Environmental Factors and Growth of Small and Medium Scale Enterprise in Enugu State, Nigeria

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ABSTRACT

This study assesses the environmental factors and growth of small and medium scale enterprises in Enugu State. The specifics objective were to: Examine the impact of Government policies on the growth of small and medium scale enterprises in the Enugu state. and Evaluate the effectiveness of management strategy on the growth of small and medium scale enterprises. A Survey of randomly selected small and medium-scale businesses in the three most industrially Local Governments Enugu East, Enugu North, and Enugu South in Enugu State, of Nigeria, were selected for the study. A sample size was drawn from four different industries, such as fashion industry, bakery industry, fast-food industry, and water packaging industry. Secondary data was adopted from the selected small and medium-scale industries. The Data were analyzed using Linear Regression Analysis. Pearson Correlation analysis was used as the main statistical tool of analysis. It was supported by descriptive statistics. Pearson Correlation was then used to test the two null hypotheses formulated for the study. linear regression analysis was used to compare the results obtained from the correlation analysis. The results reveal that favorable government policies have significantly positive effect on the growth of the small and medium-scale enterprise. This is verted on obtained value of 0.848 while the sig-value is 0.001. The result corroborated with the result of the R^2 (0.733) and the Adject R^2 (0.656) that measure the goodness of the model fitness. while effective management strategy is significantly positive on the growth of the small and medium-scale enterprise and it has a strong significantly positive effect on the growth. The result also corroborated with the result of the R^2 (0.733) and the Adject R^2 (0.656) that measure the goodness of the model fitness. the regression coefficient of effective management strategy is positive at 0.236 while the significant value is 0.578. This implies that favorable government policies and effective management strategy contribute to the growth of the small and medium-scale enterprise in Enugu state, Southeast, Nigeria.

1. Introduction

Globally the operational environment of small and medium scale enterprises around the world is characterized by a high level of complexity. The Small and Medium-scale operational environment seems to be more complex and dynamic because of some environmental factors.

Those environmental factors sometimes hinder the growth and sometimes again empower the growth (favorable or unfavorable) of small and medium-scale enterprises. Despite the vigorous role of SMEs in contributing significantly to economic growth by reducing unemployment and building a competitive private sector. SMEs are facing more challenges across the globe, in general, more especially in undeveloped countries like Nigeria.

The situation of the operational environment of Small and Medium-scale Enterprises in Nigeria appears to be more pathetic because of the poor governmental economic policies. The poor governmental economic policies directly affect the rapid growth of a small and medium-scale enterprises. The political terrain in the state has proven to be unstable, poor socio-cultural affairs, lack of technological innovation, lack of capital intent, difficulties in sourcing raw materials, poor educational background of the managers, stiff competition from larger companies, low capacity utilization, and management strategies has hampered the growth of SMEs.

Nevertheless, despite the significance of efforts by some of the stakeholders and governments still, the majority of newly incorporated Small and Medium-scale Enterprises could not afford to survive their first two to three years of operation. This led to a high rate of failure for the newly established SMEs. The failure is a result of poor management strategy. Some newly established ventures in emerging economies are facing such trials as undefined cost and prices, non-existent or untrustworthy infrastructure, and unpredictable competitive response. The high degree of Small and Medium-scale Enterprise mortality is calling for inspection of internal operational efficiency and competence, as well as a consideration of the complicated web of external environmental factors which is capable of impeding Small and Medium-scale Enterprise with the ability and flexibility to take advantage of some business opportunities desired for profitability and growth.

Some business environments in Nigerian generally seem to be characterized by unsuitable or unfavorable state policies, regulatory and heavy tax burdens, unpredictable power supply and non-gaining access to loan or credit facilities from the bank are hindering the growth of small and medium scale enterprise.

Statement of the Problem

They are numerous environmental factors surrounding the operational activities of small and medium scale industries in Nigeria. Those environmental factors always hinder the progress and growth of the organizational goals. unfavorable Governmental policies are one of the major environmental factors that hinder the operational activities of small and medium scale industries in Nigeria. And poor strategies from owners/managers are another environmental factor that hinders the operational activities of small and medium scale industries in Nigeria.

The objective of the Study

The main objective of this study is to assess the environmental factors and growth of small and medium scale enterprises in Enugu State. The specifics objectives are to:

i. Examine the impact of government policies on the growth of small and medium scale enterprises in the Enugu state.
ii. Evaluate the effectiveness of management strategy on the growth of a small and medium-scale enterprise.

The Hypothesis of the Study

i. H_0 Government policies have no significant impact on the growth of small and medium scale enterprises in the Enugu state.
H_1 Government policies have a significant impact on the growth of small and medium scale enterprises in the Enugu state.
ii. H_0 Effective management strategy has no significant effect on the growth of small and medium scale enterprise in Enugu State.
H_1 Effective management strategy has a significant effect on the growth of small and medium scale enterprise in Enugu State.

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2. Related Literature Review

Conceptual Review

Small and Medium Scale Enterprises

Olorunshola (2003) opines that small and medium scale concept is so relative and dynamic. The features of SMEs are evolution, uncertainty, and innovation. A firm that can understand SMEs global requirement, need to have a good knowledge of its characteristic. The SMEs in Nigeria are typically small in size and lack management culture and organizational structure while the urban SMEs are more structural, the rural ones are less structured. In Nigeria, this is one of the most important characteristics of SMEs. In most cases, SMEs are partnerships enterprise or sole trade business, although they may be registered as limited liability company (Udechukay, 2003). Olorunshola (2003) affirmed that the style of ownership has led small and medium scale enterprises to have a common management structure. With the common management structure, it becomes very easier to manage than that of bigger firms and required few numbers employee and a low level of education by most of the owners of SMEs. The Small and Medium-scale virtually shave the same features with some sole proprietorship and in this case, no legal personality between the Small and Medium-scale managers and their owners. Another feature of small and medium scale is that the life span of the business mainly depends on the life of the owners; if anything, happens to the owners it also affects the business. On less, it is properly taken care of by the next of kings. Furthermore, another characteristic of the Small and Medium-scale in some African countries is its heterogeneous nature, that ranging from retail outlets to enormously paid professionals and considerably some manufacturing organization of small and medium scale is also expected to differ in organizational form, from a sole proprietorship (single owners), scale corporations (private or public), partnerships and professionals. World Bank (2013), defined SMEs based on the capacity of the business and also based on the total numbers of employees and/ or total assets value. The Small and Medium-scale and huge organizations can be segregated based on the aforementioned criteria. Nevertheless, the definition of Small and Medium-scale can be viewed from different perspectives, depending on the institution or country. In Nigeria Small and Medium-scale are defined as the firm's capacity of nothing less than 200 employees with the minimums of ₦500,000,000 worth of total assets, excluding building and land, Tambari, Chioma, and Ononogbo, (2018). Precisely, small business refers to firms with total employees of 10 to 49 with nothing less than ₦5,000,000 worth of shares and less than ₦50,000,000 total assets excluding building and land. Firms with employee's capacity of 50 to 199 and have ₦50,000,000 to less than ₦500,000,000 total assets excluding building and land is referred to as medium enterprises

The Environmental Factors of Business in Nigeria

The concept of environmental factors of business in Nigeria can be defined as the total combination of internal and external factors that affect a firm's operating in a situated area. The organization's environment may include factors such as laws and government activities; clients and suppliers; markets, competition, and owners; improvements in technology; social and economic trends. Chikwe, Joel, and Achiole (2015) describe business environmental factors as the physical and operational factors, it is the combination of both internal and external factors that affect the free flow of business activities. Those factors include the following; competitors, government activities, industry trends, suppliers, distributors, customers, demographics, substitutes, innovations and technological developments, regulations, the economy, social and cultural factors. A firm is affected by the environmental factors surrounding the operational ground in which it operates and the growth of any organization depends on the ability to adapt to its environment. The reality of this complexity for business owners to grow their business is compounded by so many facts which the business operates. We have a macro environment, which in today's global economy can be referred to as the entire world, where events often directly or indirectly affect the global businesses activities such as the COVID-19 pandemic. The circumstances surrounding, micro-environment, and local events have directly affected the interaction of business activities (Felicia, Olusoji, Oluwakemi and Mofope, 2014). The business environment factors have direct influences on the functioning of the business system. Consequently, an environmental factor of business can be described as all those forces and conditions that are mostly external to the firm that cannot be controlled by an individual business unit. Those external forces are government policy, competitors, customers, socio-cultural organizations, creditors, political parties' national and international organizations, etc. Most of those forces affect the firm directly whilst others affect the firm indirectly.

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Government Policies

The Government effort of trying to solve the challenge facing small and medium scale by empowering the establishment of financial institutions such as the Bank of Industry (BOI) and also, it provided an interventional policy such as SMEs Equity Investment Scheme (SMEEIS) which have now turned out to be a drop in the ocean and it is characterized by weak capitalization, bureaucracy and poor knowledge of the sector it was mainly to serve. The Nigeria Financial institutions perceive Small and Medium-scale as high risk and they are unwilling to extend long-term loans. The situation where Small and Medium-scale can secure debt financing through banks and other financial intermediaries (formal or informal), is normally on a short-term basis and at the exploitative interest rate. On equity financing option, owners of Small and Medium-scale business in Nigeria are aversely willing to give room for those who are willing to be part of the ownership of the business by allowing an outsider to invest in the business and it also helps right owners to raise additional capital to grow the business.

When the government imposes unfavorable tax system and complicated rules and regulations directly hamper the growth of small and medium scale business. Krasniqi (2007) opines that the cost of complying with complicated rules and regulations and increased tax rates directly increases the cost of small and medium firms' expenses and it limits the firm growth. St-Jean et al. (2008) also noted that unfair competition from the informal sector, cumbersome regulations, and tax rates are the main obstacles to small business growth.

Management Strategy

The management Strategy here can be categorized into four; namely i characteristics of entrepreneurs, ii managerial capacities, marketing skill, and technological capacities.

i. Characteristics of Entrepreneurs

The character of the Entrepreneur is an important factor in determining the growth of the business. Sidika, I. (2012) posit that, so many studies have convincingly confirmed that, the entrepreneur character has positive and significant relationships with small and medium scale growth while other studies reveal insignificant relationships. Some scholars have a very strong approached in their studies, confirming from the perspective of their mindset and personality that entrepreneur character positively or negatively affects the growth of the business. while some scholar has convincingly confirmed it from the perspective of the entrepreneur's capability, education and family background (Kor and Mahoney, 2003). Ciavarella et al. (2004) hit that, the entrepreneurs' inherent and stable characters truly influence how their business is managed. Furthermore, the entrepreneur will tend to conduct their business based on the strengths of their exact character whether good or bad (Sidika, 2012). So many aspects have been critically examined concerning the entrepreneur's characteristics, such as educational background, gender, experience, age, motivation, risk-taking propensity, and preference for innovation (Pasanan, 2007).

ii. Managerial Capacities

The managerial capacities of the entrepreneur are one of the key factors that must be considered when determining the growth of small and medium-scale businesses. Different scholars have revealed in their studies that management capacities are the top management team to be considered as key factors for small business growth. Olawale and Garwe (2010), opine that managerial capacities are sets of knowledge, skills, and competencies that can improve the efficiency of small and medium scale performance. Singh et al. (2008) stress that management capacities are an essential tool for Small and Medium-scale businesses to survive and achieve growth (Aylin et al., 2013) state that management capacities are vital factors for the growth of Small firm business and there is any atom of inefficiency in the management capacities it becomes a barrier to the growth and is one of the factors that can lead to failure. Pasanen (2007) posits that the growth pattern of small business firms is strongly associated with their managerial capacities. Bhide (1996) opines that the main challenge facing the small business firm is a shortage of core competence and skills in their top management team.

iii. Marketing Skills

Marketing skills is one of the main tools considered as the most effective factors small business firm need to survival and growth. Van Scheers (2012) opines that inefficiency in marketing skills harms the success of small businesses firm. Pandya (2012) observed that any limitations in the marketing department of SMEs resemble other limited resources such as human resources and finance.

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iv. Technological Capacities

Drucker (1985) hinted that newly introduce technologies improve the efficiency of a small business firm, empower production, and are a source of profit for the firm. Morse et al. (2007) noted that technological capabilities benefit Small business firms in numerous ways: they can enhance the efficiency of the firm, reduce costs production and widen the market share, both locally and internationally. Lee (2001), also noted that those small business firms that can employ superior technological sophistication will expect more rapid growth than another small business firm. Romijn (2001) and Yusuf et al. (2003) observe that inferior technological capabilities hamper the growth of the small business firm and discourage them from getting to their potential goal. Countries with a superior level of technological growth produced greater levels of entrepreneurial growth. From this point of view, we can conclude that the survival and growth of small business firms are reliant on internal and external environmental factors.

2.2 Theoretical Review

Theory of Perspective Factors Affecting the Growth of Small Firms under the Law of Proportionate Effect

The theory of perspective factors affecting the growth of small firms was propounded by Gibrat (1931). The theory was developed as a theoretical model to measure the relationship between small business firm growth and its initial size. Gibrat's make the "Law of Proportionate Effect," the law states that, if a small business firm grows it automatically becomes independent in respective of its initial size. Some study results concur with Gibrat's Law, more especially the earliest studies. For example, Hart and Prais, 1956; Simon and Bonini, 1958, both results of their studies strongly agree with the law of Gibrat

Theory of the Growth of the Firm

Penrose in 1959 propounded the theory of the growth of the small business Firm, the theory issued some strong principles to govern the growth of small business firms and also the degree to which the small business firms can grow successfully. Penrose belief that small business firms are in a bundle of internal and external resources which can help the small business firm to grow faster and to appreciate some competitive advantage. Penrose, also believes that the size of a small business firm is incidental to the growth process. The growth of a small business firm is determined by the effective and innovative managerial resources within the firm. Penrose further explained that the availability of top managerial and technical talent serves as an engine to a firm's growth. She has also recommended that ignorance of these factors leads to the firm failure and loss of competitive advantage.

2.3   Empirical Review

Muogbo and Enemuo-Uzoezie (2019) researched Environmental Factors: A Panacea for Survival and Growth of Small and Medium Scale Businesses in Nigeria. A descriptive survey research design was adopted for the study. A random selection of one hundred respondents was selected from three selected SMEs. The Taro Yamane formula was used to determine the sample size of eighty respondents. Data was collected through a questionnaire. The data were analyzed using the chi-square (x2) test of independence and Analysis by percentages. The result reveals that SMEs are faced with numerous challenges which are; difficulty in obtaining capital, inadequate competent personnel, shortage of raw materials, etc.

Olakunle, Timothy, and Yusau (2018) conduct research on Environmental Factors and the Performance of Micro and Small- Scale Enterprises (MSEs) in Nigeria: Lessons from Some Selected MSEs in Ondo State Nigeria. A structured questionnaire was used to collect data. The data were analyzed using descriptive statistics and Spearman Product-Moment Correlations. A purposive sampling technique was employed and a sample of 204 owners/managers of MSEs was surveyed. The findings revealed that environmental factors (inadequate finance, inadequate infrastructure, and poor managerial skills) have a significant ($p = .05$) and negative relationship with MSEs performance (profit, revenue, and employees).

Lionel and Samuel (2018) researched the Success of Small and Medium Enterprises in Nigeria: Do Environmental Factors Matter? The study employed a primary survey instrument to collect data. The data were analyzed using multiple regression. The result revealed that external environmental factors of infrastructure and institutions matter for SME success, though they were constraining variables to SMEs' performance. The Marketing practices result revealed that there is a negative and insignificant relationship with SMEs' profitability. Policy actions are required

on the part of both government and the private sector to address the yawning deficit in infrastructure and institutional efficiency.

Andy (2015) conducted research on Business Environment and the Potentials of Small and Medium Enterprises in Nigeria. The study employed a Multifactor business environment-enterprise questionnaire (MBEEQ), akin to assessment tools of numerous agencies and institutions. It was used to elicit cross-sectional survey responses. A system of simultaneous equations model (SSEM) was used to investigate environmental effects on SMEs. The result indicates that legal-regulatory frameworks, policy stance, and socio-cultural factors reduced potentials, competition aided innovation and growth; on aggregate, the environment significantly enhanced SMEs' potentials.

3. Methodology

A Survey of randomly selected small and medium-scale businesses in the three most industrially Local Governments (Enugu East, Enugu North, and Enugu South) in Enugu State, Southeast, Nigeria, was selected for the study. The sample was drawn from four different industries, such as fashioners industries, bread bakeries industries, fast-food industries, and water packaged industries. The selection of the Small and medium-scale business firms was based on the (NNCI) Nigerian National Council of Industry definition that state, small and medium-scale business are firms with no less than 11-100 employees. But the scholars considered small and medium-scale businesses with 11- 25 employees. The main instrument for data collection was a questionnaire designed by the scholars. The instrument was designed in four Likert scale formats, with responses ranging from Agree, Strongly Agree, Disagree, and Strongly Disagree. A test-retest method was used to establish good reliability for the research instrument. Small and medium-scale business performance was measured through the firm's objective. The firm's performance was measure base on the environmental factors associated with the firm. Secondary data from the different selected small and medium-scale businesses was used. Linear Regression Analysis, SPSS vision 21 were used to analyze the data.

Model Specification

Government policies and Management strategy were used as the independent variables while the growth of the small and medium-scale business is the dependent variable for the study.

Using Y and X as an expression for the variables.

$Y = f(X)$

Y= Dependent Variable

X= Independent Variable

Where

Y = Growth of small and medium-scale enterprise

X = Government policies and Management strategy

$Y = (y1)$

$X = (x1, x2)$

$Y = f(X)$

$y = f(x1)$ ……………………………………. ………. Equation 1

$y = f(x2)$ ……………………………………………... Equation 2

$Y = a_0 + \beta_1(x_1 + \beta_2 1 x2 + e$……………………………………Equation 3

Therefore;

$GSMEs = \beta_0 + (\beta_1 FGP + \beta_2 EMS) + \varepsilon$

Where:

GSMEs = Growth of Small and Medium-Scale Enterprise

GP = Government Policies

MS = Management Strategy

4. Data Presentation and Analysis

4.1 Data Presentation

The study was conducted to assess the environmental factors and growth of small and medium scale enterprises in Enugu State, South Eastern, Nigeria. The Secondary data used was obtained from the selected small and medium-scale businesses.

Table 4.1 Presentation of Data

YEAR	GROWTH OF SMEs (KOBO)	GOVERNMENT POLICIES NGN (000)	MANAGEMENT STRATEGY NGN (000)
2019	61.50	266	**131**
2018	44.50	244	121
2017	10.00	181	72
2016	29.00	151	50
2015	27.50	143	45
2014	25.50	133	43
2013	20.00	116	36
2012	12.55	97	32
2011	12.55	80	25
2010	12.55	65	23

Source: Research Field Study

4.2 Data Analysis

The data were analyzed using descriptive statistics, linear regression, and correlation analysis

Table 4.2.1

Descriptive Statistics			
	Mean	Std. Deviation	N
Growth of SMEs	25.5650	16.48843	10
Government policies	147.6000	66.35293	10
Management strategy	57.8000	38.62296	10

Table 4.2.1 presents the descriptive statistics describing the characteristics of the variables used in the study. The descriptive statistics include measures of central tendency, which are the mean and median, and measures of dispersions which include standard deviation. The results show the mean of the variables are: Growth of SMEs= 25.5850, FGP= 147.6000 and EMS= 57.8000 and standard deviation, Growth of SMEs= 16.48843, FGP= 66.35293 and EMS= 38.62296 etc.

Table 4.2.2

	Variables Entered/Removed		
Model	Variables Entered	Variables Removed	Method
1	Government policies Management strategy	.	Enter
a. Dependent Variable: growth of SMEs			
b. All requested variables entered.			

Table 4.2.3

					Change Statistics				
Model	R	R Square	Adjusted R Square	Std. The error of the Estimate	R Square Change	F Change	df 1	df2	Sig. F Change
1	.856[a]	.733	.656	9.66652	.733	9.593	2	7	.010
a. Predictors: (Constant), government policies and management strategy									
b. Dependent Variable: growth of SMEs									

(Model Summary)

Table 4.2.4

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1792.724	2	896.362	9.593	.010[b]
	Residual	654.091	7	93.442		
	Total	2446.815	9			
a. Dependent Variable: growth of SMEs						
b. Predictors: (Constant), government policies and management strategy						

(ANOVA)

Table 4.2.5

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.645	13.170		.049	.962
	Government policies	.076	.235	.308	.325	.755
	Management strategy	.236	.404	.552	.583	.578
a. Dependent Variable: growth of SMEs						

(Coefficients)

Table 4.2.6

Residuals Statistics					
	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	11.0402	51.8844	25.5650	14.11352	10
Residual	-21.46848	9.61562	.00000	8.52507	10
Std. Predicted Value	-1.029	1.865	.000	1.000	10
Std. Residual	-2.221	.995	.000	.882	10
a. Dependent Variable: growth of SMEs					

Table 4.2.7

Correlations		Growth of SMEs	Government policies	Management strategy
Pearson Correlation	Growth of SMEs	1.000	.848	.854
	Government policies	.848	1.000	.978
	Management strategy	.854	.978	1.000
Sig. (1-tailed)	Growth of SMEs	.	.001	.001
	Government policies	.001	.	.000
	Management strategy	.001	.000	.
N	Growth of SMEs	10	10	10
	Government policies	10	10	10
	Management strategy	10	10	10

** Correlation is significant at the 0.01 level (1-tailed).
Source: SPSS vision 21

Test of Hypotheses
The test of hypothesis Presented in table 4.2.7 is the correlation analysis of the variables. The correlation results were used to test the two null hypotheses formulated for the study. In deciding on the hypotheses, the following steps were taken:

- i. The hypotheses were restated in null and alternate forms
- ii. The decision criterion or criteria were stated
- iii. The presentation of the correlation result
- iv. The null hypothesis is rejected or accepted based on the decision criterion or criteria.

Test of Hypothesis One

Step One: Restatement of hypothesis in a null and alternate form

H_0 Favorable government policies have no significant impact on the growth of small and medium scale enterprises in the Enugu state.
H_1 Favorable government policies have a significant impact on the growth of small and medium scale enterprises in the Enugu state.

Step Two: Decision Rule/Criteria*: Reject H_0 if Sig-Value is less than 0.05, otherwise accept H_0.

Table 4.2.7 presents the result of the correlation analysis used to test the hypothesis formulated for the study. From the table, the correlation coefficient of favorable government policies (GP) is positive 0.848 while the sig-value is 0.001. Therefore, favorable government policies are significant at 0.05, level of significance is (0.001 < 0.05). Based on this result, we reject the null hypothesis and accept the alternative that state, favorable government policies have a significantly positive impact on the growth of small and medium scale enterprises in Enugu state, Southeast, Nigeria.

Test of Hypothesis Two

Step One: Restatement of hypothesis in a null and alternate form

H_0: Effective management strategy has no significant effect on the growth of small and

medium scale enterprise in Enugu State.

H_1: Effective management strategy has a significant effect on the growth of small and

medium scale enterprise in Enugu State.

Step Two: Decision Rule/Criteria*: Reject H_0 if Sig-Value is less than 0.05, otherwise accept H_0.

Table 4.2.7 presents the result of the correlation analysis used to test the hypothesis formulated for the study. From the table, the correlation coefficient of effective management strategy (MS) is positive 0.854 while the sig-value is 0.001. Therefore, effective management strategy is significant at a 0.05 level of significance (0.001 < 0.05). Based on this, we reject the null hypothesis that effective management strategy does not have a significantly positive effect on the growth of small and medium-scale enterprises in Enugu state, southeast, Nigeria. Therefore, we accept effective management strategy has a significantly positive effect on the growth of small and medium scale enterprises in Enugu state, Southeast, Nigeria.

Discussion of Finding

Discussion of Hypothesis One

The test of hypothesis one reveals that the null hypothesis was rejected. The result, thus, shows that favorable government policies is significantly positive on the growth of the small and medium-scale enterprise and it has a strong significantly positive impact on the growth. The result corroborated with the result of the R^2 (0.733) and the Adject R^2 (0.656) that measure the goodness of the model fitness in table 4.2.3. From the regression result in the table, the regression coefficient of favorable government policies is 0.076 while the significant value is 0.755. Thus, in both the correlation and regression results, favorable government policies are positive and significantly related to the growth of the small and medium-scale enterprise in Enugu state, Southeast, Nigeria.

Discussion of Hypothesis Two

The test of hypothesis two indicates that the null hypothesis was rejected. The result shows that effective management strategy is significantly positive on the growth of the small and medium-scale enterprise and it has a strong significantly positive effect on the growth. The result corroborated with the result of the R^2 (0.733) and the Adject R^2 (0.656) that measure the goodness of the model fitness in table 4.2.3. From the regression result in the table, the regression coefficient of effective management strategy is positive at 0.236 while the significant value is 0.578. This implies that effective management strategy contributes to the growth of the small and medium-scale enterprise in Enugu state, Southeast, Nigeria.

5.1 Conclusion

Based on the findings of this study, we conclude that favorable government policies are a significantly positive impact on the growth of the small and medium-scale enterprises in the Enugu state. and effective management strategy has a great significantly positive effect on the rapid growth of the small and medium-scale enterprise in Enugu state, Southeast, Nigeria. Therefore, if the government may decide to implement policies that are favorable to the small and medium-scale business and at the same time, the owners/managers of the small and medium-scale business can strategies positive, there shall be rapid growth in SMEs in Enugu state, Southeast, Nigeria.

5.2 Recommendation

Base on the finding, we hereby recommence that, the owners or managers of the small and medium-scale enterprise should enable to;

i.   Improve in their managerial competence since it directly influences the management of the small and medium-scale enterprise to increase their success.
ii. They should hire expertise into their respective field so their employees can work under them to acquire more global managerial skills since it directly improves their performance.

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