youth empowerment and innovation. Despite the vital role played by MSMEs in economic development, MSMEs experience challenges such as weak market linkages, inclement business environment, inconsistent government policies, multiple taxation, obsolete technology, lack of information, inadequate skills and human capacity. All these combine to limit their growth, ability to do better and eventually early demise (Etuk & Mbat, 2010).

Another factor that impedes the growth of MSMEs in Nigeria is lack of affordable and reliable capital. According to (Etuk & Mbat, 2010) lack of capital or financial resources is a major barrier for MSMEs and entrepreneurs who usually have to mobilize their own capital to establish or expand their businesses. MSMEs in Nigeria have difficulty in accessing bank loans as a result of the inability to provide collateral and other securities. As a consequence of the above impediments, the Nigerian government like the case in other countries like Bangladesh, India and Indonesia need to intervene by providing means of reaching some of these facilities and resources. Another factor that requires government intervention is the provision of infrastructure. Lack of power, good road network to transport raw materials and finished products has been noted to be a serious impediment (Udo, 2005).

To mainstream MSMEs and position them to optimally contribute to the fight against unemployment and poverty, a conscious commitment at governmental level is desired. This has come with the successes that have been achieved in Japan, Italy and India amongst other nations which continue to have a large pool of vibrant MSMEs and where the sector has been instrumental in the fight against unemployment and poverty (Jayachandiran, 2009). Government must therefore adopt a deliberate policy to promote entrepreneurship and enterprise creation through guidance, counselling and other forms of support. Government's role can come by making policies that will enthrone a hassle-free business environment, facilitating access to affordable and reliable finance, provision of infrastructure, human capacity building, facilitating information, market access and business development services.

1.01 STATEMENT OF THE PROBLEM

In today's globalized world, entrepreneurship has assumed greater significance in the acceleration of economic growth and provision of economic facilities. According to SMEDAN, in the business sector, there is an overwhelming ratio of microenterprises in the MSME sub-sector in the country. Their 2012 survey showed that the sector currently employs 32.4 million people in various sectors and that the main source of capital for MSMEs in the country is personal savings, accounting for about 54.4%, followed by loans at 22% and family sources at 16.7%. About 83.2% of the enterprises have initial start-up capital of below N10m, while 7% have initial start-up capital of between N10m and N20m. It also estimated that more than 80% of MSMEs do not survive beyond the first five years of existence because of a variety of issues that include but not limited to tough and inclement business environment (SMEDAN, 2012). In view of the critical role which these enterprises play in the economy, their mortality rate as reported above presents a huge concern to policy makers and governments.

Based on the number of MSMEs in the country, it is expected that Nigeria should easily meet its essential needs, notably in the area of employment generation, poverty alleviation, economic and industrial growth. But the reverse currently is the situation as a country now parades a population with adverse unemployment, poverty and lack of growth. While the officially reported rates of GDP well exceed population growth, the pace of poverty reduction and job creation does not. This implies that the number of a young person's thrown into the labour market and those living below the poverty line

has continued to grow. For example, the official unemployment rate has steadily increased from 12% of the working population in 2006 to 24% in 2011 (NBS, 2012).

While some of the challenges faced by MSMEs are within the control of the businesses, others are external and thus beyond their control. In recognition of this, it is expected that with some deliberate intervention, the failure rate will be reversed. The role of government is thus seen through the various programmes that are designed and put in place to address the typical needs of MSMEs. The role of government is usually ventilated through enterprise development initiatives and programmes which act as catalysers in their effort in stimulating entrepreneurial spirit among the different segments in the society (Kondaiah, 2010). These programmes and initiatives are designed to ultimately lead to job creation and poverty alleviation through the MSMEs. In accordance with the national policy on MSMEs, SMEDAN has the role of coordinator, promoter and facilitator of government's policy on MSMEs. The agency oversees policy advocacy and its macroeconomic framework, capacity development, research and development, trade and economic globalization (SMEDAN, 2007).

Intervention programmes are expensive and put pressure on the lean resources of government. Some of the issues that we will address in this paper are as follows; what are the major challenges faced by MSMEs in the country? What are the government intervention programmes towards cushioning the challenges of the MSMEs? How have these programmes impacted on the development of MSMEs in Nigeria? Are they sufficient and targeting the real issues faced by MSMEs? What recommendations can be made to ensure that such programmes get to the root of the problems of MSMEs in the country?

1.02 RESEARCH HYPOTHESES

To analyse and assess the role of government in the development of MSMEs in Nigeria, the following research hypotheses were proposed:

- H₀₁: There is no significant relationship between provision of human capacity building programmes by government and the development of MSMEs in Nigeria.
- H₀₂: There is no significant relationship between provision of financial support by government and the development of MSMEs in Nigeria.
- H₀₃: There is no significant relationship between provision of infrastructural support programmes by government and the development of MSMEs in Nigeria.

2.0 LITERATURE REVIEW

2.01 OVERVIEW OF THE DOMESTIC ECONOMY

Nigeria has a land area of about 923,770 square kilometres, much of which is arable and a population in excess of 167 million, mostly living in rural areas and blessed with vast natural resource endowments. In addition to the possession of this huge resource, Nigeria is one of the World's leading producers of crude oil, averaging 2.5million barrels a day. Over 80% of the country's revenues have consistently come from crude oil since the 1970s. Despite this, agriculture remained the biggest sector engaging over 70% of the population at the formal and informal levels. The economy is mono-cultural with over 70% of the population living below the international poverty line (SMEDAN, 2012). According to the World Bank, Nigeria's economy has been booming since 2003, with higher oil prices and a series of home-grown economic reforms putting the country firmly on the road to middle-income status (World Bank, 2008).

In their review of the Nigerian economy in 2012, SMEDAN noted that the country had a GDP of US\$352.3 billion, ranking 33rd in the world with a GDP per capita of about US \$2,800, placing her at 121 in the world. The petroleum industry was central to the economic profile, being the 12th largest producer of petroleum products in the world and accounting for 80% of the GDP and above 90% of the total exports. Outside this sector, the Nigerian economy was reputed to be highly fluid and lacked basic infrastructure. In the country, the predominant economic activities were;

- Agriculture and natural resource, accounting for 33.4%
- Manufacturing and industry, accounting for 34.1% and
- Services accounting for 32.55% (SMEDAN, 2012).

SMEDAN observed that in agriculture the main cash crops were cocoa, cotton, groundnuts, palm produce, corn, rice, sorghum, millet, cassava, yam and rubber. Other agricultural resources include fishery, forestry and livestock. Mineral resources include oil and gas, tin, columbite, iron ore, coal, zinc, limestone, bauxite, lead and salt.

The manufacturing and industry sector is classified into agro-based and mineral-based. The former included palm produce, groundnut, cocoa, rubber and food processing, textiles and footwear manufacturing while the later included crude oil, coal, tin, cement, construction materials, steel, chemicals, fertilizer, and ceramics exploration. The Services sector was comprised mainly of ICT, transportation, tourism, hospitality and entertainment, banking and finance service, educational and informative services, consultancy and trading. On-farm MSMEs located predominantly in rural areas account for over 25% of total employment and 20% of GDP. By world standards, large enterprises were few, though they accounted for a disproportionately large share of the GDP.

After the recent rebasing of the gross domestic product, Nigeria's GDP is now estimated to be about \$510billion and the country now ranks as the 26th largest economy in the world and 1st in Africa. This phenomenal jump has been attributable to the contribution by the phenomenal growth in the telecommunications and information services, the motion picture, sound recording and music production industry (Nollywood and Naija music) and other sectors that were not taken into consideration in the past. The rebasing showed amongst other things that the structure of the Nigerian economy has changed. When 1990 was used as the base year, the economy showed that 60% of the economic activity in the country was agriculture based but following the rebasing; it was revealed that 52.65% of economic activity is now service oriented, followed by industry at 26%, while agriculture now contributes 22% (Kale, 2014). With or without rebasing, the significance of MSMEs for growth, productivity and competitiveness of developing countries has been universally acknowledged. In Nigeria, they provide employment, income, new opportunities for the bulk of the population and are the chief source of new jobs. They are as well critical breeding and nurturing grounds for domestic entrepreneurial capacities, technical skills, technological innovation and managerial competencies for private sector development (Udo, 2005).

The private sector enterprises are both formal and informal and cover a wide range of types as distinguished by criteria such as size, sector, ownership structure, employment and technology employed. These enterprises are principally noticeable in the agricultural, service and distributable trade sectors, with those in the distributable trade sector being more prominent than those in the manufacturing and agricultural sectors. The estimated number of non-agricultural MSMEs is about 6.5 million with total employment of 9 million persons. This group was dominated by wholesale and retail trade which accounted for about 49% of employment and manufacturing (30%). Other significant sectors include repair of vehicles (3.2%), transport (2.9%), hospitality, namely hotels and restaurants (2.6%), building and construction (.8%). Manufacturing was dominated by food processing (18.7%), textiles, clothing and leather goods (3.8%), wood and wood furniture (3.3%), and metals and metal products (1.1%) (SMEDAN, 2012).

The typical micro enterprise in Nigeria is operated by a sole proprietor/manager aided by unpaid family workers and the occasional paid employee or apprentice. The level of technology and skills are very low leading to low output value. Funding is mainly from individual resources, with a little help from family and traditional mutual fund societies.

2.02 TYPICAL NEEDS OF MSMES

The typical needs of MSMEs in Nigeria are similar to those in other developing countries. According to (Udo,2005), though the peculiar problems faced by the business enterprises in Nigeria are many, they share a number of common challenges. These challenges could be summarized under two broad categories namely; internal and external challenges.

While the internal problems include;

- Choice of project, planning and implementation,
- Weak operating capacities in terms of managerial and technical skills,
- Poor information flow regarding sources of raw materials and other resources
- Poor and often unprofessional attitudes of workers and poor quality (especially finishing) of goods and services,
- Lack of access to market (especially regional and foreign markets),
- Poor or lack of access to credit and other productive resources.

External factors are summarized as follows;

- Inclement monetary, fiscal and overall macroeconomic environment,
- Poor access to land and location issues,
- Weak linkages among different segments of the operation in the sector,
- Lack of adequate public infrastructure and utilities,
- Weak safeguards against occupational health and environmental hazards.

2.03 THE ROLE OF GOVERNMENT

In view of the above challenges and the potentials they represent, it has been universally acknowledged that MSMEs need support and protection if they will continue to provide the kind of services expected of them (Kondaiah, 2010). Globally, the role of government in enterprise development is therefore expected to be in the form of provision of encouraging business environment, promulgating appropriate policies, formulation of suitable schemes, provision of valuable incentives, institutional support and effectively implementing programmes that have been designed (Desai, 2010). In some cases, in spite of the mixed reactions towards government's involvement in business, government have even been seen to take the lead in the establishment of some types of business enterprise.

However, Nigerian government according to SMEDAN scarcely interacts with individual MSMEs in the past, except through the cooperative or other officially recognized groups. Bank loans are rarely sought and very rarely obtained through government. In Nigeria, the two strong points in favour of MSMEs are that they are numerous and are everywhere. Although the potential of MSMEs has long been recognized, it was only in the mid 1980s that a conscious policy was made to promote and encourage their development. Since then, several schemes have been created to address employment creation, empowerment and poverty reduction through MSMEs. These programmes and measures addressing the needs of MSMEs have tended to concentrate on providing access to credit, capacity development and other critical measures. It is assumed that even a small improvement in their productivity and output will result in a more than proportionate improvement in employment, income and productivity in every nook and corner of the country (SMEDAN, 2012).

In Nigeria, the federal government is principally responsible for providing policy direction for the development of MSMEs in the country. During the colonial era, for obvious reasons, local industries were neglected and in some cases discouraged in favour of import promotion. At independence, Nigeria inherited a small-scale manufacturing sector that was struggling to stand, against all odds and still accounted for 15% of output. The federal government adopted import substitution industrialization by encouraging foreign owned large- scale industries and even set up some. At the regional level, efforts were geared through micro credit schemes, though the real problems of small businesses were

not assessed. This led to this sector shrinking to 10% of the manufacturing sector by 1980 (SMEDAN, 2012).

According to (Ahmed,2006), the government of Nigeria designed a new scheme called small and medium industries equity investment scheme (SMIEIS) to tackle the challenges of financing small and medium industries in Nigeria. This scheme makes it mandatory for banks to reserve 10% of their pre-tax profit for equity investment in SMEs. Other intervention programmes which the federal government of Nigeria has introduced to support MSMEs include the establishment of the Central Bank of Nigeria Entrepreneurship Development Centres to provide basic business management skills training to MSMEs and unemployed youth in the 6 (six) geo-political regions of the country. In a similar manner in government in August 2013 launched an N220 billion micro, small and medium enterprises development fund (MSMEDF) to provide loans at single digit interest rate for MSMEs in the country. At the State level, each State is expected to follow suit and develop schemes and programmes that are suitable and peculiar to her own environment. It is in this direction that the Cross River State Government set up by law the Microfinance and Enterprise Development Agency in 2010 with the mandate to support the growth and development of micro, small and medium enterprises in the State (CRS Law No. 8, 2010).

3.0 RESEARCH METHODOLOGY

Ex-post facto research design was adopted for this study because the researcher had no control over the dependent and independent variables since their manifestations had already occurred. The population of the study is made up of MSMEs in Cross River State. The sample was randomly selected from a list obtained from the Corporate Affairs Commission and the Business premises registration office of the Microfinance and Enterprise Development Agency (MEDA) of the State Government. The primary data was generated through the use of structured questionnaires which was designed and served on individual MSMEs and those in the organized private sector groups like Manufacturers Association of Nigeria (MAN), Nigerian Association of Small and Medium Enterprises (NASME) and National Association of Small Scale Industrialists (NASSI) in Cross River State. Data collected was analysed using Pearson product moment correlation coefficient statistical technique.

3.01 DATA PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS

A total of 350 (three hundred and fifty) questionnaires were administered and retrieved given a 100% success. During coding 33 (thirty three) copies of the questionnaire were not properly filled and thus were discarded. 17 (seventeen) of the questionnaires were improperly handled and so were destroyed. Consequently, the researcher used 300 (three hundred) of the questionnaires for computation. The result of the demographic characteristics of respondents is presented on Table 1

Table 1: Demographic distribution of respondents

Sex	Respondents	Percentage
Male	145	48.33
Female	155	51.67
Total	300	100.00
Age bracket (years)		
18 – 29	60	20.00
30 – 40	94	31.33
41 – 50	79	26.33
51 years and above	67	22.33
Total	300	100.00
Marital Status		
Single	45	15.00
Married	208	69.33
Divorced	32	10.67
Widow/Widower	15	5.00
Total	300	100.00

Educational status		
FSLC	32	10.67
SSCE, GCE & WAEC	94	31.33
OND & NCE	99	33.00
HND & B.Sc.	37	12.33
PGD and above	38	12.67
	300	100.00

Source: Field work 2013

From Table 1, it could be seen that 145 (48.33%) of the respondents were males while 155 (55.67%) were females. Also, it was found that 60 (20%) of the respondents were of the age 18 – 29, 94 (31.33%) were of the age 30 – 40 years, 79 (26.33%) were of the age 41 – 50 years, while 67 (22.33%) were of the age 51 years and above. Equally, 45 (15%) of the respondents were single; 208 (69.33%) were married; 32 (10.67%) were divorced; while 15 (5%) were widows/widowers. The result also shows that 32 (10.67%) of the respondents had FSLC; 94 (31.33%) had SSCE, GCE or WAEC; 99 (33%) had OND or NCE, 37 (12.33%) had HND or BSc; while 38 (12.67%) of the respondents had PGD or higher qualifications.

3.02 TEST OF HYPOTHESES

All the hypotheses listed above were tested using Pearson product moment correlation coefficient statistical technique and the results are presented in the accompanying tables.

Hypothesis one: There is no significant relationship between the provision of human capacity building programmes by government and the development of MSMEs in Nigeria. The above hypothesis was tested and the result is as presented in Table 2;

Table 2: Analysis for the relationship between the provision of human capacity building programme by government and the development of MSMEs

Variables	$\sum X$	$\sum X^2$	$\sum Y$	$\sum Y^2$	$\sum XY$	r_{xy}
Provision of human capacity building Programmes (X)	5629	113107				
Development of MSMEs (Y ₁)			4092	57618		0.47

P<0.05, d.f=298, critical r=0.196

The result in Table 2 revealed that the calculated r-value of 0.47 was found to be greater than the critical r-value of 0.196 needed for significance at 0.05 levels of significance with 298 degrees of freedom. With this result, the null hypothesis which states that there exist no significant relationship between the provision of human capacity building programme by government and development of MSMEs in the state is rejected.

Hypothesis two: There is no significant relationship between the provision of financial support by government and the development of MSMEs in Nigeria. The above hypothesis was tested and the result is as presented in Table 3;

Table 3: Analysis for the relationship between the provision of financial support by government and the development of MSMEs

Variables	$\sum X$	$\sum X^2$	$\sum Y$	$\sum Y^2$	$\sum XY$	r_{xy}
Provision of financial support (X)	5625	113601				
Development of MSMEs (Y ₁)			4092	57618	78690	0.51

P<0.05, d.f=298, critical r=0.196

The result in Table 3 revealed that the calculated r-value of 0.51 was found to be greater than the critical r-value of 0.196 needed for significance at 0.05 levels of significance with 298 degrees of freedom. With this result, the null hypothesis which states that there is no significant relationship between the provision of financial support by government and the development of MSMEs in Nigeria is rejected. It therefore means that there exist a significant relationship between the provision of financial support and development of MSMEs in Nigeria.

Hypothesis three: There is no significant relationship between the provision of infrastructural support programmes by government and the development of MSMEs in Nigeria. The above hypothesis was tested and the result is as presented in Table 4;

Table 4: Analysis for the relationship between the provision of infrastructural support programmes by government and the development of MSMEs

Variables	$\sum X$	$\sum X^2$	$\sum Y$	$\sum Y^2$	$\sum XY$	r_{xy}
Provision of infrastructural support (X)	5350	105540				
Development of MSMEs (Y ₁)			4092	57618	74292	0.31

P<0.05, d.f=298, critical r=0.196

Table 4 showed that the calculated r-value of 0.31 was greater than the critical r-value of 0.196 needed for significance at 0.05 levels of significance with 298 degrees of freedom. With this result, the null hypothesis is rejected meaning that there exist a significant relationship between infrastructural support by government and development of MSMEs in Nigeria.

3.03 DISCUSSION OF FINDINGS

The result of this study revealed that there is a significant relationship between the provision of human capacity building programmes by government and development of MSMEs in Nigeria. This implies that increase in the provision of human capacity building by government will lead to the development of MSMEs while decrease will lead to the opposite effect. This agrees with the findings of (Jayachandiran, 2009) who found out that there exist a significant relationship between the provision of human capacity building by government and development of MSMEs in India. It also agrees with the findings of (Reddy, 2010) who discovered that human capacity building is an indispensable factor for the development of MSMEs and thus it is the responsibility of government to ensure human capacity building so as to facilitate the growth of MSMEs.

The findings of hypothesis two revealed that there is a significant relationship between the provision of financial support by government and the development of MSMEs in Nigeria. Specifically it revealed that an increase in financial support by government to MSMEs will lead to significant development of MSMEs. This finding agrees with the finding of (Okpara, 2000) who discovered in his study that lack of financial support is a major factor for the slow development of MSMEs in Nigeria and most other African countries.

The finding of hypothesis three revealed a significant relationship between the provision of infrastructural support programmes by government and the development of MSMEs in Nigeria. This indicated that increase in the provision of infrastructural support programme by government will lead to the development of MSMEs. This agrees with the finding of (Akpan, 2005) who discovered a significant relationship between the provision of infrastructural support programme by government and the development of MSMEs. According to him the inability of most African government to provide the infrastructural support retard the growth of SMEs in the continent.

4.0 SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

4.01 SUMMARY OF FINDINGS

The main thrust of this study was to investigate the role of government in the development of MSMEs in Nigeria between 1991 and 2012. Three research hypotheses were formulated to guide and direct the study. Ex-post facto research design was adopted and a sample of 300 respondents was selected and used for the study. Data for the study was collected using a validated and structured questionnaire. Data collected was analyzed using Pearson product moment correlation coefficient. Results from the findings revealed that:

- a. There exist a significant relationship between the provision of government capacity building programmes and development of MSMEs within the years under study.
- b. There exist a significant relationship between the provision of Government industrial or business clusters and the development of MSMEs in Nigeria.
- c. A significant relationship exists between the provision of infrastructure by government and the development of MSMEs in Nigeria.

4.02 CONCLUSION

Based on the findings obtained from the analysis of the hypotheses, it could be concluded that government capacity building programmes significantly impacted on the development of MSMEs in Nigeria. This implies that increase in the number of capacity building programmes by government will lead to the development MSMEs. The findings also lead us to the conclusion that there exist a significant relationship between the provision of financial support by government and the development of MSMEs in Nigeria. In order words, an improvement in the financial support by government to MSMEs will motivate the growth of MSMEs on Nigeria. Also, the provision of industrial or business clusters by government has significantly impacted on the development of MSMEs in Nigeria, a significant relationship exist between the provision of infrastructure by government and development of MSMEs in Nigeria. The findings also leads us to conclude that provision of technology by government significantly relates to the development of MSMEs in Nigeria and lastly there exist a significant relationship between the provision of enabling business environment by government and the development of MSMEs in Nigeria.

4.03 RECOMMENDATIONS

Based on the findings of this research, we present the following recommendations;

- a. Since the issue of inadequate human capacity is a challenge to MSMEs in the country, government should continue to develop and provide capacity building opportunities to enhance process improvement for this sector
- b. Furthermore it is recommended that the government should continue and in fact enhance the provision of loans and/or grants to MSMEs through affordable and reliable windows of financial support
- c. Also, there is a need to improve the general infrastructure like power, road and rail network, communication systems as these were found to be critical to the development of MSMEs in Nigeria.
- d. For a study of this nature, the findings would have been more robust if more independent variables were studied. It is therefore recommended that future researchers should evaluate the role of variables such as supply of farming inputs, construction of irrigation channels, banning of imports and provision of assistance for storage and marketing as they affect the dependent variable.

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