

An Evaluation of the roles and Challenges of Micro, Small and Medium Scale Enterprises (MSME's) as the Base for National Development:

A Case Study of Ogaba/Egbema/Ndoni Local Government Area

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Abstract:- Micro, small and medium scale enterprises are the driving force for any economy to develop. Many economies rely on this sector to boost their development as they translate to increase GDP, job creation, poverty alleviation, income redistribution and generally industrial revolution. This study was aimed at identifying those roles played by these MSME's to national development and the challenges they encounter in growth. To achieve these objectives, 50 MSME's were randomly selected from the 4 communities of ONELGA including; 30 MSME's from Omoku, 10 MSME's from Egbema, 6 MSME's from Ndoni and 4 MSME's from Egi. The data was analyzed using a simple mean (average). The findings revealed that Micro, Small and Medium scale industries (MSME's) play a vital role as a base for national development through job creation, poverty alleviation, income redistribution, establishment of indigenous industries. The findings also revealed that MSME's face serious challenges that affect their growth and development. These challenges include; short term loans, high interest rates, stringent collateral security, insecurity, infrastructural decay, lack of patronage and managerial problems.

Keywords: *Micro, Small and Medium Scale Enterprise, Formal, Semi-Formal and Information Institution.*

I. INTRODUCTION

Micro, small and medium scale enterprises (MSME's) are the path way for economic growth for any country both developed and developing. In Nigeria, they are the key to economic growth, human capital development, employment generation and poverty alleviation. Nigeria has for some years been a mono economy country with a single export product of crude oil while 80% of its consumed products (including refined products) are imported. This has led to a fall in the countries external reserve which eventually translated to a fall in income redistribution, increase in poverty and increase in unemployment. However this experience served as a wakeup call for Nigeria to revamp its economy. Over the years Nigeria has diversified its attention

from oil so as to reduce the effects of a mono economy. Attention was reduced from public owned industries total oil dependence to a more diverse privately owned micro, small and medium scale enterprise. In 1998, the Nigerian's gross domestic product (GDP) per capital was put at \$300 and at \$1,169 according to IMF 1999 report. Nigeria was also classified as a less developed country of Sub Saharan Africa under the tariff order of 2005. The World Bank development report of 1997 considered Nigeria as a country with a lower level of economic and social development due to low industrial base and dependence on primary product export. This has been the reason why the development strive has gone on since then. To help change the perception the federal government introduced schemes that were meant to help MSME's. They included; Small Scale Industries Credit Guarantee Scheme (SSICG) established in the (1971); Agricultural Credit Guarantee Scheme established in the (1973). The fund guarantee credit facilities offered to farmers by banks up to 75% of the amount in default net of any security realized. The Nigerian government also its vision 20,2020 came up with empowerment programs which are aimed at helping and empowering Micro, small and medium enterprise (MSME's) to grow. The Nigerian government under the empowerment program established the Economic and Empowerment Development Strategy (NEEDS) and other reforms to help SME'S develop thereby adding value to the economy. Today the Nigerian government has made effort to improve on human capital development through schemes that are aimed at empowering youths such as N-power scheme. This scheme gives the opportunities for youth to learn a skill and hence become self-reliant.

A. Statement of Problem

There are many MSME's found in Ogba/Egbema/Ndoni local Government Area (ONELGA). While some of them remain a family business or sole proprietorship business, some operate as small industries such as pure water, and bakery, some are related to agriculture such poultry farming, fish farming and food cultivation. Others are focused on technical know-how and education such as mechanical shops, IT centers and privately owned Schools. These MSME's in its own way has help reduced the level of poverty and

unemployment in this area. However the level of economic activities in this Local Government has dwindled over the years due to series of challenges these businesses have encountered. The most severed is the level of insecurity found in this axis of the south-south region of the country which has negatively affected the growth of MSME's. Due to the alarming rate of kidnapping, arm robbery and other forms of theft, some banks and other businesses have temporarily relocated to other areas of the state making commercial activities difficult. The series of measures recently put in place to curb this menace has not yielded much as the economy of this area still remains poor. It is only based on hope that this area which was the cradle of business success and development will recover its glory and retain its status as the most economically developed local government area in River State.

B. Objective of the Study

The main objective of this study includes;

- To evaluate the role of Small and Medium Enterprises in national development.
- To identify the challenges faced by Small and Medium Enterprises in achieving growth

C. Research Question

The following research questions are established

- What are the roles of Small and Medium enterprises in national development?
- What are the challenges that militate against the growth of these SME's

D. Definition of Terms

- *Micro, Small and Medium Scale Enterprises (MSME's)*: These are businesses that are operated with small capital and employs a work force of 30 -300.
- *Micro Finance Banks (MFB)*: These are financial institutions that provide financial services such as deposits, loans, money transfer to low income earners and micro, small and medium scale businesses.
- *Non-Governmental Organizations (NGO's)*: These are establishments which are established independently from the government and serve some social or political purposes.
- *Central Bank of Nigeria (CBN)*: Government own financial institution which regulates financial transactions of all commercial banks in the country.
- *ONELGA*: Ogba/Egbema/Ndoni Local Government Area
- *Formal Institutions*: These are institutions that have rules of operation, readily observable and have written documents that established it.
- *Informal Institutions*: These are institutions which can be established without a written document and it is not determined by any rule.
- *NEEDS*: Economic and Empowerment Development Strategy.

- *MSMECGS*: Micro Small and Medium enterprises credit Guarantee Scheme
- *Co-operative societies*: These are business created by people of common interest. They put their resources together for the common good of their members.
- *Interest rate*: Additional money paid by someone who borrows money.
- *Collateral security*: an item given as a guarantee that an amount borrowed will be repaid if not the item is taken away.
- *Security*: The protection given to a person or goods.
- *Shortee*: A person who stands to affirm the reliability of another person who desire to borrow or demand something and is ready to account for that person in times of default.
- *Infrastructure*: The basic structure or features of a system or organization.
- *Management*: The act of taking charge of something or overall planning and directing.

II. REVIEW OF LITERATURE

A. Definition of Micro, Small and Midium Enterprises (MSME'S)

The term micro, small and medium enterprise (MSME's), micro, small and medium industries (MSMI), micro, small and medium scale business (MSMB) are used interchangeably to mean the same thing as they are used interchangeably. Different definitions have been given for MSME's base on their capital outlay, numbers of employees, sales turn over, market share, fixed capital and level of development. Few of these definitions are given as follow;

Nigerian, third National Development Plan (1999) defined micro, small scale business as a manufacturing establishment employing less than ten people and whose fixed capital does not exceed N600000

The central bank of Nigeria (CBN) classified MSME's as those businesses with annual income/assets of less than half a million, Ashamu (2012). The small scale industry association of Nigeria (1973) defined MSME's as those investments with up to N60,000 capital and employing not more than 50 persons. Iheduru (2002) defined micro, small and medium enterprises in her presentation to the women entrepreneurship and development as businesses that are run with small capital structures and do not employ more than 50 persons. From these definitions it is clear that MSME's are small, employs few people and most especially operates using small capital.

B. Scope of Micro, Small and Medium Scale Enterprises (MSME'S)

MSME's are an effective instrument for economic growth and development in Developed and Less Developed Countries (Beyene, 2002; Nitani, 2005). This is because MSMEs contribute significantly to the Gross Domestic Product (GDP) through locally manufactured and consumed products (ECA, 2000; Watt and pruttipaisan, 2003; Tagoe, Nyarko and Anuwa-Amarh, 2005; Saleh and Ndubisi, 2006). According to these writers, MSMEs play an important role in the economic growth of any country including industrialized countries because they account for more than half of a country's output and employment. In the same vein, Udechukwu (2003) asserts that the development of MSMEs is an essential element in the growth strategy of most economies like Nigeria. Obokoh (2008) stated that MSMEs are a vital part of any market economy because they are represented in all major branches of manufacturing and service sectors. This is in addition to their role in job creation for the unemployed, provision of goods and services within and across national boundaries of countries (Saleh and Ndubisi 2006; Woldie, Leighton and Adesua, 2008). Due to their small size, MSMEs are flexible and are more able to adapt to changes within the market environment than large firms (chukwuemeka, 2004; Udechukwu, 2003; Aryeetey, 2005). However, the small size of MSMEs and their small capital base also constitutes an obstacle to their access to funds for their operations (Obokoh, 2008). It is expected that, with supportive enabling government policies, MSMEs can succeed in competing with others worldwide. In this vein, Berry (2002) asserts that the flexibility of MSMEs operations persuades business analysts to believe in their strategic role towards future industrial growth of developing nations. Despite this flexibility, MSMEs are also exposed to external environmental risks such as stringent government policies and competition (Abonyi, 2003). Some of these environmental factors often hinder MSMEs from gaining the necessary international exposure and achieving large scale production for the efficient utilization of resources (Mambula, 2004).

III. SOURCES FINANCE FOR MSME'S

There are several sources of finance that are available to MSME's for their growth and development. These sources were listed by Ewiwele and Owa (2011).

A. Formal Institutions

The formal institutions are considered to be well organized institutions which provide funding for SME's. They include;

➤ Commercial banks

These are formal financial institutions which are established to provide financial services to individuals, corporate organizations as well as micro, small medium enterprises. They provide financial support through the

provision of short and long term loans at specified interest rate. MSME's usually face problems seeking for loans from commercial banks due to the conditions attached such as high interest rates, difficult collateral securities and non-availability of long term loans. It was because of these difficulties that led to the establishment of microfinance banks.

➤ Micro finance banks (MFB's)

Micro finance banks (MFB's) are considered the most recent and most surviving source of micro finance for MSME's. In Nigeria, micro finance banks were established through the micro finance policy of December 2005. According to Ojo (2009), this policy was established because of the need to meet the financial desires of SME's. He also stated that most SME's face the problem of acquiring loans from commercial banks due to stringent and bottle neck procedures there by creating gap between MSME's and commercial banks. He added that the existence of microfinance banks in Nigeria have succeeded in bridging that gap created by commercial banks.

➤ Co-operative societies

Co-operative societies are voluntary business organizations in which a group of individual with common interest pools their resources together to promote the economic wellbeing of their members and the society (Longe, 2001). Olefin (1990) defined co-operative society as a group of low income earners in a society who come together to help their members to achieve individual and collective aims. According to Olafin (1990) co-operative society is the oldest form of business organization. Robert (1771-1858) established the first producer's co-operative society in New Lanark, England. In Nigeria, the first co-operative society was established in 1922 by a group of cocoa farmers (Longe, 2001).

There are 5 types of co-operative society according to Longe (2001). They include;

Producers co-operative society which is formed by producers, Consumers co-operative which is owned and operated by a group of consumers, Retail co-operatives society which is made up of small and independent retailers, Whole sale co-operative society which is formed by whole sellers and Credit and thrift co-operative society which is made up of an organized low income earners or small business owners who put large resources together through monthly or weekly contribution. There are many credit societies in ONELGA and it is considered to be one of the platforms for business development in this local government area.

B. Semi-Formal Institutions

➤ Non-governmental organization (NGO's)

Non-governmental organizations are citizen based association that operates independently of government, usually to deliver resources or serve some social or political purpose (UN, 1945)

According to Pederson (2009), there are different variations of NGO's. They include;

- BINGO (Business friendly international NGO or Big international NGO) and are involved in helping business such as MSME's to grow.
- ENGO (environmental NGO) e.g world wild life fund.
- GONGO (government operated NGO) which is an organization created by a government to further its agenda.
- INGO (international NGO) e.g Oxfam, Red Cross.
- QUANGO (quasi-autonomous NGO) which is an NGO which may have some government members.
- RINGO (Religious international NGO) e.g Catholic relief services
- DONGO (Donor organized NGO's)
- TANGO (Technical assistance NGO)
- MANGO (Market advocacy NGO's)

C. Informal Sources of Finance MSME'S

➤ Money lender

Money lenders are individual businessmen who lend money to micro entrepreneurs to help boost their business at a high interest rate (Marikonde, 2006). In a research conducted by Marikonde (2006) in Philippines on the topic " the role of money lenders to the growth of micro enterprises" he concluded that money lending is very necessary as it is a way of supporting the many micro entrepreneurs in the country. He also stated that money lenders charge a very rate of interest of up to 20% of the capital. According to Marikonde, many micro entrepreneurs (MSME's) still borrow from money lenders because they need the fund to start up their business or to support the day to day activities of their business.

In Nigeria, money lenders also exist. They can be found all over the country, providing services to the people in need. Iheduru (2002) also stated during her presentation to women entrepreneurship and development that the inability for MSME's to access loans from commercial banks and the bottle neck procedures from micro finance banks has led MSME's and other micro entrepreneurs to resort to borrowing from money lenders. She added that it's as a result of the urgent need of money by these micro entrepreneurs that moneylenders charge high interest rate. It is worth to mention that due to the high interest rate levied by these money lenders, most people find it difficult to repay loans collected.

IV. THE ROLE OF MSME'S IN NATIONAL ECONOMIC DEVELOPMENT OF NIGERIA

A. Employment

MSME's helps in employment generation. A well over half of the total employment in Nigeria today is generated by the MSME's. Many youths today have either engaged in a self-employed activity or are being employed by an MSME (tayo, 2001). Many areas of the Nigerian economy are driven by MSME's. They are the most viable and authentic vehicle for self-sustaining industrial development, as they have the capability to produce an indigenous enterprise culture to a greater extent than any other strategy. In other sub-Saharan African countries such as Ghana, Cameroon, Senegal, Zambia, Ivory Coast, the establishment of MSME's has reduced drastically the level of youth unemployment and poverty. In Nigeria MSME employs 87.9% of the workforce in the private sector (Kadiri, 2012; Russell Olukayode & Christopher Somoye, 2013). That is the reason why the Nigerian governments have established programs and policies that are meant to encourage these MSME's grow such as the Small and Medium Scale Enterprises Development Agency of Nigeria (SMEDAN).

B. Poverty Alleviation

The establishment of MSMEs has also helped in reducing the level of poverty in many countries including Nigeria. According to the World Bank report on sustainable development (2006) Nigeria is seen as one of the countries in the sub-Saharan Africa that has attained some level of poverty alleviation. Many rural communities are gradually getting out from the menace of poverty. Roads are now being constructed to link farms to market and other urban areas to facilitate the movement of goods and persons from one area to market. MSME's therefore has helped to increase the living standards of many Nigerians with the support of the Nigerian government. According to Sanusi (2003) the impact of MSME's can be felt in the level of development and reduction in poverty. It is in line with this that the government is making efforts to support the growth of micro, small and medium scale industries. He state this at a paper presentation at the National summit on MSME's organize by banker committee in Lagos 2003.

C. Income Distribution

The MSMEs has also contributed to an equal distribution of income or wealth. The gap between the poor and the rich has been reduced. Data showed that before now in Nigeria there was a 5% rich, 20% middle class and over 70% poor but the present day figure is now 15% rich, 35% middle class and over 50% poor (chukwuemaka, 2004). However this figure is still on a high side as more measure has to be taken to reduce the gap.

D. Transformation of Indigenous Technology

Many economies today have moved from household artisan industries over time to the modern industrial set-up. Many MSME's now have shifted grounds from purchase and resale to manufacturing. A company like Dangote, Inosons is examples of indigenous establishments. A conducive business environment has also contributed to these giant strides. Other developing countries can take from the experience of these giants and create conducive environment that will enable micro, small and medium enterprises to adapt imported technologies, modernize their process and grow to become large corporation.

V. CHALLENGES FACED BY MSME'S

The problems faced by SME's are both financial and non-financial problems.

A. Financial Problems

Many MSME's in Nigeria face much difficulty in accessing finance.

These problems are stated as follows;

➤ *Cost of finance*

The cost of financing loans by MSME's in most commercial banks and micro finance banks is very high. According to Lawson (2007), micro finance banks charge very high rate of interest to micro entrepreneurs for loans which are relatively short term. This affects the free flow of business transaction.

➤ *Non availability of long term funding*

Most MSME's require long term funding for survival. However because of the inherent risk perceived by these banks, their cost of finance is generally quite expensive. It is important to understand the banker's point in such transaction. Bankers are in business like anyone else and their objective is to make profit for their owners (shareholders). According to Johnson (2001), commercial banks avoid lending to any one that they don't want to do business with. He added that most MSME's find it difficult to provide a well-established information and account of their business thereby making it difficult to acquire their desired loan.

➤ *Collateral security*

Collateral security is what a commercial bank use in case of a default by the MSME's. Most at times the collateral security demanded by commercial and micro finance banks is so high that the entrepreneur is not capable of providing (Kimuyu and Omits, 2000). This hinders their access to these credits. In some cases and entrepreneur goes to a co-operative, he is required to provide a shortee (referee). In case of default, the shortee will repay the loan.

➤ *High rate of interest*

High interest rate is one of the greatest problems faced by entrepreneurs in accessing loans. Most commercial banks charge a very high rate of about 35%-40% per annum to those entrepreneurs thereby making it difficult for them to repay these loans. It is as result of his problem that the Nigerian government in 2005 instituted policies that created micro finance banks to be able to create favorable condition for SME's to secure loans from micro finance banks. The government also regulate the interest rate which Micro finance charge. It is worth to mention that informal micro finance institutions such as money lenders also charge very high interest rate making the micro finance banks a better option for MSME's to enhance the smooth access of loans at lower interest rate, the Nigerian government through the central bank of Nigeria (CBN) approved the creation of a N200 billion Micro, Small and Medium enterprises credit Guarantee Scheme (MSMECGS). The objective is to create access to loans by manufactures and MSME's in Nigeria. The interest rate is 7% for the loan and the tenor is 15 years with two years moratorium. The turnout effect of this scheme is to create jobs, increase production and alleviate poverty through youthful engagement.

➤ *Multiple taxation*

Apart from the high rate of interest which most MSME's pay for the money they borrow, they in addition pay taxes. This taxes are value added taxes (VAT), processing fee, tax on profit etc. This in addition makes it difficult for an entrepreneur to secure loan.

B. Non-Financial Problems Faced by SME'S

➤ *Management Problem*

Lack of trained man power and managerial skills constitute one of the major challenges faced by MSME's in Nigeria. According to West and Woo (2000) most business (MSME's) in Nigeria fails due to lack of experience and competence. Rogers (2013) also added that poor record keeping affect the entrepreneur.

➤ *Inadequate Basic Infrastructure*

In Nigeria, one of the greatest infrastructural problems is shortage in electricity supply. Others are inadequate transport system, Hiring cost, shortage of water supply etc. this drastically affects most entrepreneurs (MSME's) as most of them use this infrastructure to run their businesses. In most areas of River State, entrepreneurs use generators to run their business which is an increase in cost. The effect of this is that most of their profit is being sunk in to the purchase of fuel and Diesel to run their generators. This affects the price of their goods and services as well as the growth of their business.

➤ *Cost of raw material:*

Businesses whose cost of raw material is high faces production problem. This is the case where the product's elasticity of demand is very high (infinitely elastic). Therefore if the producer increases his price due to increase in the cost of raw material, people will not buy the goods by turn to the substitute (similar goods).

➤ *Lack of patronage of Nigerian made goods*

One of the National Economic Council meetings of Nigerian held in Feb 2016 noted that Nigerians do not patronize Nigerian made goods. The government said it was a big blow to the industrial drive of the country. Most Nigerians preferred foreign goods to that of their beloved country. This has relegated most entrepreneurs to the back ground. To this end the government (in the National Economic Council Meeting of 17th Feb 2016) resolved on increasing the capacity of Nigerian entrepreneurs and also encouraged Nigerian to buy Nigerian made goods.

➤ *Security Challenges*

This is also a big problem to the growth of MSME's in Nigeria. It is worth mentioning that no business can thrive in a place with insecurity. The problem of insecurity in the Northern part of Nigeria and insecurity in some local government areas of Rivers State (including ONELGA) has made many businesses to close down completely or relocated to other areas.

VI. METHODOLOGY

A. Research Design

The design used for this study was the survey research design. This design employed the use of questionnaires to get information on the role of micro, small and medium enterprises as a base in national development of Nigeria.

B. Population

The population of the study consisted of the entire MSME's in Ogba/Egbema/Ndoni local government area of Rivers State, Nigeria.

C. Sample Size

A total of 50 MSME's were used as the sample size for the research work. These 50 MSME's were randomly selected from shops and other businesses (including small manufactures) situated in some communities in ONELGA. This were as follows; 30 MSME's from Omoku, 10 MSME's from Egbema, 6 MSME's from Ndoni and 4 MSME's from Egi.

D. Method of Data Analysis

The data was collected using questionnaires containing 20 questions which were adapted from the 4 point liker scale. The likert scale included; strongly agree (SA), Agree (A), Strongly Disagree (SD) and Disagree (D). The questionnaire was designed by the researcher and was edited by two lecturers who are experts in research work.

SA= 4 points, A= 3 points, SD= 2 points, D= 2 points

The data collected from the questionnaire were analyzed using the simple arithmetic mean (Average). The formula is stated as follows;

$$\bar{x} = \frac{\sum fx \text{ or } \sum x}{\sum f} \quad N \text{ ———}$$

Where \bar{x} = mean, \sum = summation, f = frequency x = individual instrument
 N = total number of instrument

To get the mean, the number of respondents for every likert scale is multiplied by their likert point, summed and divided by the total number of respondents for every question. Any mean value of 2.5 and above is accepted while any mean value less than 2.5 is rejected

VII. DATA PRESENTATION AND ANALYSIS

A. Data Presentation

Data 1-7 in table 1 are responses as to the opinion of the respondents on the role SMEs play as a base in the economic development of their country.

No	Items	SA	A	SD	D	TOTAL	MEAN	DECISION RULE
1	MSME's are the main business in my community	25	15	8	2	50	3.26	accepted
2	MSME's are vital for the growth and development of my community	23	15	7	5	50	3.12	accepted
3	The government assist my business to grow	5	6	20	19	50	1.94	rejected
4	MSME's helps to reduce poverty	35	10	3	2	50	3.56	accepted
5	MSME's helps to reduce the level of unemployment	29	15	4	2	50	3.42	accepted

Table 1

From the data above 25 respondents strongly agree that MSME’s are the main businesses in their communities; 15 respondent Agrees; 8 respondents strongly disagree while 2 respondents disagrees that the main businesses in their communities are MSME’s. This gives a mean of 3.26 (accepted) indicating that MSME’s are the main businesses in that communities. Also from the table able, 23 respondents strongly agrees that MSME’s are vital to economic development; 15 respondents agrees, 7 respondents strongly disagrees while 5 respondents disagrees that MSME’s are vital to economic development. This gives a mean of 3.12 (accepted) indicating that MSME’s are vital to economic development. Again from the table, 5 respondents Strongly agrees that the government assist MSME’s to grow, 6 respondent agrees, 20 respondents strongly disagrees while 19 respondents disagrees that the government assists MSME’s to grow. This gives a mean of 1.94 (rejected)

indicating that the government gives little or no assistance to MSME’s. Furthermore from the table 35 Strongly agrees that MSME’s helps to reduce poverty, 10 respondents agrees, 3 respondents strongly disagrees while 2 respondents strongly disagrees. This gives a mean of 3.56 (accepted) indicating that MSME’s helps to reduce the level of poverty. The table again indicates that 29 respondents strongly agrees that MSME’s helps to reduce the level of poverty, 15 respondents agrees, 4 respondents strongly disagrees while 2 respondents disagrees that SME’s helps to reduce the level of unemployment. This gives a mean of 3.42 (accepted) indicating that MSME’s helps to reduce the level of unemployment.

Data 8-15in table 2 are responses as to the opinion of the respondents on the problems SMEs face in their growth.

No	Items	SA	A	SD	D	TOTAL	MEAN	DECISION RULE
6	Commercial and micro financial banks provide loans to MSME’s at low interest rate	7	10	20	13	50	2.2	rejected
7	Loans provided by co-operative are short term with high interest rates	29	15	4	2	50	3.42	accepted
8	MSME’s must provide collateral before loans are issued	25	15	10	5	50	3.4	accepted
9	Security challenges negatively affect the growth of MSME’s	35	8	3	4	50	3.48	accepted
10	Shortage of power supply, good roads and water supply negatively affects the growth of MSME’s	30	15	3	2	50	3.46	accepted
11	Lack of patronage negatively affect the growth of MSME’s	22	10	3	7	50	2.62	accepted
12	Cost of raw materials affects production and sales and hence the growth of MSME’S	25	15	10	5	50	3.4	accepted
13	Poor managerial skill negatively affect the growth of MSME’s	24	17	9	5	50	3.4	accepted

Table 2

From the table above 7 respondents strongly agrees that commercial and micro-finance banks provide loans to MSME’s at low interest rate, 10 respondents agrees, 20 respondents strongly disagrees while 13 respondents disagrees. This gives a mean of 2.2 (rejected) indicating that the interest rates given by commercial and micro-finance banks are too much. From the table also, 29 respondents strongly agrees that loans provided by co-operative societies are short termed with high interest rate, 15 respondents agrees, 4 respondents strongly disagrees while 2 respondents disagrees. This gives a mean of 3.42 (accepted) indicating that co-operative societies offer only short term loans at high interest rate. Again from the table 25 respondents strongly agrees that collateral are demanded before loans are given. 15 respondents disagrees, 10 respondents strongly disagrees while 5 respondents disagrees. This gives a mean of 3.4(accepted) indicating that MSME’s owners are demanded collateral securities before loans are given. again from the table above, 35 respondents strongly agrees that security challenge affects the growth of MSME’s. 8 respondents agree, 3 respondents strongly disagree while 4 respondent disagrees. This gives a mean of 3.48 (accepted) indicating

that security challenges affects the growth of MSME’s. From the table 30 respondents strongly agrees that shortage of electricity, roads and water negatively affects the growth of MSME’s, 15 respondents agrees, 3 respondents strongly disagrees while 2 respondents disagrees. This gives a mean of 3.46 (accepted) indicating that shortage of electricity, roads and water negatively affect the growth of MSME’s. Furthermore from the table, 22 respondents strongly agrees that lack of patronage affects the growth of MSME’s.10 respondents disagrees, 3 respondents strongly disagree while 7 respondents disagrees. This gives a mean of 2.62 (accepted) indicating that lack of patronage negatively affect the growth of MSME’s. From the table also 25 respondents strongly agrees that cost of raw material affects sale and in effect affects the growth of MSME’s.15 respondents agrees, 10 respondents strongly disagrees while 5 respondents disagrees. This gives a mean of 3.4 (accepted) indicating that cost of raw material affects sales and hence the growth of MSME’s. From the table also 24 respondents strongly agree that lack of managerial skill affects the growth and survival of MSME’s.17 respondents agree, 9 respondents while 5 respondents disagrees. This give a mean of 3.4 (accepted)

indicating that lack of managerial skill affects the growth and survival of MSME's.

B. Analysis

The data presented above tend to achieve 3 the objective of the study. The data in table 1 shows the relevance and the role that MSME's play. It reduces poverty, creates jobs, helps in redistribution of income and helps indigenous company to grow. This is in line with the findings of Normah (2007). He stated that the presence of MSME creates adequate employment opportunities for youths and reduce poverty. This finding also corroborates with that of kadiri (2012), Olukayode & Somoye (2013) who stated that MSME employs 87.9% of the workforce in the private sector.

The data in table 2 show the challenges which MSME's face. These problems hinder the growth and development of MSME's. These problems range from difficulties in accessing loans, security challenges, high interest rates, inadequate power supply, bad roads, high operating cost (cost of raw material), stringent collateral securities, lack of managerial skills and lack of patronage. This finding is in line with the findings of Afolabi (2013). He stated that non availability of long term loans at reduced interest rate and stringent collateral security negatively affect the growth of MSME's. This is also in line with the findings of Adejumo and Olaoye (2001). According to them most business (MSME's) in Nigeria fails due to lack of experience and competence. The federal government also stated in its National executive council meeting of 17th February 2016 that most MSME's are face with the problem of lack of patronage. This finding is also supported by Chukwuemeke (2004). who revealed that reduction in interest rate will increase borrowing abilities of MSME's. The finding is also supported by Iheduru (2002). She stated during her presentation on women entrepreneurship and development that the barriers to accessing funds such as high interest rate and collateral securities should be removed or reduced to its barest minimum.

VIII. SUMMARY, CONCLUSION AND RECOMMENDATION

A. Summary

This research work was done in other to ascertain the role and challenges of micro, small and Medium scale Enterprises (MSME's) in Ogba/Egbema/Ndoni Local Government Area (ONELGA), Rivers State. To achieve these, two objectives were stated including; to find out the role of MSME's in national economic development and to find out the challenges which these MSME's face in their growth. Research questionnaire was formulated and distributed. The data gotten from 50 respondents were analyzed using the mean (average).

The analyses revealed that Micro, Small and Medium enterprise play an outstanding role to the development of a

nation. The findings also showed that the organizations face challenges in their growth.

B. Conclusion

It is therefore concluded that small and medium enterprises (MSME's) make valid contribution in the growth and development of every nation. They are the engine to the growth and development of our country Nigeria. Despite the huge role they play in national development, they face numerous challenges and have not been given enough recognition and support by the government.

C. Recommendation

Based on the findings and conclusion, the following is therefore recommended

- Long term loans should be provided to Small and Medium Scale enterprise (MSME'S) at all time at little interest rates.
- The government should enact policies and regulate its monetary policies that will guarantee adequate financial support to SME's.
- The government should beef up securities in the country and other congenial environment for these businesses to strive.
- Training, workshops, skill acquisition for entrepreneurs on how to manage businesses should be made available.
- The government should ensure constant power supply for industries and other SME's as their survival depends on it.

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