THE EMPOWERMENT OF SMALL AND MEDIUM SCALE ENTERPRISES AS A MAJOR TOOL FOR POVERTY REDUCTION IN YOBE STATE, NIGERIA

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ABSTRACT

The primary objective of this research study is to examine the roles of small and medium scale enterprises as a major tool in poverty reduction in Yobe state. Other objectives include the identification of the contributions of small and medium scale industries towards economic growth and in the state and to suggest ways of empowering poor and business enterprises by the government that will lead to the expansion of private sector of Yobe state. The data used in this study were obtained from both primary and secondary source (Questionnaire and interview). Random sampling techniques were used to select data from the entire population under consideration. Bar charts were used for data presentation and analysis. The simple regression techniques reveals that there is close and strong relationship between incomes and consumption expenditure of the people of Yobe. However, T-test method was also used to the hypothesis. Findings of this study revealed that people in Yobe state are poor especially the masses and lead to low standard of living. The study concluded by recommending some poverty attacking strategies which government should carryout to eradicate poverty in Yobe state and the nation at large for the attainment of economic growth and development.

Keywards: Poverty, Empowerment, Reduction, Economic Growth, Enterprises, Small, Medium, Product.

INTRODUCTION

The small and medium scale industries have played very important roles in the socio economic development in Nigeria. Their activities help in poverty reduction both in the past and at the present time they have significantly contributed to the overall economic development in terms of increase in Gross Domestic Product (G.D.P) employment opportunities, improved in consumptions, encourage saving and expansion in direct investment etc.

Small and medium enterprises have made great contributions in eradicating poverty in Nigeria. SMEs are regarded as the engine of economic growth to any nation's development. The main advantage of the sector is its ability to employ at low capital cost. The labour intensity of the SMEs is much higher than that of the large enterprises. SMEs as a nursery of entrepreneurship are often driven by individual's creativity and innovation. Besides the growth potentials and its critical role in the manufacturing and value chains, there wide spread in Nigeria and the multiple effects they have on the rest of the economy enable them to be the engine of economic progress. SMEs are main drivers of innovation, job creation, poverty reduction, wealth creation, income distribution and reduction in income disparities. After the economic reform on 1986, the small and medium scale Enterprises are seen as a key to Nigeria's growth and poverty alleviation and unemployment in the country. John and Uju (2018).

However, small scale enterprises are those business investments that can be started with very low capital outlay range from N20,000 to N100,000 in Nigeria. They have few employees of two to five workers e.g sole proprietorships on the other hand medium scale enterprises are those business investments that can be stated with small or fair capital outlay range from N100,000 to N1,000,000 in Nigeria. They have more capacity to employ workers compared to small scale business. They are usually managed by few shareholders e.g partnership and joint venture business enterprises etc. the performances of these small and medium scale enterprises in private sector of the economic have a direct impacts on the economic activities such as production, distribution, marketing and consumption which help in poverty reduction. John and Uju (2018).

Yobe state secured noticeable achievements during the nineties, while transforming from consumption efforts. This particularly due to the great concerns devoted to small and medium scale industries products, and by treating them a new scope for development suitable to prove in line with increase in population figures. It was also due to little investments on small and medium scale business enterprise that make the Yobe state utilizing the excess of the state labour-force and manipulating the labour supplied to satisfy the requirements of economic development and market demand. The effects resulting from small and medium scale enterprises production contributed in achieving development through the following ways: creation of employment opportunities with less effective cost. Encourage interregional trade. More access to women's contribution in the process of development increase the standard of living comprehensive integration with the other industries/enterprises. Atah et., al. (2023).

The following are the number of ways through which government can empower small and medium scale enterprises:

- Given of subsidies/loan to the small and medium industries.
- Protection of infant industries through imposition of tariffs and quotas
- Given tax holidays to small and medium scale enterprises
- Imposition of law rate company and profit taxes
- Development of socio-economic infrastructural facilities e.g electricity supply, water, transportation and communication networks etc.
- Education and training development to improve the skills of labour in the country.

Empowering of small and medium scale business investments means the removal of both formal and informal barriers that may prevent them from taking action to improve their well-being either individually or collectively and limit their choices and expansion. The study has revealed that poverty is a syndrome or barriers to economic growth and development. There is no single general definition of poverty, but efforts have been put in place by same scholars in trying to define the term poverty in a reliable way. Lawan (2023).

According to Atah (2023); poverty means insufficient income for securing basic goods and services needed by individuals or groups in a particular area or community.

Poverty was also viewed as inability to meet basic needs in physical (food, health care, education shelter etc) and non-physical (participation identify) requirement.

So, poverty is global phenomenon which touches individuals or group, nations, states and continents in a various way and levels at a different time and stages of existence.

Lawan (2023), sees poverty as individuals, families and groups in the population can be said to be the types of diet, participate in the activities which are customary in the societies to which they belong. According to Mallam Umar Garba (2006) in a paper title "poverty reduction in Yobe state", mechanism targeting the poor, presented at a sensitization workshop on poverty Alleviation strategies in Yobe state. Oladunni (1999), characterized poverty as a poor drinking water, poor sanitation, poor nutrition, unfit-shelter, high rate of infant mortality, low expectancy, poor environment conditions, low level of energy consumption, low educational opportunity, poor health status due to inadequate health-care lack of productive assets, general lack of economic infrastructure and lack of active participation in the decision making process either as it affects the individual or national arena be it management or political.

STATEMENT OF THE PROBLEM

This study attempts to access the empowerment of small and medium scale industries as a major tool for poverty reduction in Yobe state. Poverty is a plague and epidemic affecting terms in individual or groups of people all over the state. It has certainly worsened economic activities

despite various adjustment programmes and policies implementing by the government of the state to reduce the level of poverty. Various problems exist in the state which are caused by poverty, these are: Unexploited natural resources due to lack of finds to purchase capital equipment needed for their exploitation, Lack of medium techniques of production which result to low industrial output, High level of dependence burden, The existence of unstill labour results from inadequate education and training, Low level of standard of living and economic welfare.

OBJECTIVE OF THE STUDY

The primary objective of this study is to examine the role of small and medium scale enterprises as a major tool in poverty reduction in Yobe state. Other specific objective objectives of the study include the following:-

- To examine ways of improving the standard of living of low income earners in Yobe state.
- To suggest ways of empowering poor and business enterprises by the state government that will lead to the expansion of private sector of Yobe state.

SIGNIFICANT OF THE STUDY

The needs to examine the empowerment of SMS industries as a means of poverty reduction in Yobe state would be relevance to both private and public sectors stakeholders and final consumers. The significance of this study therefore is centered in its complexities of activities of the business enterprises in the state. It also point out the poverty problems and the effort of the government in trying to overcome those problems. The findings of this research project will be useful to the students of development economics as a reference to carry out further study on a similar field. It will also be more importance to policy-makers on economic issues of Yobe state. This study will be relevant to the financial sectors and other corporate bodies in proper planning and decision making over their business transactions. The information obtained from this research will be interest to low income earners in the state particularly on the contributions made on how to improve their standard of living.

1.5 HYPOTHESIS

In carrying out this research project, the following hypotheses were formulated to test the viability and reliability of the research findings.

i. Ho: there is no significant relationship between the activities of small and medium scale industries and poverty reduction in Yobe state.

ii. Hi: there is significance relationship between the activities of small and medium scale industries and poverty reduction in Yobe state

SCOPE AND LIMITATION OF THE STUDY

This research study covers a period of seven years duration from 2016-2023. It makes a basic analysis on the empowerment of small and medium scale enterprises as a major tool for poverty reduction in Yobe state. The scope of the study is based on a specific geographical area; data collection and the attitude of respondents towards answering the research questionnaire serve as a constraint to lack of same relevant data that are very useful for carrying out research and the attitude of respondents towards answering the research questionnaires in a less developing countries e.g Nigeria.

Lawan (2023). states that increasing access to assets is crucial for broad-based growth and poverty reduction. Assets take many forms: human and social (education health organizations) natural (land water and forests), infrastructural (roads, communications, health, housing and financial (sales, revenue investment, saving and stored commodities). Therefore there is strong complementarily among assets categories which their creation, improvement and development result to poverty reduction in an economy. (Lawan 2023).states that poverty is complex and multi-dimensional; there it is a dynamic process of socio-economic, political or other deprivation which affects individuals, communities and usually results in lack of access to basic necessities of life. Thus he viewed poverty as ravaging economic and social occurrences that manifests in the inability of the victims to acquire basic need, low self-esteem and in the absence of means to self-actualization. According to him, the phenomena of poverty can take different forms; it could be absolute or relative. It can also be chronic and transient; it can be mass or localized.

COURSES OF POVERTY IN YOBE STATE

Based on various surveys (field work) carried out on poverty by Yobe state poverty Alleviation agencies. The main courses of poverty in the state include the following: Unemployment, High rates inflation, Poor economic governance, Insecurity to life and property, Illiteracy and ignorance, Non-utilization of natural resource to the maximum capacity, Corruption and lack of trust, Low marginal productivity and pectoral negligence, High population growth rate etc.

Numerous graduates in Nigeria are unemployed and living on the streets. The government has the ability but is unwilling to employ them. Employment in Nigeria is typically based on how well-connected you are with individuals who hold powerful positions, rather than on merit. As a result, many highly qualified individuals are impoverished, as it would seem that no one cares about what they are competent of. These individuals are losing a lot of money that they would have made if they had worked. The economy is short of high-quality jobs, and many government resources are being misused. Unemployment-induced poverty tends to increase crime and violence in the country. The majority of unemployed young people are involved in criminal activities such as armed robbery, kidnapping for ransom, internet scams, as well as other forms of deceit. The reservation wage they receive from these activities is frequently insufficient to meet their basic needs. As a result, the study focused on small-scale business reengineering as predictors of youth employment and poverty alleviation. Atah et., al. (2023).

SECTORED DIMENSION OF POVERTY: Poverty also has sectored dimensions along profession or trade lines. This is because the type of economic activities engaged in, is also a factor that can affect growth and development and consequently the welfare of the population. In Yobe state over 60% of the people are engaged agricultural and related activities while the remaining negligible percentage are into professional for instance, occupational segregations has succeeded in lumping female workers in specified professions such as teaching, nursing, secretarial duties, sales services, clerical duties, cleaners and middle level professions. Furthermore, women labour is under paid, poorly regulated and subjected to exploitation while their participation in the labour market is shaped by class structures and socio-cultural valued systems.

POVERTY ALLEVIATION (REDUCTION) STRATEGIES

According to Lawan (2023), "poverty alleviation strategies range from economics growth strategy to non-economic growth strategy. The world Bank studies before the 1980s suggests that a high rate of economic growth is the most effective strategy for reducing poverty but later studies indicated that even through economic growth strategy may reduce poverty in the Long-run. It is not sufficient in itself to assist the chronically poor, hence the need for non-economic growth-based strategies like the human capital development strategy, safety nets approach etc therefore a combination of the economic growth strategy can help in reducing the poverty of the poorest in society". They also went further to classified poverty alleviation (reduction) strategies into three major categories, these are:- Economic growth approach, Human capital development approach and Safety-nets approach.

ECONOMIC GROWTH APPROACH: The economic growth approach to poverty reduction is a market based strategy which is popular with same international lending agencies and donor countries. This approach is focused on those micro and macroeconomic policies and programme which would ensure the rapid growth of the economy. Economic growth approach reduce poverty through the following ways:

- General income earning opportunities for the poor, marketing job creation possible and thereby making use of their most abundant-assists.
- Producing additional resources for government to use for social programmes aimed at overcoming poverty.
- Increasing the income received by the poor people as remuneration for their labour.

HUMAN CAPITAL DEVELOPMENT APPROACH: Human Resources Development entails investing in people's education, health and nutrition. This is one of the keys to economic growth and social progress. It creates knowledge, broadens skills and improves health and thereby constitutes a key to sustaining economic growth, raising standards of living and welfare of the people in a particular economic.

Education is crucial to the elimination of poverty to the extent that it provides skills and abilities which allow the poor to secure productive and well-paying jobs. It improve the quality and effectiveness of social services which aim at developing human potential can replace the vicious circle of poverty with that of wealth generally (Lawan 2023). Both individuals and the society gain from investment in human capital. For example, strengthens the institutions of the civic society and government. Education expands the capacity of people to develop technology and make very important for productivity improvement. Formal Education and short course create the potential for increased internal participation of the workers. Investment in the education of women produces an extraordinary high return in increased productivity and wealth generation Lawan (2023)..

SAFETY-NETS APPROACH: This approach focuses on the sub-groups of the society who are the most vulnerable ad employable segment, who are not helped by the effects of growth on employment opportunities. This cannot take advantage of income earning opportunities or they may be hurt during structural adjustment programmes. In these groups, whose standards of living need to be raised which include the physical disabled, the elderly, the ill, and the women over burdened with production and child care or constrained to the labour force. The appropriate policy imperative here is targeted transfer safety-nets such as cash transfer, food stuffs, subsidized food distribution, school launches, and nutrition prgrammes for pregnant and merging women, basic health care adequate facilities for primary and secondary education and low cost shelter. Atah et., al. (2023).

Others are public works scheme, severance payment retaining forlaid off public servants. These transfer programmes are important for creating and maintaining a safety-net for poor families.

POVERTY ALLEVIATION (REDUCTION) AGENCIES

In an attempt to alleviate poverty, both government and non-governmental organizations have put in place some agencies. Below are some of the agencies that contributed to poverty alleviation in Nigeria. National centre for women development (NACD), Family support programme (FSP), National poverty education commission (NAPEC), Nigeria agricultural cooperative Bank (NACB), People Bank of Nigeria (PBN), Central Bank of Nigeria (CBN) , Community Banks, National directorate of employment (NDE), River Basin Development Authority (RBDA) and National economic reconstruction fund (NERD) etc.

SMALL AND MEDIUM SCALE ENTERPRISES AS A TOOL FOR POVERTY REDUCTION

On the contrary, the nature of SMEs in Nigeria is, in the first place, homogeneous in nature as they are generally involved in activities ranging from petty trading, grocery store operations, medium sized contract manufacturers, suppliers of parts and components to government agencies and multinational corporations. Secondly, the sector is experiencing some changes in form of

rapid expansion (in numbers), however, their role of promoting growth and reducing poverty remains a big challenge. in Yobeo state. Lawan (2023).

EMPOWERMENT OF SMALL AND MEDIUM SCALE ENTERPRISES

Since poverty is multi-dimensional, poor people and infant industries need a range of assets and capabilities at the individual level such as health, education and housing etc. and at the collective level such as the ability to organized and mobilized to take collective action to solve their problems. Therefore empowerment is a strategy to improved governance and poverty reduction which focused on formal systems. Lawan (2023).

An empowering approach to state reform can be viewed as strengthening the demand side of governance for greater public effectives, and ensuring effective links between demand and supply. This can be done through creation of lows, rules and procedures that enable citizens and industries to interact with the governments. This is particularly relevant for investment project and budget support loans that may improve economic development and standard of living (world development report 2002).

Much progress has been male in cooperating elements in project and in national processes geared towards formulating poverty reduction strategies. Rules and strategies are needed to increase people's access to information and to invest in the organizational capacity and civil society.

Access to Information: Information is the most important element that includes state and private sector importance, financial services and markets rules and rights regarding basic service, education and training, and the technologies needed for economic development.

Inclusion/participation: opportunities for poor people to participate in decision making are to ensure the use of limited public resources builds on local knowledge and priorities. It brings about commitment to changing the rules so as to create space for people to participate in local and national priority setting, budget formation and delivery of basic services.

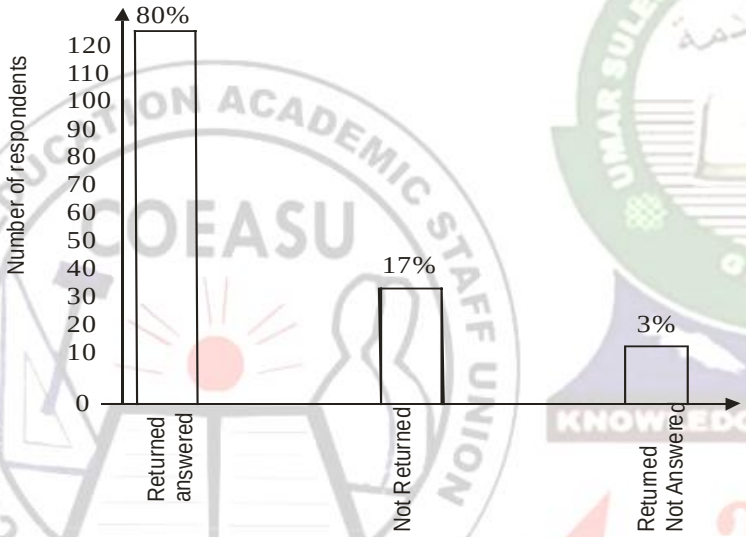
Accountability: Government agencies, state officials, employees and firms must have internal accountability mechanisms for their action and use of funds. That is, they must be accountable to their citizens and clients for their performance. Lawan (2023).

Local organizational capacity: This refers to the ability of people to work together, organize them and mobilize resources to solve problems of common interest. Because organized communities are more likely to have their voices heard and their demand met. Lawan (2023).

Findings

By comparing the table value of 't' with the calculated value t:It was find out that (T-cal > T-tabulated) calculated value is greater than table value. This implies that the three null hypotheses above (H0) will be rejected. Therefore we can conclude that there is significant relationship between the activities of small and medium enterprises since income from these enterprises stimulate aggregate demand or consumption expenditure in the state. Thus, the empowerment of these enterprises would lead to poverty reduction, increase in standard of living, and enhance economic growth and develop in the state.

However, out of the one hundred and fifty (150) questionnaire distributed, one hundred and twenty (120) were returned and answered, five (5) were returned and not answered and twenty five (25) were not returned.



From the bar chart above indicates that same of respondents are salary earners and some are self-employed which constitute 80% of the total respondents. They are living in average conditions. But the remaining 20% of our respondents are living in poverty with little or no formal training. Some of them were not employed and those that are engaged in small income below subsistence level. These category of people need to be empower or assist by the government so that their conditions of living crud be improved

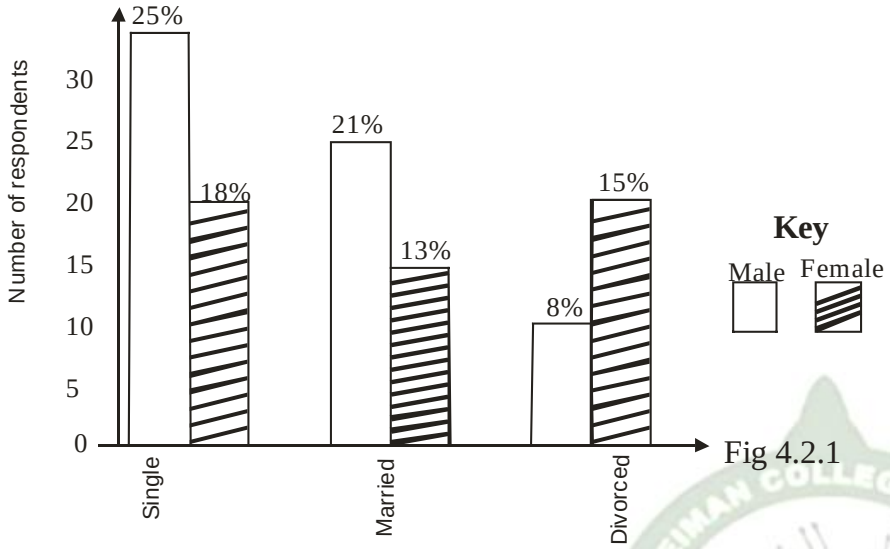


Fig 4.2.1

The bar chart above shows sex distribution of the respondents. The numbers of respondents that are single (not married) are 50. Out of them 30 are males and 20 are females which are equal to 25% and 18% respectively.

The married ones are 41 from which 25 are males and 16 are females, thus equivalent to 21% and 13% of the respondents under consideration. Then the numbers of respondents that had divorced are 28; 10 are males and is are females which are the respondents that are mostly affected by poverty especially from less privileged family these correspond to 23% (8% males and 15% females) of the respondents under consideration.

AGE DISTRIBUTION OF THE RESPONDENTS

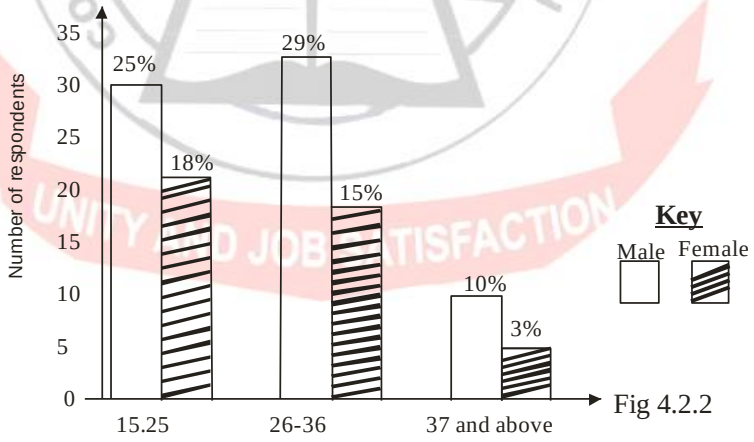


Fig 4.2.2

The age distribution of respondents is depicted on the above bar chart. 43% of the total respondents (25% males and 18% females) are between 15 to 25 years old. 44% of our respondents (29% males and 15% females) are adults whose age falls between 26 to 36 years.

While 13% of the respondents in which 10% males and 3% females are 37 years and above. Therefore, the people that are mostly affected by the poverty are those whose age falls within 15 to 25 years, and above especially females. Because some of them are students, orphans and some have retired while same are engaged in small scale business. Thus government should be assist them through scholarship given, subsidy educational sector, raised the level of pensions and those that are doing business should be given loan so that they can be economically better-off.

OCCUPATIONAL DISTRIBUTION OF RESPONDENTS

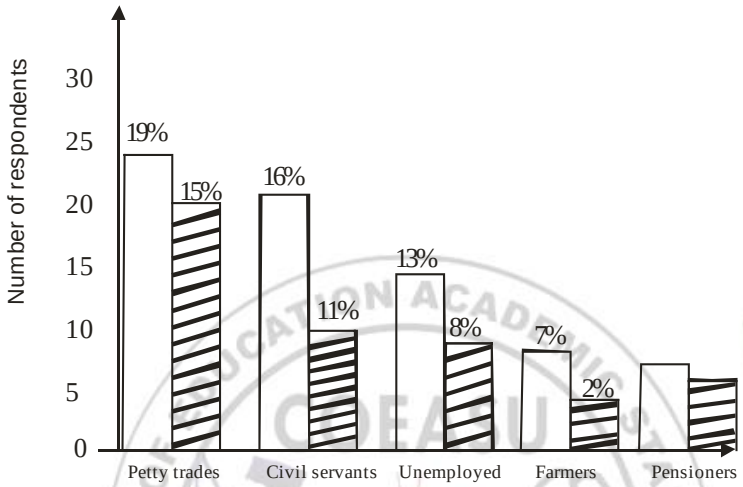


Fig 4.2.3

The figure above shows that 795 of the respondents are employed into various occupations both males and females 485 are males which among them 6% are pensioners, and 31% are females among them 3% are pensioners. The people who are eligible and ready to work but cannot find job constitution 13% males and 8% females. The numbers of people that are currently employed are 84 and these that are unemployed are 26 of the respondents under study. Our of 65% of the total respondents that are living at the subsidence level only 25% were empowered by the Yobe state poverty alleviation programme and the remaining 40% are suffering from poverty. Conclusively, high level of unemployment and low rate of income result to poverty in the state.

ESTIMATED ANNUAL INCOME OF THE RESPONDENTS (N 000)

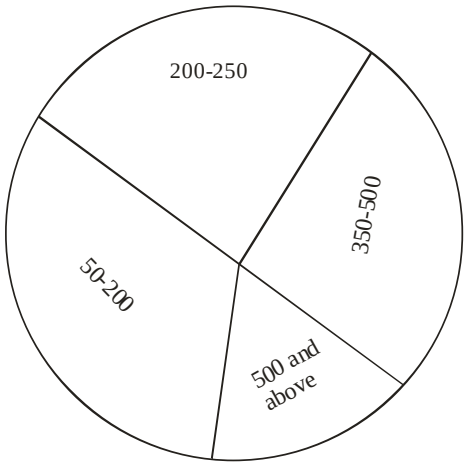


Fig 4.2.4

The pie chart above indicate that 50 (42%) of the respondents earning income annually between N50000, this occupies 150 of the chart this occupies 105^0 of the chart = (29%). 32 of the respondents (27%) have an annual consumptions estimated between N200000- N350000, this occupies 96^0 of the chart. Among the respondents under study, 30 have annual consumption expenditure of N350000- N500,000, this occupies 90 of the chart = (25% and 23 have an annual consumption expenditure estimated to be N500,000 and above, this occupies 690 of the chart =(19%). Thus the majority of the people in Yobe consuming very low due to their low income and this result to poverty.

LEVEL OF EDUCATION OF THE RESPONDENTS

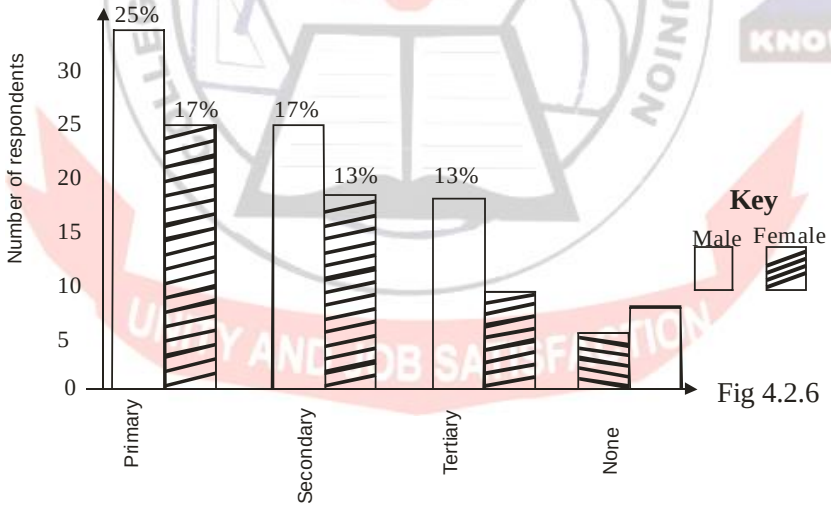


Fig 4.2.6

The above bar chart shows that educational status of our respondents. It indicates that 30 males (25%) and 20 females (17%) possess primary school leaving certificate. The total numbers of the respondents attended primary school are 50 which are equal to 42%. Furthermore, 20 (17%) males and 16 females (13%) of the respondents are secondary certificate holders, this account to 30% of the total respondents. The numbers of respondents that could further their education to

higher institution are 16 males (13%) and to females (8%), this account to 26 (21%) of the total respondents. However, 3 males (3%) and 5 females (4%) of the respondents do not possess any format education which account to about 7% of the total numbers of respondents under study.

The overall study shows some respondents could not further their education to secondary and tertiary levels and some do not attend school at all due to financial handicap. And they were not powered or received any help from government.

ECONOMIC STATUS OF THE RESPONDENTS

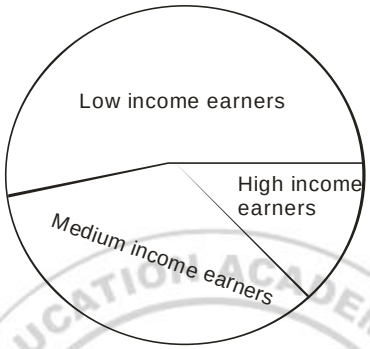


Fig 4.2.7

The above pie chart shows that majority of the respondents are poor due to their low income earning, this account to about 60 numbers of the respondents, this occupies 180^0=(50%) of the total respondents. 45 people earning average income, this occupies 135^0=(38%)and only 15 people, this occupies 45^0=(12%) have considerable high income out of total numbers of respondents. The overall results indicate that 105 respondents (88%) were earning income between low and average levels. Therefore, there is need to empower small and medium scale business in order to improve the aggregate demand of the people in Maiduguri, through this measure poverty level could reduce or minimized.

INTERPRETATION OF RESULT

From the simple regression analysis computed in chapter three estimate coefficient of determination (R^2) =0.99 or 99% which indicates that there is a strong and closed relationship between aggregate income and aggregate consumption expenditures of the people in Maiduguri metropolis. While the estimated parameter B0= - 836.376 represents autonomous consumption show that the higher the level of employment in the state, the lesser would be the level of dependents for survival. Furthermore, the estimated parameter B1=0.9505312 represents marginal propensity to consumer is less than one but positive (0<MPC<1). This implies that the higher the income of the people, the higher would be their level of consumption expenditures in the study area.

CONCLUSION

This research study analyzed the level of empowerment of small and medium scale enterprises in Maiduguri metropolis. The information generated revealed that poverty has been eaten deep in the state communities. Therefore, only a well-planned and coordinated efforts can eradicate the situation such as formation of co-operative societies, chambers of commerce, trade fares, joint venture business and encouraging our children to school etc this study also shows that there is inability of the Yobe state poverty Alleviation programme to reduce poverty to the expected level due to corruption, wastage of government properties and inability of the organization to show transparency, accountability and effective leadership. These are the major problems Nigeria is facing generally. Therefore, it is suggested that the joint effort of individual, government and non-governmental organization hardworking, creativity and organization of people oriented programme will help in poverty reduction in the state.

RECOMMENDATIONS

The study therefore recommends the following:

i. Small and medium industries are faced with the problems of insufficient fund. This problem could be solved by marking more funds available to them and relaxing the conditions of granting credit facilities. The manufacturing sector thereby could be able to contribute immensely to the economic growth and development.

ii. Infrastructural constant over smooth operations of small and medium scale enterprises. Thus, the on-going efforts by the government to improve infrastructural facilities should be intensified. This will ensure that industries are located on every part of the state.

iii. Institutions like universities, federal colleges and polytechnics should provide research centers, where research could be carried-out for product development.

iv. Yobe state government should see that all industrial policies are implemented. At the same time, a change in policy is also crucial for stimulation of growth and development of small and medium scales enterprises.

v. Lack of education and illiteracy is one of the most important issues that can course poverty in a society. Therefore, government should see that the school lees are not too high so that the children from poor families could be afforded. If these recommendations are strictly adhered to, poverty in Nigeria, particularly in Yobe state can be eradicated or reduced to a minimum level. Thus economic growth and development will be enhanced.

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