

Effect of Government Policies on the Performance of Small and Medium Scale Enterprises in Imo State

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Abstract

The study focused on the effect of government policies on the performance of small and medium scale enterprises in Imo State. The specific objectives of the study were to: assess the effect of tax policy, determine the effect of government credit policy, and ascertain the effect of land border closure policy on the growth of small and medium scale enterprise in Imo State. The study was adopted survey research design, primary sources of data with the aid of a well-structured questionnaire that was distributed to the owners and staff of registered small and medium scale enterprises in Imo State. The population of the study consisted of nine (9) Small and Medium Scales enterprises and 784 respondents selected from the 27 Local Government Areas in Imo State. A sample size of 265 which was determined using Taro Yamene's formula, Bowley's formula and simple random sampling technique were also adopted for obtaining information from group and sub-group while the data were analyzed and presented using descriptive statistic such as simple percentage, frequency and means while the hypotheses were tested using multiples regression. The result of the findings revealed that tax, government credit and land border closure policies all significantly influenced the growth of SMEs in Imo State. The study therefore concludes that government policies affect on the performance of small and medium scale enterprise in Imo State. The study further recommended tax incentives should be incorporated in the State tax policy, government credit policy should be made more accessible to SMEs so as to improve accessible to much needed fund for their operations and land border closure policy should be made to encourage local consumption and patronage of SMEs.

Keywords: Government Policies, Tax, Credit, Land border, Performance, SMEs

INTRODUCTION

Evidences abound that in regions or economies where enterprises have been actively promoted and encouraged, their poverty rates have declined. In both industrialized and developing nations, small and medium-sized businesses are the driving force behind private sector development and partnership (Okongwu, 2001). Small and medium scale enterprises have the capacity to boost a country's GDP and bring in tax and other forms of government revenue. There is a wide range of small businesses that rely on local resources and are legally recognized, including those that engage in weaving, carpentry, pottery, wood, ceramics, farming, fishing, piggery animal husbandry, wood and metal

works, brick and block production, and a whole lot more (Obananya, 2022). Small and medium scale enterprises (SMEs) are generally regarded as the engine of economic growth and equitable development in developing economies. They are labour intensive, capital saving and capable of helping create most of the one billion new jobs the world will need by the end of the century. They are also perceived as the key to Nigeria's economic growth, poverty alleviation and employment generation (Agwu & Emeti, 2014).

In Nigeria, small businesses are generally found in small shops, hairstylists, trade men, photojournalists etc. According to SMEDAN, (2010), SMEs both in the formal and informal sectors employ over 60% of the labour force in Nigeria. More so, 70% to 80% of daily necessities in the country are not high-technology product, but basic materials produced with little or no automation. Most of these products come from Small and medium Enterprises. While Central Bank of Nigeria data shows that industries in Nigeria, with manufacturing taking the lead are comparatively dominated by SMEs; SMEs represent about 95% of the manufacturing sector, and 70 percent of industrial jobs in terms of number of enterprises, and an overall 96% of Nigerian businesses (Motilewa et al., 2015). In view of the challenges and the potentials they represent, it has been universally acknowledged that Small and Medium Enterprises (MSMEs) need support and protection if they will continue to provide the kind of services expected of them (Kondaiah, 2010).

The Nigerian government has exhibited great interest in the facilitation of the development of SMEs, which it has always been recognized as being essential in the quest to minimize poverty and unemployment in the country. Consequently, the country has established a number of specialized financial institutions, whose primary objective is to take charge of policy instruments and micro credit, necessary for enhancing the development of small scale enterprises. Examples of such financial institutions include: National Economic and Reconstruction Fund (NERFUND), Nigeria Agricultural Co-operative and Rural Development Bank (NACRDB), National Economic and Reconstruction Fund (NERFUND), and the Microfinance Institutions (MFIs). Furthermore, the government also introduced some policy oriented institutions that are tasked with the provision of technical and financial support for SMEs. Some of these include: Small and Medium Enterprise Equity Investment Scheme (SMEEIS), National Association of Small Scale Industries (NASSI), Entrepreneurship Development Policy (EDP) and Small and Medium Enterprise Development Agency (SMEDA) (Yahaya, Dutse & Bello, 2021; Alabi, David & Aderinto, 2019; Ahmed, 2017).

STATEMENT OF THE PROBLEM

The significance of policy making at government level and the objectives of policies of a country to increase output, reduction of inflation, reduction of employment, diminution of economy inequality and trade balance creation is at the heart of every government (Ibekwe & Ibekwe, 2021). In view of this, in Nigeria, many policies were put in place to develop the SMEs. Such policies include the National Directorate of Employment- NDE, Open Apprenticeship Program, Structural Adjustment Programs, Family Economic Programs, Better Life for Rural Women, National Poverty Eradication Programmes, People's Bank and the National Economic Empowerment and Development Strategy (NEEDS), credit policies, advertising policies, Tax policies etc. (Obananya, 2022; Akinyemi & Adejumo, 2018). The policy thrust of NEEDS includes consolidation and strengthening an enabling

environment for a competitive private sector, reduction of policy related costs and risks, such as corruption, red tape, and administrative barriers to business, reactivation of infrastructural facilities like electricity, transport and water, cheap and easy access to finance, rationalization of fiscal, monetary and legal incentives to ensure that firms have access to them (Akawu *et al.*, 2018).

However, despite the robust efforts of government towards boosting and improving the productivity of small and medium scale enterprises, there has not been tangible results to match these efforts. Some of the SMEs in Nigeria die within first 5 years of survival because of scant funds, lack of focal point, insufficient research, over attentiveness on one or marketplace for completed product etc (Motilewa *et al.*, 2015; Aremu & Adeyemi, 2011). Hence, the need for this study to fill the existing gap in knowledge on this subject matter and to ascertain the effect of government policies on the performance of small and medium scale enterprises in Imo State.

Specifically, the study sought to:

- i) assess the effect of tax policy on the growth of small and medium scale enterprise in Imo State.
- ii) determine the effect of government credit policy on the growth of small and medium scale enterprise in Imo State.
- iii) ascertain the effect of land border closure policy on the growth of small and medium scale enterprise in Imo State.

RELATED LITERATURE REVIEW

Conceptual Framework

Small and medium scale enterprises

In today's modern world, SMEs is one of the most authentic drivers of sustainable development, especially in the emerging economies (Alabi, 2019). Previous studies on SMEs revealed that no specific definition exist that may be taken as a reference by economies, statistical agencies or researchers. Despite the lack of universality of the definition and the lack of alignment in the criteria, the importance of SMEs definition is inalienable. The definition of small and medium enterprises is important and useful. For example, UNIDO, on the other hand, defines SMEs in two ways: for developing countries; Large firms (with 100+ workers), Medium firms (with 20 - 99 workers), Small firms (with 5 - 19 workers), and Micro firms (with < 5 workers) and for industrialized countries: Large firms (with 500+ workers), Medium firms (with 100 – 499 workers), and Small firms (with ≤ 99 workers) (Peter, 2008).

The European Union defined Medium enterprise as an entity that poses about 250 employees and small enterprise has about less than 50 and the lesser on the called micro has a maximum of 10 employees with around 40million or less turnover or it has a balance sheet value of not above 27 million euro. United State and Canada has almost similar criteria with less than 50 employees indicate large business and less 100 employees in product – based and less than 50 employees in service – based business (Industry Canada, 2005). In Eastern African countries for example Tanzania, Micro indicates 1-4 employees and capital base of up to 5 million Tanzanian shillings, small business accounts for 5- 49 employees and capital of above 5-200 million Tanzanian shillings, medium business

clock about 50- 99 employees with capital of above 200 to 800 million Tanzanian shelling (URT, 2002). In same east Africa Kenya category differs by far more due its higher value of shillings around the region. Nigeria with the introduction of National policy on MSMEs has iron-out the definition as what indicates small and medium enterprises (SMEs) on reflecting develop economy in which the concept adopts and classified base on two criteria, employment and asset which excludes land and buildings (Yahaya *et al.*, 2021; Safiriyu & Njogo, 2012).

In Imo State, SMEs are heterogeneous in nature and they include variety of firms such as restaurants, pure water, soap and detergents, wood works, leather products, textiles, computer software, tailoring & fashion designing, printing press, fabrication, cassava processing, block making, and consultancy. These firms, Yahaya, Osemene & Salman (2011), pointed out, possess different sophistications and skills, and that they operate in different markets and social environments.

For purposes of this research however, the definition of the National conference on Industries (NCI) is adopted, i.e. small and medium scale enterprises are enterprises with capital outlay of N1 million to N150 million, and workforce of 11 to 100. The definition covers the situation in Imo State; although the CBN definition is most appropriate to the current economic situation in Nigeria which is characterized by high operational costs as a result of the continuous depreciation of the naira, and the resultant inflationary impacts.

Challenges of SMEs in Nigeria

Nigeria Bureau of Statistics and Small (NBS) and Enterprises Development Association of Nigeria, (SMEDAN, 2013) highlights some of the major constraints militating the growth of the sectors" performance which include:

- ❖ Access to finance,
- ❖ Weak infrastructure,
- ❖ Inconsistency in government policies,
- ❖ Access to market,
- ❖ Multiple taxation, and
- ❖ Obsolete technology among others.

As a result of the recognition of SMEs by regional government and development experts as one of the main source of economic growth and a significant factor in promoting national economic development, that inspired the interest of many researchers (Bouri *et al.*, 2011; Kadiri, 2012; Somoye, 2013). What has come out of the poor state of the Nigerian economy, since the beginning of 1980, at least 60% of graduates are not able to get employment immediately after graduation; that many are learning and wishing to be on their own rather than looking up to government for employment, thus, the concern of the Nigerian government is to make as many people as possible particularly the teaming young graduates to be self-employed.

To this effect, the governments at all levels have embarked on numerous programs aimed at assisting young school leavers to acquire necessary resources to enable them start their own business. In spite of all these, unemployment rate is still very high, entrepreneurial development is also still at its nadir

stage. The entrepreneurial environment in Nigeria is also very hostile. Some of the policies were poorly implemented, frequent changing of policies and programs and lack of clear entrepreneurial development vision and commitment which pose serious threat to entrepreneurship in Nigeria. Some of the entrepreneurial related policies are good but the issue of poor environmental forces hinders them. For instance, electricity supply, water, good road network, is not available to encourage entrepreneurs. Difficult access to finance, high import tariff and other tariffs of government pose serious threat for the survival of young entrepreneurs (Akawu *et al*, 2018).

Small Medium Enterprises Performance

Performance is the strategic outcomes that organizations use to realize its goals, success or not Barney, (Sefiani and Bown, 2013). Firm performance activity springs from a large spectrum of disciplines (Marr & Schiuma, 2003). Performance is the key interest of each business manager or owner. The general performance of the organization depends on the correct management at the three levels of management (Gibcus & Kemp, 2003). The literature more in brief mentioned that Business performance measures market-related items that indicate existing business such as sales growth and market share and future positioning of the firm such as new product development and diversification. These are the two dimensions here: financial performance which is at the centre of the organizational effectiveness domain. Such performance standards are considered necessary, but not sufficient to determine the overall effectiveness (Murphy, Trailer & Hill, 1996). Accounting-based measures based on profitability such as return on sales (ROS), return on assets (ROA) and return on equity (ROE) measure financial performance (Parker, 2000) while organisational effectiveness measures are nearly related to stakeholders other than shareholders. There are two dimensions with indicators related to quality such as product quality, worker satisfaction, overall quality and those indicators associated with social responsibility like environmental and community responsibility.

Government Policy

The creations of Government policies for SMEs vary from advanced economies to developing countries and from country to country attributed to variations in social and custom values, the extent amount industry and business settings (Naudé, Szirmai & Goedhuys, 2011). The Government can come up with policies that can boost and support the growth of novel technologies, products, and solutions. On the other hand, Government policies can likewise seem to hinder (Eniola & Entebang, 2015).

A policy can be defined as a plan of action agreed upon and chosen by a group of people, organizations, or political parties. In business, policies can be categorized as internal or external. The internal policies, guide and spell out how business activities are run. But these business policies are dependent and often influenced by the overall government policies within the economy in which the SME's operate in. The government policies, therefore, are external policies which are not within the direct control of the entrepreneurs within the economy (Akinyemi & Adejumo, 2018).

Globally, the role of government in enterprise development is therefore expected to be in the form of provision of encouraging business environment, promulgating appropriate policies, formulation of suitable schemes, provision of valuable incentives, institutional support and effectively implementing

programmes that have been designed (Desai, 2010). In some cases, in spite of the mixed reactions towards government's involvement in business, government have even been seen to take the lead in the establishment of some types of business enterprise.

Pitfalls of government policies

The following itemized factors are some of pitfalls of government policies in Nigeria:

- ❖ Multiplicity of causes of problem,
- ❖ Public policies have incompatible goals,
- ❖ Resources,
- ❖ Cost of problem solving,
- ❖ Emergence of new problem,
- ❖ Insolubility of some problems.

Components of Government Policies Measured

Tax Policy

Taxation is a process through which governments all over the globe raise revenue to finance her expenditures by forcing charges on their corporate entities, citizens as well as on commodities and services. The tax plays significant responsibility to the growth of SMEs. Therefore, arrangement of the tax system to the situation specific SMEs growth needs to be considered as a significant agenda for the law makers (Poutziouris et al., 2009). For the rationale of defend and manage the operation of SMEs in government imposes numerous types of taxes with the aim of protecting infant industries and guarantee fair competition among SMEs. High tax rates and tax responsibility dishearten the growth of SMEs (Oludele & Emilie, 2012). From economic point of view, taxes increase production cost of goods and services which would eventually leads to higher price of goods/services to the final consumers. Bowen *et al.* (2009) indicated that taxes are apparent the major problem for both young and old firms. A conducive tax surrounding allow SMEs to meet possible tax obligations was however suggested.

The government taxation policy has been widely recognized as one factor that can affect the performance of every business. For instance, the imposition of high taxes on specific imported products will ultimately encourage local businesses to produce more of such goods. But if the taxation on raw materials required for local production is high, then the local entrepreneurs may be discourage to commence or continue production. Any increase on corporation tax will have the same impact as rising production cost. In order to cover such costs, business owners may be forced to increase the price of their finished products. Other taxes that can have the same effects include: value added tax (VAT) and environmental taxes. Even though VATs are specifically for the final consumers, the business may incur considerable costs when administering the VAT system.

Credit Policy

Government credit policies is a strategy supported long-term growth aims of SMEs business alternatives by the government to control loans and credit policies. In difference, bond markets are

much more responsive to short-term macroeconomic and company trends (so-called capital market short-termism). In such cases, a legal tender crisis or bond evasion by a ruler state issuer can cause a big loss of self-assurance and, as a consequence, the unfeasibility to finance projects with bond issues. Government has identified the need for the improvement of SMEs. One of such strategies is the preamble and search of rules such as concessionary financing to support and fortify the growth of SMEs in Nigeria.

The government's financial policy and banks' interest rates can also have considerable effects on economy as well as the business environment (Okojie, 2013). For instance, if the bank's lending rate is high, then businesses will be discouraged to borrow from the financial institution. Unfortunately, such trend will result to a considerable fall in the rate of investments, as companies will not have enough money for more investments. It is important to note that the government is primarily responsible for the creation of frameworks and rules that guide business operations in the country. Such rules are not always constant, and may change from time to time, thereby forcing entrepreneurs to change how they operate their businesses. Thus, government policy can have huge effects on the operations as well as performance of business establishments

Land Border Closure Policy

Most of the scholars within and outside the country have attempted to define border closure. These include Eselebor (2020), who defined border closure as a protectionist policy that prevents the movement of goods or people between different jurisdictions with limited or no exceptions associated with this movement. According to Okorie (2019), border closure is defined as one that prohibits individuals from travelling freely between different jurisdictions with few or no exceptions. Leidong (2019), see border closure as one that prevents movement of people between different jurisdictions with limited or no exceptions associated with this movement. Aluko (2012), opined that border closure is usually a decision taken by a country based on perceived threat to its existence as a nation in the international community. Though, the reasons may be diverse, the country must take into consideration variables such as treaties, internal politics and pressures etc that can be counterproductive in achieving the objective(s) of closing the border.

Adeola and Fayem (2020), defined border closure as boundaries with fences or walls along any gates or border crossings that are closed and if these border gates are opened, persons will only be allowed to cross under exceptional circumstances. Border closure, however, is a serious decision taken by nations in extraordinary circumstances, especially when going to war or to protect the country's territorial integrity. Besides, border closure is a decision which is always informed by the need for a country to protect its national interest (Akindele & Bola, 2019).

Effect of Land border closure on the economic survival of small and medium scale enterprise in Imo State

The closure of the land borders was a strategy adopted by the Nigerian government to curb smuggling and other illegal activities conducted in and out of the country which resulted in the following;

- ❖ It led to increase in the production of locally-made goods and products in the country;

- ❖ The closure of the land borders has helped in making local goods comparable in price with other imported goods which come into the country through other channels which are still open as the importers will pay the applicable tariff on these goods which will increase the price. It also reduces the importation of foreign goods imported into the country, thereby providing ample opportunity for local producers to sell their products to consumers and this has led to self-sufficiency in food production as well as general economic growth and development because the closure of the land borders has compelled a massive investment in agriculture (Johnson, 2020).
- ❖ It contributed to the Development of local industries: Shutting the borders restricts the importation of goods and services into the country and this gives local manufacturers in the local industries the opportunity to scale, trade, and produce then also to make profit. It lessens the level of unfair rivalry they encounter from foreign investors and companies, thereby increasing their competitiveness and production of Nigerian-made products and as long as our local goods are patronized, it reduces the level of unemployment in the country because our uncontrollable appetites for foreign goods and services have been mitigated. This position has been exemplified in the Cement industry in Nigerian which is cited as a success story due to the land border and the shutting down of the land borders permits firms to attain economies of scale and guard growing industries, especially in Nigeria (Johnson, 2020).
- ❖ It aided in alleviating the issue of smuggling: The illegal importation of goods and persons into the country had become a serious issue in the Nigerian economic system in which numerous industries have suffered from this deleterious act because goods cost billions of naira which involves food products especially rice, are being rustled into Nigeria from Benin Republic, but since the closure of the land borders, the country has been able to tame the fraudulent export of goods and other foreign products by fighting the importation of these products through the land borders and due to this, the production of local rice and other food products has become effective in the country in which the Nigerian citizens do not have to rely on foreign rice and imported food products. The closure of the land borders has also offered the Nigerian Security Agencies at the borders, a window of opportunity to identify the security lapses in the borders (Johnson, 2020).

Effect of Border Closure on Growth of the Small and Medium Scale

Security and welfare of the Nigerian people is the primary purpose of the government as evidenced in the provisions of Section 14(2) (b) CFRN 1999. It is solely in the interest of the fulfilment of this duty owed by the Nigerian government to its citizens, that the land border of the nation was closed. Within the 6 months of the border closure, the Nigerian Government has recorded tremendous successes. These successes include an increase in job opportunities, massive manufacture and sale of domestic commodities, an increase in federal revenue from legally imported goods, a reasonable reduction in rate of fuel subsidy, reductions in the rate of smuggled commodities, and a check on the influx of substandard goods in Nigeria. Specifically, the Central Bank of Nigeria in 2019, noted that more mills: large or small scale mills have been continually set up by domestic business persons in Nigeria to fill in the gap created by the border closure. The CBN Governor in a press release in the same year stated that he has received reports about the growth in demand for local rice and the purchase of this rice.

Statistics show that there has been a 20% decrease in the rate of fuel subsidy since the implementation of the border closure policy as the illegal exportation of subsidized fuel in Nigeria is now adequately checked and prevented. The reports of insurgency and smuggling of weapons, cars, hard drugs and beer has also drastically reduced to its barest minimum. Accordingly, there is clear evidence of improvements in the state of the Nigerian economy since the implementation of the border closure policy (Cheri, 2021).

Arguments against and for the border closure policy are not without reasons, however, no nation has all known resources – human and material- to itself, therefore countries constantly need to engage in transnational transactions to make up for lacking resources and as such, a nation closing its borders calls for a state of economic chaos and gradual antagonism from other nations. Particularly, this paper proposes that the border closure policy is not the solution to the problems of smuggling, child trafficking and other maladies against which the policy was set in place (Adesina, 2019).

The border closure is an implicit admission of the incompetence of immigration if the policy was, as acclaimed, implemented to curb smuggling. To thwart smuggling, the country should strengthen the capacity of customs and immigration officers and effectively administer the nation's trade policies and legislations. For instance, when it was faced with that hazard, Hong Kong started profiling all goods, vehicle and private cars crossing the border using detailed inspections and technology. Apart from this, the country's yard is very porous: there are many illegal paths through which smuggled goods are being transported. In simple terms, there are other ways to curb smuggling and related crimes which are less harmful or more beneficial to the economy than closing its borders (Johnson, 2020).

Theoretical Framework

This study is anchored on business growth and the contingency theory. The theory of business growth was proposed by Penrose. The theory presented some powerful ideology guiding the growth of firms and the speed at which firms can productively grow to bigger firms. Penrose declare that firms are a package of internal and external resources that help a firm to grow and to achieve a competitive advantage. She further gives details that firm size is negligible to the growth process, whereas firm growth is resolute by the successful and innovative managerial resources within the firm. She added that the accessibility of top managerial and technical ability serves as an engine to a firm's growth. Penrose recommended that unawareness of these factors consequences in failure and loss of competitive advantage. The theory of business growth entails that the speed of growth of a firm is autonomous of its original size. By insinuation it means that big firms are preferable in situation of private sector growth given that they generate more employment than small firms. However, small firms improve their performance as they accumulate market knowledge over time. This also entails that small firm start and develops, through some increase phases.

The contingency theory was proposed by Fred Edward Fiedlerin 1964. It postulates that a firm predicts that certain types of resources, SMEs firm owns and controls have the potential and promise to generate competitive advantage, which eventually leads to superior firm performance., as different cases of organisations functioning in different situations require different government policy. Contingency theory provides a vital approach for models and also predicts suggested outcomes. The concept is very similar to the one normally uses in direct practice aspect in management and other

areas of knowledge as well as direct services for example military or disaster interventions for displaced people. A contingency simply reflects a joint relationship (union) between phenomena or situational activity Contingency theory indicates a transitional level between variables, but times contingency reflects “condition”. Contingency theory assisted in trying to attempt centralized decisions making units by strategizing and implementing to analyze, Contingency theory set goals or objectives in non-favorable situation or anticipation of such related needs.

METHODOLOGY

This study adopted survey research design which was chosen since it offered the opportunity to execute studies with various signs, each of which is suitable for addressing particular research objectives. Source of data were through primary sources through a well-structured questionnaire that was distributed to the owners and staff of registered small and medium scale enterprises in Imo State. The population of the study consisted of nine (9) Small and Medium Scales enterprises and 784 respondents selected from the 27 Local Government Areas in Imo State. A sample size of 265 which was determined using Taro Yamene’s formula, Bowley’s formula and simple random sampling technique were also adopted for obtaining information from group and sub-group. A five (5) Point Likert Scale Format (Strongly Agree, Agree, Undecided, Disagree and Strongly Disagree) questionnaire was adopted in the study. Content validity and test-retest reliability which gave 0.7-0.8 as benchmark were adopted as reviewed by Nunnally and Bernstein (1994) to be reliable instrument. Data were analyzed and presented using descriptive statistic such as simple percentage, frequency and means while the hypotheses were tested using multiples regression.

RESULTS

Table 1: Analysis of government policy research questions

Research Questions	SA	A	U	SD	D
GP1: Government Policy put in place to alleviates negative effect of factors on productivity of SMEs in Imo State has been effective.	21(8)	46(17.6)	21(8)	99(37.9)	74(28.4)
GP2: Government policies on incentives are adequate for the survival and development of in Imo State.	18 (6.9)	43(16.5)	25 (9.6)	108(108)	67(25.7)
GP3: Harsh government policies have negatively affected the growth of SMEs in Imo State	95 (36.4)	136(52.1)	27(2.7)	11(4.2)	12(10.9)
GP4: Political stability has adversely affected the growth and development of SMEs in Imo state.	123 (47.1)	103(39.5)	8 (3.1)	20(7.7)	7 (2.7)
GP5: Government policies has been rolled out and has been on the increase.	51 (42.9)	44(37.0)	5 (4.2)	14(11.8)	5 (4.2)

Source: Field Survey (2023)

The analysis of the responses on government policies research questions is presented on Table 1. The results revealed that of 21 respondents representing 8% of the total respondents strongly agree that government policy put in place to alleviates negative effect of factors on productivity of SMEs in Imo

State has been effective, 46 respondents representing 17.6% agrees, 21 respondents representing 8% remained undecided while 99 respondents representing 37.9% disagreed while 74 respondents representing 28% strongly disagreed that government policy put in place to alleviates negative effect of factors on productivity of SMEs in Imo State has been effective. 18 respondents representing 6.9% of the total respondents strongly agree that Government policies on incentives are adequate for the survival and development of in Imo State, 43 respondents representing 16.5% agrees. On the other hand, 25 respondents representing 9.6% remained undecided, 108 respondents representing 4.14% disagreed while 67 respondents representing 25.7% strongly disagreed that government policies on incentives are adequate for the survival and development of in Imo. Furthermore, 36.4% of respondents believes that harsh government policies have negatively affected the growth of SMEs in Imo State, 52.1% agree, and 2.7% were undecided. While 4.2% disagreed and 4.2% strongly disagreed that government policies on incentives are adequate for the survival and development of in Imo. 123 respondents representing 47.1% of the total respondents strongly agree that political stability has adversely affected the growth and development of SMEs in Imo state, 103 respondents representing 39.5% agrees, 8 respondents representing 3.1% remained undecided while 20 respondents representing 7.7% disagreed while 7 respondents representing 2.7% strongly disagreed that political stability has adversely affected the growth and development of SMEs in Imo state. 54 respondents representing 20.7% of the total respondents strongly agree that Government policies has been rolled out has been on the increase, 158 respondents representing 60.5% agrees. On the other hand, 19 respondents representing 7.3% remained undecided, 19 respondents representing 7.3% disagreed while 11 respondents representing 4.2% strongly disagreed that Government policies has been rolled out has been on the increase.

Table 2: Analysis of Tax Policy Research Questions

Research Questions	SA	A	U	SD	D
TP6: Tax policies of government are operational in Imo state	130(49.8)	118(46.2)	3(1.1)	6(2.3)	4(1.5)
TP7: There are tax incentives in Imo state	19(7.3)	71 (27.2)	29(11.1)	38(14.6)	104(39.8)
TP 8: Tax are moderate in Imo state	42 (16.1)	67 (25.7)	24 (9.2)	73 (28)	55 (28.1)
TP 9: Tax policy has impacted on the growth of SME's enterprise in Imo State	61(23.4)	85 (32.6)	27(10.3)	43(16.5)	45 (17.2)
TP 10: Tax collection system has been seamless	72 (27.6)	146 (55.9)	11 (4.2)	21(8.0)	11 (4.2)

Source: Field Survey (2023)

Descriptive statistics results as presented in Table 2 revealed that 49.8% of respondents maintained that Tax policies of government are operational in Imo state 46.2% agree, and 1.1% were undecided. While 6% disagreed and 4% strongly disagreed that Tax policies of government are operational in Imo state. In the same vein, 7.3% of respondents held the view that there are tax incentives in Imo state, 27.2% agree, and 11.1% were undecided. On the other hand, 14.6% disagreed while 39.8% strongly disagreed that there are tax incentives in Imo state. 16.1% of respondents believed that tax are

moderate in Imo state 25.7% agree, and 9.2% were undecided. While 28% disagreed and 23.1% strongly disagreed that tax are moderate in Imo state

Furthermore, 61% of respondents opined that tax policy has impacted on the growth of SME's enterprise in Imo State, 32.6% agree, and 10.3% were undecided. On the other hand, 16.5% disagreed while 17.2% strongly disagreed that Tax policy has impacted on the growth of SME's enterprise in Imo State. 27.6% of respondents held the view that Tax collection system has been seamless 55.9% agree, and 4.2% of them were undecided. On the other hand, 8% disagreed while 4.2% strongly disagreed that tax collection system has been seamless.

Table 3: Analysis of credit policy research questions

Research Questions	SA	A	U	SD	D
CP116: Government credit scheme policies exists in Imo state	59 (22.8)	144 (56.2)	16 (6.1)	29 (11.1)	13 (5)
CP 17: Government credit policy affected the growth of SMEs enterprise in Imo State	92 (35.2)	112 (42.9)	11 (4.2)	33 (12.6)	13 (5)
CP 18: loans been accessible by SMEs enterprise in Imo State	43 (16.5)	109 (41.8)	29 (11.1)	42 (16.1)	38 (14.6)
CP 19: Conditions for accessing loans are favourable	28 (10.7)	155 (59.4)	15 (5.7)	24 (9.2)	39(14.9)
TP 20: Credit policy in Imo State been properly implemented	58(22.2)	54(20.7)	60 (23)	40 (15.3)	49 (18.8)

Source: Field Survey (2023)

Table 3 shows the descriptive statistics of credit policy research questions. The result revealed that 22.6% of respondents maintained that Government credit scheme policies exists in Imo state. 56.2% agree, and 6.1% of them were undecided. While 11.1% disagreed and 5% strongly disagreed that Government credit scheme policies exists in Imo state. 35.2% of respondents held the view that Government credit policy affected the growth of SMEs enterprise in Imo State, 42.9% agree, and 4.2% were undecided. On the other hand, 12.6% disagreed while 5% strongly disagreed that Government credit policy affected the growth of SMEs enterprise in Imo State. 16.5% of respondents believed that loans been accessible by SMEs enterprise in Imo State, 41.8% agree, and 11.1 % of them were undecided. While 16.1% disagreed and 14.8% strongly disagreed that loans has been accessible by SMEs enterprise in Imo State.

Furthermore, 10.7% of respondents opined that the conditions for accessing loans are favourable, 59.4% agree, and 5.7% were undecided. On the other hand, 9.2% disagreed while 14.9% strongly disagreed that the conditions for accessing loans are favourable. .22.2% of respondents held the view that Credit policy in Imo State been properly implemented 20.7% agree, and 23% of them were undecided. On the other hand, 15.3% disagreed while 18.8% strongly disagreed that the credit policy in Imo State been properly implemented.

Table 4: Analysis of land border closure policy research questions

Research Questions	SA	A	U	SD	D
LBC 11: There has been government policy on land border closure	153 (58.6)	40 (15.3)	13 (5)	20 (7.7)	35 (13.5)
LBC12: Land border closure policy affected the growth of SMEs enterprise in Imo State.	63 (52.9)	33 (27.7)	30 (11.5)	82(31.4)	45 (17.5)
LBC13: Ban on importation for some foreign products is the right step for developing SMEs enterprises	86 (33)	129 (49.4)	7 (2.7)	16(6.1)	23 (8.8)
3C 14: Border closure has made small and medium scale enterprise in Imo State effective	53 (20.3)	69 (26.4)	47 (18)	47(18)	45 (17.2)
3C 15: Border closure has made SME adaptive	72 (27.6)	126 (48.3)	17 (6.5)	22(8.4)	24 (9.2)

Source: Field Survey (2023)

The results on Table 4 revealed that 58.6% of respondents maintained that there has been government policy on land border closure 15.3% agree, and 5% were undecided. While 7.7% disagreed and 13.5% strongly disagreed that there was there has been government policy on land border closure. In the same vein, 23% of respondents held the view that land border closure policy affected the growth of SMEs enterprise in Imo State, 16.5% agree, and 11.5% were undecided. On the other hand, 31.8% disagreed while 17.5% strongly disagreed that land border closure policy affected the growth of SMEs enterprise in Imo State. 33% of respondents believed that ban on importation for some foreign products is the right step for developing SMEs enterprises, 49.4% agree, and 2.7% were undecided. While 6.1% disagreed and 8.8% strongly disagreed that ban on importation for some foreign products is the right step for developing SMEs enterprises. Furthermore, 20.3% of respondents opined that Border closure has made small and medium scale enterprise in Imo State effective, 26.4% agree, and 18% were undecided. On the other hand, 18% disagreed while 17.2% strongly disagreed that border closure has made small and medium scale enterprise in Imo State effective. 27.6% of respondents held the view that border closure has made SME adaptive, 48.3% agree, and 6.5% of them were undecided. On the other hand, 8.4% disagreed while 9.2% strongly disagreed that border closure has made SME adaptive.

Test of Hypotheses

The regression result from the government policies- SMEs performance model is presented in Table 5.

Table 5: Regression result emanating from the government policies- SMEs performance model

Variable	Coefficient	Standard	T- statistics	P-Value
Error				
(Constant)	.173	.104	1.658	0.98
X1	.133	.032	4.110	.000
X2	.735	.035	21.003	.000
X3	.143	.042	3.380	.001
R ²	.931			
Adjusted R ²	.			
F- Statistics	686.19			
Prob(F-statistic)	0.000			

Source: Authors Computation using SPSS 22.0

The regression result on Table 5 showed that Tax policy exerted a positive effect on the performance of SMEs in Imo State. This is based on its coefficient of .133. Government credit policy had a positive effect on the growth of SMEs in Imo State. This is evidenced by the coefficient of 0.145, which suggests that as Government credit policy increases, the growth of SMEs in Imo State increases. Furthermore, Land border closure exerted a positive effect on the growth of SMEs in Imo State. This is because the coefficient Land border closure was 0.735, which indicates Land border closure continues it will lead to on the growth of SMEs in Imo State.

Also in evaluating the entire model, the correlation coefficient, R, which stood at 0.965 indicated that there exists a high and positive relationship between government policies and SME growth in Imo State. The coefficient of determination, R², with a value of 0.931, suggest that 93.1% of the variations in SME growth are explained by government policies Finally, the F-statistics value of 686.19 with a P-value of 0.000 which is statically significant at 5 percent level of significance suggests that the model has goodness of fit.

H0₁: Tax policy has no significant effect on the growth of small and medium scale enterprise in Imo State

Relying on the decision rule stated in the chapter three, the result in Table 5 revealed that the P- value of Tax policy was 0.000 which is lesser than 0.05, we therefore reject the null hypothesis and accept the alternate hypothesis. We conclude that tax policy has a significant effect on the growth of small and medium scale enterprise in Imo State.

H0₂: Government credit policy has no significant effect on the growth of the small and medium scale enterprise in Imo State

Based on the decision rule stated in the chapter three, the result in Table 5 revealed that the P- value of government credit policy was 0.000 which is lesser than 0.05, we therefore reject the null hypothesis and accept the alternate hypothesis. We conclude that government credit policy has a significant effect on the growth of the small and medium scale enterprise in Imo State

H0₃: Land border closure policy has no significant effect on the growth of small and medium scale enterprise in Imo State.

Given the decision rule stated in the chapter three, the result in Table 5 revealed that the P- value Land border closure policy was 0.001 which is lesser than 0.05, we reject the null hypothesis and accept the alternate hypothesis. We therefore conclude that Land border closure policy has a significant effect on the growth of small and medium scale enterprise in Imo State.

DISCUSSION OF FINDINGS

Following the above analysis, it was found that tax policy had a positive and significant effect on Growth of SMEs in Imo State. This finding is in line with Obananya (2022) and Zacheus and Omoseni (2014) which supported the view that tax policy has strong influence on the performance of SMEs. Thus evidenced to fact that areas that have good and fair tax system tend to attract more SME operations.

Also the findings further revealed that Government credit policy exerted a positive and significant effect on the growth of the small and medium scale enterprise in Imo State. This is evidenced by the existence of various intervention and funding schemes and programmes designed to assist in the funding SMEs. Programmes such as anchor borrowers scheme, market support, COVID 19 intervention etc have been in existence. Supporting the view that as Government credit policy increases, growth of the small and medium scale enterprise in Imo State increase and vice- versa. This supports the findings of Obananya (2022) and Zacheus and Omoseni (2014).

Land border closure policy expressed a positive and significant effect on the growth of small and medium scale enterprise in Imo State. This may be attributed the innovation evolved by SME to mitigate the incidence occasion by the land border closure policy. As SMEs become more resilient and adaptive to the policy, thus causing growth in their operations. This finding is consistent with the findings of Udeh and Nwokorobia (2021) and Alabi *et al* (2019).

CONCLUSION AND RECOMMENDATIONS

Conclusion

In line with the findings this study which suggests that concludes that tax, government credit and land border closure policies all significantly influenced the growth of SMEs in Imo State. The study therefore concludes that government policies effects on the performance of small and medium scale enterprise in Imo State.

Recommendations

Based on the findings, the following recommendations were made.

- 1) Tax incentives such as rebate, reducing multiple taxation and concessions should be incorporated in the State tax policy. Also civilized means of collecting taxes should be implemented.
- 2) Government credit policy should be made more accessible to SMEs so as to improve accessible to much needed fund for their operations.
- 3) As Land border closure policy is being implemented, efforts should be made to encourage local consumption and patronage of SMEs.

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