GOVERNMENT POLICY FRAMEWORK AND THE SURVIVAL OF SMALL AND MEDIUM SCALE ENTERPRISES (SMES) IN NIGERIA

BY

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Abstract

Small and Medium Scale Enterprises (SMEs) are widely recognized as key drivers of economic growth, employment generation, and poverty reduction, particularly in developing economies such as Nigeria. This study examines the relationship between government policy frameworks and the survival of SMEs in Nigeria. The study adopts a qualitative research design based on a conceptual review of existing literature, using document analysis and thematic analysis to identify key issues affecting SME performance and sustainability. Findings from the study reveal that government policies particularly in the areas of financial support, infrastructure provision, entrepreneurship education, and institutional development have contributed to the growth and survival of SMEs to some extent. Financial initiatives such as microfinance schemes, credit facilities, and intervention funds have improved access to capital, although their impact is limited by strict conditions and administrative bottlenecks. Similarly, entrepreneurship education and capacity-building programmes have enhanced business awareness and managerial skills but suffer from limited reach and inadequate practical application. The study further finds that infrastructural deficiencies, including unstable electricity supply, poor road networks, and inadequate water and communication facilities, significantly hinder SME operations and increase production costs. In addition, challenges such as policy inconsistency, weak implementation, corruption, and limited monitoring reduce the effectiveness of government interventions. SMEs also face broader constraints, including inadequate funding, poor management practices, and competition from larger firms and imported goods
Keywords: Business Survival; Economic Growth; Employment Generation, Government Policies; and SMEs

Introduction

In all economies, developed and developing, but especially in developing and fast-growing economies, policymakers, administrators, researchers, donors, and non-governmental organizations agree that small and medium sized enterprises are a powerful driving force for industrial growth, economic development, and sustainability. Small and medium sized firms (SMEs) are widely considered as the driving force behind economic growth and equitable development in developing economies. They are labour-intensive, capital-saving, and capable of generating the majority of the one billion new jobs that the world hopes to create by the end of the century. They are also viewed as crucial to Nigeria's economic development, poverty alleviation, and job creation (Agwu & Emeti, 2014). According to Makinde (2019), small and medium-sized businesses account for 99% of the estimated 19.3 million businesses in the European Union (EU) and provide approximately 65 million jobs, accounting for two-thirds of total employment. In the context of the developing world, SMEs in Africa account for the majority of enterprises and employ a sizable number of the population, according to Anane, Cobbinah, and Manu (2013), who also believe that SMEs' activities contribute significantly to Asian countries' economic success. Evidence abounds that in locations or economies where businesses have been actively supported and fostered, poverty rates have consistently decreased. This is not ably true in Asia, whereas in Sub-Saharan Africa, more and more people are sinking into poverty.

SMEs are crucial to the shift from economies centered on agricultural to those centered on industry. Additionally, they contribute to the development of adaptable economic systems where small and large businesses are interconnected by absorbing productive resources (local technology and raw materials) that larger firms at all levels of the economy would have otherwise overlooked (Motilewa, Ogbari & Aka, 2015). SMEs account for more than 60% of GDP and more than 70% of total employment in low-income countries, while they contribute more than 55% of GDP and more than 65% of total employment in high income countries, according to empirical studies cited in SMEDAN (2010) (Makinde, 2019). While they account for over 70% of GDP and 95% of total employment in middle-income countries. According to Makinde (2019), from the perspective of economic development, small firms provide about half of new jobs in the economy, and these positions are assumed to be positive. SMEs are the economy's growth engines because of their potential to create jobs, stimulate entrepreneurship, alleviate poverty, accelerate growth, bridge the income in equity gap, build forward and backward linkages, and deepen the economy's industrial base.

According to CBN data, SMEs fairly dominate Nigeria's manufacturing-based industries, accounting for 95% of the country's manufacturing sector, 70% of industrial jobs in terms of the number of businesses, and 96% of all Nigerian businesses (Motilewa, et. al; 2015). Small enterprises in the nation are typically found in tradesmen, hair salons, photojournalists, and other small businesses. Over 60% of Nigeria's workforce is employed by SMEs, both in the formal and informal sectors, according to SMEDAN (2010). Furthermore, between 70 and 80 percent of the nation's everyday needs are made from simple materials with little to no automation rather than high-tech products. Small and medium-sized businesses produce the majority of these goods. The government has played an important role in fostering the survival and expansion of small and medium-sized businesses, recognising their adaptability and regenerative potential in promoting economic development. The government, believing that a dynamic and growing small and medium manufacturing sub sector can contribute significantly to the implementation of a wide range of development objectives, has enacted a number of policies to encourage their proliferation and transform them into true engines of growth and development. Industrialization was prioritized in the third and fourth development plans, as well as the ongoing three-year rolling plan, with a focus on SMEs (Obitayo, 1991). The primary goals of government policies, as reflected in monetary and fiscal policy measures, are to increase financing and support services for SMEs. It also entails expanding and enhancing their access to credit and infrastructure resources, lowering production costs, and increasing profitability. This also includes strengthening their survival and growth capabilities, as well as increasing their contributions to non-oil exports. It is about making their products competitive in export markets (Obitayo, 1991).

According to the literature review, the establishment of SMEs has a significant positive impact on Nigerian economic growth. Government support is also required for the expansion of SMEs because I thelps to overcome difficulties such as a challenging business environment and inadequate infrastructure (Maliki, 2023). Government policies have an impact on the performance of SMEs, and ideas have been made to strengthen the industry. The impact of SMEs on Nigeria's economy may also be shown in terms of productive output, sales turnover, and GDP growth rate. The generation of jobs is favorably related to government support for SMEs. In general, government assistance and involvement through various policies is critical for the development and success of SMEs in Nigeria. This is to support the growth and development of SMEs in the nation. Understanding the specific effects of these governmental policies, such as tax breaks, loan programs, and micro-policies, is therefore essential (Okundaye, et. al., 2019). However, this study aimed to contribute to the body of literature by examining the relationship between the growth of SMEs in Nigeria and government intervention in this sector.

Research Questions

1. How do government policy frameworks affect the survival of SMEs in Nigeria?
2. What challenges limit the effectiveness of government policies in supporting SMEs in Nigeria?

Literature Review

A common definition of small and medium-sized businesses (SMEs) does not exist. Depending on their objective, several institutions may use different definitions even within a single nation. Capital investment, annual gross turnover, output, and employment are among the characteristics that are typically employed in the definitions (Francis, Agum & Awogbemi, 2018). For many years, it has been discovered that SMEs are the very cornerstones around which larger companies were constructed. However, different people and organizations have varied definitions of small and medium, thus an organization that is seen as small and medium in one location may not be in another. The definition evolves throughout time, even within a nation. Total assets, labor force size, annual turnover, and capital investment are a few frequent indicators used in the different definitions. As early as 1979, the Federal Ministry of businesses defined small-scale businesses as "enterprises with capital (investment in land, building, machinery and equipment, and working capital) of up to N60,000.00 and employing no more than 50 persons." According to the Central Bank's monetary and credit rules, small-scale firms are defined as establishments with an annual turnover of less than N6million and capital of no more than N10million. The "definition of small and medium scale enterprises varies according to context, author, and countries," according to Beckley (1988) and Ayaggarietal. (2003). In nations like the United States, Canada, and Britain, the number of paid employees and yearly turnover are used to identify small businesses. For instance, in Britain, an industry is considered small if it has less than 200 paid employees and an annual turnover of two million pounds or less. According to Ekpeyongand Nyang (1992), it is conceived in the context of Japan as the kind of industry having paid-up capital and the number of employees. Therefore, manufacturing companies with 300 workers and 100million yen in paid-up capital are classified as small and medium-sized businesses. Retailers have 100 million dollars in paid-up capital and 50 employees, whereas wholesalers have 300 million dollars and 100 employees (Fatai, 2012). There isn't really a precise description that makes a distinction between small and medium-sized businesses in Nigeria. Nonetheless, small-scale businesses are defined by the Central Bank of Nigeria in its monetary policy circular No.22 of 1988 as those with yearly sales of no more than 500,000 naira (CBN, 2011).

In a broader and more thorough sense, Ogechukwu (2006) documented a common standard for classifying small and medium-sized businesses across several nations. These include the number of workers, yearly turnover, local operations, sales volumes, financial strength, the independence of managers and owners, the fact that their businesses have relatively narrow markets, and the capital that is typically provided by individuals or shareholders, among other things. The European Union adopted a widely recognized definition of small and medium-sized businesses and micro businesses in 2003 due to the lack of a universal definition and the disparity in definitions. This definition states that businesses with fewer than 250 employees must meet certain financial requirements, such as having revenues of no more than 50 million euros (measured as turnover) or 43 million euros (measured as balance sheet).

Furthermore, according to the European Commission's ownership guidelines, SMEs must be independent and have less than 25% of their ownership held by outside parties. SMEs were defined as businesses with 10–99 full-time employees or a fixed capital investment of US$1,000–500,000 in an Enterprises Association report (Micah, Kassah & Andah, 2017). The primary sources of corporate organization cannot be overstated. However, business financing is difficult to get, particularly for small and medium-sized enterprises. However, they demand finances from every available source to support their asset needs and capital expansion. According to Ekpenyongand Nyong (1992), there is widespread agreement in Nigeria that government policies benefit the formal sector and disadvantage the informal sector. This unfavorable situation affects Nigerian SMEs, formal financial institutions such as commercial banks, merchant banks, development banks, and insurance companies, as well as informal financial institutions such as money lenders, landlords, credit and savings cooperative societies, friends and relatives, and personal savings. Commercial banks, merchant banks, and development banks all provide official financing for SMEs, but commercial banks are at the heart of the banking business. Banks serve three social and economic functions: collecting and securing savings and other deposits, financing the economy through credit, and facilitating payments and fund transfers. Financial institutions' financial inter mediation role has been flawed for a variety of reasons (Aruwa, 2004), including inadequacy in building and securing national savings, bureaucratic barriers to financing small and medium-sized enterprises, inability to establish positive relationships between lenders and borrowers, and a lack of risk sharing. Their role is to close the gap between supply (money deposited and potential available) and demand (money required for investment), which lies between idle money and productive investment (Gelinas, 1998). Otherwise, banks give loans in the form of term loans or overdrafts. An overdraft is primarily a short-term financing tool for meeting working capital requirements over a few months and should not be utilized for long-term investing purposes.

The major sources of financing SMEs can be classified as debt and equity. A company's capital structure refers to the composition of long-term sources of money, which include long-term debt debentures, preference shares, and equity shares. The finance literature acknowledges the value of equity in business operations. The presence of a high rate of return on investment makes the appeal to take advantage of a lower-cost borrowed fund conceivable. Thus, external funds are merged with owner's funds to provide a considerably better rate of return than the cost of the external funds used. In this regard, there are two conflicting theoretical perspectives and a practical middle ground. In contrast to its opposing school of thought, the net operating income approach, which assumes that the cost of equity will increase linearly with leverage, meaning that financing decisions do not matter in the valuation of the firm, the net income approach accepts that leverage is a significant variable beneficial to an operating business firm, hence it may be applied in perpetuity. This approach is consistent with the popular Modigliani and Miller (MM) perspective (Micah, Kassah & Andah,2017). In this regard, a company may be entirely financed by equity or entirely by debt; the former is common in the business sector, while the latter is uncommon. Beyond capital structure schools of thought, the intermediate perspective proposed that the cost of capital decreases with leverage up to an optimal level where the firm's value would have been maximized. This is be cause equity, or owner's capital, plays a role in the composition of the financial structure. It is well recognized that larger companies are more attractive to potential lenders than smaller companies that struggle to sell long-term debt or equity issues. Size may therefore be significant for the following reasons: (i) it affects a firm's credit rating; (ii) it dictates access to the capital market; and (iii) it affects the cost of borrowing for a firm. According to Micah, Kassah, and Andah (2017), small businesses make up the majority of the informal sector, whereas large corporations are appropriately categorized as operating in the formal sector.

One anticipated conclusion regarding SMEs, regardless of their degree of economic activity in the real subsector, is that, with adequate funding and development, they would contribute to both economic growth and rural development (Oyinlade, 2005). Apart from variations in their scope and input, these positions and functions would not be expected to alter significantly in Nigeria, as they would in the majority of other nations. This is a result of the roles that the country's macro-economic policymakers and economic planners have assigned to SMEs and the degree to which they are equipped to carry out these roles and responsibilities. However, an objective evaluation of SMEs' contributions to global economic growth and development is hampered by a lack of data that accurately captures their significance. Nevertheless, insufficient analytical statistics, the results of earlier research on the subject, and reputable publications, periodicals, magazines, newspapers, and so on can provide some insight into their contributions to economic growth. According to a CBN report in 1999, since the 1970s, the less developed countries have shown increased interest in encouraging the growth and development of SMEs for three reasons: i. the failure of previous industrial policies to create self-sustaining growth; ii. The increased emphasis on self-reliant methods of economic growth and development, which SMEs can promote; and iii. The greater concern to reduce the problems of rural-urban migration and urban-rural investment. According to Ogun and Anyanwu (1999), it is expected that a significant increase in SMEs will support a variety of growth and development goals, including rural development, effective use of local resources, employment creation, domestic technology development, local investment mobilization, human resource development, support and expansion of the roles of local entrepreneurs, and equitable income distribution. It is well known that the establishment of small and medium-sized businesses and industries marks a turning point in a country's industrialization process. In other words, a transitional stage between the predominance of SMEs and large-scale industries. If this is true, it should follow that the relative importance of SMEs' endeavors will decrease after a specific level of industrial growth and development has been reached. However, even in the economy of highly industrialized nations, SMEs have performed and seem to continue to perform crucial roles.

Given the difficulties and opportunities that they present, it is widely accepted that Small and Medium Businesses (SMEs) require assistance and safeguards in order to continue offering the caliber of services that are required of them (Kondaiah, 2010). Globally, the government's role in enterprise development is therefore anticipated to take the form of creating a business-friendly environment, enacting suitable laws, creating schemes that are appropriate, offering valuable incentives, providing institutional support, and successfully carrying out planned programs (Desai, 2010). Despite differing opinions on government engagement in business, the government has occasionally even been considered as the driving force behind the creation of particular corporate ventures. However, SMEDAN claims that the Nigerian government has rarely interacted with individual MSMEs outside of cooperatives or other legally registered organizations. Seldom are bank loans requested, and even fewer are acquired through the government. In Nigeria, SMEs have two advantages: they are numerous and widespread. Although the potential of MSMEs has long been recognized, it was not until the mid-1980s that a deliberate policy was implemented to promote and foster their growth. Since then, various programs have been established to address job creation, empowerment, and poverty reduction through SMEs. These programmes and measures addressing MSMEs' requirements have tended to focus on finance availability, capacity development, and other key measures. It is believed that even minor increase in productivity and output will result in greater than proportional increase in employment, income, and productivity throughout the country (SMEDAN, 2012).

The federal government of Nigeria is primarily in charge of setting policy guidelines for the growth of SMEs in the nation. For apparent reasons, local industries were disregarded and, in certain situations, discouraged throughout the colonial era in favor of promoting imports. Despite all odds, Nigeria's small-scale manufacturing sector, which accounted for 15% of output, was battling to survive when the country gained its independence. By supporting foreign-owned large-scale enterprises and even establishing some, the federal government embraced import substitution industrialization. Micro credit programs were used to focus efforts at the regional level, but the true issues facing small firms were not evaluated. As a result, by 1980, this sector had shrunk to 10% of the manufacturing industry (SMEDAN, 2012). To address the difficulties in funding small and medium-sized businesses in Nigeria, the government created the Small and Medium Industries Equity Investment Scheme (SMIEIS). Banks are required by this arrangement to set aside 10% of their pre-tax profits for equity investments in SMEs.

Other intervention programmes introduced by the Nigerian federal government to support SMEs include the establishment of Central Bank of Nigeria Entrepreneurship Development Centres to provide basic business management skills training to SMEs and unemployed youth in the country's six geopolitical regions. Similarly, in August 2013, the government established a N220billion micro, small, and medium enterprises development fund (SMEDF) to provide loans to SMEs in the country at single digit interest rates. At the state level, each state is required to follow suit and create schemes and programs that are tailored to her own circumstances. In order to encourage the expansion and development of micro, small, and medium-sized businesses in the state, the Cross River State Government established the Microfinance and Enterprise Development Agency by law in 2010 (CRS Law No.8, 2010). Why Nigerian policies might not have the desired effect evaluations of policies frequently show that they fall short of their stated objectives.

According to Adebayo (1995), a number of issues could make it more difficult to achieve policy objectives. These are: i. The problem's multiple causes: A number of reasons frequently contribute to policy issues; for example, unionism in the commodity trade and other unfavorable seller practices lead to inflation. Inflation and other issues have also been brought on by repeatedly unchecked wage and salary increases. Therefore, these unrelated factors should be considered in any strategy designed to reduce inflation. Policies designed to promote entrepreneurship should simultaneously address the issues of water, energy, and a well-maintained transportation system. ii. The objectives of public policies are incompatible: According to Onyishi (2004), policies tend to have an influence when they are developed without considering aims that are incompatible. For example, the administration of Olusegun Obasanjo (1999–2007) implemented the strategy of promoting socioeconomic development and reducing poverty. The Nigerian Government and the Survival of Small Businesses In his article "Banks begin screening for N200billi on SME's Loans," Ugwu (2010) confirmed the government's increased interest in the SME sector despite the ongoing credit shortage in the Nigerian economy. The report claims that the nation's commercial banks have started evaluating the N200billion ($1.25billion) small and medium business financing program. The N200billi on was 80% guaranteed by the Central Bank of Nigeria (CBN) and was designated only for small and medium-sized businesses. The primary goals of the CBN's Credit Guarantee Scheme are to: accelerate the growth of the manufacturing and SME sectors of the economy by offering guarantees; set the stage for Nigeria's industrialization; expand credit availability for manufacturers and SMEs' promoters; and create jobs. The governments of the majority of developing nations have launched a number of industrial credit programs in response to the high interest rates and other harsh practices that are currently prevalent in banks and other conventional sources of funding. The goals of these programs, according to Ugwu (2010), are to help small business owners raise their incomes and improve their quality of life. Institutional credit markets in Nigeria, such as cooperative societies, microfinance banks, and the Bank of Industry. These programs are thought to be actual instruments for allocating resources that would enable small business owners to build wealth. Numerous institutional credit markets, such as the Bank of Industry, microfinance banks, cooperative societies, etc., have been established and recognized in Nigeria as a result of the aforementioned factors.

This programme might put Nigeria's small enterprises in a strong position to boost the country's economy by generating jobs that would help absorb the vast number of unemployed people. The fact that many nations are experiencing a recession is no longer news on the international scene. Increasing the number of people who work can be achieved in part by empowering small businesses. This will undoubtedly significantly reduce unemployment, the root cause of armed robbery, kidnapping, prostitution, and other harmful vices that are currently rampant in the Nigerian economy. Businesses have reacted quickly to the bleak outlook by slashing jobs. There appears to be a general credit squeeze in Nigeria, with most banks unwilling to lend. With a bleak global economic picture, Nigeria, a primarily mono-product economy saddled with undisciplined political leadership, undoubtedly offers little hope for businesses, large and small, if the current global recession does not end soon. According to available literature, 50% of small enterprises fail within the first five years of operation (Ugwu, 2010). If physically healthy men and women start small enterprises to escape the harsh reality of modern-day Nigeria, and the majority of these businesses fail, the country would face huge social, economic, and psychological challenges. These failures could be caused by hiring close relatives as staff, not having the requisite education or training, a lack of capital, or marital indiscipline.

The theory proposed by Gibb (1988) highlights numerous policies that must be addressed when embarking on Small and Medium Scale Enterprise (SMEs) Development programs. The model is dynamic in the sense that when Micro and Small Enterprises' demands change, so do policies, institutions, and aid packages for enterprise sector development. The components of support service programmes are determined by SMEs' needs. This concept includes four different types of help packages for SMEs. The first is the policy framework, which measures the effects of policies on micro and small businesses in a variety of ways. The second is the assistance framework, which is separated into two categories: software support, which includes things like training, counselling, consulting, and transportation, while hardware support includes things like infrastructure, materials, and credit provision. The third is the needs frame model, according to Gibb (1988), which states that needs can be viewed from the perspective of the entire country, the degree of involvement of local communities, and the needs of organizations or individuals looking to launch a new business. The institutional framework, which includes many aspects of institutional capabilities aimed at SMEs' promotion, comes last. Compared to entrepreneurs who were already operating a firm, Gibb (1988) observed that people who were starting a business for the first time need non-financial help packages. Gibb's model can be used to explain how the business environment of SMEs is plagued by various issues, particularly for managers, as it relates to this study. Low tax rates, straight forward business registration and licensing requirements, and other business-friendly government policies and regulations help managers become more entrepreneurial and support the expansion of their SMEs for the purpose of creating jobs, generating income, and reducing poverty.

Methodology

This study adopted a qualitative research design. The study is exploratory in nature and is based on a conceptual review of existing literature on government policy framework and the survival of SMEs in Nigeria.The study is anchored on the interpretivist approach, which allows for the understanding and interpretation of issues relating to SMEs and government policies using documented evidence. Data for the study were obtained from secondary sources. The instrument for data collection was document analysis, which involved the review of relevant journals, textbooks, government publications, policy documents, and reports relating to SMEs in Nigeria.The method of data analysis adopted for the study is thematic analysis. This involves identifying and analysing recurring themes from the reviewed literature, with a focus on issues relating to government policies and SME survival

Results

Table 1: Government Financial Support and SME Survival

Programme	Objective	Effect
Development Finance Institutions	Provide long-term funding	Improves access to capital but limited reach
Microfinance Banks	Provide small-scale loans	Supports small businesses but often inadequate
Government Intervention Funds	Assist SMEs through special schemes	Helps continuity but difficult to access
Credit schemes	Encourage lending to SMEs	Increases opportunities but strict conditions

Author's Computation, 2026

The table shows that government financial support has contributed to SME survival to some extent. Access to funding has enabled some businesses to start and expand their operations. However, many SMEs still face difficulties in accessing these funds due to stringent requirements and administrative bottlenecks. This finding supports the view that although financial policies are designed to assist SMEs, their impact is limited by access constraints and structural challenges within the financial system**.** Another important theme identified in relation to government policy framework and the survival of SMEs in Nigeria is infrastructure. The findings from the literature indicate that the availability and condition of infrastructure play a significant role in the performance and sustainability of SMEs.

Table.2: Infrastructure and SME Survival

Infrastructure	Situation	Effect
Electricity Supply	Unstable and irregular	Increases cost of production
Road Network	Poor in many areas	Affects distribution and logistics
Water Supply	Inadequate in some locations	Disrupts operations
Communication Facilities	Improving but inconsistent	Limits efficiency

The table shows that most SMEs operate in an environment characterised by inadequate infrastructure. The irregular supply of electricity forces businesses to rely on alternative sources of power, which increases operating costs. Poor road networks also make transportation difficult, while inadequate water supply affects production activities. This finding indicates that infrastructural deficiencies weaken the impact of government policies aimed at supporting SMEs. Although such policies may provide financial or institutional support, the absence of basic infrastructure reduces their effectiveness and limits the survival of SMEs in Nigeria.

Table .3: Policy Implementation and SME Survival

Issue	Description	Effect
Policy Inconsistency	Frequent changes in government policies	Creates uncertainty for businesses
Poor Monitoring	Weak supervision of policy execution	Reduces effectiveness of programmes
Administrative Bottlenecks	Delays and bureaucracy in accessing support	Limits access to benefits
Corruption	Mismanagement of funds and programmes	Prevents SMEs from benefiting fully

Author's Computation, 2026

The table shows that although policies are in place, their implementation remains a major challenge. Frequent changes in policies create uncertainty for SMEs, while weak monitoring reduces the impact of government programmes. Administrative bottlenecks and corruption also limit access to available opportunities. This finding suggests that the challenge lies not only in policy formulation but also in execution. As a result, the effectiveness of government policies in supporting SMEs is reduced, which in turn affects their survival and performance in Nigeria.

Entrepreneurship education and capacity development also form an important theme in examining government policy framework and the survival of SMEs in Nigeria. The findings from the literature show that the government has introduced initiatives aimed at improving the skills and knowledge required for business establishment and management. To present this clearly, the major aspects of entrepreneurship education and their effects on SMEs are shown in Table 4.

Table 4: Entrepreneurship Education and SME Survival

Programme	Description	Effect
Entrepreneurship Education	Inclusion in school curriculum	Increases awareness of business opportunities
Skill Acquisition Programmes	Training in vocational and business skills	Improves managerial ability
Business Development Services	Support services for SMEs	Assists business growth
Capacity Building Initiatives	Workshops and seminars	Enhances knowledge but limited reach

The table shows that entrepreneurship education and related programmes have contributed to improving the capacity of individuals to engage in business activities. The inclusion of entrepreneurship education in formal education has increased interest in business, while training programmes have helped in developing relevant skills. However, the findings also show that the impact of these initiatives is limited due to inadequate practical exposure and insufficient support systems for new business owners. This finding suggests that while government efforts in this area are relevant, their effect on the long-term survival of SMEs in Nigeria remains limited.

Challenges affecting SMEs form another key theme in examining government policy framework and the survival of SMEs in Nigeria. The findings from the literature show that despite the presence of various government policies, SMEs continue to face constraints that hinder their growth and sustainability. To present this clearly, the major challenges and their effects on SMEs are shown in Table 5.

Table 5.: Challenges Affecting SME Survival

Challenge	Description	Effect
Inadequate Funding	Limited access to capital	Restricts business expansion
Poor Management	Lack of managerial skills	Leads to inefficient operations
Competition	Presence of imported goods and large firms	Reduces market share
Inadequate Infrastructure	Poor power supply and facilities	Increases cost of production
Policy Constraints	Issues in policy implementation	Limits access to support

The table shows that SMEs in Nigeria operate under several constraints which affect their ability to survive and grow. Inadequate funding remains a major issue, while poor management practices affect the efficiency of business operations. Competition from imported goods and larger firms also reduces the market opportunities available to SMEs. In addition, infrastructural problems and policy-related issues continue to limit the effectiveness of government support. This finding indicates that the survival of SMEs in Nigeria is influenced not only by government policies but also by the broader business environment within which these enterprises operate.

Conclusion

Government policy framework and the survival of SMEs in Nigeria have been examined in this study with a focus on the role of government policies in supporting small and medium scale enterprises. The findings show that SMEs contribute significantly to economic growth, employment generation, and development in Nigeria. The study reveals that the government has introduced several policies and programmes aimed at supporting SMEs through financial assistance, entrepreneurship education, and institutional support. These efforts have contributed to the growth and development of SMEs to some extent. However, the findings also indicate that the impact of these policies is limited by challenges such as poor implementation, inadequate infrastructure, and difficulty in accessing financial support. In addition, SMEs continue to face internal and external constraints that affect their performance and long-term survival. It can therefore be concluded that while government policies have provided some level of support, their effectiveness in promoting the survival of SMEs in Nigeria remains limited.

Recommendations

Based on the findings of the study, the following recommendations are made:

i. Government should review existing policies to improve their effectiveness in addressing the challenges faced by SMEs in Nigeria.

ii. Efforts should be made to improve access to finance by reducing the conditions attached to loans and making funding more accessible to SMEs.

iii. Government should invest in infrastructural development, particularly in the areas of electricity, roads, and water supply, to create a more conducive environment for business operations.

iv. There should be improved monitoring and implementation of government policies to ensure that SMEs benefit from available programmes.

v. Entrepreneurship education and capacity development programmes should be strengthened to provide more practical training and support for business owners.

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