

## THE STATE, THE CHURCH AND SME DEVELOPMENT IN THE SOUTH-EASTERN NIGERIA

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### **Abstract**

*Interest in Small and Medium Enterprises (SMEs) development as well as its corresponding impact on economic development continues to be in forefront of policy debate in Nigeria, particularly South-East. As a result, various South East governments embarked on several policies and programmes ostensibly aimed at accelerating economic growth of the South-East through harnessing of the gains of Small and Medium Enterprises as was done by the newly industrialized countries. Regrettably, most of the policies/programmes were not protective of the SMEs, as adequate institutional backing was not given to them. South-Eastern Nigeria's obvious lack of commitment to SMEs is responsible for high cost of doing business in the region especially as it affects Small and Medium Enterprises operation. This paper examines the role of the state and the church in the development of SMEs in the South-East. Data for this study was generated through secondary sources. This paper adopted Keynesian theory as a framework of analysis. The findings of the study indicate that SMEs contribute significantly to the growth of any economy if given the required institutional backing for boosting SMEs. The study further revealed that there is a strong relationship between South-East development and development of SMEs. The study concludes that if adequate measures are not put in place by the South East governments for comprehensive development of the SMEs, development will continue to elude the region. On the basis of this, the study recommends that government should formulate/implement protective policies, spend more in financing SMEs, create conducive environment and provide constant electricity so that SMEs operators will be able to compete favourably with their foreign counter-parts, thereby making South-East the economic hub of Nigeria.*

**Keywords:** State, Church, SME, South-East, Development

### **Introduction**

The profitability of Small and Medium Enterprises (SMEs) in any economy cannot be overemphasized. There seems to be an agreement among scholars that the benefits accruable from SMEs are many. The development of SMEs accelerates achievement of economic development. Development of small and medium Enterprises is a sine qua non for employment generation, solid entrepreneurial base and encouragement for the use of local raw materials and technology. Corroborating this fact, Akabueze (2002) posits that the benefits of SMEs to any economy are easily noticeable. They include contribution to the economy in terms of output of goods and services, creation of jobs at relatively low capital cost, especially in the fast growing service sector, providing a vehicle for reducing income disparity, developing a pool of skilled and semi-skilled Workers as a basis for the future industrial expansion, offering an excellent breeding ground for entrepreneurial and managerial talent, the critical shortage of which is often a great handicap to economic development among others.

It has been shown that there is a high correlation between the degree of poverty, hunger, unemployment rate, economic well-being of citizens of south-East and the degree of vibrancy of SMEs in the region.

Corroborating this fact, Oyedijo (2005) asserted that the plight of SMEs in Nigeria is linked to key variables and challenges that characterize the nation's economy. These he pointed out include very high unemployment rates, high levels of poverty, disease, starvation etc. He further mentioned the drastic shift in the characteristics of the Nigerian economy from the production of non-oil commodities (mostly agricultural) to commodities which compounded the problems of Nigerian SMEs.

According to Onugu (2005), SMEs have had and continue to have a substantial impact on the growth, development, and industrialization of numerous global economies. However, Onugu expressed concern over the underperformance of SMEs in Nigeria, attributing it to a range of issues. These issues encompass the attitudes and behaviours of SMEs themselves, external environmental factors, and the inconsistent nature of government policies. This highlights the urgent necessity to address the development of policies and provide suitable institutional support for SME growth in the South-East region, emphasizing that this need cannot be overlooked any longer.

The entrepreneurial spirit of the people in Southeast Nigeria is evident. It is undeniable that this region plays a significant role in the country's economy. The presence of a large number of SMEs in cities like Aba, Nnewi, Onitsha, Enugu, Owerri, Abakaliki, and Awka, along with their success stories, indicates that the South-East is progressing towards industrialization. However, for SMEs to thrive, they require adequate institutional support, particularly from the government and the church.

Mordi (2005) argues that countries that prioritize SMEs have witnessed significant reductions in crime rates, improved quality of life, higher living standards, increased per capita income, and rapid growth of their gross domestic product (GDP). Similarly, Ajagu (2005) suggests that SMEs have garnered considerable attention from academics, politicians, businessmen, and the general public. He emphasizes that SMEs are increasingly vital in driving economic growth in many countries. However, he expresses concern over the situation in Nigeria, where SMEs are underperforming and not fulfilling their potential role in the economy.

While SMEs are commonly recognized as catalysts for economic development, particularly in developing nations, they face obstacles in south-eastern Nigeria. These challenges include the high cost of doing business caused by inadequate electricity supply, difficulties in attracting investors, limited access to modern technology, and a lack of flexible credit facilities. Unfortunately, the efforts made by the government in the South-East to support SME activities are frequently hindered by insufficient financial resources, particularly at the local level.

Nwanne (2016) asserts that the viability of SMEs in the South-East of Nigeria is closely tied to the availability of capital, specifically access to credit facilities from financial institutions (p.62). Similarly, Abiola (2012) suggests that a substantial accumulation of capital, when combined with other factors of production, can lead to increased production levels for SMEs.

Highlighting the significance of government involvement in fostering the growth of SMEs, Dividei (1985) argues that infrastructure facilities established by the state play a crucial role in facilitating the development of these businesses. These infrastructure provisions enable the mobilization of essential capital, which is a vital component for encouraging investment. According to Dividei, some of these infrastructure facilities include the provision of access roads, telephone services, postal services, and other communication improvements. Additionally, the expansion of power supply, the extension of water schemes to industrial areas, the development of dedicated industrial or plantation zones, and the establishment and maintenance of export processing zones (EPZs) are also important measures for supporting SMEs.

According to Osoba (1987), financing power is a key determinant of the growth of small and medium enterprises in developing countries. As Alewa (2004) aptly notes in the discussion on the significant role of SMEs, the government has introduced and implemented various special measures and programs to promote the development of SMEs and enhance their vibrancy in Nigeria. These measures include financial incentives and protective tax policies, the establishment of special financial institutions and financing schemes for SMEs, a favourable tariff structure, the SMIEIS financing scheme, selective exemption and preferential treatment in excise duty, the establishment of export processing zones, and pre-registration of products for specific manufacturing in the SME sub-sector.

It is widely acknowledged that SMEs in Nigeria, particularly in the South-East region, face various challenges that hinder their growth and profitability. These challenges significantly limit their ability to make meaningful contributions to the economic development of the South-East. Onugu (2005) and Okoli (2010) have identified several problems encountered by SMEs, including difficulties in accessing financial and capital infrastructure, inconsistent government policies and bureaucratic processes, environmental factors, burdensome taxes and levies, limited access to modern technology, unfair competition, market issues, and a lack of locally available raw materials.

SME operators themselves have put forth different reasons for the sector's underperformance. While some operators attribute their failures to a lack of access to finance, others argue that inadequate management skills, difficulties in global access, a lack of entrepreneurial skills, poor infrastructure, and other factors are responsible. Although finance is generally recognized as a significant constraint for SMEs, empirical evidence suggests that it contributes only 25 percent to their success. Therefore, it is crucial to establish an appropriate support system and create an enabling environment to ensure the success of SMEs (Aina, 2007).

To foster the growth of SMEs in the South-eastern Nigeria, it is essential to establish a favourable business environment, implement appropriate regulations, provide adequate infrastructure facilities, offer flexible financial assistance in the form of loans, and exempt SMEs from unnecessary taxes and duties. Achieving successful small business development in the region requires a collaborative effort among governments, churches, and local small business associations. Additionally, the currently underdeveloped regional integration in the South-eastern Nigeria should be fully integrated and strengthened to create market opportunities for SME owners. The primary objective of this study is to examine the role of the government and the church in the development of SMEs in the South-eastern Nigeria.

## **Methodology**

The methodology adopted in this research is the qualitative method. The methodology involves conducting a comprehensive analysis of various sources, including published and unpublished materials, periodicals, internet resources, journals, textbooks, articles, research reports, and more. This approach facilitated a critical evaluation of the influence of the state and the church on the development of SMEs in the South-East region. The study utilized a descriptive research design, which proved effective in collecting and analysing qualitative data.

Thematic analysis was employed to analyse the data gathered. Thematic analysis is a technique commonly used to analyse qualitative data, particularly in the context of textual materials such as interviews or transcripts. The researcher closely examined the data to identify recurring themes, topics, ideas, and patterns of meaning. In this study, a thematic analysis was conducted to explore the role of the state and the church in the development of SMEs in the South-East region.

## **Conceptual Framework**

The concept of small and medium enterprises (SMEs) can be interpreted differently depending on the perspective. However, there is a lack of consensus among scholars regarding a universally accepted definition for SMEs. Consequently, the definition of SMEs varies across different environments and countries. Mutala and Brakel (2006) highlight the absence of a widely accepted universal definition for SMEs. Instead, definitions often differ from country to country and are based on factors such as employment, wealth, or a combination of both.

Ongori (2009) notes that there are numerous definitions of SMEs, and these definitions vary from one country to another. MacGregory and Vralalic (2007) suggest that a comprehensive definition of SMEs should incorporate quantitative elements such as staff levels, turnover, and assets, as well as financial and non-financial measurements. Additionally, a descriptive definition should consider qualitative aspects that reflect the organization and operation of the business. For example, Ongori (2009) supports this notion by stating that in the context of Botswana, SMEs are defined as enterprises employing 6 to 99 employees.

According to Kaynula and Quarte (1999, cited in Akingunola, 2011), small-scale enterprises are defined as formal sector businesses with 5 to 20 employees, while medium enterprises typically employ 21 to 50 employees. The National Council of Industries (2009) defines small and medium enterprises as commercial enterprises with a total value (excluding land) not exceeding 200 million naira (#200,000,000). The Association of Enterprises Opportunity (AEO) (2011) defines micro, small, and medium enterprises as businesses with five (5) or more employees.

However, Akingunola (2011) argues that there is no consensus among policymakers and researchers regarding the specific criteria for classifying a business as small or medium. Evbuomwan et al. (2013) suggest that enterprises can be classified based on factors such as size, sector, organization, technology, and location. Ojo (2004) asserts that differences in industry classification can be attributed to varying capital requirements, while differences between countries can arise due to variations in industrial organization at different stages of economic development. Therefore, what may be considered an SME in a developed country could be classified as a large-scale enterprise in a developing country, based on parameters such as fixed investment and employment. It is important to note that definitions evolve over time, and that, which was hitherto classified as an SME in a developing country may be considered a large-scale industry when the relevant parameters change in the production process.

## **Theoretical Framework**

There are many theories that can be useful in analysing the contributions of SMEs in the development of any economy. For the purpose of this study, the Keynesian Economics Theory is considered appropriate.

### **Keynesian Economics Theory**

Keynesian economics, developed by British economist John Maynard Keynes during the 1930s in response to the Great Depression, is a macroeconomic theory that examines the impact of aggregate expenditure on output, employment, and inflation. A key principle of Keynesian economics is the belief that government intervention can help stabilize the economy. This theory was ground-breaking as it separated the study of individual economic behaviour and incentives from the analysis of broader aggregate variables and structures (Investopedia, 2022).

Keynesian economic theory proposes that increasing government spending and reducing taxes can stimulate demand and lift the global economy out of recession. It suggests that by influencing aggregate demand through government intervention, optimal economic performance can be achieved, and economic downturns can be prevented. Keynesian economists argue that such intervention can lead to full employment and price stability (Blinder, 1986).

Keynesian economic theory emphasizes the use of active government policy to manage aggregate demand and address economic recessions. The theory suggests employing fiscal and monetary policy as the primary tools to regulate the economy and combat unemployment. Keynes advocated for countercyclical fiscal policy, which involves the government engaging in deficit spending during economic downturns to boost consumer spending and stabilize aggregate demand.

During his time, Keynes expressed strong criticism towards the British government. The government had significantly increased welfare spending and raised taxes in an attempt to balance the national budget. However, Keynes believed that these measures would not incentivize people to spend their money, resulting in an unstimulated economy unable to recover and thrive. As a solution, the theory proposed that the government should increase spending and reduce taxes to reverse the budget deficit, thereby stimulating consumer demand and promoting overall economic activity while reducing unemployment.

Critics argue that the theory faces criticism because it suggests that businesses, when motivated by economic incentives, will naturally restore the economy to a state of balance. However, they contend that the government's interference with prices and wages can hinder this process, creating an illusion of a self-regulating market.

Despite the aforementioned criticisms and other limitations of Keynesian economic theory, this study still finds it relevant for examining the influence of the state and the church on the development of SMEs. This is because the theory promotes increased government spending and reduced taxes as a means to stimulate demand, which can help SMEs overcome their current inability to make significant contributions to the South-East economy. By implementing these measures, overall economic activity in the South-East region can be boosted, leading to a reduction in the currently high unemployment rate. This will indeed provide SMEs operators unhindered access to finance and modern technology.

This research supports John Maynard Keynes' emphasis on using proactive government policy to manage aggregate demand and address economic downturns. It is important to note that in order for small and medium enterprise (SME) operators in the South-East to fully realize the economic potentials of SMEs, they require institutional support in the form of protective policies. These policies should safeguard local content and prevent foreign dominance by multinational corporations (MNCs) in the SMEs sector. Implementing domestic content laws within the SME sector would be beneficial in protecting the interests of SME operators and promoting the development of SMEs in the South-East. This no doubt will increase the chances of SMEs operators in the region to realise the gains of SMEs and thus contribute in a significant way to the development of the South-East economy.

The recommendation of Keynesian economic theory, which suggests that the government should employ active fiscal and monetary policies as primary tools to manage the economy and combat unemployment, aligns with the argument presented in this research. One of the major challenges faced by SMEs in the South-East is limited access to credit or suitable credit schemes. Akingunola (2011) acknowledges this issue and highlights various challenges related to accessing microfinance services for SMEs. These challenges include difficulties in obtaining start-up capital, strict credit terms, high interest rates, and insufficient government support for SMEs. These challenges have impeded the growth and sustainability

of SMEs in the South-East. However, with the introduction and implementation of active government policy in form of local content law in SMEs sector by the South East governments, SMEs operators would be better placed to overcome these challenges that have hitherto hindered the growth and profitability of SMEs in the South-East.

### **The State and SMEs Development in Nigeria**

The challenges faced by SMEs in Nigeria have a long history, dating back to the colonial era. During that time, multinational corporations dominated the business landscape in Nigeria. These foreign-owned companies primarily focused on importing finished products into the country. Due to their extensive business experience and financial support from their home governments, multinational corporations held a significant influence over the Nigerian economy. Ajayi (2000) suggests that the Nigerian government of that period encouraged their growth by providing incentives such as favourable tariffs and tax concessions.

To foster the development of local companies, the Bank of Industry Limited was established in 1959 as the Investment Corporation of Nigeria (ICON) Limited. Under the guidance of the World Bank, ICON Limited underwent restructuring in 1964 and became the Nigerian Industry Development Bank (NIDB). In 2001, the bank was further transformed and renamed as the Bank of Industry.

The primary objective of the Bank of Industry (BOI) is to drive the transformation of Nigeria's industrial sector. It achieves this by offering financial assistance for the establishment of enterprises of various sizes, including large, medium, and small businesses. Additionally, the BOI supports the expansion, diversification, and modernization of existing enterprises, as well as the rehabilitation of struggling ones. The bank's mandate emphasizes the importance of backing projects that have the potential to create a positive developmental impact and generate significant multiplier effects. These effects include industrialization, job creation, and poverty alleviation, all of which contribute to improving the socio-economic status of Nigerians.

Ayozie (2001) observed that the effort of the Nigerian State in developing small and medium scale enterprises is remarkable:

From 1970 to 1979, significant progress was made in the realm of small-scale businesses through the implementation of the Indigenization Decree of 1972 and later the Nigeria Enterprise Promotion Act of 1977. These policies played crucial roles in the economic development of the country. During this period, the federal government placed particular emphasis on fostering the growth of small-scale industries, particularly in rural areas. This recognition stemmed from the understanding that small and medium-sized enterprises serve as the foundation and training ground for entrepreneurship.

Moving into the 1980s to 1989, government policies focused on the technological aspects of industrial development for small-scale industries in Nigeria. During this time, various Nigerian governments, including those in the South-East region, introduced reforms to redirect efforts towards maximizing the utilization of natural resources. They also aimed to discourage capital-intensive modes of production, given the abundance of available resources. Consequently, industrial policies primarily centred on the utilization of local resources, supported by various incentives provided by the government.

From 1990 to 1999, both the federal and state governments played significant roles in promoting the growth of small-scale industries in Nigeria, particularly in rural areas. They implemented various fiscal

and non-fiscal incentives to support inventors and entrepreneurs operating in the small-scale sectors of the economy.

Since the return to democratic governance in 1999, both the federal government and state governments have shifted their focus towards the development of SMEs in Nigeria, with a particular emphasis on rural areas. Governments at different levels have introduced programs and policies that were uniformly implemented to encourage self-reliance among SMEs operators. Ayozie (2001) correctly observed that the Federal Government, through educational agencies such as the National Board for Technical Education (NBTE), the Nigerian Universities Commission (NUC), and the National Youth Service Corps (NYSC) program, has issued directives to incorporate entrepreneurship development courses into the curricula of tertiary-level institutions and NYSC training centres. Additionally, some government-sponsored banks have been pioneers in providing soft loans to unemployed youth and artisans, aiming to redirect them from government salaried jobs towards gainful self-employment.

The SMEDAN/NBS MSME survey conducted in 2019 revealed that SMEs in Nigeria make up approximately 50 percent of the country's GDP and contribute to 80 percent of its unemployment rate. Undoubtedly, this sector plays a crucial role in Nigeria's development and has the potential to reduce poverty levels. However, the report acknowledges that the sector faces numerous challenges that ultimately hinder the nation's growth (PWC MSME Survey 2020).

Based on data from the National Bureau of Statistics (2020), SMEs in Nigeria have consistently contributed around 48 percent to the national GDP over the past five years. With a total of approximately 17.4 million enterprises, SMEs account for roughly 50 percent of industrial jobs and about 90 percent of activities in the manufacturing sector. Despite their significant contribution to the Nigerian economy, the report highlights persistent challenges that impede the growth and development of the sector. These challenges include a lack of skilled manpower, multiple taxes, and high costs of doing business.

Despite targeted incentives, policies, and other forms of support aimed at improving small and medium enterprises, the operational status of Nigerian SMEs remains worrisome, with the sector performing poorly. This poor performance is particularly evident in the South-East region, indicating a lack of commitment to harnessing the incredible growth opportunities presented by SMEs.

### **The Church and SMEs Development in the South-East**

The Church in Nigeria, particularly in the South-East region, seems to be facing a crisis in terms of human and economic development. This situation is exacerbated by the Church's apparent lack of involvement and commitment to empowering its members in the realm of small and medium enterprises. The Church appears to be distant and unconcerned about the economic challenges and hardships faced by its members in today's society, especially in the South-Eastern region of Nigeria.

In the South-East, there is a significant number of individuals who are either unemployed or underemployed. A review of Nigeria's unemployment data by Dataphyte from Q3 2018 to the recent Q4 2020 reveals that four out of every ten people in the South-Eastern part of Nigeria are unemployed. The importance of this segment of the population for the development of the South-East cannot be overstated. Interestingly, the majority of these individuals are members of the Church. Despite their high poverty rate, they remain financially committed to the Church. Many view this situation as a problem perpetuated by the Church itself. The Church's practice of demanding financial contributions from its unemployed or underemployed members, often through coercive or manipulative means, may drive some individuals to

engage in criminal activities in order to fulfil their financial obligations to the Church.

The significant rise in the number of churches in Nigeria, particularly in the South-East region, should be accompanied by the cultivation of godly lives that exemplify good character. This is crucial for eliminating various forms of social vices in the area and promoting a just society and economic development. According to Anozie (2007), the church consists of individuals who are called and set apart, freed from the negative influences of the world, and dedicated to serving God's purpose in society. They are expected to lead exemplary lives that reflect virtues such as forgiveness, humility, gentleness, love, loyalty, justice, and truth.

There is no gainsaying the fact that our society undermines the positive impacts of the Church towards development of small and medium enterprises in Nigeria. Thus people have bandied about the misconceived notion that the Church and the race for heaven are synonymous with poverty. Conversely, the Bible states in the book of John 10:10b that "I am come that they might have life and that they might have it more abundantly". Here, "More abundantly" refers to have a superabundance of a thing. "Abundant life" refers to human life in its abounding fullness of joy and strength. Abundant life includes expectations of prosperity and health. It follows then that the Church must champion the crusade for economic development and social change through development of SMEs sector, particularly in the South-East. The mission of the Church therefore is to improve the lot of men.

In line with the above, the duty of every Christian organization (Church) particularly in South-East hinges on the need to positively impact and empower their members to contribute to the general development of the South-East through involvement in SMEs. Since South-East is Christian dominated region, instead of the Church becoming an agent of impoverishment, the Church should as a matter of urgency develop and empower people in SMEs operation. The entire Church need to partner with other stakeholders, especially SMEs operators, to coordinate and organize empowerment programmes aimed at integrating member beneficiaries into the drive for economic development of south-East.

In order to promote youth empowerment programs effectively, it is essential to view young people as active partners in the process. Their development should be considered an integral component of the church's strategic vision and planning. The church, as an institution, has a responsibility to warmly embrace the underprivileged and those in need, offering them opportunities to enhance their living conditions and actively engage in Kingdom commitments. This is a task for the Church in our society (Chigunta, 2002).

Considering the deep seated role of the SMEs in the development of any nation, the Church should initiate such programmes like development and training of the unemployed in skill acquisition, income generating ventures and talent development Programmes. This if properly handled can boost their self-confidence and acceptability in the society.

It is quite unfortunate that some scholars and leaders within the Church circle argue whether or not the Church should be involved in and/or play any role in the pursuit of economic development in any society. On one hand, some contend that Church involvement in the socioeconomic activities would amount to contamination of Church spirituality, as well as Church getting involved in the worldly affairs. On the other hand, the Church being completely distant from participating in socioeconomic affairs of the society question the Church Understanding and appreciation of the Christ's (originator of the Church) offer of abundant life as contained in John 10:10b. However, it is better to maintain a midway position that while Church is not expected to become an economic venture, the Church cannot abandon her role to play in the economic development through development of SMEs.

On the role of the Church on economic development, Gruber (2005) contends that the Church needs to concentrate on the business of creating economic institutions. The Church has to find itself in a situation where it is best, continuing as an organized entity in the local community for the acquisition and development of land, the building of business enterprises and the employment of people. It is no longer a hidden fact that Churches today engage in industrial establishment and other business enterprises. Various Christian Church involvements in economic advancement take various forms such as building financial institutions, recreational facilities, guest houses, hospitals, skill acquisition centres and other commercial complexes.

It is worthy of note that many Churches in the South-Eastern Nigeria own and operate microfinance banks thereby contributing to economic development of the South-East. For instance Anglican Diocese of Aguata in the South-Eastern Nigeria in April, 2023 dedicated and opened Gosifechukwu Microfinance bank Ltd, Ekwulobia for business. According to the bank website (<https://gosifechukwumfb.com>) Gosifechukwu Microfinance Bank Ltd, Ekwulobia is a fully digital microfinance bank that offers innovative banking services to both individuals and SMEs using a variety of virtual channels. Such microfinance banks owned and operated by Church organizations can be highly instrumental in offering financial services to SMEs operators at little or no interest rates.

## **Conclusion**

The contributions of SMEs to the development of any economy are undeniably outstanding. There is a general agreement among scholars and SMEs operators that small and medium enterprises are breeding grounds for industrialization. The newly industrialized countries keyed into the enormous developmental opportunities offered by SMEs which today account for the success recorded in their economies. The success stories of these newly industrialized countries are testimonies of the ability of SMEs to heal a broken economy. This therefore calls for proper handling of SMEs, creating conducive environment for it to thrive and provision of adequate institutional backing for safeguarding SMEs.

It is quite unfortunate that the economic gains of SMEs are yet to be achieved in the South-Eastern Nigeria. The epileptic nature of the South-East economy and its attendant failure to achieve industrialization clearly shows that the SMEs operation in the zone is yet to bring its fruits to bear on the economy of South-East. This no doubt is a pointer to the fact that something needs to be done urgently. The study therefore concludes that there is urgent need for government to attend to the needs of SMEs in the zone, especially those areas inhibiting their smooth operation if they must contribute more to the economic growth of the South-East.

The study further conclude that repositioning small and medium enterprises in South-east is something that must be done and done decisively too, so that the zone can harness the economic potentials of SMEs which will give rise to industrialization of the zone. This is because the essence of SMEs development world over is to help in solving economic problems and attainment of industrialization. No wonder SMEs are called hotbeds of bigger industries. According to Ogujiuba *et al.* (2004), it is recognized that the SMEs sector holds significant potential for generating employment and fostering wealth creation within any economy.

It can further be concluded that the unpropitious macroeconomic conditions of the South-East under which SMEs operate is a major inhibition on the smooth running of SMEs. Hence, the need to create an environment that are welcoming, nurturing, and facilitates a sense of belonging for SMEs. The present nefarious activities of unknown-gun-men in the South-East, such as incessant killing, kidnapping, armed

robbery etc. makes it difficult for investors and buyers to come to the zone. This strongly discourages SMEs operation in the zone.

In the South-east, many support services and institutional backing like funding, infrastructure and protective policies which helps in smooth operation of SMEs are not provided. This to a great extent has hindered productivity and efficiency in SMEs sector; as a result the economic benefits of SMEs could not be felt in the South-East economy. Therefore funds should be made accessible to SMEs operators at little or no interest rate. The present funding system with very high interest rate of about 30% or more is a plague on the life of SMEs.

The state of infrastructure in the South-East is nothing to write home about and this cripples SMEs development. Regrettably, provision of institutional backing through protective policies/programmes is one area government has failed woefully. There is need for policies that will protect local content and safeguard the future of SMEs; this will further boost the morale of SMEs operators to invest more which will in turn give rise to the growth of the South-East Gross Domestic Product (GDP).

It has been identified that the church can be very instrumental to the development of SMEs especially in the South-East, considering the fact that the zone is almost entirely dominated by Christians. The involvement of the church in many business oriented ventures such as schools, hospitals, hotels, microfinance banks and other interest generating ventures is a clear pointer that churches are better positioned to mobilize and empower their members to partake in SMEs. Furthermore, considering the huge financial base of churches in the South-East, they are in position to offer low interest and flexible loans to their members for SMEs purposes. This will make start-up funds easily accessible to SMEs operator, thereby making more people to be involved in SMEs activities. There is high need for the church to complement the effort of the government in developing SMEs in the South-East, and the church at this time shouldn't shy away from this all important responsibility.

The unevolved nature of the integration of South-East is a cog in wheel of economic development of the zone. Governments of the south-East states (past and present) have not given priority to building the zone into a Regional Economic Integration which will provide South-East with greater visibility and weight locally and internationally, large market – free flow of capital, labour, goods, development of new products, expansion of production capacity and large infrastructural projects. Achieving a developed Regional Integration of the South-East will contribute significantly to the development of SMEs, as it will encourage free flow of goods, services, capital, people and ideas in the zone. This unity will translate into economic growth. Again, when SMEs are successful, they pay taxes and employ thousands of job seekers, thereby improving South-East revenue generation.

## **Recommendations**

On the basis of the findings of this study, the following recommendations are made:

1. Governments of South-East states should as a Regional Block formulate/implement protective policies that will safeguard the operation of SMEs and as well ensure protection of local content in the SMEs sector.
2. Governments of South-East States should ensure that support services such as proper financing of SMEs, provision of adequate infrastructure, and access to modern technologies are provided for SMEs operators.

3. Governments of South-East States should create conducive environment and provide constant and low-cost electricity so that SMEs operators will be able to compete favourably with their foreign counter-parts, thereby making South-East the economic hub of Nigeria.
4. Governments of South-East states should come together and build a strong Regional Economic Integration which will give the zone greater visibility and weight locally and internationally and which will give rise to large market of international standard that will attract investors and buyers globally.
5. Governments of South-East states should form alliance with the Church leaders in the zone and get them to assist their members to get involved in the SMEs activities.
6. Church leaders should create standard SMEs financing system that will give SMEs operators (who are their members and non-members) access to little or no interest loan or flexible loans. This will increase productivity and efficiency in the SMEs sector as well as enable them to contribute their quota to the needs of the church and society at large.

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