

**Small and Medium Scale Enterprises and National Development in Nigeria:
A Case Study of Akwa Ibom State**

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Abstract

Small and Medium Scale Enterprises (SMSEs) have been widely acknowledged as essential elements for economic and national development. In effort to encourage the growth of SME's in Nigeria, successive governments have adopted different strategies and policies to strengthen the sector. But the impact of the sector and its contribution to the economic development of Akwa Ibom State remains sub-optimal. The main objectives of this research were to identify the problems of SMSEs in Akwa Ibom State and also to suggest ways of addressing these problems to enhance the performance of the sector in the State. Methodology used for the study was a combination of the descriptive and survey techniques while questionnaire was used for collecting the data for the study. The study revealed that though SMSEs abound in Akwa Ibom State and have the potential to bring about economic development in the State, the major problem faced by operators in the state include lack of funds; that though governments have severally put up policies to strengthen the growth of SMSEs sector in the state, most of the policies fail at the implementation stage; and that there is a significant relationship between economic development policies and the growth of SMSEs in Akwa Ibom State. The paper therefore recommended that government should not only take appropriate steps to duly implement SMSE policies in order to create the enabling environment for investment in the state, but should also review the existing policies on SMSEs to meet the needed standard, as well as employ capable personnel to implement and monitor policies effectively.

Keywords: Small and Medium Scale Enterprises, Government, Industrialization, National Development.

Introduction

Akwa Ibom State has arable land for agriculture, thus the people of the state who are predominantly farmers cultivate a wide variety of food and cash crops. The abundance of rivers and tributaries encourage all year round fishing and the fishes are found in commercial quantity. The people of the state also undertake livestock farming. According to Akwa Ibom State Ministry of Information and Culture briefing (2000), livestock farming undertaken by the people of the state include; rearing of pigs, chicken and goats, but mostly in subsistence quantity. The state is equally blessed with numerous tourist attractions which could be developed by government as well as the private sector to generate revenue.

However, the Enterprises Promotions Decree of 1972 (Revised 1977) marked the shift of Nigerian Industrial policy from large-scale to small scale industries (Adaramola, 2012). It was argued that with economic growth, the small scales, traditional type of enterprises would, in one sector after

another, be superseded by modern forms of large-scale production and would possess potential for rapid and sustainable industrialization in the country. Among the stated objectives of the policy was to enable Nigerians secure an appreciable and increasing participation in the growing industrial and commercial prosperity of the national economy.

Teriba & Kayode (1977) observed that the rationale for advocating for small scale enterprises (SSE) for Nigeria was that the capital requirement was small and was within the reach of indigenous entrepreneurs. To further encourage effective participation, the Nigerian Board for Commerce and Industry was established in 1973 specifically to provide loans on soft terms to small scale enterprises. Successive governments in Nigeria have continued to adopt small scale enterprises strategy to industrialization, hence have sponsored one scheme after another. Some of these schemes include: National Directorate for Employment (NDE), Family Economic Advancement Programme (FEAP), National Economic Reconstruction Fund (NERFUND) and Small and Medium Industries Equity Investment Scheme (SMIESIS), to encourage the development of a sustainable industrial base based on SMSEs (Tijani & Alave, 2004). These efforts of government resulted to the establishment of millions of small and medium scale enterprises (SMSEs) in Nigeria.

The numerous SMSEs have the potential of transforming Nigeria into an industrial giant, if they are well managed. Unfortunately, available records show that many of them fail essentially because of poor management (Obeleagu, 1990). As opine by Nwankwo (1981), the few that survived have not grown into the “ford”, they remained small and stunted. The diagnosis of stunted growth in SMSEs sector shows that there is a problem of capital inadequacy and lack of technical capability on the part of entrepreneurs and policy inconsistency on the part of government. Despite the problems faced by the sector, World Bank (1995) reports that, the sector accounts for about 70.0 percent of industrial employment. Also, Lawal (1998) observed that, the Nigeria SMSEs sector is generally acknowledge to be very important and presumed to play a crucial role in employment generation and economic development.

Moreover, in Akwa Ibom State with the population of about 3.9 million, the state is blessed with a number vocational skills and is one of the most educated states in the federation. All these form the embryo for sound entrepreneurial potential in the state. This shows that poverty is therefore widespread and deep rooted because of lack of opportunities for livelihood in the state. Also, Akwa Ibom State economy is dominated by the informal sector (John and Ndebio, 1991) and though the sector employs over 95 percent of the people, it is known to be characterized by low productivity, low income, and use of crude technology. The state has weak small and medium scale industrial sector.

Despite all the prodigious natural and human endowment which abound in the state, economic advancement still remains the biggest collective challenge facing the state. The state government noting the pivotal role of the SMSE sector in national development all over the world, has over the years, made tremendous efforts to provide the needed environment for the sector to thrive. This must have informed the establishment of Akwa Ibom Entrepreneurship Development and Resources Centre (AKEDREC), Akwa Ibom State Investment and Industrial Promotion Council (AKIIPOC), Akwa Saving and Loans (mortgage bankers), Akwa Ibom Agricultural Development Project (AKADEP), Akwa Ibom State Economic Empowerment and Development Strategy (AK-SEEDS), and Akwa Ibom State Bureau of Co-operative under the Ministry of Commerce and Industry. Through the Bureau 'of Cooperative, government finds it important to lend a helping hand to small and medium scale entrepreneurs by providing micro credits to strengthen the sector and improve on basic economic infrastructure for supporting industrialization.

Regrettably, despite the position occupied by small and medium scale enterprises sector in the country's economy and the efforts by both federal and state governments to strengthen the sector,

the sector is still faced with teething problems. It is against this background that this study is undertaken to survey and identify the problems facing SMSEs sector despite government efforts in this regard, with a view to suggesting possible solutions.

Statement of the Problem

Governments all over the world have, as part of their major responsibilities, the promotion of the welfare of their citizens, through the adoption of different policies for attainment of vigorous national development. In Nigeria, since independence in 1960, all her National Development Plans (1962-1968, 1970-1974, 1975-1980, 1981-1985, 1986- 1990, 1991-2000) have made adequate provisions for industrial promotion policies and the encouragement of small and medium scale enterprise policies amongst other policies. This was in recognition of the leading role small and medium scale enterprise sector are expected to play in the overall development of the economy. Available evidence shows that governments at Federal, State and even Local levels through budgetary allocations and policies have acknowledged the crucial role of the SMSE' s sector and have made policies for energizing the sector.

Till date, SMSEs in Nigeria have not performed creditably well, hence have not played the expected role in the economic growth and development of the country. The sector is confronted with a lot of problems. The Government of Akwa Ibom State having located some of the problems that impede the SMSEs development of the sector came up with a policy thrust aimed at providing micro-credit facilities, organizing workshops and seminars and embarking upon improved supply of infrastructure to strengthen their growth. Despite these efforts, not much progress seems to have been made judging from the dismal performance of the SMSEs in the state especially when the huge resources that the state government claims to have sunk into the sector is put in prospective. This study therefore, intends to investigate the problems of SMSEs and proffer likely solutions to the identified problems. Such will help engender the realization of the desired effects of the sector on the Akwa Ibom State economy.

Objectives of the Study

The study aims at identifying the problems of SMSEs in Akwa Ibom State and also to suggest ways of addressing these problems so as to enhance the effects of the sector in the State. Specifically, the study aims to:

- (i) determine the relationship between national development and small and medium scale enterprise in Nigeria;
- (ii) identify factors militating against contributions of SMSEs to Akwa Ibom State Development; and
- (iii) determine the policies and strategies that should be put in place by government to encourage the growth of SMSEs sector in the State.

Research Questions

- (i) What is the relationship between economic development policies and growth of SMSEs in Akwa Ibom State?
- (ii) What factors militate against the growth and development of SMSEs in Akwa Ibom State?
- (iii) What policies should government adopt to strengthen the expansion of SMSE sector in Akwa Ibom State?

Hypothesis

Proliferation of SMSEs in Akwa Ibom State tends to bring about rapid economic development in the State.

Significance of the Study

The study would be beneficial to the entire society. This lies in the possibility that it would proffer solutions to the problems confronting SMSEs sector in a bid for it to be strengthened to play its

needed role in national development. The study is significant because it is bound to expose certain lapses on the part of government caused by excessive concentration of all its attention on policy formulation at the expense of implementation and evaluation. Thus, it would help the government to shift its policy emphasis from policy formulation and programme design to policy implementation as well as programme monitoring and evaluation. The study would assist in generating data and aid the development of conceptual frame work of SMSEs cluster in Akwa Ibom State.

Scope and Limitation of the Study

This research was limited to 12 out of the 31 local government areas of Akwa Ibom State. This was done to facilitate data gathering and enhance accuracy, speed and practicability at reduced cost. The findings from the 12 local government areas were used to generalize about the other local government areas.

Theoretical Framework

It is expedient to locate this study within the theory of critical minimum effort as propounded by Harvey Leibenstein. According to the theory, under-developed countries need certain level of investment in order to be out of their vicious circle of poverty which keeps them around low per capita income equilibrium. The way out of this impasse is a certain “critical minimum effort”, which would raise the per capita income to a level at which sustained development could be maintained. Leibenstein in Jhingan (2005:163) noted that

If sustained development is to be generated, it is necessary that the initial effort or initial series of efforts must be above a certain minimum magnitude. That is to say, not all efforts to raise per capita income lead to economic development; there are some that are too small to do so.

It is asserted that such a dose of investment should be administered into the system so that it attains that minimum level of growth where it becomes self-propelling.

Conceptual Discourse/Analysis

Concept of Small and Medium Enterprises

Any business or enterprise below the upper limit of N250,000 and whose annual turnover exceeds that of a cottage industry currently put at N5,000 per annum is currently classified as a small scale industry in Nigeria (Ayozie & Farwyola, 2005). In Canada, a small scale enterprise is defined as one that has fewer than 100 employees (if the business is a good-producing business) or fewer than 50 employees (if the business is a service based business). A firm that has more employees than these cut-offs but fewer than 500 employees is classified as a medium scale enterprise. In France, as in most countries, there is no single official definition used, rather, they are categorized according to taxation, industrial relations and government incentives. The most widely used definition is based on employment. Thus, enterprises with less than 10 employees are very small enterprises, 10-40 employees are small enterprises and 50-500 employees are medium size enterprises. In Denmark, a small enterprise is one with under 49 employees, a medium enterprise has 50-199 employees. To overcome the problem of definition, the European Commission (EC) coined the term “Small and Medium Enterprises” (SMEs). The components of the SMEs are: Firms with 0-9 employees are micro enterprises, Firms with 10-99 employees are small enterprises, Firms with 100-499 employees are medium enterprises. The EC definitions are based solely on employment rather than multiplicity of criteria and restricted to enterprises which employ less than 500 workers.

In an attempt to define SMSEs in Nigeria, to suit particular circumstances, individuals, institutions and governments have adopted several classifications. Prior to 1992, both the federal government

and its agencies had adopted varying definitions at same time, or at different times due possibly to their variations in developmental focus and strategy. For example, the 1989 industrial policy of Nigeria defines these enterprises as follows: Small scale - those whose total investment was between N100,000.00 and N2 million excluding land but including working capital; Medium scale – those with total investment of between N2 million and N5 million excluding land but including working capital. Consequently, the Central bank of Nigeria communiqué No. 53 of the monetary policy committee (2007) defines a small and medium industry for the purpose of the policy, as an industry with a maximum asset base of N500 million (excluding land and working capital), and with no lower or upper limit of staff.

Concept of Development

According to Okereke & Ekpe (2002), the term development as used in contemporary social science literature is not only vague and nebulous but also polemic. As such, it is difficult to arrive at a universally acceptable definition. Different scholars on different occasions, circumstances, situations and time view development from different perspectives. For instance, Roger (1969) sees development as “a type of social change in which new ideas are introduced into a social system in order to produce higher per capita income and levels of living through more modern production methods and improved organization”. This implies that development involves the structural transformation of economy, society, polity and cultural satellites. Also, development permits the self-generating and self-perpetuating use and the development of the people's potentials which result from society's attacks on poverty, oppression and exploitations that are meted out to the people by the dominant classes and their system (domestic and international capitalism).

Whereas Huntington (1968) sees development as a major societal change from one state of being to another more valued state and encompasses a complex and mutually related transformation of economic, social and political structures, Chenery & Stislits (1975) on their part, view development as a process that involves a systematic variation in any significant aspect of the social and economic structure associated with rising level of income or other indices. These definitions see development in terms of improvement in the level of income and living standard. They tend to concord with Todaro's (1986) assertion that “development is the capacity of a national economy whose initial economic condition has been more or less static to generate and sustain annual increase in its GNP at an appreciable rate”. All these imply that any economy in the process of economic development is likely to experience three sets of change an advance in utility with per capita being a major factor contributing to welfare; advances in education, health, energy, advances in skills, knowledge, capability and choice, self-esteem and self-respect depicting independence from domination by others and the state (see Olopade and Olopade, 2010:6, cited in Udoms et.al., 2017).

Also citing Todaro and Smith's (2003) discourse on development, Udoms et.al. (2017) correlate development with a country's capacity to reduce or eliminate poverty, inequality and unemployment within a growing economy. They utilize Dudley Seers' essay on essence of economic development to drive home their point in by posing the questions: what has been happening to poverty? What has been happening to inequality? What has been happening to unemployment? They infer that If all three of these have declined from high levels, then beyond doubt this has been a period of development for the country concerned; and that If one or two of these central problems have been growing worse especially, if all three have, it would be strange to call the result development even if per capita income doubled.

Concept of National Development

Rodney, (1972) asserts that, development in human society is a many - sided process. Arguing further, Rodney opines that: a society develops economically as its members increase jointly, their capacity for dealing with environment. This capacity for dealing with the environment is

dependent on the extent to which they understand the laws of nature (science), on the extent to which they put that understanding into practice by devising tools (technology) and on the manner in which work is organized. Based on this assertion, human resources constitute the bases for national development, capital and other productive inputs remain passive and need human beings as active agent to mobilize, accumulate and exploit them for national development. This agrees with Atakpa's (2016) assertion that economics development should be viewed to be more than the growth rate of the Gross National Product (GNP). And as opined by Todaro (1981), a country which is unable to develop the skills and knowledge of its people and utilize them effectively may find it difficult to develop any other thing. In this regard, human capital development encompasses the development of the physical and mental faculties of human beings.

National development is then viewed by Mezieobi (cited in Iheriohanma, 2003) as “quantitative and qualitative progressive transformation. Restructuring or modernization of society in social, economic, political, military, scientific and technological realms in policy is therefore a multidimensional process which encapsulates not only economic growth but also involves reduction or elimination of poverty, unemployment and inequality. This definition concord with Todaro's assertion who viewed development as “a multidimensional process involving reorganization and reorientation of the entire economic and social system”. According to Bangbose (1981), national development is usually described in terms of economic growth, attainment of economic targets, growth rate, increase in Gross National Product (GNP) or Gross Domestic Product (GDP), rise in per capita income, etc. Elugbe (1990) in his own opinion stated that, “national development refers to the growth of the nation in terms of unity, education, economic well-being, mass participation in government, etc”. Based on the following opinions, Bangbose & Elugbe seem to have agreed that national development could be seen in terms of economic growth, educational advancement, political awareness and national unity.

An Overview of Small and Medium Scale Enterprises in Akwa Ibom State

Earlier Akwa Ibom people were farmers, craftsmen and merchants. A majority of the rural populace engaged in farming (Ekpo, 2007). Other traditional occupations of the people are fishing, trading, hunting, carving, raffia works, blacksmithing, pottery, iron work, tailoring, and crafts creation. Although the entrepreneurs are mostly in subsistent quantity, it employed about 70% of the state's work force. In recent times, small and medium scale enterprises (SMSEs) occupy significant portion in the economy of Akwa Ibom State and records reveal that they occupy about 90% of the total number of enterprises. Although the SMSEs sector is confronted with constraints such as inadequate working capital and other problems, and these constitute hindrances to the growth of the sector in the State. Akwa Ibom State increased investments in the development of SMSEs in the recent years demonstrate her unwavering commitment to revitalize the sub-sector because of the vital role it plays in the state economy. For instance, SMSEs make more efficient use of inputs (raw materials, capital and indeed they can be places of learning and training grounds for people at all levels and functions, e.g. workers, managers, directors, etc.), capacities that could be used in other sectors of the economy. They facilitate the creation and use of otherwise non-existent or unused savings (Denis, 2000). In specific terms, the following constitute the major contributions of Akwa Ibom State SMSEs Sector to the National Development in Nigeria:

Stimulation of Indigenous Entrepreneurship: Faleye (1985) noted that in developing countries, SME's are one of the most effective means of stimulating indigenous entrepreneurship. They help by affording private individuals and groups to start business with minimal resource requirements and by affording them the opportunity to manage the business themselves. SMEs help to build up managerial skills in local populace.

Transformation of Traditional Industry: SMSEs help to transform the traditional and rural economies. They modernize the people's perception of life and introduce the use of machines instead of manual labour in most economic activities. In addition, the skills of traditional craftsmen

are modernized and synchronized with the development in the new industrial sector.

Creation of Employment: Without doubts, the single largest and most reliable source of employment, for the teeming population of Akwa Ibom State and Nigeria in general is presently SMSEs. The sector in Akwa Ibom State employ about 30% of the entire workforce.

Utilization of Resources: SMSEs help to mobilize resources that would otherwise remain idle in the hands of people and employ them productively. By so doing, capital formation which is a vital engine of economic growth is enlarged.

Contribute to Interstate Activities: It is generally accepted that increasing quantity of products manufactured by SMSEs in Akwa Ibom State are sold within the state and neighbouring states. Typical examples are the cain chairs, raffia products and other farm products. Okonkwo (1986) asserted that, no matter how strategic or otherwise advantageous a large-scale business may appear, SMEs are more effective in terms of employment generation, capital diffusion, the rise of entrepreneurship and regional balances.

Government Policies on Small and Medium Scale Enterprises in Nigeria

The federal Government, in order to promote small and medium scale enterprises formulate and accept different strategies and policies to strengthen the sector. Some of these policy measures include:

The Nigeria Industrial Development Bank (NIDB): The NIDB which was set up in 1964 was to provide credit and other facilities to industrial enterprises especially medium and large scale and some scale enterprises which come under its scope of financing terms which are relatively soft. The main feature of NIDB's financing was its policy of equity participation in the paid up share capital of some of the projects financed.

Small Scale Industrial Credit Guarantee Scheme (SSICGS): The Federal Military Government in 1971 set up small industries Development Programme to provide technical and financial support for the entrepreneurs. The scheme which operated as matching grant between the Federal and State Governments was designed to make credit available in liberal terms to SMIs and was managed by the states ministries of industry, trade and cooperatives.

The Nigerian Bank for Commerce and Industry (NBCI): The NBCI was setup by the Federal Government through Decree 22 of 1973 to provide, among other, financial services to indigenous business community particularly SMSEs.

The National Economic Reconstruction Fund (NERFUND): NERFUND was set up to mobilize financial resources that would enable SMSEs have better access to medium and long term loan facilities, to help them cope with the high costs of production that resulted from high cost of imported imputes and high rates of interest.

The National Directorate of Employment (NDE): The NDE was established in 1986 as another channel through which government promoted the development of SMSEs. NDE also launched a number of programmes aimed at generating self-employment.

Small and Medium Scale Industries Equity Investment Schemes (SMIEIS): SMIEIS is one of the recent financing initiatives put in place by the Bankers Committee of Nigeria. Established in 2001, the enabling act requires banks to set aside 10% of their profit before tax for equity investment in small and medium scale enterprises.

Direct Financial Assistance to Small and Medium Scale Enterprises: The Nigerian Government provides direct financial assistance to small and medium scale enterprises through

Small and Medium Enterprises Development Agency (SMEDAN): SMEDAN was set up in 2003 as a coordinating institution with a machinery to promote “sub-contracting, clustering and networking relationship” among SMSEs. SMEDAN is also expected to “establish systematic links with seven types of service categories namely: International Agencies, Training Institutes, NGO's, policy advocacy groups, Develop Finance Institutes (DFIs) Institute of Research and Development (IR & D) Institutes, and state policy agencies” (Ibbih, 2005).

Problems of Small and Medium Scale Enterprises in Akwa Ibom State

Akwa Ibom State is one of the most privileged states in the federation in terms of abundant natural, economic resources and technological- endowments. The state government locating the availability of these resources put up several strategies and policies to strengthen the growth of the SMSEs sector in the state. Despite the efforts by government, the SMSEs sectors in the state is still confronted with variety of problems for the sectoral development. Thus, the factors highlighted below are some the problems faced by the sector in Akwa Ibom State:

Lack of Capital: There is lack of capital to buy the stock and equipment. Securing of loans from the banks and financial institutions takes time and in most cases, only exist on paper. Many banks require the satisfaction of much conditionalities before loans are granted, and small and medium scale enterprises find it difficult to secure such loans. Many SMSEs are still funded through personal savings and find it difficult to have access to credit facilities by banks.

Inadequate Infrastructural Base: Availability of infrastructural facilities is grossly inadequate in Akwa Ibom State for SMSE operations. These are mainly in the areas of access roads, electricity, water supply, telecommunication and security. Private provisioning of these facilities is usually at great costs and reduces the funds available for their activities.

Lack of Entrepreneurial Skill: Organizational success is mainly hinged on available entrepreneurial skills and efficient management. Unfortunately, many SMSEs lack good management techniques, training and practices. These impact negatively on their performances. They do not keep proper accounts and records of their activities and are not in tune with the modern techniques and practices of business.

Use of Crude Techniques: There is also the problem of the use of old ideas of business management, ideas inherited from parents who founded the businesses and most of the ideas die with their originators. Some of these ideas are not scientific in nature thus, cannot cope easily with the modern day innovation, and techniques. Moreover, most of the machines used in production are old fashion and are hardly replaced with new ones.

Absence of Business Planning: The non-existence of actual planning strategies makes it difficult for some entrepreneurs to stand the changing dynamics and every unpredictable economic and business condition. Entrepreneurs fail to plan for emergencies.

Lack of Skilled Manpower: There is an insufficient supply of skilled workers. This limits the specialization opportunities as many workers are not equipped with new innovations of technologies. This problem reduces flexibility in managing operations.

Multiplicity of Policies Regulatory Measures: SMSE sector in Akwa Ibom State in particular and Nigeria in general operate under multiple policies, but, there has never been any real attempt on the part of government to formulate any lasting policy or programmes to support the SMSE sector. Most of the policies and programme initiatives do not do well to achieve the expected results.

Lack of Risk Countervailing Power: It is generally assumed that many small and medium scale enterprises in the state lack the aggressiveness to take risk and to wait through difficult times to see

their enterprises grow. This however, is unfortunate because it has been known in business circle the world over that risk management is an important criterion for business success, however often looked at as a neglected management tool.

Research Methodology

The Research Design

The study adopted descriptive and survey methods of investigation. The population for the study consists of 3.9 million people. This represents the three (3) senatorial districts of Akwa Ibom State (Eket, Uyo and Ikot Ekpene). The population was drawn from SMSEs namely hairdressers, tailors, farmers and welders from the 3 senatorial districts. The sample size comprises 600 entrepreneurs of SMSEs in the 3 senatorial districts; each senatorial district was assigned 200 respondents. The study employed cluster sampling as well as simple random sampling techniques. Cluster sampling technique was used for the selection of senatorial districts to capture the entire State. Four Local Government Areas were selected from each senatorial district using simple random sampling technique and respondents were also randomly picked from each Local Government Area (from randomly selected villages). The main research instrument used for the study is the questionnaire. The questionnaire was structurally designed in order to enhance the generation of primary data which would facilitate the answering of the research questions and the testing of the research hypotheses. The questionnaires were administered in person on the respondents in all the twelve local government areas selected for the study in Akwa Ibom State. The data obtained for the study from questionnaire were subjected to both qualitative and quantitative analyses for easy explanation, as well as, converting to numerical strength through the use of chi-square test.

Data Presentation

The study focuses attention on SMSEs' operators in Akwa Ibom State. A total of 600 copies of questionnaire were circulated in the three senatorial districts that comprise Akwa Ibom State. 50 copies of the questionnaire were distributed in each of the four local governments selected in each senatorial district. Of the 600 copies circulated, 573 were returned, which represents 95.5 percent of the sample size. However, due to reasons varying from mutilation, inappropriate responses and in some instances, blank questionnaire, seven of the returned questionnaire materials were discarded thus leaving the researcher with 566 copies of questionnaire to work with. 94.4 percent of the questionnaire were found useful.

Test of Hypothesis

The Hypothesis states that proliferation of SMSEs in Akwa Ibom State tends to bring about rapid economic development in the state.

The hypothesis is therefore broken down to null and alternate hypothesis denoted by Ho and Hi respectively.

Ho: There is no significant relationship between proliferation of SMSEs in Akwa Ibom State and rapid economic development.

Hi: There is a significant relationship between proliferation of SMSEs in Akwa Ibom State and rapid economic development.

The tool for analysis was the chi-square test (X^2).

The formula for the computation X^2 is:

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

Where X^2 = chi-square

\sum = sum of values

f_o = frequencies observed

f_e = frequencies expected

f_e is derived by

$$f_e = \frac{RT \times CT}{GT}$$

Where:

RT = roll total
 CT = column total
 GT = grand total

Table 1: Responses to question that proliferation of SMSE s in Akwa Ibom State results in economic development in the state

	SA	A	D	SD	Total
Q1	231 (160.6)	243 (172.0)	36 (103.6)	43 (116.4)	553
Q10	89 (155.7)	147 (167.1)	167 (100.0)	133 (112.8)	536
Q17	156 (159.7)	121 (171.5)	104 (103.0)	169 (155.7)	556
TOTAL	476	511	307	345	1,639

Source: Survey data generated by the researcher
 Values of expected frequencies for

Q1

$$SA = \frac{476 \times 553}{1,639} = 160.6$$

$$A = \frac{511 \times 553}{1,639} = 172.0$$

$$D = \frac{307 \times 553}{1,639} = 103.6$$

$$SD = \frac{345 \times 553}{1,639} = 116.4$$

Q17

$$SA = \frac{476 \times 550}{1,639} = 159.0$$

$$A = \frac{511 \times 550}{1,639} = 171.5$$

$$D = \frac{307 \times 550}{1,639} = 103$$

Q10

$$SA = \frac{476 \times 536}{1,639} = 155.7$$

$$A = \frac{511 \times 536}{1,639} = 167.1$$

$$D = \frac{307 \times 536}{1,639} = 100$$

$$SD = \frac{345 \times 536}{1,639} = 112.8$$

$$SD \frac{345 \times 550}{1,639} = 115.7$$

$$\frac{(231 - 1606)^2}{160.6} = 31.0$$

$$\frac{(89 - 155.7)^2}{155.7} = 28.5$$

$$\frac{(156 - 159.7)^2}{159.7} = 0.1$$

$$\frac{(243 - 172)^2}{172} = 29.3$$

$$\frac{(147 - 167.1)^2}{155.7} = 2.4$$

$$\frac{(121 - 171.5)^2}{171.5} = 14.9$$

$$\frac{(36 - 1036)^2}{103.6} = 44.1$$

$$\frac{(167 - 100)^2}{100} = 449$$

$$\frac{(104 - 103)^2}{103} = 0.0$$

$$\frac{(43 - 116.4)^2}{116.4} = 46.3$$

$$\frac{(133 - 112.8)^2}{112.8} = 3.6$$

$$\frac{(169 - 115.7)^2}{115.7} = 24.6$$

Calculated chi-square (X^2) = 269.7

Degree of freedom (df)

$$= (R-1)(C-1)$$

$$Df = (3-1)(4-1)$$

$$2 \times 3 = 6$$

Proceed to the table of X^2 distribution at $V = 6$ at 0.05 table value = 12.59.

Decision

The decision theory states that when the calculated value is greater than the table value, H_0 is rejected and H_1 accepted. In this case, H_1 is accepted, meaning that there is a significant relationship between proliferations of SMSEs in Akwa Ibom State and rapid economic development.

Discussion

In the course of carrying out this research, many observations were made. For instance, it was discovered that indeed, SMSEs abound in Akwa Ibom State and could actually form the nucleus of economic development if their potentials are properly harnessed. In their response to one of the item in the questionnaire, seeking to know if SMSEs bring about economic development in the State, majority of the respondents were in support of the opinion, as 520 out of 553 respondents answered in the affirmative. The figure represents 91.9 percent of the sample size. It means that only a handful of respondents veered from that line of thought. These responses corroborate with what Okonkwo (2005) asserted that no matter how strategic or otherwise advantageous a large business may appear, SMEs are more effective in terms of employment generation, capital diffusion etc., which promote economic development.

Conclusion

From the findings, the following conclusions are drawn:

SMSE's sector play important role in the growth as well as development of any nation's economy. In Nigeria and Akwa Ibom State in particular, SMSEs have been recognized as one of the growth agents of the economy. Its crucial role in employment, income distribution, development of local technology as well as stimulation of indigenous entrepreneurship have been well documented in development literatures.

Although governments have assisted in the SMSE sector for years through provision of the needed facilities, much is still needed to be done to support the sector to grow to expected heights. A case in point is the micro credit scheme floated by the Akwa Ibom State government, which evidence has shown that a good number of SMSE operators are not aware of, as most of the operators dwell in the rural areas. This indicates that the scheme may not have been fully utilised for the purpose it was meant for, thus, the bulk of the funds are either diverted to personal purposes by the officials or given to only their cronies. In sum, the scheme is not well managed to accommodate the entrepreneur that it was meant for.

Functional policies on SMSEs are needed to strengthen the growth of the SMSE sector in Akwa Ibom State. Over time, both federal and Akwa Ibom State governments have made good policies on SMSEs but these policies fail to capture the purposes of their formulation at the implementation stage. As such, most policies on SMSEs since Nigeria started planning her economy to include SMSEs have failed.

Recommendations

In view of the findings of the study, the following recommendations are made:

- i. In order to attain viable development height in Akwa Ibom State through SMSEs, it is imperative that policies and strategies enunciated be strengthened in order to create the enabling business environment to attract investors willing to invest in the state. Government should also review some of its current policies on SMSEs as some of the policies have not yielded positive results, and also have qualified personnel to implement and monitor the implementation of those policies effectively.
- ii. Governments should assist SMSEs by providing as well as improving infrastructural facilities and environmental limitations such as road network, water, electricity, and communication. Inefficiencies in these areas create additional costs to the operation of SMSEs.
- iii. Governments should ensure stability of macro-economic variables such as inflation rate, value of the naira, interest rate on loans, as good economic and business climate is the main step towards the availability of funds for loans. These will give room to laudable private initiatives that will assist in bridging the financing gap of SMSEs.

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