Enhancing Sustainable Development via Microfinancing: A lesson from SMEs in Nigeria

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***Abstract*—Globalization today has made human survival so competitive thereby given rise to persistent societal problems. Small and medium scale enterprises (SMEs) which are known for the rapid development of a country need to adopt and adapt a sustainable goals and objectives through adequate funding. Study seeks to establish a relationship between Micro financing of SMEs and the elements of sustainable development. The study adopted a descriptive research design to carry out the work. 1500 questionnaires were administered to organized and unorganized SMEs (which were selected randomly) members in Lagos State, Nigeria. Only 927 copies of the research instrument were reasonably and adequately completed, resulting in a 61.8 % response rate. Three hypotheses were formulated and tested using regression analysis. The findings show that there is a relationship between microfinance SMEs and economic, environmental and social sustainability. The research recommends that government should sensitize efforts to ensure effective administration of microfinance policy for the growth of SMEs in achieving sustainable development.**

Keywords*— *Sustainable; Development; Microfinancing; SMEs and Nigeria

I. Introduction

As globalization and the age of information link communities around the world with expanding economic and social ties, it becomes critical for not only preservation of the global economy, but for human survival, to adopt and adapt to a sustainable mindset. "Sustainability refers to the ability of a society, ecosystem, or any such ongoing system to continue functioning into the indefinite future without being forced into decline through exhaustion . . . of key resources" (Gilman, 2006). Economies of the world must explore and develop in a sustainable manner to the benefit of the populace. Economies should; improve awareness and understanding of sustainable development, integrate sustainable development in our business process, establish an effective stakeholders' engagement management system and be transparent in reporting on sustainable development. Sustainable development is a strategy by which communities seek economic development approaches that also benefit the local environment and quality of life. Sustainable development offers real, lasting solutions to societal and environmental problems that will strengthen our future. Global wealth has almost doubled less than US$ 2 per day. The key to economic advancement is economic growth that is inclusive and reaches the majority of people. Improving the performance and sustainability of local entrepreneurs and small and medium enterprises (SMEs), which represent the backbone of global economic activity, can help achieve this growth. In both the developed and developing countries, the government is turning to small and medium scale industries, as a means of economic development and a veritable means of solving problems. It is also a seedbed of innovations, inventions and employment.

Presently in the world today, SMEs assist in promoting the growth of a country's economy, hence all levels of government at different times have policies which promote the growth and sustenance of SMEs. SMEs are essential in delivering sustainable development as they provide many of the goods and services that contribute to improved quality of life (Chambers and Lewis, 2001). Small-Medium Sized Enterprises (SMEs) are important engines of economic growth, employment and development and are a rapidly growing section of the business community. Collectively they contribute significantly to a country's economy and are responsible for considerable resource consumption. In spite of the relevance of these SMEs to countries' economic and industrial development, these sectors face a lot of problems. Of all the problems, inadequate financing is the most limiting. This is because finance is strategic to any industrial setup. Finance is the hub around which a business flourishes. Lack of it, through mismanagement or misappropriation, could hinder any business venture. The two main channels that have been used to increase credit for SMEs are the formal and informal sources. The informal which include owners' savings/retained earnings, friends and relations, clubs and money-lenders provide the bulk of financing, especially in the less developed countries, for small enterprises in the rural areas rather that formal banks, other financial institutions, government loan agencies and cooperative credit societies (Jinadu, 1995). However, loan disbursements from the informal sources are usually timely; notwithstanding, this informal source of financing to SMEs has serious shortcomings. For example, the amount of capital that can be raised from the informal sources is usually very small and inadequate when compared to their needs for the achievement of sustainable development.

The formal financing; microfinance has been identified as a factor to promote the development of a country through the establishment of microfinance sector development fund. The fund shall provide necessary support in terms of refinancing facility, capacity building and other promotional activities. The central bank of Nigeria (CBN) has indeed recognized microfinance as an important tool for poverty alleviation through empowering the micro and small entrepreneurs. The CBN wanted to see sustainable financial services available to those who don't have access to formal financial resources. Microfinance institutions are important in achieving this objective and are being promoted to be commercially viable through an appropriate policy and regulatory framework. From this, guidelines have been developed for microfinance institutions and other micro finance service providers in order to meet the challenges (present unsustainable trends, both in the consumption of resources and the equally unsustainable production of waste) of a growing economy.

Through sustainable development which has found favor with a number of national and international organizations, the objective of this paper is to establish a relationship between Microfinancing of small and medium scale enterprises (SMEs) and the elements of sustainable development (economy, society and environment).

II. Literature Review

A. *Sustainable Development Defined*

Sustainable development is at its heart the simple idea of ensuring a better quality of life for everyone, now and for generations to come. The publication of the Brundtland Commission's report entitled 'Our Common Future' in 1987 provided the most commonly used definition of sustainable development, as development which:

"…meets the needs of the present without compromising the ability of future generations to meet their own needs", (WCED, 1987).

Sustainable development pursues a threefold goal of improving economic efficiency, protecting and restoring ecological systems, and enhancing the wellbeing of all people.

[a] Rio de Janeiro, Environment Paper No.3, World Bank, Wash. DC, USA

Fig. 1. Munasinghe, M. (1992) Environmental Economics and Sustainable Development, Paper presented at the UN Earth Summit

B. *Economic sustainability*

The modern concept underlying economic sustainability seeks to maximize the flow of income that could be generated while at least maintaining the stock of assets (or capital) which yield this income (Solow, 1986). Fisher (1965) had defined capital as "a stock of instruments existing at an instant of time", and income as "a stream of services flowing from this stock of wealth". Hicks (1946) argued that people's maximum sustainable consumption is "the amount that they can consume without impoverishing themselves". Economic efficiency plays a key role in ensuring optimal consumption and production.

Many argue that unrestrained economic growth is unsustainable, and point out practical limitations in applying the economic sustainability rule without additional environmental and social safeguards. Problems arise in defining the kinds of capital to be maintained (for example, manufactured, natural, human and social capital have been identified) and their substitutability. Often, it is difficult to value these assets and the services they provide, particularly in the case of ecological and social resources (Munasinghe, 1992). Many commonly used microeconomic approaches rely heavily on marginal analysis based on small perturbations (e.g., comparing incremental costs and benefits of economic activities). From the viewpoint of resilience theory, such a mildly perturbed system soon returns to its dominant stable equilibrium and thus there is little risk of instability. Thus, marginal analysis assumes smoothly changing variables and is not appropriate for analyzing large changes, discontinuous phenomena, and rapid transitions among multiple equilibria. Economic system resilience is better judged by the ability to deliver key economic services and allocate resources efficiently in the face of major shocks (e.g., 1973 oil price shock or severe drought). More recent work is exploring the behavior of large, non-linear, dynamic and chaotic systems, in relation to system vulnerability and resilience.

C. *Environmental sustainability*

The environmental interpretation of sustainability focuses on the overall viability and health of living systems – defined in terms of a comprehensive, multi-scale, dynamic, hierarchical measure of resilience, vigor and organization (Costanza, 2000). These ideas apply to both natural (and wild) and managed (or agricultural) systems, and cover wilderness, rural and urban areas (Pimm, 1991). Resilience is the potential of a system state to maintain its structure/function in the face of disturbance. An ecosystem state is defined by its internal structure and set of mutually re-enforcing processes. Holling and Walker (2003) originally defined resilience as the amount of change that will cause an ecosystem to switch from one system state to another. Resilience is also related to the ability of a system to return to equilibrium after a disruptive shock (Pimm, 1984). Petersen et al (1998) argue that the resilience of a given ecosystem depends on the continuity of related ecological processes at both larger and smaller spatial scales. Adaptive capacity is an aspect of resilience that reflects a learning element of system behavior in response to disturbance. Natural systems tend to be more vulnerable to rapid external changes than social systems – the latter may be able to plan their own adaptation. Vigor is associated with the primary productivity of an ecosystem. It is analogous to output and growth as an indicator of dynamism in an economic system. Organization depends on both complexity and structure of an ecological or biological system. For example, a multicellular organism like a human being is more highly organized (having more diverse subcomponents and interconnections among them), than a single-celled amoeba. Natural resource degradation, pollution and loss of biodiversity are detrimental because they increase vulnerability, undermine system health, and reduce resilience (Perrings and Opschoor, 1994). Ciriacy-Wantrup (1952) introduced the idea of safe thresholds (also related to carrying capacity), which is important – often to avoid catastrophic ecosystem collapse. Sustainability may understood also in terms of the normal functioning and longevity of a nested hierarchy of ecological and socioeconomic systems, ordered according to scale.

Sustainable development goes beyond the static maintenance of the ecological status quo. A coupled ecological-socioeconomic system may evolve so as to maintain a level of biodiversity that will ensure long-term system resilience. Such an ecological perspective supersedes the narrower economic objective of protecting only the ecosystems on which human activities directly depend. Sustainable development demands compensation for opportunities foregone by future generations, because today's changes biodiversity in ways that will affect the flow of vital future ecological services. The linkage between and co-evolution of socioeconomic and ecological systems also underlines the need to consider their joint sustainability. In brief, what ecological (and linked socioeconomic) systems need is improved system health and the dynamic ability to adapt to change across a range of spatial and temporal scales, rather than the conservation of some 'ideal' static state.

D. *Social sustainability*

Social sustainability parallels the ideas discussed earlier regarding environmental sustainability (UNEP, IUCN, and WWF 1991). Reducing vulnerability and maintaining the health (i.e., resilience, vigor and organization) of social and cultural systems, and their ability to withstand shocks, is important (Chambers, 1989). Enhancing human capital (through education) and strengthening social values, institutions and equity will improve the resilience of social systems and governance. Many such harmful changes occur slowly, and their long-term effects are overlooked in socio-economic analysis. Preserving cultural capital and diversity across the globe is important. Munasinghe (1992) drew the parallels between the respective roles of biodiversity and cultural diversity in protecting the resilience of ecological and social systems, and the inter linkages between them. Several subsequent reports from international organizations have highlighted cultural diversity (UNESCO, 2001). Strengthening social cohesion and networks of relationships, and reducing destructive conflicts, are also integral elements of this approach. An important aspect of empowerment and broader participation is subsidiary – i.e., decentralization of decision making to the lowest (or most local) level at which it is still effective. Understanding the links that radiate out from poor communities and their interface with agencies and government is critical for building connections and channeling resources more directly to make social development more sustainable. Working with existing community-based social capital generates pathways to lever people upward from poverty. It also results in a more sustainable link with communities, and creates opportunities for more meaningful participation.

E. *SMES In Nigeria*

SME has a long history in Nigeria like every other part of the world; it was the means of survival for the people since ages, it has managed to save many poor homes that have the innovation to start a unique business but with different prob¬lems with establishment or survival. In Nigeria there is no generally acceptable definition of SMEs but it varies over time from organization to organization. The NCI (National Council of Industry) in 2001 include the capital investment band of SMEs at between NGN 150 to 200 million, excluding land but including working capital and also the working force band between 11 and 300 inclusive. But on the other hand, the (NASME) National Association of Small and Medium Scale En¬terprises also define a small scale enterprise as a business with less than fifty em¬ployed people by the enterprise and with an annual turnover of NGN 100 million. NASME came up with another definition, which states that Small medium scale enterprise is a business with less than 100 employees and an annual turnover of NGN 500 million.

The Central Bank of Nigeria (CBN) defines SME as an enterprise with a maxi¬mum asset base of NGN 200 million, without land and working capital, also the number of employees not less than 10 and not more than 300. Due to the flexible nature, SMEs are quite able to withstand economically diverse situations. In Nige¬ria SMEs are more likely able to survive in smaller urban and rural areas where they can effectively contribute to the distribution of economic activity in any re¬gion and that has helped the reduction in the migration to the larger cities like Lagos and Kano.

SMEs in Nigeria can be categorized into urban and rural enterprises, but in a more formal way they can be called Organized and Unorganized enterprises. The orga¬nized enterprises have paid employees with a registered office while the unorga¬nized enterprises are mainly made up of artisans who work in open spaces. Oper¬ating in temporary wooden workshop or structures, the unorganized enterprises rely mostly on apprentices or family members and mostly employ low rate or no salary paid workers. Rural enterprises are made up of family groups, women that are engaged in food production from local farm crops, and individual artisans. The major activity involved in this sector include; soap and detergents, fabrics, textile and leather, local blacksmith, tinsmith, ceramic, clothing and tailoring, timber and winning, bricks and cement, food processing, wood furniture, beverages, bakeries, electronic assembly, agro processing, chemical based products and mechanics.

F. *Definition of SME by Nigerian Institutions*

TABLE I. DEFINITION OF SME BY NIGERIAN INSTITUTIONS, WORLD BANK (2001)

Instituti on	Asset value (NGNmillion)			Annual turnover (NGNmillion)			No of employees		
	MS E	SS E	M E	M SE	SS E	M E	MS E	SS E	M E
Federal Ministry of	200	50	n.a	n.a	n.a	n. a	300	10 0	10

Industry									
Central Bank	200	n.a	n.a	-	-	-	300	-	-
NERFUND	n.a	10	n.a	n.a	n.a	n.a	n.a	n.a	n.a
NASSI	n.a	40	1	n.a	40	n.a	n.a	3-3.5	n.a
NASME	150	50	1	500	100	10	100	50	10

[b] MSE: micro-sized enterprises; SSE: small-sized enterprises; MSE: Medium-sized enterprises; NERFUND: National Economic Recovery Fund; NASSI: National Association of Small-scale Industries; MASME: National Association of Small and Medium¬-sized Enterprises

All the National four year development plans from 1962-63 to 1984-1985 have laid strong emphasis on strategies of government-led industrialization mount on import as substitution. In addition the structural adjustment program (SAP) initiation in 1986, the state did not appreciate the structural adjustment program active involvement in industrialization by a process of commercialization and privatization. Special attention was then shifted from large scale industries to Small and Medium Scale Enterprises, which has a prominent potential for devel¬oping domestic linkages for effective growth, sustainable industrial development.

SMEs have contributed to the Nigerian Economy in some ways; a few years ago SMEs represent about 90 percent of the industrial sector in terms of number of enterprises and furthermore they contribute a scanty 1 percent of gross domestic product (NIPC 2002). This is significant when compared to countries like Indone¬sia, India and Thailand, where SMEs contribute almost 40 percent of their GDP. The SMEs in USA (estimating 53 percent of all their business) and EU (estimating 65 percent of all their business) accounts for 50 percent of their respective country's GDP. This clearly shows that given necessary support, SMEs could become an important play maker in the development processes of the Nigerian economy; it has proved to be one of the most viable sectors with economic growth potential. A broad insight into the investment activities and the earnings of SMEs can be gained by examining and analyzing the findings of the Nigerian Institute of Social and Economic Research.

Another significant role of the small and medium scale enterprises in Nigeria shows that they have been identified as the source through which several prob¬lems have been approached and solved e.g. job creation, poverty alleviation and industrialization growth. SME in Nigeria has gradually and steadily become an important topic in the recent years, apart from the numerous goods produced by SMEs; they provide a, veritable large scale employment because they are labor intensive, they also provide training grounds for entrepreneurs, mainly because they rely more on the use of local materials.

Okogbue (2004) states that; the only way to revitalize, nurture and sustain small and medium scale enterprises is to complement simultaneous small and medium scale enterprises through designing, building equipment and machines through the use of local materials thereby accelerating physical and human infrastructure for wealth creation and poverty alleviation. Social technological, political context and environmental opportunities, which are all linked to the national framework con¬dition as a means to ensure the progress and consistency of the economy. The business development service, access to markets, financial resources, educa¬tion and productivity of labor and technological capability are part of the entre¬preneurial framework conditions and they are also linked with the informal sector of business in Nigeria.

Additionally, international and domestic markets are linked with small and me¬dium enterprises which on the output enforce national economic growth. The combination of all this business sectors, federal, state and local government is to collaborate while each is playing its role in taking SME to a developed stage, while achieving the highest standard of public accountability, probity, transparen¬cy, efficiency and integrity.

G. *Microfinance Banks Policy and Small and Medium Enterprises in Nigeria*

Microfinance refers to the entire unique processes by which financial and enterprise development. Services are channeled to owners of micro and small enterprises in a sustainable manner (Asikhia, 2009). It entails effective engagement of clients in order to adequately determine their financial needs. The small and medium industries/enterprises subsector appears to be the target of government’s economic development policies.

According to the Central Bank of Nigeria (CBN 2007), the Nigerian formal financial system only services 35percent of the economically active population. 65 percent of the population is excluded and consequently serviced through NGO’s (MFIs), money lenders, friends, relations and credit unions which are unregulated and problematic.CBN after wide consultation with stakeholders produced the microfinance policy in December 2005 to ensure provision of financial services to the lower economic segments traditionally not served by the conventional financial institutions. This is distinguished form other financial products by small size of loans, absence of asset-based collateral and simplicity of operations. Though the modality for the microfinance loan subsidy is yet to be determined, the CBN is targeting partnership with the various state governments and the federal government, in view of the N50billion microfinance fund launched by the government. The CBN is planning to subsidize interest rates on loans granted by microfinance banks to ensure access of microcredit facilities to the nation’s active poor at lower interests. Average annual interest rate on microfinance facilities is currently around 72percent, product of the monthly interest rate of six to eight percent.

Small and Medium Enterprises Equity Investment Scheme (SMEIS) was initiated in 2001, giving banks the mandate to set aside 10 percent of their pre-tax profit as contribution for the growth of the Small and Medium Enterprises. It was finally set up in 2002 to allow banks provide financial support, in form of equity, to small and medium scale enterprises in order to fast-track economic development. On March 01, 2008 the bankers committee scrapped the Small and Medium Enterprises Equity Investment Scheme (SMEEIS) to embrace a microcredit policy (microfinancing) that would involve state. Beginning from March 2008, the Central Bank of Nigeria (CBN) and the Bankers’ Committee may have begun the gradual winding down of the Small and Medium Equity Investment (SMEEIS) project. On March 12, 2008 it was decided that the 10percent of the pre-tax profit that is usually set aside by banks as funds for the small and medium firms, be scaled down to 5percent. This is perhaps the beginning of winding down of the (SMEEIS) project. The SMEEIS thus became inactive, data from the Central Bank stood at N37.45billion since December 2006 to date, out of this amount, N21billion has been invested in 302 projects across the country. In a bid to improve on this situation, banks recently agreed to opt for loan contribution instead of equity contribution in their operations of SMEEIS, while voluntary contribution was scaled down by half. Data shows that banks in the country have invested the sum of N24.7billion in various projects under the Small and Medium Enterprises.

Equity Investment Scheme (SMEEIS) as of March 31, 2008, compared to N21.14billion invested under the scheme as at February 25. The fast rate in which the investments have been made put questions in the minds of analysts as to whether banks are not just rushing to dispose of the accumulated funds in view of plans by the CBN to hand over the funds to state governments for onward disbursement as micro credit facilities due to the failure of the scheme which was integrated into Micro Credit Fund (MCF). The Micro Credit Fund (MCF) replaces the SMEEIS designed to direct the flow of bank funds to small and medium scale enterprises. According to the CBN, the MCF would serve as an interim scheme for only three years. It said that the scheme would be phased out as soon as legal and institutional infrastructure for effective administration of credit to small and micro enterprises improved. The guideline for the Micro Credit Fund (MCF) released by the CBN stated that the fund should commence operations with the N20billion unutilized balance of the SMEEIS fund, is expected to grow to N100billion by 2010 and state governments would be allowed to obtain credits at a subsidized rate of 8.0percent per annum for on lending to micro-entrepreneurs. It seems the banks are now scrambling to invest the fund under SMEEIS to reduce their participation in the MCF, since further contribution has been made voluntary by CBN.

Microfinance banks and the other non-governmental organizations are going to be involved in the disbursement of the funds and average annual interest rate on micro-finance facilities is currently around 72percent.The tenor of the loan accessed by each state shall be as agreed with the bank but shall not exceed one year in the first instance, with the possibility of a rollover yearly, thereafter. The Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) has said 80 percent of Small and Medium Enterprises established died before five years. The agency lamented that one out five small scale industries survived due to non-conducive environment resulting from ineffective regulations and relationships with banks who are not just expected to give loans but to render assistance that would help in turning the fortune of these businesses around. Microfinance institutions are important in achieving this objective and are being promoted to be commercially viable through an appropriate policy and regulatory framework. From this guidelines have been developed for microfinance institutions and other micro finance service providers. It is also important for the microfinance sector to gain both public and donor confidence.

The sustainable impact of microfinance can be assessed from the following:

- Microfinance ignores the crucial role of scale economies
- Microfinance ignores the problem of 'fallacy of composition'.
- Microfinance acts to 'crowd out' industrial microenterprises with prospects of technological upgrading.
- Microfinance ignores the need to promote vertical and horizontal 'connectability'
- Microfinance encourages an unsustainable import-dependent and trade-based local economic structure
- Microfinance ignores the crucial importance of solidarity and local community ownership and control

III. Research Methodology

The paper adopted a descriptive design to get answers to identified variables of the element of sustainable growth (economy, society and environment). The design of the questionnaire benefitted from extant literature dealing with sustainable development, SMEs and microfinancing. Specifically, the response items were developed from the literature using the works of Gilman (2006), Casper (2009), Osuagwu (2007), Ogundele (2003) and Asikhia (2009). The research instrument (questionnaire) sought to among others.

- Emphasis on SMEs success via microfinancing
- And the relationship between elements of sustainable development

Respondents were interviewed using the structured questionnaire on a four Likert scale ranging from 'Strongly agree' (5) to 'Strongly disagree' (1), the questionnaire was divided into 4 major sections: A, B, C & D. Section A, B and C deals with emphasis on operational dimensions of economic, environment and social sustainability respectively. While, Section D deals with items on expectations of the SMEs from microfinance banks to the achievement of sustainable development. The entire questionnaire was subjected to expert opinion validity from both the academics and selected marketing professionals. 1500 questionnaires were administered to organized and unorganized SMEs (which were selected randomly) members in Lagos State, Nigeria. Lagos State was chosen because over 75% of SMEs in Nigeria are based in the state, which is known as the only mega city in Nigeria and considering its population size. Only 927 copies of the research instrument were reasonably and adequately completed, resulting in a 61.8 % response rate. The analysis of the data gathered from completed copies of the research instrument utilized the SPSS computer package/software. Data on dimensions of economic, environment and social sustainability were analyzed using descriptive statistics. The hypotheses were tested using regression analysis.

Hypotheses tested:

H1: there is a relationship between economic sustainability and Microfinanced SMEs.

H2: there is a relationship between environmental sustainability and Microfinanced SMEs.

H3: there is a relationship between social sustainability and financed Microfinanced SMEs.

IV. Data Analysis And Result

A. Data

1) A Relationship of SMEs with economical sustainability aims in respect to:

a) Conventional gross national product (GNP) are increased

b) Inducement of more efficient production and consumption of goods and services

c) Stability of prices and employment are ensured

d) Enhancement of dominant stable equilibrium

e) Achievement of little risk of instability.

2) Relationship of SMEs with environmental sustainability aims in respect to:

a) Management of scare natural resources

b) Static maintenance of the ecological status quo

c) Improved system health

d) Improved waste management

e) Green grass for global warming reduction

3) Relationship of SMEs with social sustainability aims in respect to:

a) Resilience of social systems and governance

b) Cultural capital and diversity are preserved

c) Social cohesion and networks of relationships are strengthen

d) Radiation of poor communities for building connections and channeling resources

e) Social capital lever people upward from poverty

4) Expectations of the Small business owners for Microfinance Banks in respect of:

a) Solution to all business problems be it financial or not

b) Relevant of business counseling to the business

c) Meeting of my needs wholly and timely by my Microfinance Bank

d) Knowing the financial needs that would make my business become a dream of my heart

e) Visits of the Microfinance Bank officers to my business for effective growth

f) Microfinance Banks interest loans should be lower than Commercial Banks

g) Microfinance Bank loans conditions should be liberal because it is a help from government

h) Loan contribution in the form of Microfinance scheme over the business partnership banks

i) The payback period of microfinance loan should take into consideration my business cycle

j) Loan sizes of the Microfinance Banks should be commensurate to the volume of my business not be a factor that will limit SME growth

B. Result analysi

TABLE II. Means and Ranking of Relationship of SMEs with Economical Sustainability

	Variable Items	Mean	Rank
A1	Conventional gross national product (GNP) are increased	**3.72**	**2**
A2	Inducement of more efficient production and consumption of goods and services	**2.89**	**3**
A3	Stability of prices and employment are ensured	**3.87**	**1**
A4	Enhancement of dominant stable equilibrium	**2.54**	**5**
A5	Achievement of little risk of instability	**2.67**	**4**

c. Field Survey, 2011

TABLE III. Means and Ranking of Relationship of SMEs with Environmental Sustainability

	Variable Items	Mean	Rank
B1	Management of scare natural resources	**3.01**	**3**
B2	Static maintenance of the ecological status quo	**2.83**	**4**
B3	Improved system health	**2.75**	**5**
B4	Improved waste management	**3.53**	**1**
B5	Green grass for global warming reduction	**3.45**	**2**

d. Field Survey, 2011

TABLE IV. Means and Ranking of Relationship of SMEs with Social Sustainability

	Variable Items	Mean	Rank
C1	Resilience of social systems and governance	**2.63**	**4**
C2	Cultural capital and diversity are preserved	**2.61**	**5**
C3	Social cohesion and networks of relationships are strengthen	**3.56**	**2**
C4	Radiation of poor communities for building connections and channeling resources	**2.84**	**3**
C5	Social capital lever people upward from poverty	**3.62**	**1**

e. Field Survey, 2011

TABLE V. Means and Ranking of Expectations of the Small Business Owners for Microfinance Banks

	Variable Items	Mean	Rank
D1	Solution to all business problems be it financial or not	**3.41**	**6**
D2	Relevant of business counseling to the business	**3.50**	**4**
D3	Meeting of my needs wholly and timely by my Microfinance Bank	**3.83**	**3**
D4	Knowing the financial needs that would make my business become a dream of my heart	**2.68**	**10**
D5	Visits of the Microfinance Bank officers to my business for effective growth	**3.32**	**7**
D6	Microfinance Banks interest loans should be lower than Commercial Banks	**3.24**	**8**
D7	Microfinance Bank loans conditions should be liberal because it is a help from	**3.48**	**5**

	Government		
D8	Loan contribution in the form of Microfinance scheme over the business partnership banks	**2.74**	**9**
D9	The payback period of microfinance loan should take into consideration my business cycle	**3.93**	**1**
D10	Loan sizes of the Microfinance Banks should be commensurate to the volume of my business not be a factor that will limit SME growth	**3.91**	**2**

f. Field Survey, 2011

TABLE VI. ESTIMATORS SUMMARY OF HYPOTHESES TESTING

	Estimators Statistics	H1 (A)	H2 (B)	H3 (C)
1	**Regression Value**	0.474	0.361	.0342
2	**ANOVA (Asymptotic Significance)**	0.003	0.010	0.018
3	**Constant**	3.862	3.115	3.085
	Slope (Gradient)	0.264	0.285	0.304
	Dependent Variable: D			

g. Field Survey, 2011

C. *Discussion*

Table 1-4 show the means and ranking of the keywords associated with the topic of the study. Table 1 shows the means and ranks of economical sustainability variables. Here, the highest variable which is of more important to the respondents is A3 (Stability of prices and employment are ensured) with a mean value of 3.87. In table 2, B4 (Improved waste management) was more important to the respondent with mean value of 3.53. C5 (Social capital lever people upward from poverty) has the highest mean of 3.62 in table 3.Table 4 showed that their greatest expectation is that the payback period microfinance loan should take into consideration the business cycle. (D9 = 3.93(1) while the "loan sizes of the microfinance banks should be commensurate to the volume of business" was rated second in degree of expectations (D10 = 3.91(2)).

Table 5 shows the estimators' summary of hypotheses tested. The respective regression values are 0.474(H1), 0.361(H2) and 0.342(H3). All depicted a low regression value. This means that the degree of associationship between microfinanced small and medium enterprises and sustainability elements are low. With a well-microfinanced SMEs, it will contrinuted to 47.4% economical sustainability, 36.1% environmental sustainability and 34.2% social sustainability, stating a direct variation between them through their positive values. Therefore, the tentative statements that there is no relationship between microfinanced SMEs and economical, environmental, and social sustainability cannot be stood upon. Hence, the rejection of the null hypotheses and taking the decision rule of alternative hypotheses acceptance. To buttress the establishment of the relationship among the variables, the ANOVA displayed respective asymptotic significance values of 0.003, 0.010, and 0.018. All these values are well below the decision criterion value of 0.050 which connotes that the null hypotheses will have to be rejected and accepting the alternative hypotheses. The study also justified the regression equation established by the model. EcoS = 3.865 + 0.264MFSMEs for hypothesis I, EnvS = 3.115 + 0.285MFSMEs for hypothesis II, and SocS = 3.082 + 0.304MFSMEs. These models translate that the level of microfinancing of SMEs is a determinant to the enhancement of sustainable development in Nigeria.

V. CONCLUSION AND RECOMMENDATIONS

Sustainable development is the development that meets the needs of the present without compromising the ability of future generations to meet their own needs. SMEs are known for their immense contributions towards the growth and development of any country. Economical, Social and Environmental sustainability are to be ensured for present benefits without affecting the consumption of future generations. The only catalyst (SMEs) to any economic change needs to be involved not only in the economic change process i.e. poverty alleviation but also in the social and environmental sustainability the environment. The study was able to fill the research gap by establishing a relationship between SMEs and economical; social; and environmental sustainability through microfinancing. The study concluded by establishing a relationship between SMEs and economical; social; and environmental sustainability through adequate microfinancing policy. The association established between Microfinanced SMEs and respective component of sustainable development were not strong enough. One major issue is the governmental policies that are posing negative effect on forecasted business type and the economy at large. Also is the economic factor such as dilapidated power supply which has made more generators contributing to the ozone layer through the release of more carbon dioxide into the air with less green grass for its consumption which in turn reduces the oxygen available for human consumption. The study therefore recommends that research recommends that government should sensitize efforts to ensure effective administration of microfinance policy for the growth of SMEs in achieving sustainable development. Government should ensure that the basic amenities to the development of any economy should be their constituting point's agenda and enactment of it laws in the nation's constitution. In Addition, federal government should diversify its portfolio by giving license to state and local government for the provision of power generation. Lastly, government should ensure that any public good should not be privitalized as this increases prices of goods and services thereby bringing about economic melt-down evidenced from double digit inflation and interest rates.

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