

Impact of SMEs on Employment Generation in Nigeria

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ABSTRACT: This study is designed to assess the impact of SMEs on employment generation in Nigeria. It will cover SMEs employing below 200 persons in all the 36 States of the Federation including the Federal Capital Territory, Abuja. It is a known fact globally that the Small and Medium Enterprises sector is a key engine to economic growth and development. However, results of the study reveals that most of the constraints hindering SME business growth in Nigeria are lack of financial support, poor management, corruption, insecurity etc. In this study, an extensive literature review will be adopted where a wide scope is examined about SMEs and unemployment in Nigeria, looking at the concepts, causes and challenges. The study is going to examine the level of employment generation by SMEs in all the states of the federation taking into consideration the number of SMEs by state in the federation. The SME sector is considered a thin sector, which features its vulnerability and is also its key asset. It is flexible and can easily adapt to changes in situations locally and globally. These are some of the underlying facts, which necessitated a change of focus in Nigeria's economic policy direction.

Key words: Employment generation, Nigeria, Small and medium enterprises.

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I. INTRODUCTION

The role of small and medium enterprises (SMEs) in the economic and social development of a nation cannot be overemphasized. The SME sector is considered as the starting point of entrepreneurship, which is often driven by its efficiency, flexibility, individual creativity and in general its innovative entrepreneurial spirit. It is a key indicator of the overall performance of an economy where it is responsible for most of the employment opportunities realized and Jobs created. The sectors dynamic nature makes it exposed to a high mortality rate occasioned by sudden shifts in economic policy, global trends, global shocks in international markets and many unforeseen situations.

In overall economic development, a significant role is played by the small and medium enterprises where it promotes its resistance level in competition, productivity growth and as well have external benefits on the economy at large. When this level is attained efforts are however directed towards government support and involvement in exploiting countries social benefits. Also the advocates of SME support often claim that SMEs are generally more productive than larger firms, but in a situation whereby direct government financial support and other institutional improvements to SMEs are put in place it can definitely boost economic growth and development. Some of these advocates are in the argument that SMEs expansion boosts employment more than larger firms, this is because the SMEs are seen to be more labour intensive than the larger firms. And by promoting the SMEs it may represent a poverty alleviation tool which will result to individual countries and international community at large making progress towards achieving the goal of halving poverty level year 2020.

Nigeria's population of over 180 million people with over 65% of that figure being below the age of 35 makes a change of policy imperative. No country with the abundant potentials and size in land and population can afford to maintain a status as a stunted economy on a single commodity, oil. Therefore one of the few alternatives open to policy makers was to look inward and seek to develop the national economy through the SME sector. Many efforts are going on concurrently within the last Twelve years to boost this sector of the national economy, starting from the creation of an Agency solely responsible for the promotion and development of this sector (SMEDAN), implementation of the NEDEP (National Enterprise Development Programme), creation of the MSME national and state councils, YOUWIN, the revised National MSME Policy and other funding access of the central bank of Nigeria and other development banks. The MSME sector as an important catalyst for growth needs such fundamental policy support. Government also believes that unlocking the key potential of this sector also involves additional support in Agriculture and the provision of regular and

affordable power supply. Several efforts are underway in boosting the generation and distribution of electricity nationwide. Credit facilities, extension services in new farming techniques, value chain addition, and enhancement in the supply of fertilizer are being pursued in the Agricultural sector.

II. LITERATURE REVIEW

Small and medium scale enterprises for a very long time has been recognized as an instrument of economic growth and development. This growing recognition has resulted to the commitment of World Bank group on the SMEs sector as an essential feature in its strategy to promote employment, poverty alleviation and economic growth. At a point in time the world Bank group approved approximately \$2.8 billion in support of micro small and medium enterprises (World Bank, 2001, Ayyagari et.al 2007).¹

In the case of Nigeria, it's hard to get a definition that distinguishes between small and medium scale enterprises. However, the Central Bank of Nigeria in its monetary policies circular No. 22 of 1988 view small scale industry as those enterprises which have annual turnover not exceeding 500,000 Naira.(CBN; 1988). Also in 1990, for commercial bank loan purposes the Federal Government defined small scale enterprises as those enterprises whose annual turnover does not exceed 500,000 Naira and for merchant bank loan it was defined as those enterprises with capital investment not exceeding 2million Naira (excluding the cost of land) or a minimum of 5 million Naira. Ogechukwu, A. (2006), argues that in the wake of SFEM, and SAP era in 1993, this value has now been reviewed and subsequently, increased to five million naira. As a result of this, there may be a need to segregate the small scale industry into micro and super-micro business, with a vision to provide adequate incentives and protection for the small scale industry.²

In that context, any business or enterprise below the upper limit of N250, 000 and whose annual turnover exceeds that of a cottage industry currently put at N5,000 per annum is a small scale industry. (Ibid; 5) The National Directorate of Employment (NDE) concept of a small scale industry has been fixed to a maximum of N35, 000. (Ibid; 5). According to (Balunywa, W. 2010), he insisted that the number of employees may not be a good indicator, most especially in a situation whereby the company is labor intensive.³

(Ogechukwu, A. 2005), gave a more general and broad criteria for defining small and medium scale enterprises in different countries. These includes number of employees, annual turnover, local operations, sales volumes, financial strength, managers and owners autonomy, relatively small markets compared to their industries and capital which is supplied by individual or shareholders etc.

(Macqueen, D.J. 2004), understood SMEs as enterprises employing 10-99 full time employees or with a fixed capital investment of US\$1000-500,000.⁴

In Nigeria, the Third National Development plan (1975-1980) defines small business as a manufacturing or service organization whose employee is not more than 10.⁵ The individual research unit of Obafemi Awolowo (1987) defines it as "one whose total assets or capital is less than N50, 000 and employee fewer than 50 full time workers". Glos et al (1976) referred to it as "a whole sales whose annual sales do not exceed 9.5million dollars. According to Brown, Medott and Hamitton (1990), they view Small scale businesses as firms created as last option instead of first choice and this brings about growth potential.

III. METHODOLOGY

This paper seeks to access SMEs as a factual tool on employment generation in Nigeria. The main purpose of this study is to determine the impact level of SMEs on employment generation taking into consideration some economic indicators which might promote or hinder its effective performance. In order to determine the setbacks faced by SMEs in Nigeria and fully appreciate their respective relevant importance, the following hypotheses have been postulated:

H₀: SMEs have no significant impact on Employment generation.

H₁: SMEs have significant impact on Employment generation.

¹ Ayyagari, et.al. (2003) & Buckley, P. (1989). SME across the Globe. A new Database.

² Ogechukwu, A. (2006), The Role of Small scale industry in National Development in Nigeria. Association for small business & Entrepreneurship 32nd Annual conference. pp2

³ Balunywa, W. (2010), Entrepreneurship and small business enterprises growth in Uganda. pp1

⁴ Macqueen, D.J. (2004), Association of Small and medium forest Enterprises. An initial review of issues for livelihood and sustainability. International institute for Environment and development (IIED), briefing paper. pp2

⁵ Federal Republic of Nigeria. Third national Development plan (1975 – 1980)

Secondary sourced data is the main data used for the study. These were collected from National MSME survey report 2013, Publications, World bank reports, Web etc. Data collected is presented in tabular form with descriptive statistics.

IV. EMPLOYMENT GENERATION IN NIGERIA

Nigeria actually needs the Micro, Small and Medium Enterprises (MSMEs) because they contribute meaningfully to economic development. They are in the forefront of output expansion, employment generation, income redistribution, promotion of indigenous entrepreneurship and production of primary goods to strengthen industrial linkages. The sector is responsible for about 85 percent of the total industrial employment in the country and between 10-15 percent of the total manufacturing output. The agricultural sector which comprises mainly of MSMEs have promoted indigenous technology and increased utilization of local raw materials. They are the strongest promise the nation has for industrial growth.

The Micro, Small and Medium Enterprises Sub-sector has been identified as one of the critical elements to the achievement of the country's vision 20-2020. The sub-sector has been globally acknowledged as the engine that drives the socio-economic transformation of both the developing and developed countries. A nurtured and well structured MSME sector contributes significantly to employment generation, wealth creation, poverty reduction and sustainable economic growth and development. Various attempts have been made by successive Governments to stimulate employment generation which have later been neglected, and as a result of that the recent government has made some efforts by launching some Entrepreneurship programmes which is been monitored by some development agencies and it has taken the responsibility of facilitating, reviving and stimulating of employment generation which will lead to growth and development of the nation.

The Youth Enterprise with Innovation in Nigeria (You WiN!) Programme is a collaboration of the Ministry of Finance, the Ministry of Communication Technology (CT), and the Ministry of Youth Development which launched an annual Business Plan Competition (BPC) for aspiring young entrepreneurs in Nigeria, in line with the Federal Government's drive to create more jobs for Nigerians. The programme is being implemented in partnership with Nigeria's private sector, who are being requested to provide the funding support. The main objective of the Youth Enterprise with Innovation in Nigeria (You WiN!) Programme is to generate jobs by encouraging and supporting aspiring entrepreneurial youths in Nigeria to develop and execute business ideas that will lead to job creation. The programme will provide aspiring youths with a platform to show case their business acumen, skills and aspirations to business leaders, investors and mentors in Nigeria. SMEDAN is the monitoring Agency of the programme. The rationale is to stimulate the MSME sector in accordance with the present administration's economic aspirations in employment generation.

There is also the Women Entrepreneurship Development Programme (WEDP) which is a gender based programme aimed at transforming the Women into successful entrepreneurs. The programme seeks to economically empower the Nigerian Women through conscious engagement and development of entrepreneurial capacities. Over the years, SMEDAN has assisted in the economic empowerment of women. Today, we have many business enterprises owned and managed by women. Another very important programme launched is the Youth Corpers Entrepreneurship Development Programme (YCEDP). The programme targets fresh school leavers who have just graduated from college/university. Entrepreneurship lectures are organized to prepare them towards business ownership and management. The participants are expected to prepare and submit business plans at the end of the training programme. The business plans are sent to micro-finance banks for financial assistance.

The Rural Enterprise Development Initiative (REDI) was also launched and the programme aims at stimulating entrepreneurship/enterprise development in the rural communities. Some rural areas are known to have abundant natural resources that can generate employment, create wealth and reduce poverty. The Government aims at utilizing these resources effectively and re-engineering rural economic transformation through this programme. It is a cluster based support programme that provides the capacity towards business ownership and management. This programme encourages and pushes the rural dwellers into Cooperative Societies and Self-Help Groups and assists them with registration, business plan preparation and access to finance.

V. DATA ANALYSIS.

Following the successful production of a credible and reliable baseline data for Small and Medium Enterprises (SMEs) in 2010 and 2013 of all the 36 states in the country, the need for re-assessment of the impacts on employment generation becomes imperative. This credible baseline Data is made available to enable us ascertain the successes and also determine the contribution of these SMEs to the Gross Domestic Product, export and employment generation in the country. Assessment of the level of employment generation from the SME sectors and states of the federation will be ascertained from the tables below.

5.1 Number of Small and Medium Enterprise by state 2013 and 2010

As shown in Table 1, Lagos State had the highest number of increase in Enterprises between 2010 and 2013 from, 4,535 to 11,663 showing an increase of 7,128 with a percentage change of 14.28 percent. This is followed by Oyo State with 1,394 enterprise in 2010 increased to 7,987 in 2013 showing an increase of 6,593 with a percentage increase of 13.21 percent. Kano state also witnessed an increase in enterprise from 1,808 in 2010 to 8,286 in 2013, having an increase of 6,478 additional enterprises with a percentage change of 12.98 percent.

The least state with increase in enterprise is Zamfara State with 341 enterprises in 2010 increased to 593 in 2013 with a difference of 252 and percentage change of 0.51 percent. Apart from the insurgent prone states of Adamawa, Borno and Yobe States which Data could not be obtained in 2013, Kwara State experienced a decrease in enterprise from 443 in 2010 to 226 in 2013 which shows a decrease by 217 enterprises and a percentage change of -0.43 percent.

FCT witnessed increase in enterprise from 507 in 2010 to 2,690 in 2013 signifying an increase of 2,183 with a relative 4.37 percent increase. See table 1 below.

TABLE 1: Number of Small and Medium Enterprise by state 2013 and 2010

STATE	2013			2010			CHANGE	% CHANGE
	Small	Medium	TOTAL	Small	Medium	TOTAL		
ABIA	1,769	40	1,809	526	7	534	1,275	2.55
ADAMAWA	0	0	0	235	11	245	-245	-0.49
AKWA-I BOM	898	195	1,092	275	39	315	777	1.56
ANAMBRA	1,620	117	1,737	656	81	737	1,000	1.99
BAUCHI	2,039	27	2,066	497	49	545	1,520	3.05
BAYELSA	354	72	426	134	-	134	292	0.59
BENUE	1,146	22	1,167	357	16	374	794	1.59
BORNO	0	0	0	131	37	168	-168	-0.34
CROSS RIVER	1,126	168	1,294	318	47	365	928	1.86
DELTA	1,444	-	1,444	576	33	608	836	1.67
EBONYI	1,206	4	1,210	232	12	244	966	1.93
EDO	1,879	118	1,997	899	29	929	1,068	2.14
EKITI	903	126	1,030	280	5	285	745	1.49
ENUGU	812	99	911	402	30	432	479	0.96
GOMBE	1,043	65	1,108	225	31	255	852	1.71
IMO	1,259	135	1,394	534	40	574	819	1.64
JIGAWA	1,022	75	1,097	217	14	231	866	1.73
KADUNA	2,712	170	2,882	1,137	145	1,282	1,600	3.2
KANO	7,790	496	8,286	1,740	69	1,808	6,478	12.98
KATSINA	1,256	99	1,355	464	70	535	820	1.64
KEBBI	898	91	989	221	11	232	756	1.52
KOGI	827	17	844	328	11	340	504	1.01
KWARA	164	62	226	415	28	443	-217	-0.43
LAGOS	11,044	619	11,663	4,146	389	4,535	7,128	14.28
NASARAWA	1,098	22	1,120	387	32	418	702	1.41
NIGER	1,258	100	1,357	433	46	478	879	1.76
OGUN	1,690	104	1,794	506	40	546	1,248	2.5
ONDO	1,805	194	1,999	596	18	614	1,385	2.77
OSUN	2,247	25	2,273	100	-	100	2,172	4.35
OYO	7,468	519	7,987	1,300	94	1,394	6,593	13.21
PLATEAU	2,070	110	2,180	613	49	663	1,517	3.04
RIVERS	2,981	41	3,022	662	60	723	2,299	4.61
SOKOTO	631	210	841	562	19	581	259	0.52
TARABA	891	69	960	242	5	247	713	1.43
YOBE	0	0	0	150	5	156	-156	-0.31
ZAMFARA	577	16	593	341	-	341	252	0.51
FCT	2,244	446	2,690	427	80	507	2,183	4.37
Total	68,171	4,673	72,843	21,264	1,652	22,918	49,919	100

Source: National Bureau of Statistics Report 2013

5.2 Number of Small and Medium Enterprise by Sector 2013 and 2010

In table 2, it can be seen clearly that Education Sector has the highest number of enterprises in 2013 with 27,284 compared to 960 in 2010 with a difference of 26,324 and having a growth rate of 47.2 percent. Transport and storage sector had the least increase in enterprise having 811 in 2010 and 839 in 2013 experiencing an increase of just 25 enterprises with a percentage change of 0.04 percent. While Accommodation and Food Services that had the highest number of enterprise in 2010 of 6,652 witnessed a growth rate of 0.82 percent with 7,108 enterprises in 2013.

A decrease of 2,394 enterprises indicating a percentage decrease of – 4.3 percent is experienced in the Arts, Entertainment and Recreation Sector. While the construction and information and communication witnessed decreases of 1,657 and 1,857 from 2,209 and 2,324 respectively in 2010 and 2013. See table 2 below.

TABLE 2: Number of Small and Medium Enterprise by Sector 2013 and 2010

BUSINESS SECTOR	2013			2010			CHANG E	% CHANG E
	Small	Mediu m	TOTA L	Small	Mediu m	TOTA L		
MANUFACTURING	13,109	528	13,637	696	54	750	12,887	23.09
MINING & QUARRYING	213	32	245	134	33	167	78	0.14
ACCOMMODATION & FOOD SERVICES	6,953	155	7,108	5,939	713	6,652	456	0.82
AGRICULTURE	1,389	146	1,535	194	45	239	1,296	2.32
WHOLESALE/RETAIL TRADE	14,870	249	15,119	3,916	125	4,041	11,078	19.85
CONSTRUCTION	487	65	552	2,088	121	2,209	(1,657}	(3.0}
TRANSPORT & STORAGE	800	39	839	680	131	811	25	0.04
INFORMATION AND COMMUNICATION	437	30	467	2,166	158	2,324	(1,857}	(3.32}
EDUCATION	24,034	3,250	27,284	908	52	960	26,324	47.2
ADMINISTRATIVE AND SUPPORT ACTIVITIES	2,883	99	2,982	1,508	101	1,609	1,373	2.46
ARTS, ENTERTAINMENT AND RECREATION	245	15	260	2,542	113	2,655	(2,395}	(4.3}
OTHERS SERVICES ACTIVITIES	2,724	62	2,786	495	10	505	2,281	4.08
WATER SUPPLY, SEWERAGE, WASTE MANAGEMENT AND REMEDIATION ACT	23	1	24	280	5	285	(261}	(0.53}
Total	68,167	4,671	72,838	21,546	1,661	23,207	55,798	100

Source: National Bureau of Statistics Report 2013

5.3 Total Employment by State as at December 2013 and 2010

Table 3 states that 420,913 females were employed in 2010 compared to 869,921 females in 2013 signifying an increase of 439,005 females employed as at December 2013 in Small and Medium enterprises with a percentage increase of 48%. 1,033,900 males were employed in 2013 as compared to 635,851 males in 2010 indicating an additional 398,049 males employed as at December 2013 in SMEs with a percentage increase of 62%.

On the whole 1,903,819 persons were employed in the Small and Medium Enterprises as at December 2013 while 1,056,766 were employed in 2010 signifying an increase in employment of 847,053 persons with a percentage increase of 80 percent between 2010 and 2013. See table 3 below.

TABLE 3 Total Employment by State as at December 2013 and 2010

STATE	2013				2010			
	Male	Female	Total	%	Male	Female	Total	%
ABIA	28,851	11,062	39,913	2.1	17,575	5,412	22,987	2.15
ADAMAWA	0	0	0	0	6,045	5,265	11,310	1.06
AKWA-IBOM	11,226	33,069	44,295	2.33	6,838	16,181	23,019	2.16
ANAMBRA	20,570	9,781	30,351	1.59	12,530	4,786	17,316	1.62
BAUCHI	26,460	30,624	57,083	2.99	16,118	14,984	31,102	2.92
BAYELSA	4,451	10,829	15,279	0.8	2,711	5,299	8,010	0.75
BENUE	22,961	466	23,427	1.23	13,987	228	14,215	1.33
BORNO	0	0	0	0	8,000	11,000	19,000	1.78
CROSS RIVER	12,156	30,973	43,129	2.27	7,405	15,155	22,560	2.11
DELTA	21,013	10,884	31,897	1.68	12,800	5,325	18,125	1.7
EBONYI	24,223	6,000	30,223	1.59	14,756	2,936	17,692	1.66
EDO	36,291	11,877	48,168	2.53	22,107	5,811	27,918	2.62
EKITI	11,935	26,548	38,483	2.02	7,270	12,990	20,260	1.9
ENUGU	12,687	15,603	28,290	1.49	7,729	7,634	15,363	1.44
GOMBE	15,433	8,384	23,817	1.25	9,401	4,102	13,503	1.27
IMO	14,924	26,315	41,239	2.17	9,091	12,876	21,967	2.06
JIGAWA	17,979	9,315	27,294	1.43	10,952	4,558	15,510	1.45
KADUNA	30,645	83,487	114,132	5.99	18,667	30,850	49,517	4.64
KANO	46,941	29,343	76,284	4.01	28,594	14,357	42,952	4.03
KATSINA	23,404	11,993	35,397	1.86	14,257	5,868	20,125	1.89
KEBBI	17,492	3,027	20,520	1.08	10,655	1,481	12,137	1.14
KOGI	11,536	9,432	20,968	1.1	7,027	4,615	11,642	1.09
KWARA	1,572	10,596	12,168	0.64	958	5,185	6,142	0.58
LAGOS	161,017	176,406	337,423	17.72	80,084	80,315	160,399	15.04
NASARAWA	19,219	20,144	39,363	2.07	11,708	9,856	21,564	2.02
NIGER	17,559	1,397	18,956	0.99	10,696	684	11,380	1.97
OGUN	26,725	9,548	36,273	1.91	16,280	4,672	20,952	1.96
ONDO	27,500	20,144	47,644	2.5	16,752	9,856	26,608	2.49
OSUN	39,059	16,534	55,593	2.92	23,793	8,090	31,883	2.99
OYO	147,200	59,501	206,701	10.86	89,668	29,114	118,781	11.13
PLATEAU	33,855	39,822	73,677	3.87	20,623	19,485	40,108	3.76
RIVERS	46,055	43,665	89,720	4.71	28,055	21,365	49,420	4.63
SOKOTO	10,761	20,144	30,905	1.62	6,555	9,856	16,412	1.54
TARABA	14,990	3,493	18,483	0.97	9,131	1,709	10,841	1.06
YOBE	0	0	0	0	10,000	6,000	16,000	1.5
ZAMFARA	46,565	4,192	50,757	2.67	28,365	2,051	30,416	2.85
FCT	30,645	65,323	95,967	5.04	18,667	20,962	39,630	3.71
Total	1,033,900	869,921	1,903,819	100	635,850	420,913	1,056,766	100

Source: National Bureau of Statistics Report 2013

5.4 Employment by Sector as at December 2013 and 2010

In table 4, it could be seen that the Education sector in 2010 employed a total of 494,967 and 493,191 in 2013 experiencing a slight decline of 1,776. Though the sector recorded the highest number of employment in both periods. This is followed by the wholesale and retail trade sector with a total of 132,154 and 331,694 in 2010 and 2013 respectively. The sector witnessed a significant increase in employment of 199,540 employees. The manufacturing sector had a total of 111,782 in 2010 and a 527,718 in 2013 experiencing a sharp and huge increase of 415,936 employments. Though the water supply, sewerage, waste management and remediation act had the least increase in employment with 205 in 2010 and 935 in 2013 having an increase of just 730 employments.

In overall, in 2010 a total of 1,066,766 employments were realized and 1,903,820 in 2013, within that period the nation experienced an increase of 837,054 employments having a percentage increase of 78 percent.

TABLE 4 Total Employment by Sector as at December 2013 and 2010

BUSINESS SECTOR	2013				2010			
	Male	Female	Total	%	Male	Female	Total	%
MANUFACTURING	179,213	348,505	527,718	27.72	80,551	31,231	111,782	10.48
MINING & QUARRYING	3,500	12,220	15,720	0.83	2,240	0	2,240	0.21
ACCOMMODATION & FOOD SERVICES	106,525	55,989	162,514	8.54	75,495	16,188	91,683	8.59
AGRICULTURE	21,952	67,326	89,279	4.68	13,634	14,609	28,243	2.65
WHOLESALE/RETAIL TRADE	223,100	108,595	331,694	17.42	100,004	32,149	132,154	12.39
CONSTRUCTION	6,794	51,319	58,113	3.05	4,318	2,758	7,076	0.66
TRANSPORT & STORAGE	12,211	33,267	45,479	2.39	6,218	1,646	7,864	0.74
FINANCIAL INTERMEDIATION	0	0	0	0	19,000	12,000	31,000	2.91
REAL ESTATE, RENTING, BUSINESS ACTIVITIES	0	0	0	0	10,000	9,000	19,000	1.78
INFORMATION AND COMMUNICATION	6,656	12,494	19,150	1.01	4,543	3,696	8,239	0.77
EDUCATION	388,981	104,210	493,191	25.91	244,561	250,406	494,967	46.4
ADMINISTRATIVE AND SUPPORT ACTIVITIES	42,567	48,842	91,409	4.8	26,220	30,794	57,014	5.34
HEALTH AND SOCIAL WORKS	0	0	0	0	26,000	21,000	47,000	4.41
ARTS, ENTERTAINMENT AND RECREATION	3,714	2,278	5,992	0.31	2,050	1,483	3,532	0.33
OTHERS SERVICES ACTIVITIES	38,322	24,304	62,626	3.29	20,811	3,955	24,767	2.32
WATER SUPPLY, SEWERAGE, WASTE MANAGEMENT AND REMEDIATION ACT	365	569	935	0.05	205	0	205	0.02
Total	1,033,900	869,918	1,903,820	100	635,850	430,915	1,066,766	100

Source: National Bureau of Statistics Report 2013

5.5 SMEs contribution to Employment. From all the states of the nation within the period under review, as at December 2013 a total of 1,903,819 persons (male and female) were employed in the Small and Medium Enterprises as against 1,056,766 in 2010 signifying an increase in employment of 847,053 persons, with a percentage increase of 80 percent. Also looking at employment from the various SME sectors of the country as at December 2013 a total of 1,903,820 persons (male and female) were employed as against 1,066,766 in 2010 having an increase of 837,054 employments with a percentage increase of 78 percent. This has however shown a positive and great impact of SMEs on employment generation in Nigeria.

VI. CONCLUSIONS AND RECOMMENDATIONS

Over the past years, a major gap in Nigeria's industrial development process could be attributed to the absence of a strong SME sub-sector Nigeria, which has a population of over 180million people, vast productive farmland, rich variety of mineral deposits and other natural resources, should have been a heaven for SMEs. Unfortunately, SMEs have not played the significant role they are expected to play in the growth and development of the economy. Based on the findings in the study, SMEs in Nigeria have a long way to go for the sector to be productive enough and play the curial role it is expected to be in relation to contributing to the growth and development of the economy.

This paper therefore concludes by stating that the main causative factor as to why Nigerian SMEs are performing below expectation is based on the relationship to our environment. This includes our culture, government, lackluster approach to government policy enunciation and poor implementation among others. The solution to the problems of Nigerian SMEs can only be realized if both the leaders and the citizens concertedly work together.

Hence, this study recommends that Government should as matter of urgency take proactive measures in addressing some of the key constraints faced by the sector such as Access to finance, Weak infrastructure, Inconsistency of Government Policies, Poor support (Business Development Services), Access to market, Multiple taxation and Obsolete technology.

A stable, effective and secure financial systems which is targeted at lending, such as a MSME bank, should be established to mid wife the subsector in terms of access to affordable finance. There should be good institutions at all levels of government to support and promote SMEs and this will however lead to reduction in corruption and regulatory burdens likewise rule of law, land and property rights, creditors' rights etc. are overcome accordingly. Good infrastructure and facilities that will encourage SMEs to pool their information and resources together is highly needed likewise sufficient human capital development. There should be promotion of and access to innovation and technology and adequate openness to foreign technology. Good policies that encourage stable exchange rates, low inflation which minimizes entry regulations and promote attainment of higher levels of productivity should be put in place.

As the economy grows, appropriate rules and regulations that encourage fair competition should be in place to guide the increasing number of companies involved in the domestic and export markets. There is an urgent need for renewal and upgrading of SMEs infrastructure located in the existing Industrial Development Centres through cluster development approach. The development process needs to be implemented properly and should be strengthened with ample work space and provision of cluster common infrastructure to enhance their productivity.

SMEs generally lack the understanding and ability to determine the competencies that are required by an employee to fulfill his/her role. These skill gaps exist in all the sectors. SMEs will need to invest in training and development that leads to skill development and job enhancement. The Government should strive to provide a solution to the skill gaps in the SME sub-sector. This makes the issue of capacity building an important area to focus upon. The building of new and renovation of existing technical colleges is highly advised.

The competitiveness of any economy depends on how efficient all the resources in the process of production are utilized and how efficient these are marketed, hence the entire chain of production has to be efficient. This means that the process of production has to be cost efficient and meets quality needs of the consumers. The operational cost of SMEs should be addressed towards attaining cost efficiency through the use of latest technology. The issue of power outages and other basic infrastructure such as access roads and transportation should also be addressed. Most of the SMEs do not have patent right and their intellectual property are not protected. The Ministry of Industry, Trade and Investment, SMEDAN and NOTAP should assist the SMEs in this regard by setting up an intellectual property facilitation cell, which will provide a range of intellectual property related services, such as prior art search, patent landscape and interface for technology transfer.

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