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THE IMPACT OF SMALL AND MEDIUM SCALE ENTERPRISES ON UNEMPLOYMENT AMONG THE YOUTH IN YOLA SOUTH METROPOLIS

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ABSTRACT

This project seeks to investigate small and medium enterprises as a veritable tool in economic growth and development. A survey method was used to gather from 180 SMES/Entrepreneurial and managers from Yola south local government. Data was collected with a structured questionnaire and analyzed with several descriptive statistics to identify the perception of the impact of SMEs in Nigeria. The result of the study revealed that the most common constraints hindering of small and medium scale business growth in Nigeria are lack of financial support, poor management, corruption, lack of training and experience poor ins fracture, insufficient profits, and low demand of products and services. Hence, the study therefore recommends that governments should as a matter of urgency assists prospective entrepreneurs to have access to finance and necessary information relating to business opportunities, modern technology, raw materials, market, plant and machinery which should enable them to reduce their operating cost and be more efficient to meet market competitors.

KEYWORDS: Small, Medium, Enterprises, Unemployment, Yola South.

INTRODUCTION

It is a known fact that there are a lot of things which large companies are experts in which the small firms can do better. If both the small and large firms do their business in areas which they have advantage, the welfare of the economy can be maximized and the state of specialization can be attained. When we focus on the impact of small firms on the whole economy, it is difficult and rather impossible for us to separate their impacts from that of large corporations (Ariyo, 2008).

This issue remained a hot topic for centuries. Economists were of the view that it is a big industries, companies and firms, which participates actively in the economy and also shares a large amount of foreign exchange earnings. But their point of view changes when the countries like Taiwan, Japan and Korea developed on their small and medium based business (Brian, 1993). It is the crystal clear that these economies developed through the grass root level as small and medium enterprises belong to grass root (Ubon, 2003). Those who believe that the large firms are only responsible for economic growth should keep in mind that the small vendors and small suppliers contribute heavily in the production of large firms (Mambula, 2002). The reality on ground is that small firms are held responsible for making large firms to attain their targets. The progress and prosperity which take place from the lower level benefit all the classes of the society. The spill over impact of SMEs proves to be everlasting on the world's economy (Kayode, 2001).

The role of Small and Medium-Scale Enterprise (SMEs) in the national economy cannot be underestimated. These enterprises are being given increasing policy attention in recent years, particularly in third world countries partly because of growing disappointment with results of development strategies focusing on large scale capital intensive and high import dependent industrial plants (Ana, 2008). The impact of SMEs is felt across a number of areas including employment generation, development of entrepreneurship, linkages with bigger industries, provision of regional balance by spreading investments more evenly, provision of avenue for self-employment and provision of opportunity for training managers and semi-skilled workers (Ojo, 2009). The vast majority of developed and developing nations depend on dynamism, resourcefulness and risk tasking of small and medium businesses to trigger and sustain process of economic growth. In general, the small and medium enterprise plays a key role in economic development (Olagunju, 2004).

According to Hassan, (2003), some economist argued that SMEs expansion boosts employment more than large firm growth because SMEs are more labor intensive thereby subsidizing SMEs may represent a poverty alleviation tools, by promoting SMEs and individual countries and the international community at large can make progress towards the main goal of halving poverty level by year 2020 i.e. to reduce poverty by half and becoming among 20 largest World Economies (Nigeria Vision 20:2020). Entrepreneurial development is therefore paramount in the Nigerian economy which is characterized by the following heavy dependence on oil, low agricultural production, high unemployment, low utilization of industrial capacity, high inflation rate, and lack of industrial infrastructural base. These constraints limit the rate of growth of entrepreneurial activities in Nigeria (Bamisile, 2008). Hence, this paper seeks to investigate Small and Medium Enterprises as a veritable tool in Economic Growth and Development in Nigeria by assessing how entrepreneurial development affects employment generation in Yola, investigating the forms of targeted government support rendered to entrepreneurial ventures, analyzing the efficacy of government capacity building programmes and support to promote the development of entrepreneurship and evaluating the sufficiency of empowerment through entrepreneurial development initiatives in Yola and recommend possible policy adjustments.

METHODOLOGY

Research Design

The survey research method was adopted and used in collecting data from the study area this design is appropriate for academic research of this nature which study a small population and generalize the finding on the entire population. The area of the study covered all beneficiaries of the youth empowerment programme of the directorate of employment in Yola metropolis.

Population of the Study and Sample Size

The population comprised of the entire Yola metropolis. Sample size of 180 beneficiaries of the youth empowerment programme in Yola metropolis were drawn from the total population. Their list was obtained from National directorate of employment Yola. 180 persons were selected out of the total population using random sampling technique in form of hat drawn (balloting). The sample was appropriate base on convenience sampling.

Data collection

The questionnaire was the major instrument used for the collection of empirical data (primary data) from the field whereas secondary data were gotten from literature review. The researcher personally collected data from the respondent through the help of the human resources, manager. After distribution of the questionnaire, respondents were given 5 days to fill out the questionnaire. This time frame was given in order to give ample time to the respondents to reflect on the items on the questionnaire for valid responses.

Data Analysis

Data collected was presented in tabular form with descriptive statistic while the hypothesis formulated was tested with correlation coefficient to determine the respondents' perception on the subject matter. The statistical mean scores and standard deviation was used to analyze the likert`s five – point questionnaire while the frequency count and simple percentage were used to analyze respondents' characteristics. Chi-square was used in analyzing the hypothesis.

Table 1: Decision rule five likert point.

	SA	A	U	D	SD
Grade Point	5	4	3	2	1
Range	4.5 – 5.4	3.5 – 4.4	2.5 – 3.4	1.5 – 2.5	0.5 – 1.4

Key:

SA-Strongly agree

A-Agree

U-Undecided

D- Disagree

SD-Strongly disagree The formula for mean = (□) = □*fx*

□*f*

Where: Fx = Total frequency F = Frequency

Respondent Characteristics

RESULT

Table 2: Respondents Sex Distribution.

Variables	*Frequency*	*Percentage (%)*
Male	100	55.6
Female	80	44.4
Total	***180***	***100***

[Source: Field Survey, (2023)]

Table 2 showed respondents sex distribution. To this end, 55.6% of the respondents were male while the remaining 44.4% were female. This implies that there are more male than female respondents.

Table 3: Respondents Age Distribution.

Variables	*Frequency*	*Percentage (%)*
18 – 35	50	27.8
36 – 55	40	22.2
56 – 65	90	50
66 and above	-	-
Total	***180***	***100***

[Source: Field Survey, (2023)]

Table 3 depict respondents age distribution. To this end, the analysis indicates that 27.8% are between the ages ranging from 18 to 35 while 22.2% of another set of respondents are between the ages of 26 and 55 and the remaining 50% are between the ages of 46 to 65. This goes to show that majority of the respondents were elderly.

Effect of small and medium scale enterprises development on employment generation in Yola South metropolis

In order to answer research question one, the effect of SMEs development on employment generation in the study area was analyzed and computed as reported in table 4

Table 4: ***Mean scores on the effect of small and medium scale enterprises development on employment generation in Yola South metropolis.***

S/N	*Variables*	*SA*	*A*	*UD*	*D*	*SD*	*Total*	*Mean*	*Remark*
1.	Employment generation through setting up small business for unemployed youths.	180	-	-	-	-	180	5.0	Agreed
2.	Capacity building	180	-	-	-	-	180	5.0	Agreed
3.	Facilitate self-reliance	100	-	80	-	-	180	4.1	Agreed
4.	Financing existing small business	120	-	60	-	-	180	4.3	Agreed
5.	Reduction of poverty through government support.	80	20	70	10	-	180	3.9	Agreed
	Grand mean = $\frac{Efx}{N}$ $= \frac{22.3}{5} = 4.5$								

[Source: Field Survey, (2023)]

Result of analysis revealed that the overall mean is 4.5 which is above the cutoff point of 3.5. This implies that the respondents agreed that employment generation through the development of SMEs facilitate capacity building, self-reliance as well as attracting government support to finance SMEs.

Support Yola South government render to SMEs

In order to answer research question two, the kind of support Yola south government renders to SMEs in the study area was analyzed and computed as reported in table 5

Table 5: Mean scores on the kind of support Yola South government render to SMEs.

S/N	*Variables*	*SA*	*A*	*UD*	*D*	*SD*	*Total*	*Mean*	*Remark*
6.	Organizing entrepreneurship development and skill acquisition programs.	100	20	40	20	-	180	4.2	Agreed
7.	Providing funds for youths to set-up small scale business.	180	-	-	-	-	180	5.0	Agreed
8.	Collaborate with financial institution to finance SMEs in Yola South metropolis.	60	30	90	-	-	180	3.8	Agreed
9.	Supporting entrepreneurship education in schools.	100	-	80	-	-	180	4.1	Agreed
10.	Support through policy formulation that support SMEs. Grand mean = $\frac{FX}{N}$	60	50	70	5	5	180	3.9	Agreed

	21 = = 4.2 5								

[Source: Field Survey, (2023)]

Result of the analysis depicts that the overall mean is 4.2 which is above the cutoff point of 3.5. This implies that the respondents Agreed that government support SMEs through entrepreneurship development and skill acquisition as well as funding, collaboration with financial institution, entrepreneurship education in schools, and formulation of policies that supports SMEs.

Effectiveness of government capacity building programs

In order to provide answer to research question three, data were analysed and computed with the help of the likert scale as seen in table 6

Table 6: ***Meant scores on the effectiveness of government capacity building programs and support in promoting SME Among youths in Yola South metropolis.***

S/N	*Variables*	*SA*	*A*	*UD*	*D*	*SD*	*Total*	*Mean*	*Remark*
11.	Fairly effective	180	-	-	-	-	180	5.0	Agreed
12.	Poor access to loan due to high interest rate, big collateral security	100	20	40	15	5	180	4.0	Agreed
13.	Poor infrastructural facilities especially electricity supply	180	-	-	-	-	180	5.0	Agreed
14.	Very effective Grand mean = $\frac{FX}{N}$ = $\frac{16.4}{4}$ = 4.1	20	10	90	10	70	180	2.4	Disagreed

[Source: Field Survey, (2023)]

Results from the analysis indicated that the overall mean (X) is 4.1 point which is above the cut-off point of 3.5. This implies that the respondents agreed that government support to SMEs among youths in Yola South is fairly effective because it is constraint with problems of poor access to loan due to high interest rate and the requirement of big collateral security and poor infrastructural facilities especially electricity all constitute a big hindrance and impediment to entrepreneur and affect their performance negatively. However, the respondents agreed that lack of holistic approach to industrial development a challenge militating against the performance of entrepreneurship in Yola South metropolis.

Test of Hypothesis

In order to confirm the impact of SMEs development on youth empowerment in Yola South metropolis and fully appreciate their respective relevant significance, the following hypotheses is postulated:

H0: There is no significance relationship between SMEs development and youth empowerment in Yola South metropolis.

H1: There is significant relationship between SMEs development and youth empowerment in Yola South metropolis.

Table 7: ***Chi-square table on the impact of SMEs development on youth empowerment in Yola South metropolis.***

Respondents view	**Oi**	**Ei**	**Oi-Ei**	**(Oi –Ei)^2**	**$\frac{(Oi-Ei)^2}{Ei}$**
Strongly agree	17	19.4	-2.4	5.76	0.29
Agree	40	19.4	20.6	424.35	21.87
Undecided	30	19.4	10.6	112.35	5.79
Disagree	5	19.4	-14.4	207.36	10.68
Strongly disagree	5	19.4	-14.4	207.36	10.68
Total	**97**	**97**	**0**	**957.33**	**49.31**

[Source: Summarized computational output, (2023)]

Therefore, Z2 (chi-square) value calculated is 49.31, the degree of freedom K-L, 5-1 = 4 from the chi-square rule,

Table $X2^2$ 4, 0.05 = 9.4877

Decision rule:

Since X2 calculated is greater than Z2 tabulated, (49.31 >9.4877) at 5% confidence level and 4 degree of freedom, the null hypothesis is rejected and the alternative hypothesis which state that “SMEs development has a significant impact on youth empowerment in Yola South metropolis.

DISCUSSION

The analysis of data revealed that employment generation through the development of SMEs facilitate capacity building, self-reliance as well as attracting government support to finance SMEs. This agreed with the findings of Ahmed (2006) who opined that the development of small and medium enterprises by government is an urgent mechanism to growth empowerment and capital building which has great capacity to alleviate unemployment and capacity building and consequently extreme poverty.

The study further showed that Government support SMEs through entrepreneurship development and skill acquisition as well as funding, collaboration with financial institution, entrepreneurship education in schools, and formulation of policies that supports SMEs. But based on the study, the support to SMEs among youths in Yola South is not too effective because of problems of poor access to loan, high interest rate and the requirement of big collateral security. Poor infrastructure especially electricity is also a big hindrance and impediment to entrepreneur and affect their performance negatively. However, the respondents agreed that unconducive business environment due to constant political crisis as well as poor access to loan and poor infrastructure are the culprit. This result agreed with the work done by Ihua (2009), who reported that poor finance and inadequate infrastructure are major factors affecting SMEs.

CONCLUSION

Driven by the findings in the study, SMEs in Nigeria have a long way to go for the sector to be productive enough and play the curial role it is expected to be in relation to contributing to the growth and development of the economy of Nigeria. The challenges and problems of the SMEs in Nigeria are hydra-headed and hence can only be effectively tackled by a multi-dimensional and concerted approach by all stakeholders i.e the government (Federal, State and Local) and other agencies and parastatals, banks, regulatory authorities as well as SMEs (owner and Management), the employees and other donor agencies. The main causative factor as to why Nigerian SMEs are performing below expectation as to having a relationship to our environment. This includes our culture, government, lackluster approach to government policy enunciation and poor implementation among others. The solution to the problems of Nigeria SMEs can only be realized if both the leaders and the citizens concertedly work together. The government has to take the lead by extending their reforms to the educational and industrial sectors especially as regards policy formulation and implementation, port reforms, transportation sector reforms, revamping the infrastructural facilities, value re-orientation and reduction of bribery and corruption to the barest minimum if not totally eradicated. Given efficient and effective execution of these as well as the political will and good leadership and followership, the SME sector will certainly be an effective tool for rapid industrialization of the Nigerian Economy.

Recommendations

Based on the findings of this study, it was recommended that:

1. Government should as matter of urgency assist prospective entrepreneurs to have access to

finance and necessary information relating to business opportunities, modern technology, raw materials, market, plant and machinery which would enable them to reduce their operating cost and be more efficient to meet the market competitions.

2. Design targeted policies and programs that will actively stimulate innovation, as well as support, encourage and promote SMEs thus alleviating poverty in Nigeria.
3. Commercial banks should be encouraged to make credit facilities available to small scale entrepreneur through soft loans that can be repaid periodically through the proper monitoring and supervision of the investment funded by such bank.
4. Energy security must be guaranteed to encourage and support the SMEs. Thus, Government must expediate action towards fixing the power situation in the country

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