

SMALL AND MEDIUM-SCALE ENTERPRISES AS THE FULCRUM OF ECONOMIC GROWTH IN NIGERIA

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ABSTRACT

In recent times, small and medium-scale enterprises and their operations have assumed prominence especially in developing nations, such as, Nigeria, Ghana and Uganda. These small businesses have been recognized in some quarters as essential for economic growth. Other researchers view their operations as far from contributing significantly to economic growth especially those small businesses operating in the informal sector. This article therefore examined the merit of small and medium-scale enterprises (SMEs) as the fulcrum of economic growth. The study sought to examine firstly, how the activities of SMEs enhance the quantum of products and services available for consumption, secondly, how the SMEs contribute to creation of employment opportunities and thirdly, how the operations of SMEs enhance the standard of living of people in the society. Survey research design was adopted in this paper. A total of 120 small-scale enterprises engaged in agriculture, manufacturing, provision of services and trading activities in Lagos, Nigeria and Accra, Ghana were selected through random sampling and the data obtained were used to accomplish this study. Three hypotheses were formulated and tested using Statistical Package for Social Sciences and regression analysis to consummate the study. The results obtained from the hypotheses tested revealed that the activities of SMEs have significant effect on the quantum of products and services available for consumption, the operations of SMEs have significant effect on the creation of employment opportunities and the activities of SMEs have significant effect on the standard of living of people in the society. Based on the findings of the study, the paper recommended that the government of developing nations should put in place sound policy guidelines aimed at creating enabling environment for more SMEs to be established to enhance economic growth and influence substantial rise in the standard of living in the society.

Key words: *Small-scale enterprises, economic growth, productivity, standard of living*

INTRODUCTION

A small scale enterprise is defined as a business which is independent, small in size and often localized. Most small scale businesses are operated by private individuals in both the rural and urban centres and by their small nature are in close touch with the society (Onuoha, 2014). The economies of many developing countries including Nigeria and Ghana are today faced with serious challenges resulting from unemployment, poverty, social and cyber-crimes. There is also the problem of unstable government policies and regulations, sudden change in consumer needs and the effect of changing technology (Osedi, 2017). In response to these challenges, the government of developing nations are laying emphasis on creating enabling environment for more SMEs to be established. The small-scale enterprises have been recognized as the major contributors to economic growth through the establishment of more enterprises that increase the quantum of goods available for consumption, encouraging innovations and creating employment opportunities for the populace (Obi, 2015).

As far as the development of the rural and urban areas are concerned, the role of small-scale enterprises cannot be under-estimated. The government of developing nations are increasingly appreciating the importance of these small-scale ventures hence the various policies put in place by the government to encourage their growth. The small-scale businesses have the potential to

reduce the rate of unemployment and thus contribute to the Gross Domestic Product (GDP) and economic growth of the nation (Omotola, 2018). The industrialized nations which have attained technological advancement today owe their present position to the establishment of small-scale industries in the past. The small-scale businesses serve as pivot for technological take off in developing economies. They are essential in developing economies due to the fact that they create jobs for the teeming population of unemployed people in the society. The small-businesses are also making appreciable impact on poverty alleviation, enhancing rise in the standard of living of the people in the society and stemming the tide of rural-urban migration (Ogundele, 2017). Thus, this study examines the extent to which small and medium-scale enterprises (SMEs) are serving as the fulcrum of economic growth in developing nations.

Hypotheses of the study - (stated in Null form)

Hypothesis One (Ho): Activities of the small and medium-scale enterprises (SMEs) have no significant effect on the quantum of products and services available for consumption.

Hypothesis Two (Ho): Operations of SMEs have no significant effect on the creation of employment opportunities in the society.

Hypothesis Three (Ho): Operations of SMEs have no significant effect on the enhancement of standard of living of people in the society

LITERATURE REVIEW

Conceptual Clarification

Small and medium-scale enterprises (SMEs) are believed to be the drivers of economic growth especially in developing nations (Odaló, Achoki and Njuguna, 2020). The researchers postulated that the impact of SMEs on any economy is far-reaching and includes, employment generation, improvement in the standard of living in the society and provision of more abundant goods and services for consumption. Many developing economies are now focusing on the creating of enabling environment to encourage the establishment of more SMEs and to help them maintain strong growth and performance. A research carried out by Obi, Ibidunni, Atolagbe, Olokundun, Amaihian, Borishade and Peter (2018) generated data that illustrated the importance of SMEs on economic development in Nigeria. It showed that SMEs play strategic role in the promotion of economic value and increasing the standard of living of the populace. The Nigerian Government recognized and accepted the importance of SMEs and for this reason decided to design strategies that would help develop SMEs for economic benefit (Feyitimi and Temitope, 2020).

The Federal Ministry of Industries in Nigeria in (2001) defined a small and medium-scale enterprise as an enterprise whose total cost including working capital but excluding cost of land, does not fall below One Million Naira and does not exceed Forty Million Naira and should have number of employees between 11 to 35 workers. The Agency for the Promotion of Industrial Activities in Ghana also stated that a small and medium-scale business should not excel fifty million Cedi in Assets (Fika, 2018). By way of comparison, the Committee for Economic Development in the United States of America considered a business to be small when, at least, two of the following features prevail: *(a) the person managing the business is the owner, (b) capital is provided by the individual owner of the business, (c) the area of operation is local, (d) the size of the business within the industry is small when compared with the bigger units in its field.*

The World Bank defined small scale enterprise as any on-going concern whose total project cost is not more than \$30,000.00. Today these definitions have lost their relevance, at least in Nigeria and Ghana, due to the effect of inflation that has drastically reduced the purchasing power of the Naira and Cedi. It should also be noted that the definition of a small and medium-scale business varies from country to country and from industry to industry. If project cost is used as the criteria for measuring the size of a business, price inflation may render the definition meaningless over

time. If the number of employees engaged in a business forms the yardstick for measurement, it may not be realistic bearing in mind that some firms are capital intensive needing only very few employees. Other firms are labour intensive employing large number of people but utilizing only small capital fund (Osadi, 2017).

1. The Nature of Small and Medium-scale Enterprises

According to Onuoha (2014) small and medium-scale enterprises can be defined in many ways. The parameters for the definition include value of assets, number of employees, sales revenue, size of capital, and turnover rate. A small-scale enterprise is one that is independently owned and operated, and in which the owner is the sole decision maker and the overall boss (Fatai, 2018).

In general, a small scale enterprise is a business in which its owner influences the entire decision-making process and the business has relatively small market share and low capital requirement for its operation. A small scale enterprise has also been described as a small business in which the manager personally performs all the functions of management. Other authors see small scale enterprise as an establishment employing less than ten (10) workers and having capital base not exceeding N2 Million Naira. The American small business Act of 1953 also advanced its own definition. The act defined a small-scale enterprise as a business which is independently owned and operated and is not dominant in its field of operation (Nicholas, 2019).

A major characteristic of small-scale enterprises in Nigeria and Ghana relates to ownership structure which largely revolves around a key man or a family. Hence, a preponderance of the small-scale enterprises is either sole proprietorships or partnerships. Even where the registration status takes the shape of limited liability company, the true ownership structure is that of a one-man or partnership business. Policy makers and scholars such as Dozie (2016). and Lawal (2019) described the characteristics of small-scale enterprises as having the following features: Personal savings of the owner forms the start-up capital of the business; low initial capital requirement; simple technology; low level of managerial skills; difficulty in accessing external funds for establishing and running the business; keeping little or no accounting records of the business; reluctance in risk taking by the owner to expand the business; low level of education and technical expertise on the part of the business owner; little influence on the market and ownership of small market share.

2. Importance of Small and Medium-scale Enterprises

Small and medium-scale enterprises (SMEs) are very important in a nation especially in developing economies due to the fact that they serve as the drivers of economic and social development. According to the World Bank (2013), they reduce regional disparities between rural and urban areas by creating employment opportunities. According to the Central Bank of Nigeria (2003), the SMEs make use of local raw materials which do not need high level of technology to process leading to efficient and effective utilization of resources. The SMEs also stem the tide of rural-urban migration through the provision of employment opportunities to rural dwellers. SMEs use simple technology and also recycle by-products and waste from large firms as the input for their production activities. SMEs provide raw materials for larger firms thereby contributing immensely to national output (George, 2015). They also serve as source of revenue generation for the government through various forms of taxes they pay. They, in addition, serve as the means for mobilization and utilization of domestic savings in our society (Omotola, 2018).

The national policy on SMEs adopted the classification of small-scale businesses based on the dual criteria of number of employees and asset worth as given below:

S/No.	Size of Business	Number of Employees	Assets in (N Million (excluding land and building))
1	Small Enterprise	10-49	N500 to N50 million
3	Medium Enterprise	50-199	N5,000 to N500 million

Source: Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) (2013)

Onugu (2017) summarized the contribution of SMEs to an economy, especially developing ones such as Nigeria and Ghana to include: Greater utilization of local raw materials, employment generation, rural development, encouragement of entrepreneurship undertakings, mobilization of local savings, building linkages with bigger industries, provision of regional balance by spreading investments more evenly, provision of avenue for self employment and provision of opportunity for training managers and semi-skilled workers.

Some constraints in the operation of SMEs

One does not require a rigorous SWOT analysis or industry diagnostics to see that small and medium-scale enterprises (SMEs) in Nigeria and Ghana are performing poorly. There are factors inherent in the business environment that are adversely impinging upon the performance of SMEs (Nicholas, 2019).

Globally, SMEs are critical to the development of any economy as they possess potentials for reducing poverty through employment creation and income generation. This sector also improves innovation, local technology, output diversification, development of indigenous entrepreneurship and forward integration with large-scale industries (Eniola and Entebang, 2017). Furthermore, taking the picture from Nigerian environment, many people work for these small and medium-scale enterprises for subsistence and survival. Therefore, the importance of SMEs is well recognized and appreciated in Nigeria (Ogundele, 2017).

Empirical evidence shows that the key issue responsible for poor performance of many SMEs is lack of access to low interest funds. Having access to funds empowers SME operators to develop their businesses and acquire better technologies for production, thereby enhancing their performance (Lawal, 2019). SMEs in Nigeria are facing financing gap and this restricts their economic prosperity. For several reasons, large firms have competitive advantage over SMEs when it comes to borrowing from financial institutions because they are strongly established and can provide the kind of collateral securities required by lending institutions. The limited access to financing suffered by SME operators impedes their productivity and growth (George, 2015). Evidently, SMEs face credit discrimination from banks because they are usually small in size, not strongly established and have no audited financial statements and acceptable collateral securities to tender for loans from traditional banking institutions. Thus, the SME operators are compelled to make use of their meagre savings alone to finance their business.

Financing Option SMEs should Avoid

Because many SME operators do not have the kind of collateral securities required by Commercial Banks (Deposit Money Banks) in order to obtain loan to finance their business, majority of them resort to borrowing from local Shylock money lenders that charge prohibitive interest on funds (Fika, 2018). Others go to Microfinance banks where funds are also obtained at higher interest rate. In a study carried out by Oni and Uche (2020) in Lagos to find out why SME operators are reluctant to borrow from local financing outlets that are now substantially available in the large cities. The researchers engaged 120 SME operators in a rigorous opinion poll to establish the advantages and disadvantages of obtaining funds from these local sources. The finding was shocking as much as it is wicked. It was revealed that the local money lenders and some Microfinance companies lend out money at high interest rate. They demand collaterals and guarantees from the borrowers. They do not stop there. As soon as the funds are disbursed, they follow the borrowers behind the scene with African charms and amulets to make it impossible for such borrowers to pay back the money. When the money is not paid back on time, they foreclose the collaterals and subject the guarantors of the borrowers to endless harassment (Oni and Uche, 2020).

Problems and Challenges of Small Businesses in Nigeria and Ghana

Small scale enterprises in Nigeria and Ghana have financing challenges. Almost always, the only source of fund for the entrepreneur is his own personal savings and, sometimes, little borrowing from friends and relatives (Singh, 2016). The business cannot easily attract loan from the traditional commercial banks (or deposit money banks) because the entrepreneur cannot provide the collateral securities required for commercial bank lending. Today, microfinance banks are in the lending scene and they are trying to fill this gap left by the commercial banks but they are yet to make appreciable impact in satisfying the financing needs of small-scale businesses in Nigeria without subjecting them to rigorous lending conditions (Lawal, 2027).

There is also managerial challenge arising from the fact that most small-scale enterprises are owned and run by individuals that do not possess high level of education and managerial skills. Therefore, lack of prudent management skills is one of the major problems facing the small-scale enterprises in Nigeria and Ghana. Personnel issue tends to revolve around the selection, training and development of the workforce. With respect to recruitment and selection of prospective applicants for a job, most entrepreneurs do not pass through objective selection process. It is a common phenomenon to see entrepreneurs recruiting relatives and friends who do not possess the right skills and savvy required to make the business a success. It is a dangerous business practice to recruit people without the skills needed for production. Those people will simply remain in the organization earning money and contributing nothing to actual productivity (Onugu, 2017).

There is also a challenge in actual manufacturing. Production starts from the raw material which constitutes the basic input into the production process. Most small scale enterprises do not have the required raw material input to further their production activities. The reason being that they lack the funds for the procurement of quality raw material. Furthermore, they cannot compete with large and well-established firms in the acquisition of raw material input. The local entrepreneurs cannot afford to acquire specialized machinery and equipment required for quality production. The small-scale entrepreneurs cannot avail themselves of skilled technicians who would naturally demand higher salaries they cannot afford to pay (George, 2015).

Other challenges include lack of adequate information for planning, decision-making and forecasting the future of the business. Also, political instability which makes economic policies unstable, underdevelopment of infrastructure and inadequate supply of industrial manpower hamper the growth and development of the small-scale enterprises. The entrepreneur has no adequate capital back up, he cannot undertake proper marketing research for his product. He will find it difficult to identify his channel of distribution, and does not have adequate funds to compensate the sales personnel and pay for other marketing services. Making sales requires advertising and sales promotion, the entrepreneur is, most of the time, unwilling and reluctant to spend substantially on advertising and sales promotion activities. Osedi, (2017) identified other factors responsible for small business failures in Nigeria to include corruption, lack of financial support, limited management experience, poor infrastructural facilities, lack of opportunity for training and inadequate record keeping, low demand for products and services and consumption of too much cash for personal use by the entrepreneur – owner of the small-scale business.

Theoretical Review

Developmental Theory of Entrepreneurship and Small Business Management

Developmental theory of entrepreneurship views entrepreneurship as an extension of the process of occupational choice on the part of individuals. This, in turn, is part of each individual's struggle for adequate life adjustment and, as such, supportive training and development must be given to such individuals (Fika, 2018). The developmental approach focuses on the development of entrepreneurial skills for successful entrepreneurial activities. At the macro level, it involves training the entrepreneur to be aware and to recognize opportunities in the business environment and to be able to cash in on such opportunities. At the micro level, its focus includes; motivation, education and work experience. This approach envisaged the positive effects of training and development on several determinants that affect entrepreneurship success (Onuoha, 2014). The

National Directorate of Employment (NDE) in Nigeria adopted developmental theory of entrepreneurship and also provided funds for the trained entrepreneurs to start a business, thus providing both developmental and financial opportunities.

Innovation Theory of Entrepreneurship and Small Business Management

Innovation theory of entrepreneurship is credited to Schumpeter (1934). According to the Author, innovation is the major force behind entrepreneurship. Every growth oriented venture is a function of innovation and without innovation, the theory of entrepreneurship is non-existent. To buttress this point, Schumpeter compared the theory with the bourgeois society which created a schema of motives that bears the characteristics of both simplicity and force. The promises of wealth and the threats of destitution that it holds out redeems with ruthless response whenever the way of life of the bourgeois is threatened by the manifestations of the social order. Schumpeter stated further that the fundamental impulse that sets and keeps the capitalist engine in motion comes from new consumer goods, new methods of production or new methods of moving goods from one place to another. Innovations brought about through the creation of new products, new markets and new industrial organizations are what entrepreneurship is all about (Schumpeter, 1987). Schumpeter also defined entrepreneurship as a fundamental factor in the economic development process and contended that an entrepreneur is an innovator who is totally different from the bureaucratic executive of an organization merely concerned with running a venture. An entrepreneur must not necessarily be a development planner but should be able to manipulate a specific enterprise that is already in existence and carve new things out of its original form. Baumol (1993) strongly supported Schumpeter by drawing a distinction between an organizing and an innovating entrepreneur. According to him, an organizing entrepreneur creates, organizes and operates a new business firm while an innovating entrepreneur transforms ideas into viable business activities. Thus this study is in line with Schumpeter's theory and emphasizes that SME operators must be both innovative and creative for their businesses to thrive.

Empirical Evidence

In Nigeria and Ghana, the government recognizes the small-scale enterprises as the fulcrum of economic growth and national development. For this reason, the government has taken a number of steps to encourage the establishment of more small-scale enterprises in these two countries. Some of these efforts include; the creation of enabling environment for small businesses to thrive. The government has liberalized the existing regulatory framework and also provided physical infrastructure such as water electricity and road network to facilitate the establishment and operation of small-scale enterprises. Research findings are being disseminated cheaply to small scale enterprises. Creation of market for the products of small scale enterprises is being done through the policy of "Buy Made in Nigeria Goods Only". Manpower training institutions such as Administrative Staff College of Nigeria (ASCON), Centre for Management Development (CMD), Polytechnics and the Universities provide training for both the entrepreneurs and the generality of workers.

Moreover, government is encouraging the small-scale enterprises by providing incentives through the financial institutions which grant them micro-credits (CBN, 1966). Such credit granting institutions include: National Economic Reconstruction Fund (NERFUND), Microfinance Banks and National Export and Import Bank (EXIM) (Fatai, 2018).

Other sources of funding made possible by the policy of the government are: Government banks and commercial banks providing short and medium-term financing, Development Banks (e.g. Mortgage Bank and Bank of Industry). The Bankers' Committee intervened in 2001 with a scheme termed the Small and Medium Industries Equity Investment Scheme (SMIEIS). The scheme is expected to aid small and medium-scale industries play the role of promoting rapid industrialization, poverty alleviation, employment generation and sustainable economic development (Lawal, 2017). The scheme will also help entrepreneurs to establish new and viable

projects. Alternative sources of funding include; independent fund manager, which is an investment advisory company established by African Capital Alliance providing equity investment in Nigeria for small scale enterprises. Also available are: Bank of Industry, the New Partnership for African Development (NEPAD) and African Growth and Opportunity Act (AGOA), an initiative of the United States of America.

Furthermore, data from the Federal Office of Statistics in Nigeria confirmed that about 87% of the entire enterprises in the country are small-scale enterprises and they employ an average of 50% of the working population as well as contributing about 50% of the country's industrial output (Lawal, 2010) and (Fatai, 2018) averred that the small-scale enterprises in Nigeria are not only catalysts of economic growth and national development but are also the bedrock of community well-being and improvement in the standard of living of the people.

METHODOLOGY

This study adopted survey research design which involved gathering data through structured questionnaire, holding interview sessions and personal observation. The hard data obtained were analyzed with tables and percentages. The three hypotheses formulated for the study were tested using Statistical Package for Social Sciences (SPSS) and regression analysis. A total of 120 small-scale enterprises engaged in agriculture, manufacturing, provision of service and trading activities were selected through random sampling method. Questionnaire instrument was used to gather data from the operators of the small businesses.

Validity of the instrument

The content validity was used for this study. Content validity tries to establish whether or not the instrument contains all the necessary elements that enable the researcher to measure correctly the attributes of interest. Thus, the questionnaire items were vetted by prominent authors in the field such as; Crusher (2010) and Dozie (1995). Other experts in this research area were given access to the draft questionnaire in order to provide feedback on the adequacy of the contents in measuring the constructs.

Reliability of the Research Instrument

Reliability test used for this research is the internal consistency technique. The Cronbach alpha (α) is the most popularly used measure of internal consistency (Pallant 2005). The Cronbach Alpha internal consistency of the items in the questionnaire was analysed using the reliability procedure in SPSS version 22. The Cronbach alpha value (α) obtained was 0.792 which established that the instrument is reliable.

Response rate of Respondents on Questionnaire Administration

Table 1:

Questionnaire	Responses	Percentage
Number Administered	135	100%
Number Returned	120	88%
Number Not Returned	15	12%
Total	135	

Source: Researcher's field study result (2022)

Demographic Characteristics of Respondents

Table 2:

	Gender	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	101	84.2	84.2	84.2
	Female	19	15.8	15.8	100.0
	Total	120	100.0	100.0	

	Age	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below 25years	69	57.5	57.5	57.5
	26-35years	14	11.7	11.7	69.2
	36-45years	16	13.3	13.3	82.5
	46-55years	21	17.5	17.5	100.0
	Total	120	100.0	100.0	
	Educational Qualification	Frequency	Percent	Valid Percent	Cumulative Percentage
Valid	OND/Diploma	22	18.3	18.3	18.3
	HND	82	68.3	68.3	86.7
	B.Sc.	16	13.3	13.3	100.0
	Total	120	100.0	100.0	
	Nationality	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Nigerian	117	97.5	97.5	97.5
	Non-Nigerian	3	2.5	2.5	100.0
	Total	120	100.0	100.0	
	Experience	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below 1 year	33	27.5	27.5	27.5
	1-3years	8	6.7	6.7	34.2
	4-6years	39	32.5	32.5	66.7
	7-10years	8	6.7	6.7	73.3
	Above 10years	32	26.7	26.7	100.0
	Total	120	100.0	100.0	

Source: Researcher's Field Study Result (2022)

Testing of Hypotheses

Hypothesis One

Ho: Activities of the small and medium-scale enterprises (SMEs) have no significant effect on the quantum of products and services available for consumption.

Hi: Activities of the small and medium-scale enterprises (SMEs) have significant effect on the quantum of products and services available for consumption.

Table 3: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.286 ^a	.082	.074	6.89193

a. Predictors: (Constant), Activities of small-scale enterprises

Table 4: ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	497.950	1	497.950	10.483	.002 ^b
	Residual	5604.850	118	47.499		
	Total	6102.800	119			

a. Dependent Variable: Quantum of products and services

b. Predictors: (Constant), Activities of small-scale enterprises

Table 5: Coefficients^a

Model	Unstandardized Coefficients	Standardized Coefficients	T	Sig.

		B	Std. Error	Beta		
1	(Constant)	12.360	2.562		4.825	.000
	Activities of small-scale enterprises	.509	.157	.286	3.238	.002

a. Dependent Variable: Quantum of products and services

In this study, 8.2 % of the variation in quantum of products and services is determined by the activities of small-scale enterprises. The null hypothesis one which stated that 'activities of small-scale enterprises have no significant effect on the quantum of products and services' was rejected at $R=0.286$, $R^2=-0.08$, $F_{(1, 119)} = 10.483$; $p<.05$. This implies that activities of small-scale enterprises have significant effect on the quantum of products and services available for consumption.

Hypothesis Two

Ho: Operations of SMEs have no significant effect on the creation of employment opportunities in the society.

Hi: Operations of SMEs have significant effect on the creation of employment opportunities in the society.

Table 6: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.181 ^a	.033	.025	7.07288

a. Predictors: (Constant), Operation of SMEs

Table 7: ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	199.781	1	199.781	3.994	.048 ^b
	Residual	5903.019	118	50.026		
	Total	6102.800	119			

a. Dependent Variable: Creation of employment opportunities

b. Predictors: (Constant), Operation of SMEs

Table 8: Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	15.724	2.427		6.477	.000
	Operation of SMEs	.375	.188	.181	1.998	.048

a. Dependent Variable: Creation of employment opportunities

In this study, 3.3% of the variation in creation of employment opportunities is determined by the level of operation of the SMEs. The null hypothesis two which stated that 'there is no significant effect of the operation of SMEs on the creation of employment opportunities' was rejected at $R= .181$, $R^2=-.033$, $F_{(1, 119)} = 3.994$; $p<.05$. This implies that there is a significant effect of the operation of the SMEs on the creation of employment opportunities.

Research Hypothesis Three

Ho: Operation of SMEs have no significant effect on the standard of living of people in the

society

Hi: Operation of SMEs have significant effect on the standard of living of people in the society

Table 9: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.374	.1398	.039	4.24468

a. Predictors: (Constant), Operation of SMEs

Table 10: ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	276.118	1	276.118	5.33	.001 ^b
	Residual	6096.682	118	51.667		
	Total	6372.824	119			

a. Dependent Variable: Standard of living

b. Predictors: (Constant), Operation of SMEs

Table 11: Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	21.300	2.697		7.899	.000
	Operation of SMEs	.052	.152	-.032	344	.731

a. Dependent Variable: Standard of living

In this study, 3.4% of the variation in the standard of living of the people is determined by the operation of SMEs. The null hypothesis three which stated that 'there is no significant effect of the operation of SMEs on the standard of living of the people in the society was rejected at $R=0.374$ $R^2=0.139$, $F_{(1, 119)} = 5.33$; $p<.05$. This implies that there is a significant effect of the operation of SMEs on the standard of living of the simpart of continuous improvement on product quality

Results of the Study

Hypothesis One

Null hypothesis one which stated that 'activities of the small and medium-scale enterprises (SMEs) have no significant effect on the quantum of products and services available for consumption' was rejected at $R^2=0.233$, $F_{(1, 119)} = 2.284$; $p<.05$. This implies that the activities of SMEs have significant effect on the quantum of products and services available for consumption.

Hypothesis Two

Null hypothesis two which stated that 'the operation of SMEs has no significant effect on the creation of employment opportunities in the society' was rejected at $R^2=0.112$, $F_{(1, 119)} = 1.535$; $p<.05$. This implies that the operation of SMEs has significant effect on the creation of employment opportunities in the society.

Hypothesis Three

Null hypothesis three which stated that 'operation of the SMEs has no significant effect on the standard of living of people in the society was rejected at $R^2=0.183$, $F_{(1, 119)} = 2.743$; $p<.05$. This

implies that the operation of SMEs has significant effect on the standard of living of people in the society.

CONCLUSION AND RECOMMENDATION

Small and medium-scale enterprises and their operations have assumed increasing importance especially in developing nations such as Nigeria, Ghana and Uganda. These small businesses have been recognized as essential for economic growth. The SMEs are major contributors to economic growth through the establishment of more enterprises that increase the quantum of goods available for consumption, encouraging innovations and creating employment opportunities for the populace. As far as development of the rural and urban areas are concerned, the role of small-scale enterprises cannot be under-estimated. The government of developing nations are increasingly appreciating the importance of these small-scale ventures hence the various policies put in place by the government to encourage their growth. The small-scale businesses have the potential to reduce the rate of unemployment and thus contribute to the Gross Domestic Product (GDP) and economic growth of the nation. Based on the findings of the study, the paper recommended that the government of developing nations should put in place sound policy guidelines aimed at creating enabling environment for more SMEs to be established to enhance economic growth and influence substantial rise in the standard of living in the society.

MANAGERIAL IMPLICATIONS

If the government implements its new policy guidelines on the acquisition of funds, entrepreneurs and managers of small and medium-scale enterprises can access new credits for improving their operations. This will lead to increased volume of products in the economy. Under this trend, the standard of living of the people will be positively affected. Entrepreneurs and managers of small businesses should therefore join voice in appealing to the government and its agencies to create enabling environment for low interest funds to reach owners of small businesses in the interest of economic growth.

SUGGESTIONS FOR FURTHER RESEARCH

This study examined the contribution of small and medium-scale enterprises to economic growth. The small businesses create employment opportunities for the teeming population of unemployed people in our society. Their operations impact the standard of living of the people and lead to economic growth. Further research in this area can focus attention on how to organize the activities of the small businesses to create vertical linkage with big manufacturing firms for the supply of raw materials to reduce mass importation of manufacturing inputs from foreign countries to save foreign exchange.

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