

EFFECT OF SMALL AND MEDIUM SCALE ENTERPRISES ON YOUTH EMPOWERMENT DEVELOPMENT IN ABEOKUTA METROPOLIS, OGUN STATE, NIGERIA

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Abstract

In a developing economy like Nigeria, Micro, Small, and Medium Enterprises play tremendous role in reengineering socio-economic landscape of the country. These enterprises largely represent a stage in industrial transition from traditional to modern technology. The study examines impact of SMEs development on youth empowerment in Abeokuta metropolis. In attaining the highlighted objectives, structured questionnaire was administered for data collection and stratified random sampling technique was used for selection of respondents. Total of 120 respondents were selected and STATA 11.0 was employed for the analysis. These Results revealed that variables with positive signs indicate that the chances of the SMEs in influencing youth empowerment increase with education (4.04), government policy (2.48), technology (4.61) and training (3.64). Hence, this recommendation was made that educational policy should be put in place to encourage young Nigerians on how to start a business, maintain, control to achieve the aims and objectives of an organization.

Key Words: Small and Medium Scale Enterprises, Youth Empowerment Development, Abeokuta metropolis, Nigeria

Introduction

In a developing economy like Nigeria, Micro, Small, and Medium Enterprises play tremendous significant in developing the socio-economic landscape of the country. These enterprises largely represent a stage in industrial transition from traditional to modern technology. The differences in transitional nature of this process are revealed in the diversity of these enterprises. For instance, many of the small enterprises are found in the use of simple skills, machinery, local raw materials and technology. There is no doubt that small and medium scale enterprises constitute the real fabric of a nation's economy. This is because the sector serves as a catalyst for employment generation, national growth, poverty reduction and economic development, Owualah (1998).

Entrepreneurship is fast given recognition of becoming a household name in Nigeria. This emanate from the fact that the so-called white collar jobs that people clamour for are no longer visible. Even sectors such as banks and manufacturing companies known to be the largest employers of labour are on the down turn due to consolidation exercises and fraudulent perpetrated by high and mighty in the banking sector. Many companies of course are folding up due to erratic power supply, insecurity and persistent increase in interest rate which has led to high cost of production and undermines their profit merging. This eventually led to massive unemployment which is detrimental to the economic development of the country (Kemi, 2014).

Since independence in 1960, unemployment has been a rising phenomenon as many Nigerians are jobless. Many of the jobless persons have taken to crimes like armed robbery, drug trafficking and prostitution among others. In view of realisation of the dangers of unemployment, federal government has put in place policies and programmes such as the establishment of the National Directorate of Employment (NDE) in 1986 to work out

modalities for eradication of mass unemployment in the country especially among the youth. The essence of these efforts is to equip unemployed persons to be self-reliant and self-employed through acquisition of relevant skills in any trade of their choice as a means of earning a living. A person who has acquired a skill becomes an employer of labour instead of searching for a white collar job that is hardly available. Hence, Nigeria is faced with the challenge of curbing increase in crime rate, unprecedented increase in prostitution, high mortality rate, political, thuggery among others which are traceable to youth unemployment. Arising from this, it is therefore pertinent to examine impact of small and medium scale enterprises on youth empowerment development in Abeokuta metropolis.

Barnabas (2017) made remark in the study of impact of SMEs on employment generation in Plateau state, that one of the major problems facing Nigeria today is unemployment. The study adopted survey research method with a sample of 133, Chi – square techniques was adopted for the analysis and the result revealed that SMEs have significant impact on employment generation in Plateau state through increased expansion of markets for local goods and services. He recommended for power sector reforms, control of religious, ethnic and political crisis and development of infrastructure.

Opafunto and Adepoju (2014) in their study of impact of SMEs on economic development of Ekiti state, Nigeria reported that SMEs has proved to be a major intervention in resolving the problem of poverty and unemployment in most developing countries. Survey research design was adopted to obtain data from 150 respondents with the use of multi stage sampling method across 16 local government areas of Ekiti state. The collected data was analysed using statistical package for social science (SPSS) and chi – square. The result revealed that there is a positive and significant relationship between SMEs and poverty reduction, employment generation and improvement in standard of living of people in Ekiti state. It was recommended that interest rate should be reduced for direct accessibility for fund by SMEs.

Safiriyu and Njogo (2012) examined impact of SMEs in the generation of employment in Lagos state. The study was carried out with the use of questionnaire and interview schedule for the selection of the respondents and for the analysis percentage and chi – square were employed. The results showed that SMEs and sustainable development of Nigerian economy are related. It was concluded that adequate attention must be given to wide spread of economic activities through entrepreneurship and SMEs generation.

Okoli, (2014) remarked in his study of youth empowerment through entrepreneurial development in Nigeria that entrepreneurial development is a field that saddles its recipients with skills on how to be employable and useful to themselves and society at large. The study made emphasis on youth empowerment which is orchestrated by the prevailing unemployment of our youths after higher education, yet each year all the higher institutions in the country keep on churning out graduates in thousands into the labour market for jobs that are non-existent. Hence the needs for entrepreneurial development as a way of equipping them with the necessary skills that will enable them start up something on their own. The study amongst others looked at the objectives of entrepreneurship development, support organizations for entrepreneurship in Nigeria, tips for entrepreneurship development, implications for entrepreneurship development on youth empowerment.

Oloruntuyi and Ogunyemi (2016) in their study of impact of small and medium scale enterprises in the creation of jobs in Ondo state, opined that small and medium enterprises have been considered as the engine of economic growth and for promoting equitable development. In their research a total of two hundred respondents were used. Both questionnaires and interview were used and for the analysis, two different statistical methods

were employed (i) simple percentage and (ii) chi-square (χ^2). The results show that small and medium scale enterprises and sustainable development of the Nigerian economy are related. Hence, it was recommended that government should make policies that will target macroeconomic stability.

This paper by Ejima (2017) was meant to examine how youth empowerment in Kogi State, Nigeria could be achieved through participation in Small and Medium Scale Enterprises (SMEs). In this study, the key factors responsible for the failure of the previous youth empowerment programmes in Nigeria such as inability of government/private sector to create jobs, inadequate technical know-how, collapse of the manufacturing/industrial sector, etc, were discussed. The study also identified employment generation, poverty reduction, and structural transformation of the rural areas among others, as the major benefits of sound participation of youths in SMEs. Hence, this recommendation was made to create jobs through investment and reinvestment in SMEs and create more vocational skills acquisition centers for the teaming youths.

Methodology

This study was carried out in Abeokuta metropolis, Ogun state, Nigeria. A well-structured questionnaire was designed to obtain relevant information from 120 respondents chosen through stratified sampling techniques. The primary data were analyzed using such as descriptive statistics analysis percentage, and frequency distributions. In other to examine the association between small and medium scale enterprises on youth empowerment development, Logit regression was employed because of the quantitative nature of most of the variables. Logit model is presented thus:

The model is in explicit form:

$$Y = f(X_1 X_2 X_3 \dots X_n) + e \dots \dots \dots (10)$$

Where Y = Income

X_1 = Age (years of existence)

X_2 = Level of Education (formal (1) informal (0))

X_3 = Gender (Dummy variable, male (1) female (0))

X_4 = Technology (Dummy Yes (1) No (0))

X_5 = Training (Dummy Yes (1) No (0))

X_6 = Government policy (Dummy Yes (1) No (0))

U_i = error terms

Results and Discussion

Demographic Characteristics of Respondents

The variables that are expected to have important implications for influence of small and medium scale enterprises on youth empowerment is presented in Table 1. About 75% of the respondents were male while 25% were female. In other words more male are involve in transactions that could be affected by youth empowerment in SMEs. The Table 1, also shows that 25% of the respondents were within 20 – 29 age group, while 58.3% where between 30 – 39 years age cohort, 16.7% were more than 40 years old. This revealed that the population sampled was predominantly middle aged. This age – groups are known to be energetic and therefore expected to be entrepreneurial and economically active in exploring avenue for business opportunities.

The result of the educational status of the respondents is in Table 1 revealed that 41.7% had post primary education, 41.7% had vocational/Technical education while the remaining 16.7% had attended either polytechnics or Universities. The distribution clearly reveals that, all the

respondents (100%) had acquired one level of education or the other. The result of the cadre status of the respondents is in Table 1. 75% were junior staff, 52% were senior staff. The distribution clearly reveals that, junior staff were more than the senior in terms of workforce.

Regression for influence of SMEs on Youth empowerment

Table 2. Shows regression for influence of SMEs on Youth empowerment. The result of regression model shows that Table 2 has coefficient of variables that were statistically significant at 1%, and 5% probability levels. The variables are education, technology, and government policy and training. Education (4.04) positively affects the level of youth empowerment. This shows that an increase in the level of education of the people positively increases the level of youth empowerment in an organization. Also, education will pave way for an individual to gain direct access to all forms credit required to empower them. With increase in income of an individual the greater the financial empowerment of an individual.

Government policy is positively correlated with the level of youth empowerment and significant at 5% level. This shows that positive influence of government policy on youth empowerment will enhance the efficiency and effectiveness of the young Nigerians. It also enhances self-confidence and commitment of youth and reduces job stress and improves the ethical behaviour of the youth as well as their quality of life.

Technology (4.61) is positive. This shows that a fall in the level of technological development of an organization the lesser the growth and development of young Nigerians also the level of performance of an individual in an organization. In other words, the better the technological advancement the greater the performance of an individual in an organization and the income to be generated and this will invariably act as financial empowerment to boost the business.

Training, (3.64) is positive. This shows that an increase in the level of training in an organization for the youth the greater the level of growth and development of the youth. Also, training programme will provide aspiring youth with a platform to show case their business acumen, skills and aspirations to business leaders, investors and mentors in Nigeria. Hence, the required vocational, entrepreneurial and managerial skills will be provided.

Conclusion and Recommendations

This study concluded that education, government policy, technology and training positively affect the level of youth empowerment. It is against this background that these recommendations were made that, (i) educational policy should be put in place to encourage young Nigerians on how to start a business, maintain, control to achieve the aims and objectives of an organization and (ii) there is need for government to provide a policy environment that affords the necessary incentives for youth empowerment to grow and developed.

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Table 1: Frequency and Percentage Distribution of Respondents by their socio-economic characteristics N = 120

Socio-Economic characteristics	Frequency	Percentage %	Cumulative
Gender			
Male	90	75.0	95.0
Female	20	25.0	100.0
	120	100.0	
Age			
20 – 29	30	25.0	25.0
30 – 39	70	58.3	83.3
40 above	20	16.7	100.0
	120	100.0	
Educational Status			
Post primary	50	41.7	41.7
Vocational/Technical	50	41.7	83.4
Tertiary	20	16.6	100.0
	120	100.0	
Cadre Status			
Junior staff	90	75.0	75.0
Senior staff	30	25.0	100.0
	120	100.0	

Source: Field Survey, 2018

Table 2: Regression for influence of SMEs on Youth empowerment
Dependable variable: Income

Explanatory variable	Coefficient	Std. Err.	Z	p>/z/	(95% conf.)	Interval
Ln(education)	.5442029	.1346376	4.04***	0.000	.2773279	.8110779
Technology	.6540748	.1419507	4.61***	0.000	-.3727039	.9354458
Government policy	.2633641	..1062137	2.48**	0.015	.0528301	.473898
Training	.433696	.1192091	3.64***	0.000	.1974029	.6699892
Constant	.0930774	.1208485	0.77	0.443	.1464654	.3326202
Number of Obs.	120					
F (11, 108)	174.65					
Prob. > F	0.0000					
Pseudo R2	0.9468					

Source: Field Survey, 2018

** Significant at 5%

*** Significant at 1%