



Volume: 04 Issue: 03 | 2023 ISSN: 2660-454X

<https://cajitmf.centralasianstudies.org>

Small and Medium Enterprises Development and Poverty Reduction among Youths in Anambra State, Nigeria

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Received 16th Jan 2023,

Accepted 19th Feb 2023,

Online 30th Mar 2023

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Abstract: This study examined Small and Medium Enterprises Development and Poverty Reduction in Anambra State, Nigeria. It specifically investigated the impact of SMEs on income generation, employment generation and standard of living of youths in Anambra State using descriptive statistics. Data for the study was obtained from a sample 271 respondents that was determined using Taro Yamani formula. Findings revealed that SMEs has influenced income generation among SMEs owners in Anambra State to a very great extent. With respect to impact of SMEs on employment generation among SMEs owners in Anambra State, SMEs have fared so well. This was indicated by 66.2% of the respondents. 66.8% of the respondents indicated that SMEs has improved the standard of living of SMEs owners in Anambra State to a very great extent. Hypotheses revealed that SMEs have significantly influenced income generation, employment generation and also improved the standard of living of SMEs owners in Anambra State. The study therefore recommends that Government should as matter of urgency take proactive measures in addressing some of the key constraints faced by the sector such as Access to finance, Weak infrastructure, Inconsistency of Government Policies, Poor support (Business Development Services), and Access to market. The government through the banks should midwife the development and funding of skill acquisition centres especially providing appropriate funding for start-ups. There should be good institutions at all levels of government to support and promote SMEs as this will lead to reduction in corruption and regulatory burdens.

Key words: SMEs, Poverty Reduction, income generation, employment generation, standard of living.

1. INTRODUCTION

The word poverty connotes one's inability to fend for oneself; to live a decent life, have a decent meal, live in a decent environment and have a decent job. It is a complete state of lack and hopelessness. Poverty is demeaning and gives rise to poor education, inability to access quality health care and a general state of deprivation. It is associated with such social vices like high rate of criminality, unsafe society, rape, vandalism, homeless children, unwanted pregnancy, cultism and school drop outs. Poverty brings about shame, social discrimination and exclusion. Nigeria and indeed Africa account for the greater number of poor people in the world today with over 47% inhabitants of the continent living below the poverty line of less than \$2 a day (World Bank, 2017). Accordingly, poverty and poverty reduction are of great concerns to governments. Poverty reduction relate to deliberate actions taken by a government to lift its citizens out of poverty. In line with this, poverty alleviation measures or programmes are often put in place by government to stimulate the economy and create opportunities for her poor citizens (Ibi-Oluwatoba et al, 2020; Acho & Abula, 2018).

Putting in place the right measures to stem the growing tide of poverty has led successive government in Nigeria to come up with numerous programmes. This poverty trend has continued to rise despite government efforts in attacking it. Omadjohwoefe (2011) cited in Agbasi, Edoko & Ezeanolue, (2018) listed government programmes aimed at poverty alleviation in Nigeria to include Agricultural Development Projects (ADP), Green Revolution (GR), River Basin Development Authority, Operation Feed the Nation (OFN), Family Economic Advancement Programme (FEAP), Family Support Programme (FSP), Structural Adjustment Programme (SAP), National Poverty Eradication Programme (NAPEP), National Empowerment and Development Strategies (NEEDS) among others. These programmes were not sustained as a result of lack of commitment and the political will to fully implement them by government, policy summersault and inability to sufficiently mobilize would be beneficiaries into the schemes (CBN 2018). Several schemes aimed at developing the Small and Medium Scale Enterprises sub-sector (SMEs) in Nigeria have also been initiated by governments to boost entrepreneurial activities to sustain the national economy (Abubakar & Yahya, 2013; Bello, Jibir, & Ahmed, 2018). It can therefore be inferred that entrepreneurial activities has taken center stage in the fight against poverty in Nigeria in recent times (Irnagbe, 2009).

The importance of Small and Medium Enterprises to the global economy has necessitated great interest among developing nations struggling for economic growth and development (Kowo et al, 2019). Otugo, Edoko & Ezeanolue (2018) citing the literature state that the Small and Medium Scale Enterprises (SMEs) sector has been largely responsible for the socio-economic leap achieved by the advanced nations and that it remains the foundation of today's economy. This is evident in the fact that cottage industries which were typically small scale in nature controlled the economy of Europe in early years of their development. For the developing nations like Nigeria, SMEs could serve to achieve macroeconomic objectives such as job creation at concise and reduced investment cost, developing indigenous technology, building entrepreneurial capacities, encouraging rural development to discourage urban migration, focusing on regional balance and equitable spread of investment to all parts of the country, encouraging use of local raw materials for production and encouraging domestic savings to increase capital formation; all geared towards poverty reduction, growth and development of the economy (Akinmulegun, 2012).

Statement of the Problem

Poverty in Nigeria has become rather endemic. Despite the efforts of the Nigerian government to fight this scourge by improving the lots of Small and Medium Scale Enterprises in the country (SMEs), SMEs contribution to the nation's Gross Domestic Product has remained low with negative multiplier effect on other sectors of the economy. Small and Medium Scale Enterprises are seen today as the mainstay of

modern economies as the SMEs sub-sector more than double the employment rate of any nation in comparison to other sectors, and so SMEs are considered vital in reducing poverty in any given nation. However, the SME's poor performance in Nigeria is evident in the level of unemployment and poverty pervading the country. With about 30% of its capacity being utilized in the sector and an abysmally low industry output of about 14%, notwithstanding its high employability rate in the industrial sub-sector, the paucity of funds suffered by operators in this sector has further worsened the situation of SMEs in the country thus further limiting their abilities to make any appreciable contributions to the nation's economic growth and development drive (Bowale & Akinlo, 2012; Nwagwu, 2014). The roles of SMEs in poverty alleviation has been attested to and acknowledged in seminars, workshops and conferences organized in the country; however, lack of the right policy framework, business friendly environment and incentives have continuously stagnated the SMEs, preventing them from playing the globally attested leading roles of uplifting the economy of any nation particularly that of Nigeria. With these globally attested roles of SMEs as pivotal to achieving self-independence, efficient sourcing and dependence on local raw materials for productive engagements, export drive and general awakening of national economies; yet soaring poverty in Nigeria, it is necessary to probe into the contribution of SMEs in reducing poverty in Nigeria.

Objective of the Study

The broad objective of this study is to examine the contribution of SMEs in reducing poverty in Nigeria. The specific objectives are to:

1. Investigate the impact of SMEs on income generation among SMEs owners in Anambra State.
2. Examine the impact of SMEs on employment generation among SMEs owners in Anambra State.
3. Examine the impact of SMEs in improving the standard of living of SMEs owners in Anambra State.

Hypotheses of the Study

H₀₁: SMEs have no significant effect on income generation among SMEs owners in Anambra State.

H₀₂: SMEs have no significant effect on employment generation among SMEs owners in Anambra State.

H₀₃: SMEs have no significant effect improving the standard of living of SMEs owners in Anambra State.

2. METHODOLOGY

Area of the Study

This study was carried out in Anambra state. Specifically among registered SMEs in the state. Anambra State is a state in south-eastern Nigeria. Its name is an anglicized version of the original 'Oma Mbala', the native name of the Anambra River. The Capital and the Seat of Government is Awka. Onitsha and Nnewi are the biggest commercial and industrial cities, respectively. The state's theme is "Light of the Nation". Boundaries are formed by Delta State to the west, Imo State and Rivers State to the south, Enugu State to the east and Kogi State to the north. The origin of the name is derived from the Anambra River (Omambala) which is a tributary of the famous River Niger. Furthermore, Anambra state is a state that has many other resources in terms of agro-based activities like fishery and farming, as well as land cultivated for pasturing and animal husbandry. Currently, Anambra State has the lowest poverty rate in Nigeria and the area also has a good number of SMEs.

Source of Data Collection

The researchers explored primary data which was obtained from members of the selected owners of indigenous SMEs in Anambra State using a structured questionnaire.

Population / Sampling Technique

The population of the study consists of all the active registered SMEs in Anambra State. Anambra State has a total of 2698 active registered SMEs that do their annual returns (Anambra State Ministry of Trade, Commerce and industry, 2015).

To determine the sample size, for the purpose of questionnaire distribution; the Taro Tamani (1967) formula was used. The formular is stated thus: $n = \frac{N}{1+N(e)^2}$

Where:

n	=	sample size
N	=	population
e	=	Margin of error (5% or 0.05)
1	=	Constant

Substituting in the above formula:

$$\begin{aligned}
 n &= \frac{2698}{1+2698(0.05)^2} \\
 &= \frac{2698}{1+2698(0.0025)} \\
 &= \frac{2698}{7.745} \\
 &= 348.35 \\
 &= 384
 \end{aligned}$$

For the purpose of allocation of sample stratum, the researcher adopted R. Kumaison's formula. Below is the R. Kumaisons formula for sample size distribution:

$$n_h = \frac{nN_h}{N}$$

Where n = Total sample size

N_h = The number of items in each stratum in the population

N = Population size

n_h = The number of units allocated to each stratum

n = 384

N_h = Economic areas of operation

Table 1: Distribution of firms by Population and Sample

Economic areas of operation	Population	Sample
Agro-Allied Businesses	811	115
Construction Activities	570	81
Manufacturing and Allied Businesses	836	119
General Business Services	481	69
Total	2698	384

Substituting in the above formula:

Economic areas of operation 1; $\Rightarrow nh = \frac{384 \times 811}{2698} = 115.4 = 115$

Economic areas of operation 2; $nh = \frac{384 \times 570}{2698} = 81.1 = 81$

Economic areas of operation 3; $nh = \frac{384 \times 836}{2698} = 118.9 = 119$

Economic areas of operation 4; $nh = \frac{384 \times 481}{2698} = 68.5 = 69$

Method of Data Analysis

Descriptive statistics and simple regression analysis of the Ordinary Least Square Method were used to analyze the data collected in respect of the research questions.

The rating for the descriptive statistics is as follows:

Strongly Agree	(SA)	5 points
Agree	(A)	4 points
Undecided	(U)	3 points
Disagree	(D)	2 points
Strongly Disagree	(SD)	1 point

384 questionnaires were distributed; only 271 were dully completed and returned. The 271 was therefore used for the study.

Decision Rule: The generally expected criterion for decisions is stated below as:

Ho (null hypothesis) will be accepted if the P-value is greater than the 5% (0.05) significance level adopted as a standard and to be rejected where the P-value is less than the 5% significance level adopted. i.e. where $P > 5\%$ we accept null hypothesis and where $P\text{-value} < 5\%$, we reject null hypothesis.

Model Specification

Model One

SMEs have no significant effect on income generation among SMEs owners in Anambra State.

$$= f(\text{SMEs}) e_t \dots \dots \dots (i)$$

$$\text{EJS} = f(a_0 + a_i \text{RWF}) e_t \dots \dots \dots (ii)$$

Where:

ING = Income Generation

SMEs = Small and Medium Enterprises

RWF = Restructuring of Workforce

F = Function of

$a_0 - a_1$ = parameter structure or estimate

e_t = stochastic or error or disturbance term or white noise

Model Two

SMEs have no significant effect on employment generation among SMEs owners in Anambra State.

$$EMG = f(SMEs) e_t \dots \dots \dots (i)$$

$$EMG = f(a_0 + a_1 SMEs) e_t \dots \dots \dots (ii)$$

Where:

EMG= Employment Generation

SMEs = Small and Medium Enterprises

F = Function of

$a_0 - a_1$ = parameter structure or estimate

e_t = stochastic or error or disturbance term or white noise

Model Three

SMEs have no significant effect improving the standard of living of SMEs owners in Anambra State.

$$SDL = f(SMEs) e_t \dots \dots \dots (i)$$

$$SDL = f(a_0 + a_1 SMEs) e_t \dots \dots \dots (ii)$$

Where:

SDL = Standard of Living

SMEs = Small and Medium Enterprises

F = Function of

$a_0 - a_1$ = parameter structure or estimate

e_t = stochastic or error or disturbance term or white noise

3. DATA PRESENTAION AND ANALYSIS

Table 2: Distribution of respondents according to demographic profile of the respondents

Variables	Options	Frequency	Percent (%)
Gender	Male	258	95.2
	Female	13	4.8
	Total	271	100
Age	1 – 20 years	2	0.7
	21 – 40 years	108	39.9
	41 – 60 years	140	51.7
	61 and above	13	4.8

	Total	271	100
Marital Status	Single	122	45.0
	Married	130	50.0
	Divorced	12	4.4
	Widowed	7	2.6
	Total	271	100
Educational Qualification	Primary	60	22.1
	Secondary	116	42.8
	Tertiary	95	35.1
	Total	271	100
Business Experience	1 – 3 years	44	16.2
	4 – 10 years	19	7.0
	11 – 16 years	97	35.8
	17 years and above	111	41.0
	Total	271	100

Source: Field survey, 2023.

The demographic profile of the respondents surveyed was presented in table 1. Information presented in Table 1 revealed 95.2% of the respondents were males and 4.8% females. The majority of the respondents were observed to be married with 50.0% response. Table 1 revealed that the age bracket of majority of the respondents fell between 41 to 60 years. The table further revealed that, 22.1%, 42.8% and 45.1% the respondents had their primary, secondary and tertiary education respectively. The table also revealed that, 41.0% of the respondents have been in business for above 17years.

Table 3: Distribution of respondents according to the impact of SMEs on income generation among SMEs owners in Anambra State

Options	Frequency	Percentage (%)
To a very great extent	120	44.2
To a great extent	71	26.2
Undecided	3	1.1
To some extent	33	12.2
To no extent	44	16.2
Total	271	100

Source: Field survey, 2023.

As shown in table 3, 44.2% of the respondents indicated that SMEs have influenced income generation among SMEs owners in Anambra State to a very great extent. 26.2% of the respondents indicated that SMEs have influenced income generation among SMEs owners in Anambra State to a great extent. 1.1% of the respondents were undecided. 12.2% of the respondents indicated that SMEs have influenced income generation among SMEs owners in Anambra State. While, 16.8% of the respondents indicated that SMEs have influenced income generation among SMEs owners in Anambra State.

Table 4: Distribution of respondents according to the impact of SMEs on employment generation among SMEs owners in Anambra State

Options	Frequency	Percentage (%)
To a very great extent	174	66.2
To a great extent	40	14.8

Undecided	27	10.0
To some extent	22	8.1
To no extent	8	3.1
Total	271	100

Source: Field survey, 2023.

With respect to impact of SMEs on employment generation among SMEs owners in Anambra State, SMEs have fared so well. This was indicated by 66.2% of the respondents, followed by 14.8% of the respondents that indicated that SMEs have influenced employment generation among SMEs owners in Anambra State to a great extent. 8.1% indicated to some great extent, 3.1% indicated to some extent, while 10.0% were undecided in the issue.

Table 5: Distribution of respondents according to the impact of SMEs in improving the standard of living of SMEs owners in Anambra State

Options	Frequency	Percentage (%)
To a very great extent	181	66.8
To a great extent	40	14.8
Undecided	4	1.5
To some extent	27	10.0
To no extent	23	8.5
Total	271	100

Source: Field survey, 2023.

As shown in table 5, 66.8% of the respondents indicated that SMEs have improving the standard of living of SMEs owners in Anambra State to a very great extent. 10.3% indicated that inadequate SMEs have improving the standard of living of SMEs owners in Anambra State to a great extent. 10.0% indicated that SMEs have improving the standard of living of SMEs owners in Anambra State to some extent. 8.5% of the respondents indicated that SMEs have improving the standard of living of SMEs owners in Anambra State to no extent. 1.5% indicated undecided.

Test of hypotheses

Hypotheses One

H₀₁: SMEs have no significant effect on income generation among SMEs owners in Anambra State.

Table 6: Model summary for hypothesis one

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.988 ^a	.966	.966	1.246

a. Predictors: (Constant), ING

Source: Field Survey, 2023

Where:

ING = Income Generation

Table 6 shows the model summary for hypothesis one which states that SMEs have no significant effect on income generation among SMEs owners in Anambra State. From the summary, the correlation coefficient (R) which shows the level of effect and the R-Square (R^2) which shows the percentage change in the dependent variable caused by changes in the independent variable, it is seen that a positive significant effect exists between the variables ($R = .978$) and that a 96% change in income generation is as a result of changes in SMEs development ($R^2 = .956$).

Table 7: ANOVA output for test of hypothesis one

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9960.861	1	9960.861	6516.605	.000 ^b
	Residual	453.975	297	1.529		
	Total	10414.836	298			

a. Dependent Variable: **ING**b. Predictors: (Constant), **SMEs****Source: Field Survey, 2023****Where:****ING** = income generation

Table 7 shows the ANOVA output for test of hypothesis one which states that SMEs have no significant effect on income generation among SMEs owners in Anambra State. With significance level of 5% (0.05), and comparing it with the probability value (p-value) as represented by sig in the Table, the null hypothesis is rejected in favour of the alternate hypothesis and it is, therefore, stated that SMEs have significant effect on income generation among SMEs owners in Anambra State.

Hypotheses Two

Ho₂: SMEs have no significant effect on employment generation among SMEs owners in Anambra State.

Table 8: Model summary for hypothesis two

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.986 ^a	.963	.963	1.235

a. Predictors: (Constant), **EMG****Source: Field Survey, 2023****Where:****EMG** = Employment Generation

Table 4.7 indicates the model summary for hypothesis two which states that SMEs have no significant effect on employment generation among SMEs owners in Anambra State. From the summary, the R is .976 and R² is .953. From this, it shows that a positive effect exist between the variables and that a 95% change in employment generation is accounted for by changes in increased SMEs development (R² = .953).

Table 9: ANOVA output for test of hypothesis two

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9050.154	1	9050.154	6030.931	.000 ^b
	Residual	445.685	297	1.501		
	Total	9495.839	298			

a. Dependent Variable: **EMG**b. Predictors: (Constant), **SMEs****Source: Field Survey, 2023**

Where:

EMG = Employment Generation

Table 8 reveals the ANOVA output for test of hypothesis two which states that SMEs have no significant effect on employment generation among SMEs owners in Anambra State. The significance level used is also 0.05, and looking at the p-value of .000, it reveals that p-value is lesser than 0.05, hence, the null hypothesis is rejected in favour of the alternate hypothesis that SMEs have significant effect on employment generation among SMEs owners in Anambra State

Hypotheses Three

H₀₃: SMEs have no significant effect improving the standard of living of SMEs owners in Anambra State.

Table 10: Model summary for hypothesis three

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.989 ^a	.988	.988	1.054

a. Predictors: (Constant), **SDL**

Source: Field Survey, 2023

Where:

SDL: Standard of Living

Table 10 indicates the model summary for hypothesis three which states that SMEs have no significant effect improving the standard of living of SMEs owners in Anambra State. From the summary, the R is .979 and R² is .958. From this, it shows that a positive effect exist between the variables and that a 96% change in standard of living is accounted for by changes in longer SMEs development (R² = .958).

Table 11: ANOVA output for test of Hypothesis Three

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7338.951	1	7338.951	6735.599	.000 ^b
	Residual	323.604	297	1.090		
	Total	7662.555	298			

a. Dependent Variable: **SDL**

b. Predictors: (Constant), **SMEs**

Source: Field Survey, 2023

Where:

SDL: Standard of Living

Table 11 reveals the ANOVA output for test of hypothesis three which states that SMEs have no significant effect improving the standard of living of SMEs owners in Anambra State. The significance level used is 0.05, and looking at the p-value of .000, it reveals that p-value is lesser than 0.05, hence, the null hypothesis is rejected in favour of the alternate hypothesis that SMEs have significant effect improving the standard of living of SMEs owners in Anambra State

Decision: Accept the alternate hypothesis.

4. CONCLUSION AND RECOMMENDATION

Analysis of the study revealed that majority of the respondents indicated that SMEs have influenced income generation among SMEs owners in Anambra State to a very great extent. With respect to impact of SMEs on employment generation among SMEs owners in Anambra State, SMEs have fared so well. This was indicated by 66.2% of the respondents. 66.8% of the respondents indicated that SMEs have improved the standard of living of SMEs owners in Anambra State to a very great extent. Hypotheses revealed that SMEs have significantly influenced income generation, employment generation and also improved the standard of living of SMEs owners in Anambra State. The study therefore recommends that Government should as matter of urgency take proactive measures in addressing some of the key constraints faced by the sector such as Access to finance, Weak infrastructure, Inconsistency of Government Policies, Poor support (Business Development Services), Access to market. The government through the banks should midwife the development and funding of skill acquisition centers and provide appropriate funding for start-ups. There should be good institutions at all levels of government to support and promote SMEs as this will lead to reduction in corruption and regulatory burdens.

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