**THE GOVERNMENT AND PRIVATE SECTOR DEVELOPMENT IN NIGERIA: A FOCUS ON SMALL AND MEDIUM SCALE ENTERPRISES**

**ABSTRACT**

The development of the private sector, especially small and medium-scale enterprises (SMEs), in any nation is crucial for economic growth and socio-economic development of such a nation. For the private sector to function well, it is imperative for the government to play a major role by providing protection and creating an atmosphere conducive for the private sector to operate. The work examined the role of the government in private sector development in Nigeria. It observed that the Nigerian government has failed to use its police power effectively to abate the challenges facing the sector and enhance its development. It is the view of this work that the private sector is likely to show greater success when there is a genuine commitment on the part of the government to regulate and monitor the activities of the sector. On the whole, both historical and explorative methods were used in comprehending the phenomena under discourse. It recommended, among others, that for government efforts towards private sector development to create the necessary impact, the government needs to use its power to provide productive opportunities to citizens to invest.

**Keywords:** Development, Government, Nigeria, Police power, Private sector

**Introduction**

The government is the sole entity that, by its very nature, origins, and aims, represents all citizens and, as a result, may impose its policies on all people and institutions in the state to directly impact their behaviour. One of its goals is to promote national interests and offer a high standard of living for its residents. Governments, among others, collaborate with and through the private sector to attain this goal. To put it another way, the government must continue to implement policies and programmes that stimulate private sector participation and contribute to the development process. Governments and the business sector have or hold this purpose in common.

Governments establish circumstances and develop social and economic structures, as well as strategies, to help citizens mobilise for effective and productive purposes in order to achieve this goal. They give security and stability, which promotes economic development. Both governments and their business sectors engage in a form of mutualism that encourages future development in order to alleviate poverty, hunger, sickness, and human misery. Nigeria's government, like all other governments around the world, has the same goal. The importance of the private sector in economic development is becoming increasingly recognised. The private sector plays an important role in a variety of ways, including job creation. It is a growth-promoting sector that not only helps to raise living standards, but also contributes considerably to local capital formation and drives innovation and competitiveness in developing economies. Through financial allocations, regulations, and statements, the Nigerian government has exhibited interest in and acknowledgment of the vital role of the private sector, particularly small and medium-sized firms (SMEs), in the economy, and has accordingly developed measures to energise the sector.

Fiscal incentives, subsidies, support and aids from bilateral and multilateral agencies, as well as the establishment of specialised institutions, have all been used in order to help the sector thrive. Despite the government's efforts at all levels in Nigeria to improve the performance of the private sector, particularly small and medium firms, the expected outcomes are still a long way off, since the sector has yet to have a substantial impact on Nigeria's economy due to its poor performance. According to studies, the majority of SMEs in the country expire within the first five years. Between the sixth and tenth years of their lives, a lower fraction perishes, with only five to ten percent surviving, thriving, and maturing. To that purpose, the study appraises efforts of government towardt the private sector development issues as well as what the government has done to help and sustain private sector development in Nigeria.

**The statement of the problem**

Small and Medium Businesses are organizations that have lower capital base, turnover employment size and non sophisticated management style. Small and Medium Businesses (SMEs) are accorded great importance in both developing and developed nations. Their importances had been long realized by United Nations Organization and have taken steps to boost their activities through the establishment of agencies such as United Nations Development Programme (UNDP) and United Nations Industrial Development organizations (UNIDO).

In Nigeria, it is estimated that SMEs account to about 80 percent of the total manufacturing output especially in agricultural sector. SMEs are known to be very active in promoting increased use of local outputs into either intermediate or final output. SMEs have successfully adopted imported machinery for local usage, thus positioning themselves as veritable tools for promoting technical know-how and developing indigenous technology. They help in mitigating rural urban drift.

In an attempt to reverse the declining nation’s economy, the current government policy of private sector led growth for job and wealth creation is aimed at developing Small and medium Scale Enterprises (SMEs). Small and Medium Scale Enterprises are subsectors of the industrial development (Ahmed, 2006). Following the adoption of Economic reform programme in Nigeria in 1981, there have been several decisions to switch from capital intensive and large scale industrial projects which was based on the philosophy of import development to Small and medium Scale Enterprises which have better prospects for developing domestic economy, thereby generating the required goods and services that will propel the economy of Nigeria towards development.

Hence, the need for Small and Medium Scale Enterprises (SMEs) became a reality as a means of ensuring self independent, employment creation, import substitution, effective and efficient utilization of raw materials and contribution to the economic development of the nation, Nigeria. All the foretasted benefits of Small and Medium Scale Enterprises cannot be achieved without the direct intervention of the government and financial institutions. Over the years a number of policies have been formulated by the government with a view to developing Small and Medium Scale Enterprises. In spite of the numerous policies made by the government at various levels to strengthen and encourage the growth of small and medium scale enterprises, the sector is still being faced with numerous challenges such as infrastructural inadequacies, poor business climate, constrained access to money and capital market and weak regulatory institutions among others. This has resulted in a dwindling performance of SMEs or extinction of such SMEs within a very short time after their establishment. For instance, in Nigeria just as it is in Akwa Ibom State, most SMEs die within their first five years of existence, a smaller percent goes into extinction between the sixth and tenth year while only about five to ten percent survive, thrive and grow to maturity. The work was carried to identify factors militating against the growth of SMEs in Akwa Ibom State despite government’s effort to promote their growth

**Research questions**

i. How does weak regulatory institution affect the growth of smes in akwa ibom state?

ii. What is the relationship between inadequate funding and SMEs performance?

iii. Is there any relationship between poor business environment and SMEs performance?

iv. To what extent has lack of infrastructure affected the performance of SMEs in Akwa Ibom State?

**Objective of the study**

The general objectives of this study is to examine the role of Nigerian government in promoting private sector development

The specific objectives include

i. To determine the relationship between weak institutions and sustainability of SMEs.

ii. To determine the relationship between inadequate funding and sustainabililty of SMEs.

iii. To determine the relationship between business environment and sustenance of SMEs.

iv. To determine the relationship between lack of improved structural development and sustainability of SMEs.

**A Review of the Literature:**

The private sector is made up of organisations and businesses that are not owned or controlled by the government and that provide goods and services without receiving government funding. It is the sector of the economy in which the factors of production are owned by a single person or a group of persons with the goal of maximising profit. (Slahub, 2013). The private sector was created primarily to profit from activities that produce products and services (Bella, Grant, Kindornay, and Tissot, 2013). Financial institutions and intermediaries, small and medium-sized firms (SMEs), individual entrepreneurs, farmers, cooperatives, and large corporations, according to Bella et al. (2013), operate in both the formal and informal sectors (Bella et al. 2013). In Nigeria, the private sector is defined as any self-employed person or labour employer who is not a government or public sector employee (Jerome, 1999). It is made up of a diverse mix of huge multinational firms and a large number of micro, small, and medium-sized businesses (MSMEs) (Edem, 2016). Small and medium-scale enterprises (SMEs), on the other hand, are those aspects of a business venture that are undertaken by small financial holders, according to Fayomi (2004). Small and medium-sized businesses (SMEs) are widely regarded as critical components of the private sector.

**SMEs and economic development**

Small and medium-sized businesses are widely considered to be the true fabric of a country's economy (Onuoha, 2010). Dynamic and growing SMEs’ sub-sector contributes substantially to wide range of development objectives such as efficient and effective use of resources, mobilization of domestic savings for investments, employment generation, development of indigenous entrepreneurship and technology as well as income distribution, among others(Sanni, 2009; Uwonda, 2013 and Olorunshola, 2014). Due to the high unemployment rate in the country, they encourage industrial expansion and job creation, resulting in a stronger economy. The SMEs employ a considerable share of the workforce in both developed and developing countries (Sanusi, 2003). In a similar line, according to Ekpo, Udoidem, and Acha (2017), SMEs accounted for 98 percent of total employment in Indonesia, 81 percent in Japan, and 87 percent in Bangladesh. In Kenya, Zambia, Ivory Coast, South Africa, Cameroon, etc. Small businesses account for 38%, 37%, 33%, 21% and 19% of the new jobs created, respectively (World Bank 2018). In Nigeria, the available statistics shows that as of December 2017, small and medium scale businesses provide about 3 million jobs (National Bureau of Statistics, 2019). Though it is argued that substantial numbers of jobs created by SMEs are low paying, but they help to improve people's living standards and overall quality of life by making it possible for families to survive, educate their kids and in some instances move out of poverty (Lawal, Ajonbadi & Otokiti, 2014) SMEs in Ghana account for over 40% of the country's gross domestic product (GDP) (Dimoji and Onwumere, 2016). Apart from providing around 90% of employment in developing countries (both formal and informal jobs), SMEs also delivers critical goods and services, and contributes to tax revenues and the efficient flow of capital (Avis, 2016): Small businesses are accredited as the seed bed of industrial development. Small businesses are fast becoming engines of innovation (De Massis et al, 2018). In Nigeria SMEs is instrumental to local technology development: They help with the provision of machines that can construct oil drilling and compressor equipment, block moulders, bakery and soap-making equipment, and farm tools like hoes, cutlasses, and knives, among other things. They equally engage in local raw material exploration and utilization by assisting in the processing of agricultural goods as well as the extraction of minerals such as sand, gravel, granite, stone, and other similar materials. They encourage infrastructure development. Through their efforts, government is challenged to extend road building and maintenance, as well as electricity, water, and other facilities, to rural communities. SMEs play a crucial role in promoting indigenous industries' growth and development. For example, if a pure water firm opens in a new location, it will require printers to print the company's name, batch number, nylon bag production, sign writing, and other materials. The SMEs promote local skills and workforce development by supporting the training of company workers and promote managerial training for skilled, unskilled, and semi-skilled personnel. In recent times, as Omotayo, (2015) observes, small businesses have increasingly become important transfer channels. Their ability to manage the knowledge transfer process plays an important role in their survival (Durst and Wilhelm, 2012, p.646). In Nigeria, SMEs besides their income creation for the larger proportion of the country’s citizens, it is also acknowledged as the medium for indigenous entrepreneurial capabilities, industrial innovativeness, practical skills and organizational skills for business sector development (Abdullahi, Tahir, Aliyu and Abubakar, 2015). SMEs support industrialisation programmes that foster a country's rural-urban economic balance.They also account for roughly 61 percent of national GDP and 58 percent of employment (Effiom and Edet, 2010)

**Empirical literature**

Maunganidze (2013) focused on the government's participation in the establishment and development of Zimbabwe's small and medium sized firms (SMEs). It was discovered that a large number of regulations and policies affecting small businesses are politically motivated and are nothing more than talk shows, especially when an election is approaching and government institutions tasked with SME growth are not appropriately funded by the Treasury. Adebisi and Gbegi (2013) investigated the impact of various taxes on SME survival in Nigeria, finding that multiple taxes have a detrimental impact on SME survival and that there is a substantial association between SME size and its ability to pay taxes. According to the study, the government should create universal tax policies that encourage the growth of SMEs and make the size of SMEs a basis for determining tax policies. Adejumo and Olaoye (2012) evaluated the ability of Nigeria's industrial development centres (IDCs) to support SSBs. According to the report, the government underfunded each of the designated IDCs to carry out the function given to the development of SSBs in the geographical areas where they were founded. Oni and Daniya (2012) evaluated the government's and other financial institutions' roles in the development of SMEs in Nigeria, notably microfinance institutions. It was discovered that financial institutions provide the essential financial assistance to help SMEs develop, but that the government must do more in the area of policy design to complement financial institutions' efforts.

In Imo State, Nigeria, Onwukwe and Ifeanacho (2011) evaluated the impact of government intervention on SME growth and found that, despite the various specialised institutions in charge of microcredit and policy instruments, SMEs are hampered in contributing to meaningful economic development by the gap between policy and policy implementation. Hassan and Olaniran (2011) investigated the role of support institutions in the development of SMEs in Nigeria, with a focus on the industrial development centre (IDC). Osogbo. The results reveal that the aid institutions have made a significant contribution to the promotion of SMEs and the development of entrepreneurship.

**Efforts of Nigerian Government in Private Sector Development**

The Structural Adjustment Programme (SAP) was implemented in 1986, and it transferred the emphasis to the private sector as the engine of economic progress. Aside from that, the government has implemented reform programmes targeted at increasing private sector participation in economic activities. These include some macroeconomic policies; deregulation, with a focus on the power, telecommunications, and downstream petroleum sectors; financial sector reforms; and privatization (Amah, 2007; Afolabi, 2015). Government also undertook funding initiatives of SMEs. One of such funding initiatives is the N220 billion Micro, Small and Medium Enterprises Development Fund (MSMEDF), the N75 billion Survival Fund and other government schemes (Ekanem,2020). Furthermore, the government has formulated policies at various times to support, protect, and improve the growth of the private sector, particularly SMEs, in the country (Jimodu, 1998; Kayode, 2001; and Hassan, 2003). In similar vein, Anochie, Ude, and Egbo (2015; and Afolabi (2015), have enumerated some of the Nigerian government's initiatives to develop the private sector, including:

i. The Nigerian Bank for Commerce and Industry was established (NBCI)

ii. The Nigerian Central Bank's Special Credit Programme for Small and Medium-Sized Enterprises was launched (SMEs)

iii. Small and medium-sized companies (SME) assistance from the World Bank is being negotiated.

iv. The Nigerian Agricultural Cooperative and Rural Development Bank was established.

v. Microfinance banks are being established.

vi. Nigeria's Small and Medium Enterprises Development Agency was established.

vii. The National Directorate of Employment (NDE) was established (SMEDAN)

viii. Entrepreneurship Development Centers are being established (EDCs)

ix. In Nigeria, the establishment of a youth enterprise that is innovative is underway (YOUWIN)

Government has also established a number of institutions to assist SMEs. These are

a. Industrial Development Centres (IDCs)

b. National Directorate of Employment (NDE):

c.. The Federal Institute of Industrial Research (FIIR)

Despite SMEs contribution to socioeconomic development of a nation, United Nations Industrial Development Organization (UNIDO,2017) said studies on SMEs’ survival in Nigeria show that only 20% of SMEs manage to survive in Nigeria due to uncertain policy climate, a risky investing environment, incentives for industrial development are insufficient, infrastructural development is lacking, poor access to industry data and statistics, as well as policies, plans of action, regulatory legislation, investment opportunities, and export regulations and insufficient funds.

**Theoretical Foundation**

The rise of capitalism bolstered the hands of the neoliberals while weakening the interventionist argument of dependency theorists. The neoliberals believed that, rather than being caused by their incorporation into the web of Western capitalism, the Third World's underdevelopment was caused by wasteful state intervention, which manifested itself in corruption, inefficiencies, bureaucratic bottlenecks, rent-seeking, and parasitic ruling elites, among other things. The only way out is to decrease government intervention in the economy to the bare minimum. The government should be satisfied to operate as an umpire, regulating the activities of investors while they compete with one another. Neoliberals have traditionally hailed the growth of the Asian tigers as an example of what limited state intervention in Third World economies can achieve. The neoclassical counterrevolution was backed by the World Bank and the IMF, as well as other international aid agencies (Obi, Iwuoha, Peter and Obijuru 2016).

Neoliberalism is a political economy theory that contends that the greatest way to enhance human well-being is to allow individuals to exercise their entrepreneurial freedoms and abilities within an institutional framework that emphasises strong private property rights, free markets, and free trade. The state's responsibility is to establish and maintain an institutional structure that is conducive to such behaviours. It must also establish the military, defence, police, and legal institutions and functions necessary to protect private property rights and ensure the correct functioning of markets, if necessary through force. Furthermore, if markets do not exist in sectors such as land, water, education, health care, social security, or pollution, they must be developed, maybe by government intervention.

However, the state should not go beyond these responsibilities. Once established, state intervention in the market should be kept to a bare minimum because, according to the theory, the state cannot possibly have enough information to second-guess market signals (prices), and powerful interest groups will inevitably distort and bias state interventions for their own benefit, particularly in democracies (Harvey, 2005, p. 220). Neoliberalism is a loosely defined set of political beliefs, the most prominent and paradigmatic of which is the belief that the state's main legitimate role is to protect individual rights, particularly commercial liberty and strong private property rights (Mises 1962, Nozich 1974, Hayek 1979).

**Research Methodology**

The work adopted both descriptive and survey methods to gather facts for the study. The adoption of descriptive method was to describe the phenomenon under study as it existed. On the other hand, the use of survey method which specifically involved the administration of questionnaire was warranted by the fact that there was no control over factors that affected the population of characteristics of interest in the study. The population of the study consisted of 1268 small and medium scale enterprises operators and employees. A total of 312 SMEs that were functional and had not less than 3 workers constituted a sample frame for this work. The information was derived from the list of all registered SMES operating in Akwa Ibom State and was provided by Ministry of Trade and Investment, Uyo. The list contained the registered names of SMEs, the addresses and locations, and the phone numbers which made it a bit easier for the researcher to have their contacts. Sample size of 600 respondents was chosen through the purposive and simple random sampling techniques. The purposive sampling was used so that some of the operators of the SMEs that were quite relevant to this study were included. When the questionnaire was administered, it was only 562 respondents that completed and returned the copies of questionnaire sent to them. As a result, the study sample is made up of 562 respondents. The statistical analyses of the hypotheses were done through the adoption of the Pearson Product Moment Correlation Coefficient (r) to explore the relationship between the two variables measured continuously.

**The hypotheses**

i. There is no significant relationship between weak institutions for industrial development and sustenance of SMEs.

ii. There is no significant relationship between inadequate funding and sustenance of SMEs.

iii. There is no significant relationship between business climate and sustenance of SMEs.

iv. There is no significant relationship between lack of improved structural development and sustenance of SMEs.

**Hypothesis 1:**

Ho:There is no significant relationship between weak institutions for industrial development and sustenance of SMEs.

|  |  |  |  |
| --- | --- | --- | --- |
| Table 1: Pearson Product Moment Correlation (PPMC) analysis between weak institution for industrial development and sustenance of SMES  **Correlations** | | | |
|  | | WEAK INSTITUTION \_X\_1 | SUSTENANCE\_Y |
| INADEQUATE\_INCENTIVE\_X\_1 | Pearson Correlation | 1 | .842\*\* |
| Sig. (2-tailed) |  | .000 |
| N | 562 | 562 |
| SUSTENANCE\_Y | Pearson Correlation | .842\*\* | 1 |
| Sig. (2-tailed) | .000 |  |
| N | 562 | 562 |
| \*\*. Correlation is significant at the 0.05 level (2-tailed). | | | |

Source: Statistical Package for Social Science (SPSS- Ver. 25.0).

Decision rule:when r = 1, there is a perfect relationship between the two variables x and y. this implies that when x increases, y increases. Accordingly, when r = -1, there is a perfect negative relationship between the two variables x and y, hence, when x increases, y decreases and vice versa.

The Pearson Product Moment Correlation (PPMC) analysis on weak institutions for industrial development and sustenance of SMES has revealed a high correlation coefficient of 0.842. The implication of the correlation value based on the decision rule is that the relationship between the two variables is significant. This further means that the weaker the institutions for industrial development will amount to poor sustenance of SMES. Moreso, a p value of (p=0.000) obtained is less than 0.05 (p< 0.05) which means that based on the PPMC result, there is a significant relationship between weak institutions for industrial development and sustenance of SMES.

In this case, it can be affirmed that there is a significant relationship between weak institutions for industrial development and sustenance of SMES. Hence, the null hypothesis that was stated that, there is no significant relationship between weak institutions for industrial development and sustenance of SMES is rejected.

The study by Onwukwe and Ifeanacho (2011) tends to support this fact when it points out that, despite the existence of different specialised organisations in charge of microcredit and policy instruments for the growth of SMEs, there is still a significant gap between policy and policy implementation in Nigeria. Okereke, 1999 attributed this to weakness in managerial, technical/professional, and leadership capacities of relevant institutions to successfully engineer the formulation and implementation of policies supporting SME development. It is also said that the establishment of most of such institutions are politically motivated (Maunganidze, 2013). The government's complacency contributes to the majority of newly founded SMEs failing to survive their first two years, while existing ones are either closing or running at sub-optimal levels (Adebisi & Gbegi 2013); Okafor (2011).Maiyak, 2010; Okafor, 2008; Oparah, 2011; Usman, 2011). (2011). .

**Hypothesis 2:**

Ho: There is no significant relationship between inadequate funding and sustenance of SMES.

Table 2: Pearson Product Moment Correlation (PPMC) analysis between inadequate funding and sustenance of SMES.

**Correlations**

|  |  |  |  |
| --- | --- | --- | --- |
|  | | INADEQUATE\_FUNDING\_X2 | SUSTENANCE\_Y |
| INADEQUATE\_FUNDING\_X2 | Pearson Correlation | 1 | .320\*\* |
| Sig. (2-tailed) |  | .000 |
| N | 562 | 562 |
| SUSTENANCE\_Y | Pearson Correlation | .320\*\* | 1 |
| Sig. (2-tailed) | .000 |  |
| N | 562 | 562 |

\*\*. Correlation is significant at the 0.05 level (2-tailed).

Source: Statistical Package for Social Science (SPSS- Ver. 25.0).

Decision rule: when r = 1, there is a perfect relationship between the two variables x and y. this implies that when x increases, y increases. Accordingly, when r = -1, there is a perfect negative relationship between the two variables x and y, hence, when x increases, y decreases and vice versa.

The Pearson Product Moment Correlation (PPMC) analysis between inadequate funding and sustenance of SMES has revealed a low correlation coefficient of 0.320. The implication of the correlation value based on the decision rule is that irrespective of the low correlation value so obtained, the relationship between the two variables is significant. This further means that more of inadequate finance will amount to poor sustenance of SMES. Moreso, a p value of (p=0.000) obtained is less than 0.05 (p< 0.05) which means that based on the PPMC result, there is a significant relationship between inadequate funding and sustenance of SMES.

In this case, it can be affirmed that there is a significant relationship between inadequate finance and sustenance of SMES. Hence, the null hypothesis that was stated that, there is no significant relationship between inadequate funding and sustenance of SMES is rejected.

The result agrees with the previous studies. For example, it is observed that when compared to other emerging regions, loan facilities available to the private sector in Nigeria and other African countries are extremely limited (African Development Bank (ADB) 2011). Only 22% of African enterprises have a loan or a line of credit from a financial institution, compared to 31%, 47%, and 48% in developing Asia, America, and Europe, respectively (ADB, 2011). The funding or budgetary allocations set aside by the government for the development of SMEs are identified by ADB, (2011), Adejumo & Olaoye (2012), and Oni & Daniya (2012), Maunganidze, 2013. and Abeh (2017) as being too modest for efficient planning and for the takeoff of SMEs. For example, around 64.1 percent of SEs in Nigeria lacked patent rights in 2010, 57.5 percent were uninsured, and 54.4 percent relied on personal savings as a source of capital in December 2010, accounting for 46.54 percent of GDP in nominal terms (NBS, 2010). In other words, would-be entrepreneurs in Nigeria have a very low capital base due to a lack of finances and difficulty obtaining loans from banks, especially microfinance institutions that specialise in lending to small businesses. As a result, a significant number of them are undercapitalized.

**Hypothesis 3:**

Hi: There is no significant relationship between business climate and sustenance of SMES

Table 3: Pearson Product Moment Correlation (PPMC) analysis between double taxation and sustenance of SMES.

|  |  |  |  |
| --- | --- | --- | --- |
| **Correlations** | | | |
|  | | BUSINESS CLIMATE\_X3 | SUSTENANCE\_Y |
| DOUBLE\_TAXATION\_X3 | Pearson Correlation | 1 | .362\*\* |
| Sig. (2-tailed) |  | .000 |
| N | 562 | 562 |
| SUSTENANCE\_Y | Pearson Correlation | .362\*\* | 1 |
| Sig. (2-tailed) | .000 |  |
| N | 562 | 562 |
| \*\*. Correlation is significant at the 0.05 level (2-tailed). | | | |

Source: Statistical Package for Social Science (SPSS- Ver. 25.0).

Decision rule:when r = 1, there is a perfect relationship between the two variables x and y. This implies that when x increases, y increases. Accordingly, when r = -1, there is a perfect negative relationship between the two variables x and y, hence, when x increases, y decreases and vice versa.

The Pearson Product Moment Correlation (PPMC) analysis between double taxation and sustenance of SMES has revealed a low correlation coefficient of 0.362. The implication of the correlation value based on the decision rule is that despite the low correlation value so obtained, the relationship between the two variables is significant. This also implies that the poorer the business climate, the poorer the level of sustenance of SMES. More so, a p value of (p=0.000) obtained is less than 0.05 (p< 0.05) which means that based on the PPMC result, there is a significant relationship between business climate and sustenance of SMES.

In this case, it can be affirmed that there is a significant relationship between business climate and sustenance of SMES. Hence, the null hypothesis that was stated that, there is no significant relationship between business climate and sustenance of SMES stands rejected.

The business climate in Nigeria works against private sector development mostly SMEs in the country. The expenditures involved in forming a company, paying legal and professional fees, and obtaining permissions and licences all add to the start-up costs of a small firm. Multiple taxation and fees imposed by federal, state, and local government entities in various forms act against emerging small companies (Adebisi & Gbegi, 2013; Anochie, Ude, & Egbo, 2015). Moreover, the resurgence of Boko Haram and inter- and intra-ethnic conflicts, as well as other crises such as religious wars, make it difficult for SMEs to operate at their best because they are always the ones that bore the brunt of such situations. The frequent and unexpected religious crises in Nigeria, as well as the transition of power from one administration to another, have had a severe impact on SMEs. Nigeria, for instance, was placed 108th out of 178 economies assessed in the World Bank Business Report in terms of a business-friendly climate. Botswana, Ethiopia, Ghana, Kenya, and South Africa are among the countries in Sub-Saharan Africa with higher ranks (Abimbola and Agboola, 2011).

**Hypothesis 4:**

Ho: There is no significant relationship between lack of improved structural development and sustenance of SMES.

Hi: There is no significant relationship between lack of improved structural development and sustenance of SMES

Table 4: Pearson Product Moment Correlation (PPMC) analysis between lack of improved structural development and sustenance of SMES.

**Correlations**

|  |  |  |  |
| --- | --- | --- | --- |
|  | | LACK\_OF\_IMP\_STRUC\_DEVX4 | SUSTENANCE\_Y |
| LACK\_OF\_IMP\_STRUC\_DEVX4 | Pearson Correlation | 1 | .581\*\* |
| Sig. (2-tailed) |  | .000 |
| N | 562 | 562 |
| SUSTENANCE\_Y | Pearson Correlation | .581\*\* | 1 |
| Sig. (2-tailed) | .000 |  |
| N | 562 | 562 |
| \*\*. Correlation is significant at the 0.05 level (2-tailed). | | | |

Source: Statistical Package for Social Science (SPSS- Ver. 25.0).

Decision rule:when r = 1, there is a perfect relationship between the two variables x and y. this implies that when x increases, y increases. Accordingly, when r = -1, there is a perfect negative relationship between the two variables x and y, hence, when x increases, y decreases and vice versa.

The Pearson Product Moment Correlation (PPMC) analysis between lack of improved structural development and sustenance of SMES has revealed a moderate correlation coefficient of 0.581. The implication of the correlation value based on the decision rule is that despite the moderate correlation value so obtained, the relationship between the two variables is significant. This further implies that the higher the levels of lack of improved structural development, the higher the poor level of sustenance of SMES. Moreso, a p value of (p=0.000) obtained is less than 0.05 (p< 0.05) which means that based on the PPMC result, there is a significant relationship between lack of improved structural development and sustenance of SMES.

In this case, it can be affirmed that there is a significant relationship between lack of improved structural development and sustenance of SMES. Hence, the null hypothesis that was stated that, there is no significant relationship between lack of improved structural development and sustenance of SMES stands rejected.

In Nigeria, a lack of essential infrastructural facilities poses a severe challenge to SMEs' development and growth. According to Akinbogun (2008), infrastructure facilities and government policies in Nigeria have not aided sustainable small-scale firms. Many Nigerian settlements lack access to electricity, while urban regions suffer from intermittent power delivery. Power outages, load shedding, and rationing have become all too common, making electricity supplies unstable. Many enterprises and high-income people have resorted to purchasing private generators at prohibitive costs since power supply has been so irregular and unpredictable. Other important infrastructure, such as water and a well-connected road network, is also inadequate. The impact can be felt throughout the industry. Home industries have high cost/price structures as a result of having to invest large capital expenditures to offer alternative infrastructure facilities for their operations, resulting in a loss of competitiveness for their products in both domestic and foreign markets. As a result of infrastructural failures and other chronic difficulties in the economy, the industrial capacity utilisation rate has decreased from an average of over 70.0 percent in 1975-80 to around 30.0 percent in 1996-98.

**Conclusion**

To summarise, this discussion begins with an understanding of the country's predicament. This issue is the country's low economic position, which has inhibited private sector expansion and raised unemployment. It also considers the government's strategy for resolving the issue. The study outlines and explores the government's obstacles in developing the private sector. The government's responsibility in the current situation is also stressed, which is to direct, regulate, and control economic activity in the country to enable for effective private sector development. The government, the study oserved, is inevitably allocated this duty because the country's constitution defines its goals. It calls for the government to use its police powers to guide, regulate, and control economic activity in the country, as well as to support private sector development. Governments frequently pursue various policies and other many activities to create an enabling environment for more private sector involvement in the economy, in acknowledgment of their essential role in the economy. In Nigeria, the likelihood of private-sector organisations driving growth is very high. The government's sequence of measures and policies aimed at encouraging enterprising Nigerians to engage in the country's transition into a robust, stable, dynamic, competitive, and export-led economy were critical to the success of this.

**Recommendations**

i. More than ever, the government must increase the country's producing facilities in order to accommodate more people. Infrastructure, social services, policy inconsistency and stability, policy execution, security, law and order, a positive international image, and sound governance should all be considered in this regard.

ii. It must maintain a steady supply of energy and power to allow the productive institutions of the private sector to run smoothly and constantly. The government's economic planning body should regularly identify areas of investment for various types of investors, including sole proprietors and SME operators, and support them, where appropriate, with grants to achieve specified goals.

iii. Furthermore, business environment must be favourable and appealing enough to attract international investors as well as increase private sector investment and growth.

iv. SME operators in all layers of business, should benefit from lending and loan guarantees, which necessitates the establishment of more micro-finance banks to supplement existing micro-finance and other banks' efforts to provide micro-credit to low-income investors in the business and agricultural sectors. To meet the needs of SMEs, a Small and Medium Enterprise (SME) bank should be established in each of the country's local government areas.

v. The agencies tasked with promoting the activities of small and medium-sized businesses should be well-funded and equipped with sophisticated training facilities and massive public awareness campaigns about the existence of these agencies and their services should be launched.

**REFERENCES**

Abdullahi, M. S., Tahir, I. M., Aliyu, R. L. & Abubakar, A. (2015). Strengthening Small and Medium Scale Enterprises (SMEs) for Poverty Alleviation in Nigeria. *IOSR Journal of Humanities and Social Science* (IOSR – JHSS), 20(6), 101-110.

Abeh, O. (2017). The Problems and Prospects of Small and Medium Scale Enterprises (SMEs) Growth and Development in Nigeria: A Study of Selected SMEs in Delta State .*International Journal of Scientific research in Education,* 10 (3): 278- 294*.*

Abimbola, O. H. and Agboola, G. M. (2011) ENVIRONMENTAL FACTORS AND ENTREPRENEURSHIP DEVELOPMENT IN Nigeria in Journal of Sustainable Development in Africa (Volume 13, No.4,

Adebisi, J. and Gbegi, D. (2013). Effect of Multiple Taxation on the Performance of Small and Medium Scale Business Enterprises.(A Study of West African Ceramics Abeokuta, Kogi State). *Mediterranean Journal of social sciences*,

Adejumo, D. G. & Olaoye. J. A. (2012) Roles and Problems of Small–Scale Business Development Programmes in Nigeria. *International Journal of Management & Business Studies*, Volume 2, Issue 1.

Afolabi, A (2015) The Effect of Entrepreneurship on Economy Growth and Development in Nigeria. International Journal of Development and Sustainability, Vol. 3, No. 2.

Afolabi, J.A. (2004). Challenges of private sector - led growth in Nigeria. Proceedings of the thirteenth annual conference of the regional research units, Abuja, CBN.

Afolabi, M. O. (2013). Growth Effect of Small and Medium Scale Enterprises Financing in Nigeria. Journal of African Macroeconomic Review, 3(1), 12 – 15.

African Development Bank (2011) African Development Report <https://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications>. Retrieved 9 -1-2021

Ajayi, F. (2000).Sustaining organization transformation efforts in Nigeria. Management review, Vol. 11 No 1-7, December.

Ajila, C., & Awonusi, A. (2004). Influence of rewards on workers’ performance in an organization. Journal of social sciences, 8 (1): 7-12.

Akinbogun, T. L. (2008). The Impact of Nigerian Business Environment on the Survival of Small-Scale Ceramic Industries: Case Study, South-Western Nigeria. *Journal of Asian and African Studies*, 43(6), 663–679.

Amadieu, J. F. (1999). Les syndicates. [online] Available: http://www.press illinois.edu/Journals/Irra/Proceedings/2004/14.htm: (Jan. 8 2010).

Amaeshi, U. F. (2006). Managing human resources and organizational change in Nigeria, Enugu, Maurice Productions.

Amah, C.O. (2007).Strategic innovation and corporate performance in Nigeria’s food and beverages industry. Rivers State University of Science and Technology, Port Harcourt.

Annekie, N. (1985). “Options for 5th National development plan”. *Nigerian Chronicle.* May 30.

Anochie, U. C., Ude, D. K., Egbo, V. O. (2015). Entrepreneurship and Socio-EconomicDevelopment: The Case of Nigeria. *International Journal of Management Sciences, 6*(7), 346-365.

Avis, W. (2016).Private sector engagement in strategic and conflict-affected settings.[www.gsdrc.or](http://www.gsdrc.or)g.

Barnard C. (1938). Function of the executive. [online] Available: http://www.lib.uwo.ca/business/barnard html: (Jan.8, 2010).

Barnay J. B., & Griffin, R. W. (1997).Management of organizations, strategy, structure and behaviour, New Jersey, Houghton Mifflin Company.

Barney, J. (1997). Firm resources and sustained competitive advantage. *Journal of management*, Vol. 17, pp 99-120.

Begum, A. A. & Abdin, M. J. (2015). Employment generation and poverty alleviation through SME cluster development in Bangladesh. *Turkish Economic Review,* 2(1), 26.31.

Bella, J. D.-, Crant, A. Kindornay, S. and Tissof (2013). The Private sector and development: key concepts policy brief: The North-South Institute.

Carter, G. and Herz, J. (1961).*Government and politics in the twentieth century* New York: Frederick A. Praeger, Publishers.

CBN (2017). *Central Bank of Nigeria Annual Report*, Central Bank of Nigeria. URL: *https://www.cbn.gov.ng/Out/2018/RSD/CBN*

CBN (2019). *Central Bank of Nigeria Annual Report*, Central Bank of Nigeria. URL: *https://www.cbn.gov.ng/Out/2020/RSD/CBN*

CBN (2020). *Central Bank of Nigeria Half Year Report*, Central Bank of Nigeria. URL: [*https://www.cbn.gov.ng/Out/2020/RSD/CBN*](https://www.cbn.gov.ng/Out/2020/RSD/CBN)

Centre for Strategic and International Studies (CSIS) More than a wallet: the role of the private sector in development. Cisis.org/event/more-wallet-role-private-sector development.

De Massis, A., Audretsch, D., Uhlaner, L. and Kammerlander, N. (2018), “Innovation Wit Limited resources: management lessons from the German mittelstand”, *Journal of Product Innovation Management,* Vol, 35 No. 1, pp. 125-146.

Development Assistance Committee.(1994). Orientations for development cooperation in support of private sector development. OECD/DAC; Paris.

Dimoji, F. and Onwumere, L. (2016). Small and Medium Scale Enterprises and Sustainable Economic Development in Nigeria, Proceeding of 33rd International Research Conference 4-5 January, 2016, Dubai.

Durst, S. and Wilhelm, S. (2012), “Knowledge management and Succession Planning in SMEs”, *Journal of Knowledge Management,* vol. 16 No. 4, pp. 637-649.

Edem, B. (2016). The private sector is the engine of economic growth- the Chinese experience and need for replication in Nigeria. A paper presented at Africa – China relations organized by Africa today.

Effiom, l and Edet S. (2018) Success of Small and Medium Enterprises in Nigeria: Do Environmental Factors Matters? *Journal of Economics and Sustainable Development*, Vol. 9, No. 4.

Ekanem, N. B. (2020). Problems of Small Business and why they fail in Nigeria. *African Journal of Social and Management Sciences, Vol. 2, No. 1.*

Ekpo, A. H. & Umoh, O. J. (2008). Overview of the Nigerian economic growth & development . Abuja, Nigeria: CBN Research Units.

Ekpo, N., Udoidem, J. and Acha, I. (2017). Growth Performance V-s-a-vis Enterprise Size: A study of SMEs in Akwa Ibom State, Nigeria. *Account and Financial Management Journal, 2 (1), pp. 582-591*

Emmanuel O. Oni & Daniya A. A.(2012). Development of Small and Medium Scale Enterprises: The role of Government and other Financial Institutions. *Arabian Journal of Business and Management Review (OMAN Chapter)* 1 (7), pp. 16-29.

Eniola, A. A. (2014). The Role of SME firm Performance in Nigeria, *Arabian Journal of Business Management Review* (OMAN Chapter) 3(12), pp. 12-47.

Etuk, R. U., Etuk, G. R., Michael, B. (2014) Small and Medium Scale Enterprises (SMEs) And Nigeria Economic Development. Mediterranean Journal of Social Sciences, Vol 5, No. 7.

Fayomi, Y. (2004). Small Scale Industry in Nigeria: Contribution of Banking Industry Unpublished Paper Presented at Economic Week, University of Lagos.

Fayomi, Y. (2004). Small Scale Industry in Nigeria: Contribution of Banking Industry Unpublished Paper Presented at Economic Week, University of Lagos.

Febabor, T. (1985). In 5th Plan “*Daily Times*” (June 1).

Grant, D. and Nixon, H. (1963).*State and local government in America* (Boston: Allyn and Bacon, Inc.

Harvey, D (2005) The Condition of Post Modernity and The New Imperialism, New York, Oxford University Press.

Hassan, O. (2003). The contribution of various schemes to the growth of Small and Medium Enterprises in Nigeria. Abuja: Habib Nigeria Limited.

Hayek F. (1979). Laws, legislation and liberty: A new statement of the liberal principles and political economy. Vol. III: The political order of a free people. London: Routledge.

Heinrich, M. (2013). “Donor partnerships with business for private sector development: What can we learn from experience?” Working paper, donor committee for enterprise development, Cambridge.

Hunt, E. (1961). *Social science.* New York: The Macmillan Company.

Ikeano, V. (1985).“Development of small scale enterprises”, Daily Times. June 19.

Imaga E. (2003). Comparative management systems- Nigeria and some selected countries. Enugu, Nigeria: RyceKerex Publishers.

Iwara E. (2007). Industrial relations in complex organization in Nigeria. Ibadan, Nigeria: College Press.

Jerome, A. (1999). Unleashing the private sector in Nigeria: Lagos. Nigeria: Afribank economic and financial review.

Jimodu, A. (1998). Small and Medium Scale Enterprises and the Nigerian Economy. Ibadan: Akindele and Co Limited.

Kayode, S. (2001). The Development of Small and Medium Scale Enterprises in Nigeria. Lagos: Oshopy Press.

Kindornay, S. and Reilly-King, F. (2013).*Investing in the business of development: bilateral donor approaches to engaging the private sector*. Ottawa: The north-south institute and Canadian council for international co-operation.

Kousoulas, G. (1968). *On government* (Belmont, California: Wadsworth publishing company, inc.

Kurokawa, K., Tembo, F. and Willem teVelde, D. (2008). “Donor support to private sector development in Sub-Saharan Africa: understanding the Japanese OVOPprogramme.” JICA-ODI working paper 290, overseas development institute, London.

Lawal, A. A., Ajonbadi, H. A., & Otokiti, B. O. (2014). Strategic importance of Small and Medium Enterprises (SMEs): myth or reality. *American Journal of Business, Economics and Management,* 2(4), 94-104.

Lawanson, O. I. (2002). Promotion of non-oil export in the Nigerian economy. FBN quarterly Review , Vol.2, No1, March.

Mallins, L. J. (2004). Management and organizational behaviour, Washington D. C, pitman publishers.

Maunganidze, F. (2013). Development of SMEs in Zimbabwe: Virtues and Vices. Journal of Business Administration and Education, Vol. 4, No.1, 1 – 16.

Meyer, A. G. (1962). *Communism*. 2nd (ed.) New York: Random House.

Mises, L. (1962). The free and prosperous commonwealth; an exposition of the ideas of classical Liberalism.Princeton, Jersey; Van Nostrand.

Mudashiru, O. (2016). An overview of CBN interventions in the Nigerian economy (2009- date)., *Proceedings of the Seminar on “Financing Government Programmes in Economic Downturn– The Role of Central Bank of Nigeria.* pp. 05–08.

National Bureau of Statistics Report (2019), “Micro, Small and Medium Enterprises (MSMEs) 2017”, available at: https://nigerianstat.gov.ng/elibrary.

Naya, S. (2012). Private sector development & enterprise reforms in growing Asian economics. International center for economic growth. San Francisco, California. ICS press

Nelson, J. (2011). The private sector and aid effectiveness: toward new models of engagement. In *catalyzing development: A new vision for aid*, edited by HomiKharas, Koji Makino, and Woojin Jung, 83–111. Washington, DC: Brookings institution press.

Nguyen, H. T., Alam, Q., Perry, M., &Prajogo, D. (2009).The Entrepreneurial role of the State and SMEGrowth in Vietnam. *Journal of Administration & Governance*, 4(1): 60-71.

Nozick R. (1974). *Anarchy, state and utopia*. Oxford; Blackwell.

Nwachukwu, A. C. (2012). The Role of Entrepreneurship in Economic Development: The Nigerian Perspective. *European Journal of Business and Management*, 8(4): 95-105

Nwosu, F. (1985). Nigeria and growing unemployment problems. *Nigerian Chronicle.* May 21.

Obamieji, T (2009). Government financial liberalisation policy and the development of private sector in Nigeria; issues and challenges.[www.growinginclusivemarkets.org](http://www.growinginclusivemarkets.org)

Obi, E.A, Iwuoha, V. C., Peter, M. A &Obijuru (2016) development underdevelopment: exploring the concepts of third world and dependency. Osha: Bookpoint Educational Ltd

Obokoh, L. (2008). Small and Medium Sized Enterprises Development under Trade Liberalisation: A Survey of Nigerian Experience*. International Journal of Business and Management,* 3(12), pp. 92-99.

Oduntan, K. O. (2014). The role of small and medium enterprises in economic development: The Nigerian experience, *International Conference on Arts, Economics and Management* 1(1): 75–78.

OECD. (2004a). Effective Policies for Small Business: A Guide For The Policy Review Process and Strategic Plans For Micro, Small and Medium Enterprise Development: OECD and UNIDO.

Okafor, (2011).Youth unemployment and implications for stability of democracy in Nigeria. *Journal of sustainable development in Africa*, 13(1).

Okereke, O. (1999). Development planning and administration in Nigeria in Okereke, (ed) Development administration in Nigeria: issues and strategies. Owerri, Concave Publishers.

Omoruyi, O. O. & Okonofua, B. A. (2005). Cottage Industries: A Tool for Rural Development and Poverty Reduction in Nigeria. Benin Journal of Social Sciences, 13(1): 13-26.

Omotayo, F. O. (2015) “Knowledge management as an important tool in organizational management: a review of literature”, Library Philosophy and Practice, Vol. 1 No. 2015, pp. 1-23.

Oni, E. O. & Daniya, A. A. (2012). Development of small and medium scale enterprises: The role of government and other financial institutions. Arabian Journal of Business and Management Review, 1(7), 16-21.

Onuoha, B. C. (2010). Entrepreneurial Development in Nigeria: An Integrative Perspective (2nd edition). Port Harcourt: African Entrepreneurship and Leadership Initiative.

Onwukwe, C. V. & Ifeanacho, I. M. (2011).Impact of government intervention on the growth of small and medium scale enterprises in Imo State. International Journal of Research in Commerce, Economics, 1(7 November), 1–5.

Organization for economic co-operation and development (2004). *Promoting entrepreneurship and innovative SMEs in a global economy: towards a more responsible and inclusive globalization*. Executive summary of the background papers for the second OECD conference of ministers responsible for small and medium-sized enterprises, Istanbul, June. Paris: OECD.

Orimobi, O. (2017). Enhancing private sector growth via sustainable laws[http://punchng.com](%20http://punchng.com)

Osemeke, M. (2011). Problems and prospects of private sector organizations in Nigeria: International journal of business and management Vol. 6 No. 4 April

Osuagwu, H. (1983). The role of investment in the development of the Nigerian Economy 1960-1982. The quarterly journal of administration. Vol XVII No. 1 & 2.

Oyefuga, I. O., Siyanbola, W, O. and et al (2008). SMES funding: an assessment of an intervention scheme in Nigeria, *World Review of Entrepreneurship, Management and Sustainable Development.,* 4(2/3): 233–245.

Pandey, M (2013) Entrepreneurial development: Potential beyond boundaries, Mumbai: Himalaya Publishing House

Priye, A (2014) Private sector development and economic growth in Nigeria (1997-2013) International journal of advanced research in statistics, management and finance vol 2 no 1.

Sanni, O. O. (2009). Small Scale Industry: Problems of Establishing Small Business Enterprise in Nigeria (Case Study of Alahteef Nigeria Limited. MIB Thesis, University of Applied Sciences, Vasa Vrkeshogskola).

Sanusi, J. O. (2003). “Overview of Government’s Efforts in the Development of SME’s and the Emergence of Small and Medium Scale Industries Equity Investment Scheme (SMIEIS)”, Paper. (Ilori on basic amenity and private sector development).

Sathe, V. (2006). Corporate entrepreneurship: Top managers and new business creation. Cambridge: Cambridge university press.

Scaborough, N. (2013). Essentials of entrepreneurship and small business management. New York: Pearson Education Limited

Slahub, J. (2013) The private sector and development: key concepts <http://www.businessdictionary.com/definition/proivate-sector.html/>

Tom, E. and Attai, A. (2018). Youth unemployment in Nigeria: The way forward. AKSU Journal of Social and Management Sciences. Vol. 1 (6 & 7) pp 34-51.

Tonuchi, J. E., Paukine, O. C., Charles, A. C., Chinyere, N. U. and Aderibigbe, A. R. (2021). CBN SMEs Invention Programmes in Nigeria: Evaluating Challenges Facing Implementation*, Applied Journal of Economics, Management and Social Sciences, pp. 16-25.*

Udo, C. (2020). Small, medium enterprises account for 84 per cent of jobs in Nigeria, *Premium Times* (1). URL: [*https://www.premiumtimesng.com/business/*](https://www.premiumtimesng.com/business/)

Umoh, . E. B. (1985) The Role of Government in Private Sector Development, A paper on the Private sector and the 5th National Development Plan, 1986 – 1990 on July 24 – 26, 1985 Organised by the Centre for Development Studies, University of Cross River State, Uyo.

UNIDO (2017), “A paper presented by Mr. Afif Barhoumi during a ceremony of a four-day training programme organized by UNIDO ITPO Nigeria for Selected Federal Government Agencies.

Uwonda, G. Okello N. G. (2013). Cash flow Management Utilization by Small and Medium Enterprises (SMEs) in Northern Uganda. *Journal of Accounting, Auditing, Economics and Finance,* 1(5): 67-80. Available at: http://www.merit.researchjournals.org/aaef/index.htm (accessed November 14; 2020).

Venables, T. (2015). [Making cities work for development](http://www.theigc.org/wp-content/uploads/2015/05/IGCJ3155_Growth_Brief_2_WEB.pdf) (IGC Growth Brief 2.) London: International Growth Centre.

World Bank. (2012). *World development report 2013: Jobs*. Washington, DC: World Bank.