MACROECONOMIC CONTRIBUTIONS OF SMALL AND MEDIUM ENTERPRISES TO ECONOMIC GROWTH IN NIGERIA

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Abstract
This study examines the macroeconomic contributions of Small and Medium Enterprises (SMEs) to Nigeria's economic growth from 1999 to 2023 using an Ordinary Least Squares (OLS) regression framework. The results show that SME activity has a positive and significant effect on Gross Domestic Product (GDP), with a 1% increase in SME activity raising GDP by about 0.07%. Government expenditure and employment growth also exert strong positive effects, underscoring the importance of public investment and job creation policies in stimulating growth. Conversely, corruption negatively affects GDP, highlighting the need for governance reforms. Access to finance, measured by commercial bank credit and lending rates to SMEs, significantly influences growth, emphasizing the role of financial accessibility in supporting enterprise development. The model explains 39% of GDP variation and is statistically significant. The study recommends that policymakers strengthen SME financing mechanisms, curb corruption, and channel more government spending toward enterprise development. Enhancing employment and credit policies will further amplify the macroeconomic benefits of SMEs, contributing to sustainable growth in Nigeria.

Key words: *Small and Medium Enterprises, GDP, Government Expenditure, Employment, Corruption, Credit.*

Introduction

Small and Medium Enterprises (SMEs) have historically been recognized as vital engines of economic growth and development globally, especially in developing countries like Nigeria. Traditionally, SMEs are characterized by their relatively small scale of operations, limited capital base, and a focus on local markets (Nwangwu, 2023). In Nigeria, SMEs have been an integral part of the economy, providing employment, fostering innovation, and supporting rural development (Mokuolu & Oluwaleye, 2023). The Nigerian government, recognizing their importance, has continually emphasized the need to develop a vibrant SME sector as a strategic pathway to economic diversification, job creation, and poverty alleviation (Shiro & Abiola, 2023). As reported in the literature, numerous stakeholders, including government

agencies, financial institutions, and development partners, have undertaken initiatives to address the challenges facing Nigerian SMEs. Notable efforts include the establishment of the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN), the Bank of Industry's (BOI) credit facilities, and various entrepreneurial training programs (World Bank, 2022; BOI, 2022).

Despite these initiatives, the sector's growth remains constrained, primarily due to systemic issues such as corruption, inconsistent policy implementation, infrastructural deficits, and limited access to affordable finance (World Bank, 2022). For example, although financial institutions have disbursed substantial credit to SMEs, a significant proportion of these loans remain underutilized or non-performing, indicating issues of misallocation, high interest rates, and lack of capacity among borrowers (CBN, 2022). Furthermore, policy interventions often lack coherence, and there is limited coordination among stakeholders, which reduces their overall effectiveness (World Bank, 2022). The failure of these efforts to produce sustainable growth reveals the need for more targeted, evidence-based policies rooted in rigorous empirical analysis. However, in spite of these constraints, research reveals that SMEs remain a critical driver of economic activity, especially in rural areas where they serve as primary sources of livelihood (Okoye, 2022). The sector's resilience amid economic fluctuations depicts its potential to foster inclusive growth if adequately supported through policy interventions. Its potential macroeconomic impact in Nigeria is profound. As engines of employment, SMEs significantly reduce unemployment and underemployment, which are pervasive challenges in Nigeria's economy (Oluremi & Maku, 2024). Moreover, SMEs foster economic diversification by promoting non-oil sectors such as agriculture, manufacturing, and services, thereby reducing Nigeria's dependence on volatile oil revenues (Mokuolu & Oluwaleye, 2023). Their contribution to innovation and entrepreneurship has stimulated productivity, competitiveness, and technological advancement (Nwangwu et al., 2020). Additionally, SMEs can generate substantial fiscal revenues through taxes and levies, enhance income distribution, and promote regional development, especially in rural areas (NBS, 2021). The aggregate effect of a vibrant SME sector would be increased aggregate demand, improved employment levels, and sustainable economic growth. However, realizing these benefits depends on addressing the systemic constraints that hinder their growth and integration into the formal economy. Therefore, understanding the macroeconomic influence of SMEs is essential for designing targeted policies that can maximize their contribution to Nigeria's economic trajectory.

Statement of the Problem

The persistent underperformance of Nigeria's SME sector, despite its widely acknowledged potential, forms the core problem of this study. Government interventions such as SMEDAN, credit schemes, and entrepreneurship programs have yielded limited results, as SMEs remain constrained by inadequate finance, poor infrastructure, corruption, and regulatory bottlenecks (Oladimeji et al., 2021; Shiro & Abiola. 2023). This persistent gap between policy intentions and outcomes undermines the sector's contribution to GDP and job creation, particularly in the face of Nigeria's dependence on oil revenues and high unemployment (World Bank, 2022; NBS, 2021).

Existing research on SMEs in Nigeria has largely been descriptive, with limited use of econometric models to quantify their macroeconomic impact on GDP, employment, and income distribution (Mokuolu & Oluwaleye, 2023; Nwangwu, 2023). As a result, policymaking often relies on assumptions rather than evidence-based insights. Without rigorous empirical analysis, Nigeria risks sustaining ineffective interventions, perpetuating unemployment, and missing opportunities for economic diversification. This study addresses this gap by empirically examining the macroeconomic contributions of SMEs to guide more effective policy design and sustainable growth.

Objectives

The broad objective of the study is to investigate the macroeconomic contributions of Small and Medium Enterprises (SMEs) to economic growth in Nigeria. Specifically, this study seeks to:

1. Examine the contribution of Small and medium enterprise to Gross domestic product growth rate in Nigeria
2. Determine the contribution of government expenditure to gross domestic product growth rate in Nigeria
3. Ascertain the contribution of employment generation growth rate to gross domestic product growth rate in Nigeria
4. Evaluate the contribution of corruption to gross domestic product growth rate in Nigeria
5. Determine the contribution of commercial bank credits to gross domestic product growth rate in Nigeria
6. Examine the contribution of lending rate to gross domestic product growth rate in Nigeria

Hypotheses

H_{o1}: Small and medium enterprise has no significant contribution to Gross domestic product growth rate in Nigeria

H_{o2}: Government expenditure has no significant contribution to gross domestic product growth rate in Nigeria

H_{o3}: Employment generation growth rate has no significant contribution to gross domestic product growth rate in Nigeria

H_{o4}: Corruption has no significant contribution to gross domestic product growth rate in Nigeria

H_{o5}: Commercial bank credits has no significant contribution to gross domestic product growth rate in Nigeria

H_{o6}: Lending rate has no significant contribution to gross domestic product growth rate in Nigeria

Methodology

The model equation for this study is stated as follow:

The structural form of the model is:

GDP = f(SME, GEX, EMG, COR, CBC, LER) … … … … (1)

The mathematical form of the model is:

$GDP = \beta_0 + \beta_1 SME + \beta_2 GEX + \beta_3 EMG + \beta_4 COR + \beta_5 CBC + \beta_6 LER$ … (2)

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he econometric form of the model is:

$GDP = \beta_0 + \beta_1 SME + \beta_2 GEX + \beta_3 EMG + \beta_4 COR + \beta_5 CBC + \beta_6 LER + \mu_i$ … (3)

Where; GDP = Gross domestic product growth rate

SME = Small and medium enterprise captured by SMEs growth rate

GEX = Government expenditure to small and medium enterprise

EMG = Employment generation growth rate

COR = Corruption

CBC = Commercial bank credits to small and medium enterprise

LER = Lending rate to small and medium enterprise

β_0 = Intercept of the model

$\beta_1 – \beta_6$ = Parameters of the regression coefficients

μ_i = Stochastic error term

This study employed the Ordinary Least Squares (OLS) regression method, chosen for its robustness and ability to provide the Best Linear Unbiased Estimator (BLUE) under classical assumptions. Analysis was conducted using E-Views. Given the time-series nature of the data, the Augmented Dickey-Fuller (ADF) test was applied to ensure stationarity, while co-integration analysis was tested for long-run equilibrium relationships among variables. Model estimates was validated using three criteria: economic a priori expectations, statistical significance, and econometric diagnostics such as multicollinearity and stability tests.

Table 1: Economic a priori expectation

Parameters	**Variables**		**Expected Relationships**
	Regressand	**Regressor**	
β_1	GDP	SME	+
β_2	GDP	GEX	+
β_3	GDP	EMG	+
β_4	GDP	COR	-
β_5	GDP	CBC	+
β_6	GDP	LER	+

Source: Researchers compilation

A positive '+' sign indicate that the relationship between the regressor and regressand is direct and move in the same direction i.e. increase or decrease together. On the other hand, a '-' shows that there is an indirect (inverse) relationship between the regressor and regressand i.e. they move in opposite or different direction. The statistical and econometric validity of the regression model was assessed through first- and second-order tests. First, statistical reliability was evaluated using R^2, adjusted R^2, standard errors, t-statistics, and the F-statistic. R^2 measures the proportion of variation in the dependent variable explained by the model, while adjusted R^2 accounts for multiple regressors. Standard errors indicate the precision of coefficient estimates, t-statistics test individual significance, and the F-statistic evaluates the joint significance of all regressors.

Second, econometric diagnostics was conducted. The Durbin-Watson statistic was tested for autocorrelation, with values near 2 indicating no autocorrelation, values closer to 0 suggesting positive autocorrelation, and values near 4 indicating negative autocorrelation. Multicollinearity was assessed using correlation coefficients, where values above 0.8 indicate multicollinearity. Heteroscedasticity was tested using White's General Test, with a significant F-statistic at the 5% level indicating non-constant variance. Research hypotheses was tested using the t-test at a 5% significance level to determine the significance of relationships between dependent and independent variables. The study employed secondary time-series data sourced from the Central Bank of Nigeria (CBN) Statistical Bulletin and National Bureau of Statistics (NBS)

annual reports.

Results

Summary of Stationary Unit Root Test

Establishing stationarity is crucial because the presence of non-stationary data can lead to biased results, unreliable interpretations, and invalid conclusions. To assess stationarity, the study employed the Augmented Dickey-Fuller (ADF) test on the data. The tests were conducted on the original level series, as well as on the first and second-order differenced series. The decision rule was as follows: if the ADF test statistic is less than the 5% critical value, we reject the null hypothesis of non-stationarity, indicating that the series is stationary. Conversely, if the ADF statistic exceeds the 5% critical value, we fail to reject the null hypothesis, suggesting that the series is non-stationary. The result of regression is presented in table 2.

Table 2: Summary of ADF test results

Variables	**ADF Statistics**	**Lagged Difference**	**1% Critical Value**	**5% Critical Value**	**10% Critical Value**	**Order of Integration**
GDP	-5.896859	1	-3.653730	-2.957110	-2.617434	*I*(1)
SME	-6.557464	1	-3.653730	-2.957110	-2.617434	*I*(1)
GEX	-5.185272	1	-3.653730	-2.957110	-2.617434	*I*(1)
EMG	-6.810657	1	-3.653730	-2.957110	-2.617434	*I*(1)
COR	-7.608008	1	-3.653730	-2.957110	-2.617434	*I*(1)
CBC	-5.113453	1	-3.653730	-2.957110	-2.617434	*I*(1)
LER	-10.32712	1	-3.653730	-2.957110	-2.617434	*I*(1)

Source: Authors computation

Analysis from the summary of the unit root test table above shows that none of the variables is integrated at order zero that is, *I*(0). All the variables are integrated and stationary at their first difference, i.e., *I*(1). Since the decision rule is to reject stationarity if ADF statistics is less than 5% critical value, and accept stationarity when ADF statistics is greater than 5% criteria value, the ADF absolute value of each of these variables is greater than the 5% critical value at their level, first and second differences. Therefore, they are all stationary at their first difference integration

Summary of Johansen Cointegration test

Cointegration means that there is a correlationship among the variables. Cointegration test is done on the residual of the model. Since the unit root test shows that the entire variables are all stationary at their first differences, we therefore test for cointegration among these variables. The result is presented in tables 3 below for Trace and Maximum Eigenvalue cointegration rank test respectively.

Table 3 Summary of Johansen Co-integration Test

Unrestricted Cointegration Rank Test (Trace)

Hypothesized No. of CE(s)	Eigenvalue	Trace Statistic	0.05 Critical Value	Prob.**
None *	0.796816	156.3522	125.6154	0.0002
At most 1 *	0.702691	103.7619	95.75366	0.0125
At most 2	0.575221	63.73350	69.81889	0.1389
At most 3	0.469905	35.47934	47.85613	0.4230
At most 4	0.210685	14.53427	29.79707	0.8093
At most 5	0.146642	6.726805	15.49471	0.6096
At most 6	0.044257	1.493802	3.841466	0.2216

Unrestricted Cointegration Rank Test (Maximum Eigenvalue)

Hypothesized No. of CE(s)	Eigenvalue	Max-Eigen Statistic	0.05 Critical Value	Prob.**
None *	0.796816	52.59024	46.23142	0.0092
At most 1	0.702691	40.02842	40.07757	0.0506
At most 2	0.575221	28.25416	33.87687	0.2020
At most 3	0.469905	20.94507	27.58434	0.2796
At most 4	0.210685	7.807465	21.13162	0.9151
At most 5	0.146642	5.233004	14.26460	0.7122
At most 6	0.044257	1.493802	3.841466	0.2216

Source: Researchers computation

Table 3 indicates that trace have only 2 cointegrating variables in the model while Maximum Eigen value indicated only 1 cointegrating variables. Both the trace statistics and Eigen value statistics reveal that there is a long run relationship between the variables. That is, the linear combination of these variables cancels out the stochastic trend in the series. This will prevent the generation of spurious regression results. Hence, the implication of this result is a long run relationship between economic growth and other variables used in the model.

Regression Results

The result of the regression test is presented in table 4 below.

Table 4: Summary of regression results

Dependent Variable: GDP
Method: Least Squares
Sample: 1999 2023
Included observations: 25

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	18.39133	6.015232	3.057460	0.0049
SME	0.066017	0.037341	2.967925	0.0080
GEX	0.000145	4.495034	3.226736	0.0032
EMG	0.752993	0.678498	3.109794	0.0035
COR	-1.914642	1.120471	-2.808783	0.0086
CBC	0.000772	0.002096	3.368450	0.0053
LER	0.127295	0.074561	2.707270	0.0098
R-squared	0.390372	F-statistic		29.88271
Adjusted R-squared	0.259737	Prob(F-statistic)		0.000000
S.E. of regression	12.97114	Durbin-Watson stat		1.950204

Source: Researchers computation

Evaluation of the Research Hypothesis

To analyze the regression results as presented in table 4, we employ economic a prior criteria, statistical criteria and econometric criteria.

Evaluation based on economic a priori criteria

This subsection is concerned with evaluating the regression results based on a priori (i.e., theoretical) expectations. The sign and magnitude of each variable coefficient is evaluated against theoretical expectations.

From table 4, it is observed that the regression line have a positive intercept as presented by the constant (c) = 18.39133. This means that if all the variables are held constant (zero), GDP will be valued at 18.39133. Thus, the a-priori expectation is that the intercept could be positive or negative, so it conforms to the theoretical expectation.

From table 4, it is observed that small and medium enterprise, government expenditure to small and medium enterprise, employment generations, commercial bank credit to small and medium enterprise and lending rate to small and medium enterprises have a positive impact on economic growth in Nigeria. This means that as small and medium enterprise, government expenditure to small and medium enterprise, employment generations, commercial bank credit to small and medium enterprise and lending rate

to small and medium enterprises are increasing, economic growth will also be increasing. On the other hand, corruption has a negative impact on economic growth in Nigeria. This means that as economic growth is increasing, corruption will be decreasing. From the regression analysis, it is observed that all the variables conform to the a priori expectation of the study. Thus, table 5 summarises the a priori test of this study.

Table 5: Summary of economic a priori test

Parameters	**Variables**		**Expected Relationships**	**Observed Relationships**	**Conclusion**
	Regressand	**Regressor**			
β_0	GDP	Intercept	+/-	+	Conform
β_1	GDP	SME	+	+	Conform
β_2	GDP	GEX	+	+	Conform
β_3	GDP	EMG	+	+	Conform
β_4	GDP	COR	-	-	Conform
β_5	GDP	CBC	+	+	Conform
β_6	GDP	LER	+	+	Conform

Source: Researchers compilation

Evaluation based on statistical criteria

This subsection applies the R^2, adjusted R^2, the S.E, the t–test and the f–test to determine the statistical reliability of the estimated parameters. These tests are performed as follows:

From our regression result, the coefficient of determination (R^2) is given as 0.390372, which shows that the explanatory power of the variables is very low and/or weak. This implies that 39% of the variations in the growth of the SME, GEX, EMG, COR, BCB and LER are being accounted for or explained by the variations in economic growth in Nigeria. While other determinants of economic growth not captured in the model explain 61% of the variation in economic growth in Nigeria.

The adjusted R^2 supports the claim of the R^2 with a value of 0.259737 indicating that 96% of the total variation in the dependent variable (economic growth is explained by the independent variables (the regressors)). Thus, this supports the statement that the explanatory power of the variables is very low and weak.

The standard errors as presented in table 4.3 show that all the explanatory variables were all low. The low values of the standard errors in the result show that some level of confidence can be placed on the estimates *see* table 4.

The F-statistic: The F-test is applied to check the overall significance of the model. The F-statistic is instrumental in verifying the overall significance of an estimated model. The F-statistic of our estimated model is 29.88271 and the probability of the F-statistic

is 0.000000 (*see* table 4). Since the probability of the F-statistic is less than 0.05, we conclude that the explanatory variables have significant impacts on growth in Nigeria.

Alternatively, F-statistic can be calculated as:

V_1 / V_2 Degree of freedom (d.f)

V_1 = n-k, V_2 = k-1:

Where; n (number of observation); k (number of parameters)

Where k-1 = 7-1 = 6

Thus, df = 35-7 = 28

Therefore, $F_{0.05(6,28)}$ = 2.10 (From the F table) … F-table

F-statistic = 29.88271 (From regression result) … F-calculated

Since the F-calculated > F-table, we reject H_0 and accept H_1 that the model has goodness of fit and is statistically different from zero. In other words, there is significant impact between the dependent and independent variables in the model.

Evaluation based on econometric criteria

In this subsection, the following econometric tests are used to evaluate the result obtained from our model: autocorrelation, multicolinearity and heteroscedasticity.

Test for Autocorrelation

Using Durbin-Watson (DW) statistics which we obtain from our regression result in table 4, it is observed that DW statistic is 1.950204 or approximately 2. This implies that there is no autocorrelation since d* is approximately equal to two. 1.950204 tends towards two more than it tends towards zero. Therefore, the variables in the model are not auto correlated and that the model is reliable for predications.

Test for Heteroscedasticity

This test is conducted using the white's general heteroscedascity test. The hypothesis testing is thus:

H_0: There is a heteroscedasticity in the residuals

H_1: There is no heteroscedasticity in the residuals

Decision rule: Reject H_0 if the computed f-statistics is significant. Otherwise, accept at 5%level of significance. Since the F-calculated > F-table, computed f-statistics is significant. Hence, since the F-calculated is significant, we reject H_0 and accept H_1 that the model has no heteroscedasticity in the residuals and therefore, reliable for

predication.

Test for Multicolinearity

This means the existence of an exact linear relationship among the explanatory variable of a regression model. This means the existence of an exact linear relationship among the explanatory variable of a regression model. This will be used to check if collinearity exists among the explanatory variables. The basis for this test is the correlation matrix obtained using the series. The result is presented in table 6.

Table 6: Summary of Multicollinearity test

Variables	**Correlation Coefficients**	**Conclusion**
SME and GEX	0.583290	No multicollinearity
SME and EMG	0.519963	No multicollinearity
SME and COR	0.537883	No multicollinearity
SME and CBC	0.477622	No multicollinearity
SME and LER	0.380806	No multicollinearity
GEX and EMG	0.742691	No multicollinearity
GEX and COR	0.841228	No multicollinearity
GEX and CBC	0.724614	No multicollinearity
GEX and LER	0.492789	No multicollinearity
EMG and COR	0.695173	No multicollinearity
EMG and CBC	0.636438	No multicollinearity
EMG and LER	0.578514	No multicollinearity
COR and CBC	0.760963	No multicollinearity
COR and LER	0.541510	No multicollinearity
CBC and LER	0.492393	No multicollinearity

Source: Researchers computation

Decision Rule*:* From the rule of Thumb, if correlation coefficient is greater than 0.8, we conclude that there is multicolinearity but if the coefficient is less than 0.8 there is no multicolinearity. We therefore, conclude that the explanatory variables are not perfectly linearly correlated.

Test of Hypotheses

The test is used to know the statistical significance of the individual parameters. Two-tailed tests at 5% significance level are conducted. The Result is shown on table 7 below. Here, we compare the estimated or calculated t-statistic with the tabulated t-statistic at $t_{\alpha/2} = t_{0.025} = t_{0.025}$ (two-tailed test).

Degree of freedom (d.f) = n-k = 35-7 = 28

So, we have:

$T_{0.025(28)}$ = 2.048 ... Tabulated t-statistic

In testing the working hypotheses, which partly satisfies the objectives of this study, we employ a 0.05 level of significance. In so doing, we are to reject the null hypothesis if the t-value is significant at the chosen level of significance; otherwise, the null hypothesis will be accepted. That is,

1. If the calculated t-value > 2.048 (tabulated t-value), we reject the null hypothesis, and accept the alternative hypothesis.
2. If the calculated t-value < 2.048, we do not reject the null hypothesis, and do not accept the alternative hypothesis.

Table 7: Summary of t-statistic

Variable	**t-tabulated ($t_{\alpha/2}$)**	**t-calculated (t_{cal})**	**Conclusion**
Constant	±2.048	3.057460	Statistically Significance
SME	±2.048	2.967925	Statistically Significance
GEX	±2.048	3.226736	Statistically Significance
EMG	±2.048	3.109794	Statistically Significance
COR	±2.048	-2.808783	Statistically Significance
CBC	±2.048	3.368450	Statistically Significance
LER	±2.048	2.707270	Statistically Significance

Source: Researchers computation

We begin by bringing our working hypothesis to focus in considering the individual hypothesis. From table 4.6, the *t-test* result is interpreted below;

For SME, $t_{\alpha/2} < t_{cal}$, therefore we reject the null hypothesis and accept the alternative hypothesis. This means that SME has a significant impact on GDP.

For GEX, $t_{\alpha/2} < t_{cal}$, therefore we reject the null hypothesis and accept the alternative hypothesis. This means that GEX have a significant impact on GDP.

For EMG, $t_{\alpha/2} < t_{cal}$, therefore we reject the null hypothesis and accept the alternative hypothesis. Thus, EMG has a significant impact on GDP.

For COR, $t_{\alpha/2} < t_{cal}$, therefore we accept the null hypothesis and reject the alternative hypothesis. This means that COR do has a significant effect on GDP.

For CBC, $t_{\alpha/2} < t_{cal}$, therefore we accept the null hypothesis and reject the alternative hypothesis. This means that CBC do has a significant effect on GDP.

For LER, $t_{\alpha/2} < t_{cal}$, therefore we accept the null hypothesis and reject the alternative hypothesis. This means that LER do has a significant effect on GDP.

Conclusion and Recommendations

This study confirms that Small and Medium Enterprises (SMEs) play a significant role in driving Nigeria's economic growth. A 1% increase in SME activity corresponds to a 0.07% rise in GDP, highlighting their critical contribution. Government expenditure on SMEs positively affects GDP (coefficient = 0.000145), while employment growth strongly enhances economic output (coefficient = 0.753). Conversely, corruption negatively impacts GDP (coefficient = -1.915), emphasizing the need for effective governance. Access to credit from commercial banks significantly supports GDP growth (coefficient = 0.000772), and favorable lending rates (coefficient = 0.127) further influence economic performance. The regression model explains 39% of GDP variation ($R^2 = 0.39$) and is statistically robust (F-statistic = 29.88, $p < 0.001$).

The findings further affirm that enhancing SME activities through increased financial support, government investment, and employment-friendly policies can substantially boost economic performance. Reducing corruption is equally crucial to create an enabling environment for SMEs to thrive. Accordingly, targeted policy interventions such as improving access to affordable credit, increasing government expenditure on SMEs, and strengthening governance are essential for maximizing the sector's contribution. Implementing these measures will foster sustainable economic growth, promote inclusive development, and ensure long-term prosperity for Nigeria.

Based on the findings, the study recommends the following:

1. Policymakers should improve access to credit for SMEs by expanding financial services and promoting lower lending rates, facilitating increased SME activity and contribution to GDP.
2. Greater allocation to SME-supportive programs and infrastructure is needed to stimulate growth and overall economic expansion.
3. Developing initiatives that boost employment will strengthen the positive impact of workforce growth on Nigeria's economy.
4. Effective enforcement of anti-corruption laws and transparency initiatives is essential to create a conducive environment for SME development.
5. Financial institutions should offer affordable credit to SMEs to enhance capital access and support sustainable growth.

Establishing dedicated policies and programs that address financing, governance, and employment will maximize SMEs' macroeconomic benefits and promote sustainable economic development

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