

## **GOVERNMENT CONTRIBUTION IN THE DEVELOPMENT OF ENTREPRENEURSHIP IN SMALL AND MEDIUM ENTERPRISES (SMES) IN SOUTH-EAST NIGERIA**

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### **Abstract**

*This study investigate the effect of government contribution in the development of entrepreneurship in Small and medium enterprises (SMEs) in South-East, Nigeria with particular reference to some entrepreneurs in small and medium enterprises (SMEs) in South east, Nigeria. The main aim of the study is to ascertain the effect of government contributions towards the development of entrepreneurship in South East, Nigeria. The study is anchored on Opportunity Based Entrepreneurship Theory and Resources-Based Entrepreneurship Theories. Relevant literatures were reviewed taking cognizance of the problem and the hypotheses of the study. the study adopted descriptive survey research method and data were analyzed using Chi-square statistical tools. The population of the study is made up of 1,200 selected entrepreneurs and owners of small and medium enterprises in South-East, Nigeria, while the sample size consists of 300 entrepreneurs in small and medium enterprises (SMEs) in South East, Nigeria. Taro Yamane's formular was used to obtain the sample size. It was discovered that entrepreneurship has a significant contribution on economic development of South-East, Nigeria and government contributes towards the growth problems militating against the growth of entrepreneurship in South-East, Nigeria, while there are major problems militating against the growth of entrepreneurship in South-east, Nigeria. Therefore, the study recommends that government should formulae and implement policies that will engender the growth and development of entrepreneurship and those small business owners should ensure good corporate governance and proper management of finance to ensure sustainability.*

**Keyword:** Government, Entrepreneurship, Small and Medium Enterprise

## **Introduction**

In recent times, the subject matter of entrepreneurship has generated (and is still generating) increased interest in Nigeria. This increased interest is partly due to the belief that entrepreneurship will help in combating unemployment, poverty and under-development and partly due to the belief that entrepreneurship will engender economic development (Clausen, 2006; Praag and Versloot, 2007).

Nigeria is naturally endowed with entrepreneurship opportunities; however the realization of the full potential of these opportunities has been dampened by the adoption of inappropriate industrialization policies at different times (Thaddeus, 2012). Several policy interventions that were aimed at stimulating entrepreneurship development via small and medium scale enterprises promotion, based on technology transfer strategy, have failed to achieve the desired goals as it led to the most indigenous entrepreneurs becoming distribution agents of imported products as opposed to building in country entrepreneurial capacity for manufacturing, mechanized agriculture and expert services (Thaddeus, 2012).

The emergence and development of entrepreneurship is an important phenomenon in contemporary economies (Stefanovic et al, 2011). Entrepreneurship is strongly linked to small and medium sized enterprises (SMEs), which are the main developing force of the developed market economies (Stefanovic, Milosevic and Miletic, 2009) that provides the spring board for industrial development and economic growth. Since the adoption of the economic reform Programme in Nigeria, (Structural Adjustment Programme SAP) in 1986, there has been a decisive shift of emphasis from the grandiose, capital intensive, large-scale enterprises to SMEs. The objective has been to develop domestic linkages for rapid, sustainable industrial development (Benzing, Chu and Kara, 2009). Apart from SMEs having the potentials for ensuring a self-reliant industrial development, in terms of ability to depend on local raw materials, they also generate more employment per unit of investment and guarantee an even industrial development, including the rural areas (Roy and Wheeler, 2006). Consequently, governments at all levels in Nigeria are stepping up efforts in promoting the development of SMEs through increased establishment of schemes that render financial and technical assistances to entrepreneurs. One of the goals of economic development strategies pursued by successive Nigerian Governments has been the reduction of poverty through job creation; Nigeria is not alone in pursuing this strategic option. The Reagan administration in the USA also pursued similar policies in the 1980s “Reaganomics” as it was dubbed worked on the supply side of the economy. This entailed the reduction of government involvement in business, large budgets cuts and deep tax reductions so that investment by the private sector will create jobs and increase supplies.

In Nigeria and other African countries, poverty is described as socioeconomic problems that affects growth and development in the region .the government of these countries have designed and embarked on several measures to reduce, the degree of poverty and improve the socio well being of the people. In Nigeria, the federal government has initiated several measures and policies to reduce the level of poverty among the masses. Entrepreneurship is one of the measures embraced by the Nigerian government to reduce mass poverty and youth unemployed in the country (Maiyaki 2011). The promulgation of the Nigerian enterprise promotion decree of 1972 provides stimulus for entrepreneurship development via small and medium scale

enterprises promotion Private business sprung and grew generating employment, income and increased gross domestic product (GDP). SMEs are believed to be the engine room for the development of any economy because they form the bulk of business activities in a growing economy like that of Nigeria. This is manifested in the ways of employment generation, rural development, economic growth, industrialization and better utilization of indigenous resources.

Many scholars have written widely on entrepreneurship and its potency to generate employment, thus under scoping the quaint essence, significance and relevance of this sub-sector in the development of Nigeria economy. Government has initiated several programmes aimed at promoting entrepreneurship directly and indirectly among which are the indigenization policy, the structural adjustment programmes, national directorate of employment, the entrepreneurship development programmes, privatization, commercialization and deregulation policies, on lending credit institutions, national poverty eradication programmes youth Empowerment programme (YouWin) among others. Entrepreneurship has been referred to as a source of employment generation. This is because entrepreneurial activities have been found to be capable of making positive impact on the economy of a nation and the quality of life of the people (Onwubike, 2011).

Onugu (2010) notes that entrepreneurship activities and innovative, ingenuity in Nigeria have developed enterprises in different' sectors of the economy. These human and natural resources notwithstanding Nigerians still one of the poorest countries in the world and has one of the highest rate of youth unemployment in sub-Sahara Africa and despite it alleged strong economic growth. The federal government has since initiated successive programmes aimed at promoting enterprises through widespread use of teaching and socially relevant business models. The extent of success of these and other measures, however, is still a matter of debate.

### **Statement of the Problem**

Most of Nigeria's current woes can be partly traced back to a historic over dependence on oil to the negligence of all other sectors including customary trades and agriculture, decades of non-inclusive policies alienated the vast majority of Nigerian's plunging the country into a miasma of extreme poverty, ravaging civil and political strife (Adejumo, 2001). It has however been worrisome that despite the incentive policies, programmes and support aimed at revamping the entrepreneurial sub sector, they have performed rather below expectation (Abimbola O.H. & Agboola G.M, 2011).

Difficulty in gaining access to bank credits and other financial institutions proved to be a major obstacle hindering the process of Nigerian entrepreneurial development (Ojo, 2009). But the most serious and damaging problems threatening the state of entrepreneurship in Nigeria is a lack of government interest in and supports for medium scale enterprises MSEs (Obitaya K.M. 2011).

This poor attitude towards the policy system explains why there has never been any real attempt on the part of government to develop any program or lasting policies to support small businesses. Generally in developing nations, provision of infrastructural facilities is usually grossly inadequate in correspondence with increasing population growth (Ghali, 2014). The Oxford dictionary, 2005 edition defines infrastructure as “the basic systems and services that are necessary for a country or an organization to run smoothly, for example, buildings, transport, water and power supplies”. Small businesses in developing nations, Nigeria inclusive encounter various challenges in respect to poor availability of infrastructure. Studies have shown that aside poor access to finance, a major challenge facing SMEs is electricity followed by road network (World Bank, 2013). In the same vein, Forster (2001) opines that good transport, electricity and communication systems are essential to the operation of any business. Adequate provision of necessary infrastructure to a community makes that community more business friendly and more attractive to entrepreneurs who are practicing or the potential entrepreneurs.

Economic decline in Nigeria particularly in the South East, since the 1980s has created a hostile environment that is unfavorable to entrepreneurial success. The lack of infrastructure development limits entrepreneurial effectiveness in the state and is a barrier to success (Anambra State Ministry of Commerce, 2012). The high cost of doing business in South-East, such as the lack of adequate electricity and basic needs by a large amount of the population cripple entrepreneurial activities.

The crisis of youth unemployment in the labour market due to corruption, which has permeated the entire social structure of Nigeria, has robbed the country of developing a vibrant economic base. Funds meant for development projects have been misappropriated, diverted or embezzled and stashed away in foreign banks, Okafor, (2010). The road to Nigeria’s emergence as an economic superpower is muddy and treacherous. It calls for clever economic maneuvering that will help turn the country’s fortunes around for good.

### **Research Questions**

1. What has been the extent of credit facilities granted by government and other financial institutions towards entrepreneurship development in South-East, Nigeria?
2. What has been the value added by government institutions to small and medium enterprises (SMEs) in the areas of youths empowerment?

### **Research Hypotheses**

1. Ho: The extent of credit facilities granted by government and other financial institutions has no significant effect on entrepreneurship development in South-East, Nigeria.
2. Ho: The value added by government institutions has no significant effect on small and medium enterprises in the areas of youths empowerment in South-East Nigeria.

## **Review of Literature**

### **Conceptual Framework: Nature and Meaning of Entrepreneurship and Entrepreneurial Development**

Defining entrepreneurship is not an easy task. There are almost as many definitions of entrepreneurship as there are scholar books on the subject (Byrd, 2007). To some, entrepreneurship means primarily innovation, to others it means risk-taking? To others a market stabilizing force and to others still it means starting, owning and managing a small business. Accordingly, the entrepreneur is then viewed as a person who either creates new combinations of production factors such as new methods of production, new products, new markets, finds new sources of supply and new organizational forms; or as a person who is willing to take risks; or a person who, by exploiting market opportunities, eliminates disequilibrium between aggregate supply and aggregate demand, or as one who owns and operates a business (Tyson et al, 2004). However, an entrepreneurship success is a function of the ability of an entrepreneur to see opportunities in the marketplace, initiate change and creates value through solutions. It is known as the capacity and attitude of a person or group of person to undertake ventures with the probability of success or failure.

Literature abounds as to what entrepreneurship is all about Davis in 1983, as cited in (Igbo, 2005) sees entrepreneurship as the creation and running of one's own business. Timmons in 1987 also cited in (Igbo, 2009), sees it as the creation, building and distribution of something of value from practically nothing to individuals, group, organizations and society. He summed up by stating that it involves planning and organizing of small business venture through the mobilization of people and resources to meet people's needs. UNIDO (2009) defines entrepreneurship as the process of using initiative to transform business concept to new- venture, diversify existing venture or enterprise of high growing venture potentials. Otiwuka (2009) defines Entrepreneurship as the prime mover of a successful enterprise just as a leader in any organization must be the environmental change agents.

Furthermore, Entrepreneurship development is a catalyst for economic, social and industrial development. Peter and Clark in 1997 as cited in (Egai 2008) affirmed that entrepreneurial development is a disposition to accept new ideas, new methods and making people more interested in present and future than the pasts. Entrepreneurship class provide leadership in resource change, innovation,, technical progress and capital formation to produce new knowledge, new production techniques, Possibilities, profits and economic growth. Historically, entrepreneurship development in Nigeria has remained excluded from industrial policy until changes began to occur in 1980s due to am bivalency of competition and increasing service sector.

Audretsch and Thurik, (2011) opines that, the role of the entrepreneurial sector changed when industrial comparative advantages shifted towards knowledge-based economic activities. Large firms lost their competitive edge while smaller and more flexible entrepreneurial firms gained

new importance in the increasing knowledge-based economy. New dynamic ventures are acknowledged to be drivers of innovation.

The term entrepreneurial development has been defined in various dimensions (Ndechkwu 2001, Me Oliver 1998, Ameashi 2008). However referring to the productive transformation of an entrepreneur, a single thread runs through all of them. The ability to identify business opportunities, the ability to harness the necessary resources to use opportunity identified the ability and willingness to, initiate and sustain appropriate actions towards the actualization of business objectives. There is a distinction between theoretical and operational definitions of entrepreneurship. In general, the theoretical definitions are wide, covering a number of entrepreneurial activities, whereas, the operationalised definition of Entrepreneurship covers a single aspect. Glancey and McQuaid, (2010) mention five definitions of entrepreneurship while Wennekers and Thurik, (2009) mention thirteen. The economic definition of entrepreneurship can be viewed from a theoretical and operational context. Okpara, (2010) defines the entrepreneur as an individual who has the zeal and ability to find and evaluate opportunities. He further observes that they are calculated risk takers, who enjoy the excitement of challenges not necessarily gamblers.

Schumpeter, (2001) stated that the entrepreneur is the bearer of the mechanism for change and economic development and entrepreneurship as the undertaking of new ideas and new combination that is innovations. Drucker 1985 as cited in (Igbo, 2005) describes an entrepreneur as a person who is willing to risk his capital and other resources in new business venture from which he expects substantial rewards if not immediately then in the foreseeable future.

Osuagwu (2012) defines entrepreneur as me who always searches for change, responds to and exploits it as an opportunity, he notes that entrepreneurship is practice behaviour it is a discipline, it can be learned. Similarly, (Timmons and Spinelli, 2008) see entrepreneurship as the function of being creative and responsive to within and to the environment. They stated further that an entrepreneurship activity is a destabilizing force, which starts the process of creative destruction which is the essence of economic development.

The above definitions and discussions point to the fact that entrepreneurship involves innovation, development, recognition, sizing opportunities and converting opportunities to marketable ideas, value while bearing the risk of competition.

**Entrepreneurship:** It is the quality and skill required to become, an entrepreneur, it is also refers to as the capacity required for identifying and generating innovative business ideas, mobilizing resources organizing production, marketing the products, managing the risks and constantly working for growth and excellence of the business.

**Development:** It is the process of economic and social transformation that is based on complex cultural and environmental factors and their interactions.

**Poverty alleviation:** It is a condition in which income is insufficient to meet substantial needs.

## **Contributions of Government and other Financial Institution in Entrepreneurship Development in Nigeria**

### **Financial Interventions**

Jibrilla (2013) posits that since independence, promoting small and medium scale enterprises as the foundation of economic progress has been recognized in Nigeria by every regime. Hence, different efforts have been made by successive government in the area of promoting entrepreneurship and developing the SMEs sector. In this respect, government has contributed through policy, technical/infrastructural and financial supports (Gbenga & Oluremi, 2011). Among major constraints facing SMEs development globally is access to finance (Ayyagari, Demirguç - Kunt, Maksimovic, 2012). In recognition of this, several financial institutions in charge of microcredit and policy instruments such as Nigeria Agricultural Co-operative and Rural Development Bank (NACRDB), Nigerian Bank for Commerce and Industry (NBCI), National Economic Reconstruction Fund (NERFUND) all defunct, Bank of Industry (BoI) among others were established to provide financial facilitates for the expansion of SMEs (Jibrilla, 2013). Accordingly, government financial incentives are in three major categories:

- a. Seed-capital Grants: government and non-government organizations sometimes give grants to potential entrepreneurs to start small businesses (Osadele, 2007). This is an allowance that a government or an organization gives to support small business creation in the country. In Nigeria, seed-capital grants are awarded under different entrepreneurial development platforms and it cut across both government and private. Seed-capital grants awarded by corporate organizations cut across indigenous and multinationals enterprises under the platforms of SMEs development. On the other hand state and local governments through their different youth empowerment programmes.
- b. Soft Loan: the federal government through the Central Bank of Nigeria and Bank of Industry under the platform of SMEs promotion and youth entrepreneurship development made a provision for soft loans with single percentage interest rate (CBN, 2013). A typical example of this arrangement is the ₦220billion Micro, Small and Medium Enterprises (MSME) Development Fund recently launched by the CBN. The aim of the fund is to provide wholesale credit at 3 percent interest to financial institutions, for onward lending to MSMEs at 9 percent interest over a maximum period of five years.
- c. Special Loan: This is a facility given to the entrepreneur with obligation to pay the sum and accrued interest at an agreed date under special terms and conditions (Isern, Agbakoba, Flaming, Matilla and Tarazi 2009). The special loans are usually granted through public private partnership arrangement. Often it may include international financial corporations such as the World Bank, Africa Development Bank, International Finance Corporation or non-governmental organizations e.g. Asante Africa Foundation, African Leadership Foundation, MTN Foundation, Tony Elumelu Foundation etc.

According to Isern et al (2009), special loan is not accessible as other forms of loan as the awarding party may endure that the intending awardees undergo certain training and development programmes before the award of such grants.

### **Financing Entrepreneurship in Nigeria**

It is important to ask this cogent question as it relates to an entrepreneur. Where does an entrepreneur go to obtain the needed finance? The source of finance can be categorized into three distinct classifications, namely, short, medium and long term Olowe, (1997) while according to Enikanselu, (2008), source of finance can be classified into two, that is short and long term. In actual sense, what a business requires is finance but not the class of finance. However, appreciating the class of needs is as crucial as the need itself. Knowing the class will go a long way to ease the accessibility of needed finance. The source could also be viewed by nomenclature of the provider e.g. Financial Institutions, Financial Institution and government support agencies/institutions. In Nigeria, both classifications abound and so also the instruments designed in all the classifications. There are arrays of traditional and technical/specialized sources of finance in Nigeria. The most potent is the entrepreneur personal savings. It is most often found to be the take-off (initial) capital. This source is largely found to be inadequate for promotion of expansive enterprise to meet those needs. This research work prefers to analyse these sources without technical reference to either short or long especially at this stage. These sources are as follows:

- (i) **Trade Credit:** Suppliers could be a veritable source of finance through granting of short term delay payment of supplies. It is the practice of buying goods now and paying for them at a future date Enikanselu, (2008). This is a cheap form of finance as it attracts no conditionality than supplier reposing confidence.
- (ii) **Customers/Clients Advance Payment:** At times, the supply of finance could be from customers pending production and supply of goods to the customers' stores. In fact, this could be of great assistance in financing working capital need of entrepreneurs, free of cost. Wade and Anarson, (2001) captured the importance of this when they submitted that "leveraging customers advance payment ... ahead of bank funds to survive the early stages, and manage to get to point where they can raise it (funds) externally" is a crucial and effortless means of obtaining needed funding hence advance payments by various clients could be a crucial source of finance but this also depends on the market structure where the entrepreneur operates.
- (iii) **Overdraft:** This is a special arrangement between an entrepreneur and his or her bankers to overdraw his/her demand (current) account. Under this arrangement, the account can be overdrawn at any time during the period of the facility but must revert to credit position on or before the end of the facility period. It is easier to obtain and cost friendly than loan to the entrepreneur as interest is only payable on actual amount with which the account is overdrawn and for the very number of days at which the account stands



overdrawn. As good as this, yet all tenets of lending will be observed before the drawdown by the entrepreneur.

- (iv) **Bankers Acceptance:** When a banker is not willing to grant direct short term credit facility but consider the entrepreneur lending proposition viable, they could help facilitating discounting of accepted bill of exchange in money market. The bill will arise in the course of normal trading activities with the entrepreneur's customer who had taken possession of goods for payment to be effected at a later date. The entrepreneur draw a bill on the customer and after acceptance by the customer, the entrepreneur can then approach the banker for immediate cash assistance either directly from the banker or from other source in money market using the bill as collateral. It is not just the bill as collateral but the bill becomes first source of the credit facilities.
- (v) **Bank Loan:** This is a term credit facility granted to an entrepreneur by his/her bankers to finance a specific need of a business and with definite repayment programme which could runs for over twelve months. Generally, bankers will want to measure all loans/advances propositions with canon of good lending.
- (vi) **Hire Purchase:** When an equipment such as heavy machinery, tractor or other similar items are needed for production activities such that a banker is not comfortable to finance such equipments can be procured through hire purchase agreement. The vendor sells and delivers the machine for entrepreneur's use for installment payments. The ownership however remains with the vendor until last installment is effected but actual possession of the equipment is that of hirer. This source is costly than some other sources but could be most appropriate for contingent of time.
- (vii) **Factoring of Debtors:** This is an arrangement made by an entrepreneur with a firm (factor) to buy over the book debt of the enterprise for commission. The factor will out rightly pay for entrepreneur say 95% (or certain percentage as may be agreed) of the debt. It could be arranged in such a way as for the factor or make immediate payment of 70% of the book debt and 25% when the debt is fully recouped from various debtors of the entrepreneurs. However, the mode of purchase will be mutually agreed by the parties. This arrangement may be with recourse, and this is to say that the entrepreneur will make good any unrecouped below agreed percentage while without recourse indicate that the factor bears fully the consequence of default of any of the debtors in the assigned book debt.
- (viii) **Leasing:** This is more or less an agreement to rent an equipment or item by the entrepreneur. "It is a contract between owner of an asset (lessor) and the user of the asset (lessee) granting the user or lessee the exclusive right to the asset, for an agreed period in return for the payment of rent" Olowe, 1998. It was also defined by Mustapha and Fabunmi (1990) as an arrangement whereby the lessor convey to the lessee, in return of rent, the right to use an asset for an agreed period of time. There are two types of leasing: Finance leasing where it involve a medium term period for right of usage and the contract is not cancellable and Operating lease which only exist for short period of the asset's life span and is cancellable. The rent will be for a fixed period of time (time that almost cover the whole of useful life span of the item) after which the equipment revert back to the

lessor (if financial leasing), it is also possible to have a clause of first right of recourse for the lessee to be given preference to buy the asset at a nominal price. This is usually embraced by entrepreneur as a means of acquiring right to use of asset without direct commitment of funds for its acquisition. In some instances, it could be that the enterprise has acquired the assets but find a leasing company to buy same and lease back the asset to the firm. Whichever way, it provides finance for the smooth operation of the firm.

- (ix) **Venture Capital:** An important source of financing which could be a means for entrepreneur to obtain take off “seed stage of venture” Amit, (1999) funds through equity contribution of other firms or high net worth individuals to. Indeed, venture capital is usually defined as the provision of equity and debt financing to young, private held firms. This could be Venture capital proper or inform of angel investor. Venture capital is the institutional investors that commit funds into equity of an enterprise. The venture capitalist will only want to play where their efficiency in selecting, monitoring investment and providing value-added services place them over and above other investors. Rin and Penas, (2009) explained capital venture as a specialized form of intermediation whose success in supporting innovative companies through provision of finance and monitoring and advice. This source is not only just to provide finance but it includes involvement of investors in direct affairs of the enterprises and this makes available the expertise to bear on operational abilities of the enterprise as well. Often, the capital brought in is not repaid but off load through capital market (public offer) when institutional investor feel moving elsewhere or at the expiration of the venture agreement. Angel investors are investors (individuals) who use their own funds to provide equity finance to new venture. Denis while citing Feen et al (1997) said that angel investors are typically invest “seed capital”, that is capital required by the firm in at a very early stage of their development: they provide a bridging finance until the company is in a position to receive bank facilities or venture capital financing.
- (x) **Debenture:** This is source for long term loan directly from the outside the financial institutions. It is a mean where a large scaled enterprise with high credit rating offer debts for sale to the public. Such debt when contacted is acknowledge under the enterprises zeal. At the times such debts could be convertible to equity at maturity or settled – off (discharge by redemption).
- (xi) **Preference Share:** This is a class of shareholders that are partly regarded as partial (but not) owner of the enterprise as they have no voting right in the affairs of the enterprise. Their income is fixed as agreed from on-set unlike the real owners.
- (xii) **Retained Earning:** This is pool of undistributed profits earned over the years and plugged back to support the capital base of the enterprise. It is most risk-free and stress free source of finance especially for a profitable enterprise.
- (xiii) **Owners’ Equity:** This could be from private savings of the entrepreneur and supplemented with borrowings from friends, relatives or Cooperative Society the entrepreneur belongs for initial take. When it is as stated then the available funds will be inadequate to execute any reasonable entrepreneur’s innovation and generated business idea. However, when entrepreneur (like in the case of blue- chip enterprises) could approach capital market for equity the coast is clear to obtain funds as much as external environment dictate.

### **Empirical Review**

Okpara (2011) examined the factors that obstruct the growth and survival of small businesses in Nigeria. He used a survey method to gather data from 211 small business owners and managers located in selected cities in Nigeria. He conducted several statistical analyses to identify the factors constraining the growth and survival of SMEs in Nigeria. He found that the most common constraints obstructing small business growth and survival in Nigeria are lack of financial support, poor management, corruption, lack of training and experience, poor infrastructure, insufficient profits, and low demand for product and services.

Mshenga and Richardson (2012) examined micro and small enterprise (MSE) contribution in tourism and the linkages between tourism businesses and MSEs in the coastal region of Kenya. They collected data by using structured questionnaire from two surveys involving 449 MSEs and 49 hotels. They used Tobit regression model to estimate the determinants of MSE participation in tourism, as well as the proportion of products purchased by hotels from MSEs. They found that older, larger MSEs and those that were members of associations were more likely to participate in tourism. They also found that the elements of hotel procurement from MSEs included age of the hotel, bed capacity, and management characteristics.

Ogundele, and Akingbade, (2012) investigate the intensity of entrepreneurship training and education as strategic tools for poverty alleviation in Nigeria. They select 250 entrepreneurs from five recognized local government areas Lagos state of South Western Nigeria. They used stratified random sampling technique through a self-monitored questionnaire survey and simple regression analysis was used to test the relationship between the entrepreneurship training and education and poverty alleviation. They found that entrepreneurship training and education were significantly related to the youth empowerment and social welfare services. They also found that youth empowerment was influenced by their acquired technical skill. They recommend that effective technical education, youth empowerment, and social welfare service as a catalyst for poverty alleviation.

Tende, (2013) examined government initiatives toward entrepreneurship development in Nigeria and evaluates the job creation capacity of the entrepreneurship development programs on Nigerians. Random samples of 1,159 beneficiaries of were selected from six geo-political zone and structured questionnaires were used to obtain information from the selected beneficiaries. He found that government credit policies have no significant effect on the development of entrepreneurial activities in the country and mostly the beneficiaries do not derived maximum satisfaction from government programs and policies.

### **METHODOLOGY**

**Research Design:** This study used a descriptive survey design. The purpose of descriptive survey design is to collect detailed and factual information that describes an existing phenomenon.

**Reliability of the Instrument:** The reliability of the instrument was ascertained through the test-retest method. In doing this, the instrument was administered to the sample of the study and the responses collected. After an interval, the same instrument was re-administered to the sample. The two responses were correlated using the Pearson's product moment techniques so as to

guarantee the instruments reliability. The reliability of the instrument was ascertained at 0.8 which means that the instrument is reliable.

**Population of the Study:** population of the study refers to people, objects or events which a researcher deliberately decided to study, primarily to obtain necessary data needed to solve a given problem. The population of this study is made up of 1,200 selected entrepreneurs and owners of small and medium enterprises in South-East (Anambra, Abia and Imo State).

**Sample and Sampling Technique:** The sample size consists of 300 entrepreneurs in small and medium enterprises (SMEs) in South East, Nigeria. Taro Yamane's formula was used to obtain the sample size.

**Instrument of the Study:** The major instrument used in this research work is the questionnaire. The questionnaire was open-ended in nature and was structured in such a way that the respondents will have a clear understanding of the questions.

**Method of Data Analysis:** The need to enhance easy comprehension and analysis prompted the use of the frequency distribution table to present the data gathered. The tools used in analyzing the data collected include tables and simple percentages. In analyzing the hypothesis, Chi-square was used. If the calculated Chi-square  $X^2$  is greater than the critical value  $X^2_t$ , the null hypothesis is rejected given room for the acceptability of the alternative hypothesis. But if the calculated Chi-square is less than the critical value, the null hypothesis will be accepted while the alternative hypothesis will be rejected.

## **Result and Discussion**

**Question One: What is the extent of credit facilities granted by government and other financial institution and its effect on entrepreneurship development in South East, Nigeria?**

Determination of credit facilities granted by government and its effect on entrepreneurship development

S/N	STATEMENT	SD	D	N	A	SA	TOTAL
1.	Do credit facilities granted by government and financial institution promote entrepreneurship in South-East, Nigeria?	19 6.6%	22 7.7%	49 17.1%	103 35.9%	94 32.5%	287 100%
2.	Credit facilities granted by government and other financial help in reducing unemployment and encourage self-reliant?	3 1.0%	5 1.7%	39 13.6%	73 25.4%	167 58.2%	287 100%
3.	Credit facilities issued by and financial institution contribute to economic development and a fertile ground for SMEs to prosper?	4 1.4%	6 2.1%	19 6.6%	158 55.1%	100 34.8%	287 100%
4.	Credit facilities offer by government and financial institution encourages economic diversification?	4 1.4%	4 1.4%	30 10.5%	98 34.1%	151 52.6%	287 100%

Greater percentage (82.2%) of respondents believe that credit facilities granted by government and other financial institutions have significant effect on entrepreneurial development in South-East, Nigeria, while 11.9% of respondents were neither or believe on the above statement. However, very few respondents of about (5.8%) were on the opposing side.

**Question Two: What has been the value added by government institution to SMEs in areas of youth empowerment?**

Value added by government institution in the areas of youth empowerment

S/N	STATEMENT	SD	D	N	A	SA	TOTAL
5.	Government has added significant value in the areas of youth empowerment?	17 5.9%	68 23.7%	51 17.8%	73 25.4%	78 27.8%	287 100%
6.	Are you with the school of thought that believes that government programmes and policies can boost entrepreneurship?	39 13.6%	41 14.3%	28 9.8%	81 28.2%	98 34.1%	287 100%
7.	Value added by government encourages self employment among the youth?	31 10.8%	37 12.9%	80 27.9%	74 25.8%	65 22.6%	287 100%
8.	Value added by the government can create turbulence free business environment?	24 8.4%	55 19.2%	84 29.3%	50 17.4%	74 25.8%	287 100%

Respondents' view on the value added by government institutions to SMEs in areas of youth empowerment is encouraging. About 51.7% of the respondents believed that value added by government has positive effect in the areas of youth empowerment. Whereas 21.2% were neither here nor there (neutral) and 27.2% were on the opposing side.

**Hypothesis One:**

**Respondents' opinion on the extent of credit facilities granted by government and other financial institution on entrepreneurship development of South-East, Nigeria**

QUESTION	SD	D	N	A	SA	ROW TOTAL
1	19	22	49	103	94	287
2	3	5	39	73	167	287
3	4	6	19	158	100	287
4	4	4	30	98	151	287
Column Total	30	37	137	432	512	1,148

**Source:** Field Survey, 2016

Table above present respondents' opinion on the extent of credit facilities granted by government and other financial institution towards entrepreneurship development in South-East, Nigeria. Majority of the respondents (both strongly agree and agree) responses of about 82.2% are of the view that credit facilities granted by government and other financial institution are of immense benefit to entrepreneurs and SMEs operators in South-East. While very few of about 5.8% of respondents are on opposing side and 11.9% were neutral.

### **Test of Hypothesis Two:**

H<sub>0</sub>: The value added by government institution has no significant effect on small and medium enterprises in the areas of youth empowerment.

H<sub>1</sub>: The value added by government institution has significant effect on small and medium enterprises in the areas of youth empowerment.

### **Respondents' opinion on if value added by government has effect on small and medium enterprises in areas of youth empowerment**

QUESTION	SD	D	N	A	SA	ROW TOTAL
5	17	68	51	73	78	287
6	39	41	28	81	98	287
7	31	37	80	74	65	287
8	24	55	84	50	74	287
Column Total	111	201	243	278	315	1,148

**Source:** Field Survey, 2016

Table above shows that 27.4% of the respondents strongly agree that the value added by government institution has significant effect on small and medium enterprises in areas of youth empowerment, while 24.2% of the respondents also agree on the statement. However, 21.2% were on neutral side and 27.2% were in opposing side (both strongly disagree and disagree) so, majority of the respondents believe that value added by government has significant effect on entrepreneurship development and SMEs operator in areas of youth empowerment.

### **Discussion of Results**

#### **Credit Facilities granted by Government and other Financial Institutions have effect on the Development of Entrepreneurship in South-East, Nigeria**

82.2% of the result from the analysis shows that credit facilities granted by government and other financial institutions has significant effect to the development of entrepreneurship in South-East, Nigeria. Lack of capital is what drives very many people who are unemployed and wants to be self-reliant and self-employed away hence inadequate access to loan schemes couple with the issue of collateral and high interest rate on loan from financial institutions makes it difficult for these entrepreneurs to start or expand their business venture. This is in line with the findings of (Ariyo 2005) which state that difficulty in gaining access to Bank credit and other financial institutions proved to be a major. Obstacle hindering the process of entrepreneurship development but if the situation is properly addressed it will motivate more people to start up their own Business. The key roles of entrepreneurs include mobilization of domestic savings for investment, significant contribution to Gross Domestic Product (GDP) and Gross National Income (GNI), harnessing of local raw materials, employment creation, poverty reduction and alleviation, enhancement in standard of living, increase in per capita Income, skills acquisition, advancement in technology and expert growth and diversification all these can be achieved once the financial resources are provided by government and other financial institutions as a means to

empower entrepreneurs in the state to star up their own business or to expand an existing business venture.

#### **The Value Added by Government Institutions on Small and medium Enterprises in the Area of Youth Empowerment in South-East, Nigeria**

Majority of respondents (51.6%) believe on the value added by government institutions on small and medium enterprises in the area of youth empowerment in the state, points to the fact that government have key role to play to ensure that entrepreneurship is a means of quelling unemployment thus generating more employment opportunities to the unemployed youths and get them usefully engaged, Results from previous study shows that the crisis of youths unemployment due to corruption which has permeated the country indicate a strong link between entrepreneurship and economic development. The findings further suggest an urgent need for Nigerian policy makers to undertake more positive steps to encourage enterprise establishment especially among the youths (Okafor, 2010). The value added by government institutions to small and medium enterprises (SMEs) in the areas of youth empowerment in South-East, Nigeria has significant effect towards the development of entrepreneurship and this can be seen in the areas of programmes and activities such as national directorate of employment, the entrepreneurship development programmes, privatization, commercialization and deregulation policies, on lending credit institutions, national poverty eradication programmes youth Empowerment programme (YOUWIN), organized both at state and federal levels with the sole aim of empowering youths in the state on how to create jobs for themselves while generating employment opportunities for others in the state.

#### **Recommendations**

Having analyzed the effect of government contribution towards the development of entrepreneurship in Nigeria: A study of selected SMEs in South-East, Nigeria, the following recommendation if carefully applied will help improve and in kicking entrepreneurs to a steller performance. Thus, the following were recommended:

1. That government should initiate policies to make credit cheap and easily accessible to the SMEs and entrepreneurs. The recent policy of setting aside ₦500 billion as industrial/business development bail-out fund by the CBN should be extended to the SMEs.
2. This point the fact that government have key role to play to ensure the entrepreneurship as a means of quelling unemployment, thus generating more employment opportunities to the unemployed youths and get them usefully engaged. There should be a process of or a program geared toward training youths in Nigeria in the act of entrepreneurship. This is in lieu of the assertion that knowledge is power. They are aware that there is YouWin programme YES (Youth Enhancement Scheme) UDE etc in Nigeria but more is still needed to be done, as these platforms are just being institutional. They ought to be

proactive and pragmatic, if they cannot fit in the prescription, a new one can be created to take their place.

### **Contribution to Knowledge**

The primary aim of this research in this study is to relook at the contributions of government in the development of entrepreneurship. Most studies on entrepreneurship development have focused in individual states in Nigeria. In this study the researcher has tried to shift the focus to South East region of Nigeria rather than the confederating states.

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