



The Role of Micro, Small and Medium Enterprise As A Stimulus for Academic Activities in Post Insurgency Era

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ABSTRACT

With the correct state of Nigerian, economy and an effect of insurgency in the north east part of the country,, micro small and medium eEnterprise MSMEs can be perceived as a 100 for economic development, even though variety of challenge seems to have a negative impact that constraint MSMEs from playing the vital role of stimulant economics development, but that provide employment opportunities in developing nation like Nigeria, it utilize, will revive the economic activities and the trouble north east. This will reduced some hardship and poverty level of citizens. This paper is on the role of small and medium enterprise as a stimulus for economic activities in post insurgency era. The payer discussed on the contributions of MSMEs to economic growth of a nation, the roles of microfinance in prodding access to credit, challenges of MSMEs in the insurgency to credit, challenges of MSMEs in the insurgency affected states and the need for government to check – male an improve on the performance of those organizations created for developing MSMEs in Adamawa, Borno and Yobe states. For economic growth and healthy living the paper concludes that, with the relative peace, now enjoyed and the returning of internally displaced persons (IDP), government should give more priority to the activities of micro small and medium enterprise in the affected states for economic recovery in the post insurgency era. The paper also recommends that, their government should embark on massive awareness on small and medium development agency and its activities to achieve its objectives.

Keywords: Insurgency, Internally Displaced Persons, MSMEs

INTRODUCTION

Economic is the efficiency and conservation of effort in the operation or achievement of something the production and consumption of the foods and services of a community regarded as a whole (Microsoft Encerta, 2009). The purpose of every economic activity is to satisfy human wants by using limited or scare resource available in a society. These wants can be satisfied by production and consumption of foods and service. This is to say, that the factors of the production are engaged in some economic activities, which bring income to the economic agents that can either be consumed or and invested, to base on the these gainful economic activities and accumulated earning countries are rated to be develop, under developing or developing.

MSMES input for the first time are important agent to economic growth as they provide more than 50 percent of GDP of developing nations. They are source of simply for both human capital source Of innovation and relationship department and raw material to bigger firms and main source of entrepreneurship and business (PECC, 2003 and Sanusi 2003). Each of these sources is vital to the economic growth and development of a nation (Schumpeter, 1973; Van-den-berg 2001 and Garba, 2002).

Micro enterprise are those businesses capable of providing employment to less than ten (10) employees and have an assets of less than 5 million with exception of land and building. Small

enterprises are those business enterprises capable of employing 50 to 199 employees and have an assets of an amount from N50 million to 499.9 million with the exception of land building (National Policy on MSMES Report 2010).

According to Taiwo, Ayodele and Yusuf (2012) small and medium enterprises are very fundamental for Nigerian economy. However, over dependence, on crude oil has place less impact on other economic activities which result in unemployment, persistence increase in inflation rate, row capacity utilization of industrial activities and low emphasis on agriculture.

In spite of the significance of MSMES to the economic development of a nation like Nigeria particularly the north east region, not much priority was given by the government to realize the significance. This paper is an attempt to look at the contributions of MSMES to economic growth the role of microfinance in providing access to credit, challenges of MSMES is the northern part of the Nigeria and the nation off government to improve and the performance of those organization created for developing MSMES in the north east in order to provide the economic activities in post insurgency Era.

Goal/ Aims/ Objectives of MSMES

The Contribution of MSMES to Economic Growth

The contributions of MSMES to economic growth of countries have been very significance are viewed as an engine of growth that contribute enormously to nations trial output development by increasing poverty alleviation export promotion and release.

In countries such as India, Indonesia and Mali SMES have been recognized to contribute more than 95% of the manufacturing sector and have become a very strong engine for development in terms of provision of employment, industrial output and export promotion.

MSMES are globally regarded as the back born of any economy that yields substantial loyal capital promotion helps achieving high level of productivity and capability provides opportunities for a sustainable enterprises financial sourcing development and employment (Olusegun Aganga, May, 22, 2015).

Micro small and medium enterprises (MSMES) in Nigeria have employed 60 million people which accounts for 48 percent of the nation's gross domestics products (GDP), Olusegun Aganga, (May, 2015).

Similarly, the contributions of small and medium enterprises (MSMES) in Nigerian GDP reveals that, industrial sector has recorded 41% agriculture 32% and services 27% (Walter et al; 2009).

However, despite the fact, that MSMES have been identified as a tool for economic development and provision of employment lack economy scale due to their limited size (Basil 2005). Poor absorption capacity and limited funds have, been identified as factors that hamper that department of MSMES in Nigeria (Taiwo, Ayodeji and Yusuf, 2012).

The Roles Of Micro Finance In Providing Access To Credit

Micro finance bank in Nigeria are financial institution entrepreneurs and organizations, access to credit facilities for their business. The loans are given to be paid back in small installments' with a little interest.

The government through the Central Bank of Nigeria (CBN) launched the microfinance policy, regulatory and supervisory frame work for Nigeria in 2005. The policy provided the legal and regulatory frame work for microfinance banking in Nigeria.

The policy resulted in the establishment of new microfinance banks and the conversion of some existing community banks to microfinance banks. The objectives is to create a sustainable and credible microfinance banks have provided the financial window to address the inadequate access to finance confronting the micro and small enterprises in Nigeria (Oni, Priko, and Ormin, 2012).

One of the procedures and requirement for assessing loan in the bank is through group credit guarantee scheme and which is based on the recognition of group in the society.

The bank also assesses the type of business individuals want to failure into people providing the required loan to beneficiaries.

In some cases perspectives customer has to be is business for at least one pear, operating same location for at least six month.

The tenure on loans depends on the type of loan, it could range from one to months, four to six month or four to 12 months as the may be, even as loan repayments are made monthly except for group loans which are repaid weekly, and even on daily basis in recent times.

Challenges Of MSMES In The North East Of Nigeria

Despite the establishment of small and medium, enterprises development agency of Nigeria (SMDAN) in the 36 state of the federation under the Ministry of Commerce, and the state, to acquire some skills that will be helpful for them when trying to venture into their personnel enterprises, and the provision of industrial estate with free land allocation to MSMES in the state the trouble north east of Nigeria geared toward busting economic activates, it is still faced with numerous challenges. Some of which are enumerated as follows:

1. Asses to finance this sis one of the major obstacles face by MSMES in the insurgency affected areas. This is attributed to high interest rate, lack of strong into associated and inability to provide necessary collateral securities to be utilized to ensure loans. As a result of this, much capital for small firms working in the informal sector is generated through informal sources, for examples loans from family and trials.
2. Business in the insurgency affected areas faced challenges of military checkpoint in front of their business premises which discourage customers from visiting their shop. Also problems of thinking for business operation because of a every enforced by the government during the peak of the insurgency bad debt as a result of dead eroded by the insecurity and lastly, creasing of shop by military to occupy for their residential purpose.
3. There is decreased in population of number of people living within the affected region, this was due to the affected areas and also lack of patronage of good produce in the affected region because of the negation information going round. Those members of the Boko Haram sect are planning to trade poisonous commodity with the other part of the country.
4. Corruption on MSMES support and development, where small business loans and technical support that are to be given to entrepreneurs are been deviated by corrupt government authorities to different project that benefit them generally, similarly, the corruption by military personnel that are place on the highway checkpoint to check vehicle, made it compulsory for motorist to pay some money before passing; this led to high cost of goods.
5. Low level of awareness on government support or assistance from small and medium enterprise development agency of Nigeria (SMEDAN)

The Need For Government To Check And Improve On The Performance Of Those Organizations Created For Developing MSMES In Adamawa, Borno And Yobe For Economic Recovery In The Post-Insurgency Era

Despite the fact, that government has established the organization to support and regulate the activities of MSMES in Nigeria in Nigeria in general and Adamawa, Borno and Yobe particular and the establishment of small scale industrial that will provide employment opportunities to individuals at the state level, much need to be done.

With the relative peace now enjoyed in the insurgency states attention has to be given to those state in order to resolve normal economic activities for MSMES to grow for economic recovery and healthy living. Government needs to take prompt action on these following issues raised for economic recovery and growth in the insurgency affected states. These includes:-

1. There need for government to strengthen on the performance of small and medium development agency of Nigeria embarking on awareness campaign that will educate and enlighten the current and prospective MSMES managers on the important government organization like SMEDAN and microfinance bank and how can acquire funds to develop or start their own business.
2. There should be strong monitoring as corruption in the SMEDAN and military places on the highway checkpoint, dispensary action should be taken to any officer found to be corrupt.
3. Now that normally have returned to suggested state, ensure awareness campaign has to be taken by the negative information of planning to trade poisonous commodity with the other part of the country by members of the Boko-Haram sect.

4. The Nigeria army should provide a lastly permanent solution for military checkpoint and Officers residential building so as to avoid distracting business activities in the state.
5. There is need for government and banks to provide easy access to fund, by providing at affordable rate of interest for MSMEs in the insurgency affected states.
6. There is need for government to reduce the number of regulatory agencies to register with in order to speed up business registration in the affected states.

CONCLUSION

Micro small and medium enterprises in Adamawa, Borno and Yobe state of Nigeria, contribute to the economic department of Nigeria by providing empowerment opportunities and self –reliance.

The paper conclude that although the MSMEs are useful engines that promotes to the economic development of a nation like Nigeria, there are lot of challenges in the sector, especially in the trouble for years. This makes the challenges of that sectors to overriding the contributions.

Finally, with the relative peace now enjoyed and the returning of internally displaced persons (IDPs), government should give more priority to the activities of micro small and medium and medium enterprise in the affected state for economic recovered.

RECOMMENDATIONS

For economic activities to bounce, Bank in the insurgency affected state; the following recommendations are offered.

1. The operational cost of MSMEs should be addressed towards attaining cost efficiency through the use of latest technology. The issues of power outages, access to good road ad work should be addressed.
2. Awareness of SMEDAN and its activities should be addressed for better outreach and impact.
3. The location of military checkpoint and residential building should be addressed by the government.
4. Access to finance by MSMEs should be affordable with low interest-rate.
5. The number of regulatory agencies that businesses register with, should be reduced, to ease cost of doing business and speech up the registration proceeding business and speed up registration process.

With the current state of Nigeria economic and effect of insurgency in the north east part the country, micro small and medium enterprise MSME can be perceived as a loop for economic development, even though variety of challenges seems to have a negative impact that cons train MSMEs from playing the vital role of stimulating economic development, but they provide employment opportunities in developing nation like Nigeria, is utilize, non will ravine the economic additions and the troubled north east. This will reduce some hardship and property level of citizens. This paper is on the roles of micro small and medium enterprise as a stimulus for economic activities in post insurgency era. The paper discussed on the contributions of MSMEs to economic growth of a nation, the role of microfinance in providing access to credit, challenges of MSMEs in the insurgency, affected state and the need of for government to check-mate and improve on the performance for those organizations created to developing MSMEs in Adamawa Borno and Yobe states. For economic growth and healthy living the paper concludes that, with the related peace now employed and the returning of all internally displaced persons (IDP), government should give more priority to the activities of micro small and medium enterprise in the ageded states for economic recovery in the post insurgency era. The paper is also recommend that, government should embark on massive awareness of small and medium development Agency and its activities to achieve its obeying.

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