CORRUPTION AND PROSPECTS OF SMALL AND MEDIUM SCALE ENTERPRISES IN THE NIGER DELTA REGION OF NIGERIA.

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Abstract

Small and Medium Scale Enterprises constitute essential ingredient in the lubrication and development of any economy. In Nigeria, Small and Medium Scale Enterprises performance has been hindered by a cankerworm called corruption. Therefore, this study on corruption and prospects of small and medium scale Enterprises in the Niger Delta Region of Nigeria, is an attempt to systematically investigate the empirical evidence of corruption and its impact on small and medium scale enterprises in the region. In order to achieve the purpose of the study, qualitative and quantitative research methods were employed. The qualitative research was carried out using semi-structured interviews, while the quantitative research was conducted using questionnaires as the principal survey instrument complemented by personal interviews. The study adopted Schumpeter's innovation theory as its theoretical framework because of its capacity to assume that the causes of development could not be separated from the causes of ordinary business cycle, and also emphasising on the role of an entrepreneur in any society. The multistage sampling procedure was employed by the study because of the complexity of the population distribution of respondents in the Niger Delta Region of Nigeria. The analysis of the data generated by the study was achieved using both descriptive and inferential statistics. The findings of the study show that there is a positive correlation between corruption and performance of small and medium scale enterprises in the Niger Delta Region of Nigeria. The study also revealed that there is a positive correlation between corruption and prospects of SMEs in the Niger Delta Region. The study also found that there is a positive correlation between inconsistent government polices and SMEs development in the region. Based on these findings, the study among other things recommends that Federal Government of Nigeria should take urgent steps to curb corruption in the SMEs sector so that this sector can contribute meaningfully to the economic development of the Country.

Introduction

Generally, developing countries of the world lack some basic infrastructures and conditions precedent to the adoption of large business enterprises. It has become clear that Small and Medium Enterprises (SMEs) have played a very crucial role in the economic and industrial development of most developed and developing nations of the world. The private sector in Africa is made up of more of small informal business activities than can be found in any other part of the World (Tybout, 2000). These enterprises are usually mostly survivalist by nature and create a subsistence economy (Naude, 1995).

According to Olawale and David (2010) small and medium scale enterprises (SMEs) are the driving forces of economic development in many countries especially in the areas of employment creation, innovation, income generation and poverty reduction (Sandy, 2003; Liedholm and Meead, 1999; Ayyagari, Demirgue-kunt, and Maksimovic, 2011; Urban and Naidoo 2012). However, they face tremendous challenges to access finance especially in developing countries like Nigeria. But significantly, the SMEs enhance competition and entrepreneurship in the developing countries' economies (Beck, Demirguc-kunt, and Leine, 2005). In this regard, it is believed that competition may lead to innovation and subsequently development and entrepreneurship leads to the creation of skills and success in business.

Furthermore, the SMEs are more productive and create additional jobs than their larger counterparts. (Beck, Demirgu-kunt, and Leine, 2005). This assertion is shared by a number of scholars including Kayanula and Quarterly (2000) who quoting Daniels (2012) stated that SMEs employs 22% of the adult population in developing countries. As argued by Carlsson (1996) in Biggs (2003, SMEs can add dynamism and flexibility to business activities, which will in turn result in improved economic performance. Amin (2004) observes that the flexibility of small businesses' structures gives them the opportunity to make provision for people interested in the SMEs sector. Flexibility is enhanced through SMEs ability to substitute factors of production and by means of their faster and lesser cost by adjustment to economic shocks (Acs and Audretsch, 1993) in Biggs (2003).

According to Aruwa (2004), small and medium enterprises represent about 90% of the industrial sector and contribute a meagre of 1% to GDP. This of course is insignificant when compared to countries like Indonesia, Thailand and India, where SMEs contribute almost 40% of GDP. Also, the Federal Office of statistics discover that 97% of business in Nigeria are SMEs but contributed just 50% of Nigeria's employment and only 50% of industrial output (Afolabi (2009). It is also believed that the post-independence industrial investment patterns by different Nigerian governments focused mainly on large scale enterprises as there was a total neglect of small and medium scale industries in the development effort of the governments.

Incidentally, the evil of corruption exist in every society. For instance, you bribe to get your child into school, you pay to secure a job and also continue to pay in some cases to retain the job, you pay 10% to secure any contract and so on. Nwankwo (2010), states that the nation has peculiar cases of corruption and management problems. Now, tracing the cause of inadequate infrastructure in our society to corruption, Ihejiamaizu (2001), agrees with Aderinwole (2005) that corrupt practices have led to the implementation of badly designed projects with no economic or commercial viability.

The scholar furthers that cost escalation has resulted in pricing policies which have kept the services beyond the reach of ordinary masses who are expected to be the beneficiaries. In some cases, projects have been abandoned, both complete and uncompleted after substantial public funds have been expended on them. In reality, abandoned projects, particularly those of small scale industries are major problems in the Niger Delta Region Nigeria. Corruption is a concept that is difficult to define, for what is referred to as corruption in one society, might not be called corruption in another society

Statement of the Problem.

The Nigerian Government has made tremendous efforts and has formulated policies and programmes to enhance the capacity of small and medium scale enterprises (SMEs). Noteable among these programmes are the following: Mandatory credit guidelines for SMEs (2010); small scale industries Guarantee Scheme (2009); Nigeria Agricultural and Co-operative Bank (2000); Nigeria Bank for Commerce and Industry (2000); Rural Banking Scheme (2010); The World Bank Assisted SME1 and SME2 in 2006 and 2011, Second Tier Security Market (2005); Peoples Bank (2010); Small and Medium Scale Enterprises Loan Scheme (2007); African Development Bank-Export Stimulation Loan Scheme (2008); Bank of Industry (2011); Nigerian Agricultural Co-operative and Rural Development Bank (a merger of NACB, PB, and Family Economic Advancement Programme in 2012; and Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) in 2005. National Economic Reconstruction Fund (NERF); and National Export and Import Bank (NEIB)(Ogechukwu, 2010).

But despite government institutional and policies framework to enhance the capacity of small and medium scale enterprises, the output has fallen short of expectation especially in the Niger Delta Region of Nigeria where natural resources are quite available. The Niger Delta Region has numerous business and investment potentials due to the abundant, vibrant and dynamic human and natural resources that it is blessed with. The performance and effectiveness of entrepreneurs in the region as an instrument of economic growth and development has long been under scrutiny. This intense scrutiny has been against the backdrop of the inefficiency and lack of prospects that characterize small and medium scale enterprises particularly in assessing its role on economic growth and development in the region and by extension Nigeria.

Many scholars has researched on corruption and small and medium scale enterprise in Nigeria, but non or little work has been done on corruption and the prospects of small and medium scale enterprise in Niger Delta Region of Nigeria. Now, with above assertions, the fundamental question is "what is the empirical evidence of corruption and its impact on the prospect of SMEs in the Niger Delta Region of Nigeria?

The main objective of this study is to investigate the empirical evidence of corruption and its impact on small and medium scale enterprises (SMEs) in the Niger Delta Region and to examine the prospects of small and medium scale enterprises within the context of corruption.

Hypothesis
1.   There is no significant relationship between corruption and performance of small and medium scale enterprises in Niger Delta.
2.   There is no significant relationship between corruption and SMEs prospects in the Niger Delta Region.

Empirical Evidence of Corruption and its Impact on SMEs.

It is observed by Burgu and Holland (2006) that corruption is an enemy that attacks all countries and its harmful impact is clearly evident. It affects markets and competitions causes mistrust amongst the citizenry of a country, erodes the rule of law, destroys government legality and compromises the integrity of SMEs. Corruption is seen as a disease similar to cancer which impedes cultural, economic and political development of any society and destroys the functioning of several organs of governments (Wei, 1999; Mohammed, 2013 and Odi, 2014). Heightened attention has

been given to corruption in the recent past. This is so because a number of limited studies have been focused on determining, if corruption has negatively or positively affected SMEs by either throwing sand or greasing the wheels of commerce (Mensoza, Lim and Lopez, 2013).

SMEs are a priority in Nigeria; nevertheless, the national government is still not paying the needed attention to fight corruption, one of the challenges faced by SMEs. Although SMEs in Nigeria are expected to stimulate economic growth in order to cushion the effects of dwindling oil prices. It is believed that the SMEs are incapacitated and severely constrained by corruption. In Nigeria, corruption is not only very severe, but it has been in existence for decades and became more deeply rooted in the last 16 years of democratic governance in the country. The country is ranked among the most corrupt countries in the corruption perceptions index (Transparency International, 2014). Corruption in Nigeria can be seen at all levels of the society from the federal government, police, military, judiciary, schools, private sector and other services. Its impact on the population of the country is alarming with the poor people suffering the most. As maintained by UNIDO and UNODC (2007), Szabo and Petrosyan (2006) and Aterido, Hallovard-Driemier and Pages (2009), corruption in developing countries is seen as one of the principal obstacles affecting SMEs development due to the liability of size, short-term vision and perspective, restricted financial resources, failure to exercise a strong influence on government officials and institutions, capital structure and the inability to shun it.

SMEs also rely on corrupt practices with a view to exploiting the recognised shortfalls of the country's laws and processes, courts, police, financial institutions, and so on (UNIDO and NUODC, 2007; Habib and Zurawicki, 2002). As a result of this, corruption is seen as a way of life among SMEs. For example in Nigeria the federal government developed a special policy measure and programme which included favourable laws and regulations on contracts, leasing and corporate tax, and fiscal and export incentives to facilitate the development of SMEs.

However, corruption in Nigeria has contributed to the diversion of the support programmes from the proposed target group (Alabladejo and Schmitz, 2006). Furthermore, corruption negatively affect the volume of investment and raises a firm's investment cost (Kallon, 2003; Jain, 2001) According to Kanu (2015), one of the most destructive practices of corruption aimed at SMEs is governmental corruption which exclusively concerns the public sector. Subsequently, the impact of corruption on SMEs regardless of the sector they belong rest the degree on which the government involves in the individual sector (UNIDO and UNODC, 2007). In their observation Friedman, Johnson and Zoido-lobaton, (2000), corruption causes the overwhelming majority of SMEs to operate in the shadow economy. But De Rosa, Gooroochurn and Gorg (2010) find a significant negative relationship between corruption and firm's productivity. Daniel and Alma (2012) also argued that corruption acts as monetary limitations on SMEs and increases the loss of doing business. In this regard, corruption therefore reduces the efficiency of industries and leads to unlawful business operations, especially in a situation where an individual or family may have the authority to issue permits receive subsides, or grants contract and overlook violations of the law.

According to several authors (Govori, 2013; Beck and Demirguc-Kunt, 2006; Unido and UNODC,2007) corruption has a major impact on the development of SMEs. This is in agreement with transparency international (2008) who stated that SMEs are seen to be powerless in the face of demands for bribes and do not have the financial and human capacity to resist corruption when

compared to their larger counterparts. Arguably, corruption impacts SMEs owner/ managers decision to establish, expand, close down or to reinvest in their enterprises, to recruit and select, to sack and train employees, to upgrade quality, to find research and development or to relocate (UNIDO and UNODC, 2007).

Everhart and Sumlinski (2001) find that public investment "crowds out" private investment and that in more corruption countries, the crowding out effect is stronger. They argue that when government projects are tainted by corruption, the quality of infrastructure suffers and this discourages private investment. According to Nkpoyen, et al (2014) selected indices of corruption in entrepreneurial development are manifest in these institutions;

(i)   Legislature/Politics:

As in many countries, laws are influenced by the rich and powerful. Large corporations support politicians in exchange for legislation that favours their business interests and sometimes in order to gain government contracts. Corruption in this area may create barriers to entry for small enterprises. If politicians project big business, they may fight legislation that supports small loans, for example designed to help small businesses get started (Nkpoyen, Bassey and Uyang, 2014).

(ii)   Procurement

Despite the strict laws regarding government procurement there have been indications that bribery and nepotism are frequent in government procurement (Abramo, 2004) Abramo and Speck(2001) indicate that these changes resulted in a law that is stricter than the requirement of many international aid agencies and that corruption is, therefore, less probable in government works than in works commissioned by agencies, many of those expected to apply the law, however, are poorly informed regarding it.

(iii)   Taxes

When taxes are high firms will spend resources to get around them. In Nigeria, the main goal of corruption in tax collection is to reduce the total tax assessed. Thus, the monetary costs to firms of this type of corruption may be lower than the tax itself. The favours obtained include (in descending order of frequency): relaxing audits and inspections, designing from threatening the firm, desisting from reporting identified fraud, advising on legal forms of reducing the tax burden, cancelling fines already assessed, letting slide undeclared values, and turning a blind eye to tax deductions that should not be granted (Abramo, 2004).

(iv)   Privatization

Privatization of state enterprises though reduces monopolistic control of those enterprises and removes the state and its bureaucrats from those parts of the allocation of resources; it also affects entrepreneurship adversely for the private sector has seen less eager than the government to invest in research and development (Nkpoyen, Bassey and Uyang, 2014).

However, in spite of the negative impacts of corruption on SMEs, it may possibly improve efficiency and growth particularly in the case of complicated laws and regulations in developing countries (Nguyen and Van Dijk, 2012). These authors further stated that corruption raises economic growth through "speed money" which enables people to circumvent bureaucratic delays and at the same time government officials who are receiving bribes have the motivation to work harder resourcefully. Along the same line of thought, UNIDO and UNODC (2007), stated that corruption is beneficial to SMEs if the bribe given to a public official is aimed at winning a business

contract. Ahmad (2013) also observed that corruption triggers credit growth. This is because bribes paid by SMEs owned managers to bank officials enhance the likelihood of securing loans. This study aligns with the observations made by the scholars to the effect that corruption has both negative and positive impacts on SMEs as it were but corruption in government policies and institutions seems to be more harmful to growth and development in the SMEs in Nigeria generally and Niger Delta Region in particular.

The Sociology of Corruption
Now, having looked at the empirical evidence of corruption and its impact on SMEs, it is equally of great essence for the study to attempt to x-ray the sociology of corruption as it were. The evil of corruption exists in every facet of society (Nkpoyen, Bassey and Uyang 2014). Take for instance when a parent bribes to get a child into school, when someone pays to secure a job and also continue to pay in some cases to remain or retain the job, when 10% to obtain any contract is paid, when one dashes (bribe) the tax officers to avoid paying taxes, when one pays a hospital doctor or nurse to get proper attention, when one pays the policeman to evade arrest. You find government officials embezzling funds meant for development programmes and often make the programme family affairs (Baye, 1995).

Amadi (2000) maintains that corruption and weak accountability remains threats to escalated development. Abiola (1998) asserts that many years ago, it was uncommon for anyone to embezzle funds meant for the common good of the society, but today anybody can Siphon public funds without being persecuted. Aderinwole (2005) asserts that corrupt practices have led to the implementation of badly designed projects with no economic or commercial viability. Cost escalation has resulted in pricing policies which have kept the services beyond the reach of the ordinary masses who are expected to be the beneficiaries. In some cases, projects have been abandoned, both complete and uncompleted after substantial amount of public funds have been expended. In fact, abandoned projects, particularly these of small scale industries are major problems in the Niger Delta Region of Nigeria. It is pertinent for one to ponder over how much money is alleged to have been spent on Green Revolution (GR), Operation Feed the Nation (OFN), Directorate of Food, Roads and Rural Infrastructure (DFRRI), Structural Adjustment Programme (SAP), Better Life for Rural Woman (BLRN), family Economic Advancement Programme (FEAP), Family Support Programme (FSP), Petroleum Trust Fund (PTF), NAPEP and Youth Empowerment Scheme (YES), Niger Delta Development Commission (NDDC) and other Niger Delta oriented development programmes all to no avail.

Many others exist at other communities and local governments, even in our universities the reason being that funds were diverted to serve private or groups end. Those factors have perpetuated a vicious circle of underdevelopment while at the same time mortgaging development sustainability. In other words, scare resources instead of being allocated and judiciously used on development priorities are wasted if not out rightly diverted on projects that have little, if any direct bearing on socio-economic wellbeing (Ihejiamaizu, 2001). Ihejiamaizu maintains that corruption has led to the poor running and maintenance of public institution charged with the responsibility of rendering service. In this way, the capacity and efficient programme of those institutions are subverted. The poor state of societal institutions resulting from corruption has stifled entrepreneurial activities. It has rendered the socio-political/economic environments very challenging for entrepreneurs. Multifarious problems such as dearth of infrastructure that is sustainable, that can support life;

unemployment, and a plethora of social problems defying social interventions are sustained on corruption.

From the template of development sociology, corruption is a major impediment to development in materially backward societies such as ours. (Nkpoeyen, Bassey and Uyang, 2014). Our society ends up spending on a few projects much more than it should have spent. A project that should have cost N5m turns out to cost N20m, one that should cost N10m turns out to cost N40m or even more. All these are signals that corruption is bound to persist in our society as long as society created goals but does not create appropriate means of attaining such goals thus making the individual to design a peculiar mode of adaptation according to Merton. Also when the society continues to propagate and maintain the values of Sorokin's sensate culture which is premised on immediate gratification and seeking first the kingdom of materialism as postulated by Karl Marx. Nwabuike (1998) asserts that a number of public sector Programmes initiated in the past have aimed at improving basic services, infrastructure for rural and urban populations, extending access to credit farm inputs and creating employment and so on. These programmes would have launched our society to a higher development platform but most of them were not specifically targeted as a result of poor management of resources. This study from this perspective of the sociology of corruption also considers the types of corruption in our society.

Types of Corruption
Osterfeld (1992) as cited in Mkpoyen, et al (2014) states that in a heavily regulated economy, one can find two distinct types of corruption:
i. **Expansive Corruption**
    This aspect of corruption involves activities that improve the competitiveness and flexibility of the market. As example of expansive corruption, Osterfeld mentions that bribing of judges, politicians and bureaucrats by members of the private sector. The payment of bribes to the right officials, he argues, can help mitigates the harmful aspects of excessive government regulation and improve economic participation (Mbaku, 1996).
ii. **Restrictive Corruption**
    This type of corruption limits opportunities for productive and socially beneficial exchange. Restrictive corruption as argued by Osterfeld is characterized by redistribution of income and wealth in favour of individuals or groups. Most public sector corruption falls in the restrictive category and it involves illegal appropriation of public funds or resources for private use (e.g outright embezzlement by a civil servant) or the illegal use of an individual's public position for his own personal enrichment. Public-sector corruption hinders the proper functioning of the market systems, retards economic growth, and thus is restrictive corruption.

The Prospects of SMEs within the Context of Corruption
There are many small and medium scale industries in Nigeria, majority of which were established since the mid-1980s with the inception the Structural Adjustment Programme (SAP). These industries occupy a very important position in the country although they still face serious completions with the large industries. In order for these small scale enterprises to prosper in the economy despite the stiff competition from the large scale industrial sector, some issues must be looked into. Nigeria is blessed with vast natural and electric power resources together with a big market. These indicate great potentials if well developed for the emergence of a vibrant industrial sector particularly the small and medium scale industries. With this, a well focused small and

medium scale industries programme in an investment friendly environment can achieve the long-sought industrial transformation which the programme of large small capital intensive industrialization failed to deliver. This subsection can concentrate on the production of raw materials, machinery and spare pares which are missing on the current industrial structure. This can be achieved through the promotion of competition, technology adaptation and sub-contracting management with large scale industries (Afolabi; 2009).

The sector can also be used for achieving the objectives of the poverty alleviation programme of the government given that they are highly labour intensive. The programme of National Directorate of Employment (NDE) brought into focus a renewed hope and aspirations for self-employment. The NDE small scale industry loan scheme had directed the minds of many Nigerians towards self-employment and self-reliance rather than queuing up for paid employment in government and large firms that are non-existent. Another area whereby the SMEs can prosper is advertisement. For the small scale industries to compete with large scale industries whose products are widely advertised on the mass media, they must make adequate publicity of their products. In advertising their products, it is possible to realize very little profits but such publicity expenditure will serve the cause of future profitability (Oghojafor, Okonji, Olayemi, and Okolie, 2011).

Theoretical Framework
The study adopted Joseph Schumpeter's innovation theory as its theoretical frame work. The chief proponent of this theory Joseph Schumpeter is known for reviving an interest in economic development theory of the present century. He was strongly influenced by Karl Marx's writings and became a great supporter of the capitalistic system. Although he was convinced that capitalism brought great economic and social progress yet he was equally convinced that the system would stagnate and eventually breakdown (Ihigan, 2006). In considering the cause of development under western capitalism, Schumpeter was convinced that the causes of development could not be separated from the causes of ordinary business cycles, that they were part of the same process. Development was therefore seen as coming in a series of waves or spurts, being borne along on the rising swell of the cycles.

The basic tenet or central idea in that theory of development is the role of the innovator. The role of the entrepreneur as modern economists call it was conceived by Schumpeter as being split into three parts: the innovator, the manager, and the supplier of funds. For the theory, the innovator is the central figure because he is the man who seeks in the pursuit of profit to put into practice change or innovations. These might include new uses of old goods, the opening of new markets, use of new raw materials, the re-organization of product, in short, any new idea that changes economic practice. The theory, observed that the innovators are likely to be the new firm and that their rise is to be encouraged.

According to the theory, in order to innovate, entrepreneurs must have access to funds and those would normally come from credit. This implies that credit would be borrowed and innovations made. If these methods proved successful, a cost of other business oriented individuals would imitate the innovation method and would borrow for the same purpose. The result would be rapid progress in investment in small and medium scale enterprises in the Niger Delta Region of Nigeria and by extension the Nigerian economy. Eventually, as the cycle would turn downward as the new investments become productive and flood the market with goods; debts would be paid off, thus

reducing credit outstanding. But on the contrary, the innovator could fail in the implementation of the entrepreneurial agenda due to unethical attitude of the social/economic and political players in the system.

Methodology

The study adopted survey research design and the study area was Niger Delta Region, which comprises Akwa Ibom, Bayelsa, Rivers, Cross River, Edo, Delta, Abia, Imo and Ondo States. The study randomly selected three states namely: Akwa Ibom, Bayelsa and Edo which were used the study. The sample size was 400 using Taro Yamane Formula for finite population. Multistage sampling procedure was used for sampling and selecting the 400 respondents, questionnaire and interview method were used in eliciting information from the respondents, while Pearson's Product Moment Correlation co-efficient was used by the researcher to test formulated hypotheses.

Findings and Discussion

Table 4.1:   **Percentage Distribution of Socio-Economic Characteristics of Respondents**

Socio-economic characteristics of Respondents		No. of Respondents	Percentage %
Sex	Male	150	60
	Female	120	40
	Total	300	100
Age (in years)	21-30	50	17
	31-40	80	27
	41-50	70	23
	51 and above	100	33
	Total	**300**	**100**
Marital Status	Single	60	20
	Married	150	50
	Divorced	40	13
	Widowed	50	17
	Total	**300**	**100**
Educational attainment	Primary	50	17
	Secondary	100	33
	Tertiary	150	50
	Total	**300**	**100**
Occupation	Student	30	10
	Public servant	150	50
	Unemployed	50	17
	Business	70	23
	Total	**300**	**100**

Source: **Field Survey, (2017).**

The table shows the percentage distribution of socio-economic characteristics of respondents. Of the three hundred (300) respondents, one hundred and fifty respondents (150) representing 60% were male while one hundred and twenty (120) respondents, representing 40% were female. It can be seen here that more male than female respondents participated or were interviewed in the study. The unequal distribution of sexes in the course of the study does not in any way affect the result

obtained the study rather it explains the fact that there were more males than females in the actual population from which the samples were drawn.

From the table, fifty (50) respondents, representing 17% were within the age groups of 21-30 years. Eighty (80) respondents, representing 27% were within the age group of 31-40 years. But seventy (70) respondents, representing 23% were within the age group of 41-50 years, while one hundred (100) respondents, representing 33% were fifty one years and above. The table shows that out of three hundred respondents, sixty (60) respondents representing 20% were single, one hundred and fifty (150) respondents, representing 50% were married, while forty (40) respondents, representing 13% were divorced and fifty respondents (50) representing 17% were widowed.

The table also presents the percentage distribution of respondents' educational attainment. Out of three hundred (300) fifty representing 17% have primary education, while one hundred (100) respondents, representing 33% have secondary education and one hundred and fifty (150) respondents, representing 50% have tertiary education, finally, the table shows that thirty (30) respondents, representing 10% were students, one hundred and fifty (150) respondents, representing 50% were public servants, fifty (50) respondents representing 17% were unemployed, while seventy (70) respondents, representing 23% were self-employed. The implication of the above data for the research is that the unequal sex distribution of the respondents confirms the role of women as home keepers which is culturally defined in the socio-economic scheme of things. On the area of age groupings, the data show that only 17% out of the 100% of the age groups were thirty years or younger.

This development affirms the significance of the vitality of the younger age group that offered information in the course of the research. The fact that more married people were involved in offering information in the course of the study also points to the degree of seriousness attached to this study on corruption and prospects of small and medium scale enterprises in the Niger Delta Region of Nigeria. The increase in the number of married people in the study does not in any way affect the result of the study, rather it gives credence and quality to the data collected from the respondents.

Finally, the data show that a great number (half) of the respondents who responded to the questions were those who have benefited from tertiary education and this is a positive development for a study such as this which cuts across the interest of many people in the society.

Table 4.2: Forms of SMEs

Forms of SMEs	Frequency	Percentage
Mining, quarrying and construction	47	15
Manufacturing and processing	53	17
Agriculture	102	34
Transportation and communication	24	8
Trading business and services	74	26
Total	**300**	**100**

Source: Field survey, (2017)

Table 4.2 shows that 102(34%) of the respondents were involved in agriculture; 47 (15%) were involved in mining, quarrying and construction; 74 (26%) were involved in trading business and services; 53 (17%) were involved in manufacturing and processing while 24 (8%) were involved in transportation and communication.

The result shows that majority of the respondents; 102 (34%) took up agriculture. This is due to the fact that about 70% of Nigerians are involved in agricultural activities in one way or the other. The low percentage 24 (8%) of the respondents involved in transportation and communication may be due to the high cost of acquiring transportation and communication equipment since majority of the respondents are located in the rural areas.

Testing of Hypothesis One

Null hypothesis Ho: There is no significant relationship between corruption and performance of small and medium scale enterprises in the Niger Delta.

To test this hypothesis, responses to question 7 in the questionnaire were used. Hence, the responses from the question were taken as observed values. The null hypotheses was therefore re-tested.

Question 3: Would you say that corruption has impacted negatively on the performance of SMEs in the Niger Delta Region?

Table 4.3:   Responses on the Strength of correlation between Corruption and Performance of Small and Medium Scale Enterprises in the Niger Delta

Categories of Respondents	Yes (x)	No(y)	Total
The Private Sector	60	30	90
The Civil Society	30	20	50
The Public Sector	50	30	80
The Security Agencies	20	10	30
The Judiciary	30	20	50
Total	190	110	300

Source: Field Survey, (2017)

Table 4.4:   Table showing the calculation of the strength of correlation between corruption and perform of Small and Medium Scale Enterprises in the Niger Delta region

x	y^2	Y	y^2	Xy
60	3600	30	900	1800
30	900	20	400	600
50	2500	30	900	1500
20	400	10	100	200
30	900	20	400	600
190	8300	110	2700	4700

Source: Field Survey, (2017)

The calculated test of significance of (r) value = 5.275
Degree of freedom (d/f) = 3
Table (r) value under 3d/f at 0.05 = 2.35

Decision

The calculated test of significance of (r) value is 5.275 and the table value is 2.35. Now, since the calculated value is greater than the table value, the null hypothesis (Ho:) is therefore rejected while the alternative hypothesis (Hi:) is accepted. This suggests the fact that, there is a strong correlation between corruption and performance of small and medium scale enterprises in the Niger Delta Region of Nigeria. It shows that there is a significant relationship between corruption and

performance of small and medium scale enterprises in the region. This corruption according to the result of the analysis presents itself in the form of bribes demanded by government officials during registration of business and misappropriation of funds meant for such enterprises.

Testing of Hypothesis Two

         Null Hypothesis (Ho):   There is no significant relationship between corruption and prospects of small and medium scale enterprises in the Niger Delta Region.

In order to test hypothesis two responses from question 10 in the questionnaire were used. Hence, the responses from the question were taken as observed values. The null hypothesis was therefore tested.

Question 5: Corruption has hindered the prospect of SMEs in the Niger Delta.

Table 4.5:   **Responses on the Strength of Correlation between corruption and prospects of small and medium scale enterprises in the Niger Delta**

Categories of Respondents	Yes (x)	No(y)	Total
The Private Sector	50	30	80
The Civil Society	30	20	50
The Public Sector	55	35	90
The Security Agencies	20	10	30
The Judiciary	40	10	50
Total	**195**	**115**	**300**

Source: Field Survey, (2017)

Table 4.6:   **Tale showing calculation of the strength of correlation between corruption and prospects of Small and Medium Scale Enterprises in the Niger Delta Region.**

X	y^2	Y	y^2	Xy
50	2500	30	900	1500
30	900	20	400	600
55	3025	35	1225	1925
20	400	10	200	200
40	1600	10	400	400
195	8425	105	3125	4625

Source: Field Survey, (2017)

The calculated test of significance of (r) value = 2.904

Degree of freedom (d/f) = 3

Level of significance = 0.05

Table (r) value under 3d/f at 0.05 = 2.3

Decision

The calculated test of significance of (r) value is 2.904 and the table value is 2.35. since the calculated value of 2.904 is greater than the table value of 2.35, the null hypothesis (Ho) is therefore rejected and the alternative hypothesis (Hi) which says that there is a strong correlation between corruption and prospects of small and medium scale enterprises in the Niger Delta region of Nigeria is accepted. This implies that there is a significant relationship between corruption in the Nigerian

system and prospects of small and medium scale enterprises in the Niger Delta. This corruption according to the result is present in many ways for instance fraud perpetuated by government officials to ensure that amount voted for small and medium enterprises are not released for such purposes. This also touched on financial institutions which refused to grant credit facilities to managers of small and medium enterprises.

Discussion of Major Findings
The questions posed to the respondents in the questionnaire resulted in the data that were presented and analysed in tables 4.1; 4.2; 4.3, 4.5; 4.6. Some of the responses provided by the respondents were useful to the study because they created more insights into the investigation. The research findings show that there is a strong correlation between corruption and performance of small and medium scale enterprises in the Niger Delta Region of Nigeria as bribes are demanded by government officials in the course business registration with government relevant agencies. Fraud among managers of small and medium scale enterprises is also reported to have taken root in the management of these SMEs. Tables 4.3 and 4.4 of the study for instance, show that there is a strong correlation between corruption and performance of SMEs in the Niger Delta region. Also, tables 4.5 and 4.6 affirm that there is a strong correlation between corruption and prospects of SMEs in the Nigeria Delta Region of Nigeria. This result is backed up by the fact that corruption in financial institutions has made credit facility for small and medium scale enterprises impossible. Also, corruption in the form of multiple taxation has been a big challenge to the prospects of small and medium scale enterprises in the region.

The result of the study tended to give support to existing literature (Karl, 2015) that there is a significant relationship between corruption and small and medium scale enterprises performance including price, profit, growth and development. It attests to the fact that weeding corruption from developing countries could enhance the performance and prospects of small and medium scale enterprises in the Niger Delta region. The study also revealed that there are series of challenges to small and medium scale enterprises growth and development. These challenges include multiple taxation, poor state of infrastructure, insecurity in the Niger Delta and political and social instability. The study affirms that poor planning/by entrepreneur has also hindered growth of small and medium scale enterprises in the region.

Conclusion
The study was an attempt to systematically examine the nature and extent of corruption and its impact on small and medium scale enterprises in the Niger Delta Region of Nigeria. The study has given support to the fact that there in a significant correlation between corruptions and performance of small and medium scale enterprises in the Niger Delta Region of Nigeria. The study also revealed that, there is a strong correlation between corruption and prospects of small and medium scale enterprises in the Niger Delta Region. The result of the study has also affirmed that, there is a strong correlation between inconsistent government policies and SMEs growth and development in the Niger Delta Region of Nigeria. This affirmation goes to prove that changes in government policies as a result of changes in parties in governance have negatively impacted on the growth and development of small and medium scale enterprises in the Niger Delta Region. Corruption as it were, manifests in various ways like bribery, fraud and misapplication of funds meant for the development of SMEs in the country.

The study also observed that there are other challenges facing small and medium scale enterprises in the Niger Delta Region apart from corruption. These challenges include poor planning by the entrepreneurs, poor state of infrastructure, insecurity, political and social movements, poor quality products and services and lack of credit facilities. All of these have contributed in no small measure to hindering the prospects of small and medium scale enterprises in the Niger Delta Region of Nigeria. On the basis of these findings we conclude that corruption is the root cause of the failure of small and medium scale enterprises in our study area. They have failed to produce the required growth and development.

Recommendations

Small and medium scale enterprises are seen as the driving force of economic development in many countries of the world especially in developing ones principally in the areas of employment creation, innovation, income generation and poverty eradication. But the impact of corruption on our SMEs both from government circle and the management of the SMEs has made these enterprises (SMEs) ineffective unproductive and thereby not contributing effectively to the Gross National Product (GDP) and thereby giving cause for concern by stakeholders in the small and medium scale enterprises (SMEs) sector. They must to take another look at their growth and development prospects. These developments have given credence to the fact that there is a strong correlation between corruption and prospects of small and medium scale enterprises (SMEs) in the Niger Delta Region of Nigeria.

It is on the basis of these findings that the following recommendations are put forward for adoption and implementation if this social problem of corruption in the small and medium scale enterprises (SMEs) in the Niger Delta must be contended with. First, the study recommends that the federal government of Nigeria should take urgent steps to curb incidences of corruption in the small and medium scale enterprises sector so that this sector can contribute meaningfully to the economic development of the country.

Secondly, the study recommends that the government (policy makers) should genuinely recognize the essence of small and medium scale enterprises to economic development. Third, the study is also of the opinion that government should increase its finding to accredited financial institutions and ensure that these institutions provide needed credit facilities on single digit interest rate to entrepreneurs in the Niger Delta Region. These institutions include, the Nigerian Bank of Commerce and Industry (NBCL), NERFUND and NEXIM etc.

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