

## **Embracing of Small and Medium Scale Enterprises (SMEs) as a Strategy for Poverty Reduction among Youths in North-East, Nigeria**

Gidado Ibrahim (Ph.D, M.Sc, B. Tech.educ, NCE)

*Department of Agricultural Education  
College of Education, Zing Taraba State, Nigeria.*

---

### **Abstract**

*The main objectives of the study was to assess embracing of SMEs as a strategy for poverty reduction among youths in North-East, Nigeria, specifically the study sought to: access how youths are engaged in SMEs, identify enhancing strategies and determine major constraints of youths participation in SMEs. Survey research design was adopted in carrying out the research. The population of the study comprised all registered youths in State's Ministry of Co-operative and Poverty Alleviation in the study area, numbering 36501. 2 steps sampling techniques were adopted to draw the sample size. Six State's headquarters were purposely selected, out of which three headquarters were randomly selected for the study (Jalingo, Yola and Gombe). Validation and reliability test of the instrument for primary data collection were conducted. Mean and Standard Deviation (SD) were used in data analysis. Results on the extent of youths engagement in SMEs showed that, 108 (42.69%) of the youths engaged in farming, 67 youths engaged (26.48%) in Agribusinesses, 53 youths engaged (20.95%) in Artisan and 25 youths engaged (9.88%) in Trading. The finding revealed that all (100%) of the youths agreed that Education, finance and marketing information are the enhancing strategies in SMEs. Inabilities of youths to access credit facilities and access to factors of production were identified as the major constraints. The study recommended that the Government, NGOs, and Private sectors should provide credit facilities, farming inputs and other factors of production at zero interest rate charges, so that youths could be able to participate more in SMEs in the study area and Nigeria at large.*

---

Date of Submission: 01-06-2021

Date of Acceptance: 14-06-2021

---

### **I. Introduction**

The demand of the communities keeps changing due to the constant changing in government program and policies towards unemployment and poverty reduction among the teeming individuals in the society. Self-reliant through Self-employment seems to be the real and factual things that often come into people's mind to alleviate poverty and unemployment. The basic fact of addressing the problem of unemployment is through investment in small and medium scale enterprises (SMES). These enterprises include: Trading, Agro-allied enterprises, Artisans, Business cafes, Manufacturing and Processing Centers (Bashir, 2018).

Small and medium scale enterprises (SMEs) have proved to be a major tool adopted by the developed nations to solve unemployment and reduce poverty among their youths. In recent time, small and medium scale industries are considered to be the back-bone of modern economy of any nation. Historical facts showed that prior to the late 19th century, cottage industries, mostly small scale and medium enterprises (SMES) constituted the economy of Europe (Gidado, 2016).

In Nigeria the introduction of SMEs can be traced back to the year 1945, when the essential paper No. 24 of 1945 on "A Ten-year plan of development and welfare of Nigeria 1946 was presented. SMEs were considered to be an all-time necessity at the beginning; which has gained prominence today and is expected to increase the importance in the future. The paper emphasized that it is a SMEs is defined as type of business or industry being owned and management by private or group of individual. They are profit making ventures, sources of training and capacity building. Among the type of small scale business available in Nigeria are traders, (hawking Kiosk, shop ownership, butchering, fish selling), agro-allied business, Agribusiness and artisans' businesses (welding, mechanic, carpentry, plumbing).

Davidson (2013) defined SMEs as a business that employed less than ten full-time workers. Hotels, Private hospitals, restaurants and cottage industries come within this definition. with total assets in capital equipment, Plant and working capital not exceeding ₦250, 000 the Nigeria industrial Development Bank (NIDB) defines SMEs as those with project investment and working capital of not more than ₦250,000 and has

the ability to employ not more than ten full time workers, however the three parameters generally applied by most countries in identifying SMEs includes:

1. Capital investment on plant and machinery
2. Number of full time workers employed
3. Volume of production or turn over business.

Melaiye (2017) stated that about three-quarter of the employment outside agriculture and agro-allied businesses are in small enterprises in manufacturing, commerce and services. Hence, government realized that it is only its full co-operation and determination that can ensure that these potentials in SMEs are translated into creation of industrial base for long term growth of the economy. Also the government has fully realized that the permanent solutions to the problems of unemployment in the century are related to the effective revival of industrial production and adoption of SME policies. The government need to be instituting various program and policies towards reducing unemployment and poverty in all the three tiers of government. Some of the programs that could alleviate poverty: includes Youth Empowerment and Social Support Operation (YESSO) Federal project, Bank of Agriculture, (BOA) National Poverty Education Program (NAPEP) among others, especially if the government and other donor agencies would strengthen small and medium scale enterprises (Olagunje,2004).

### **Problem Statement**

The Nigeria economy has been dominated by government and large corporations that are characterized by capital intensive, impart dependent operation since independence in 1960. Development has been stunted and disappointing considering Nigeria's abundant human and natural resources.

The government has been characterized by high level of policy inconsistencies, ambiguities and instability that have led to arguments regarding its basis, implementation, impact and sustainability of any program.

Baba (2021) confirmed that the government system and policies were corrupt, which made it difficult for the youths to participate in development program, especially in skills acquisition programs.

World Bank (2019) reports that poverty is a plague affecting people all over the world and it is considered one of the symptoms of manifestation of under development. The reports further stressed that poverty encompasses different dimension of deprivation that relate to human capabilities; including inability of the youths to access education, self development inputs and decent work. It's the position of this research therefore, that the presence of the aforementioned features in Nigerian developing economy signifies the existence of widespread poverty among youths.

It is only recently that efforts to privatise the economy are being intensified in the country. However small and medium scale enterprises (SMEs) have a lot opportunity for prosperity and development of the nation, but these potentials have not been adequately harnessed in Nigeria. Furthermore, majority of the Nigeria youths have not recognized that embracing SMEs will empower them economically, open up major opportunities for income generation and participation in economic activities for rural and urban poor, especially in agribusiness, trading and Artisan services.

Consequently, this study sought to use Embracing Small and Medium Scales Enterprises (SMEs) as a strategy for poverty reduction among youths in North-East Nigeria to explore whether the participation of youths in the SMEs would reduce poverty among youths, hence access them to factors of production and increased access to credit facilities.

These research Questions are expected to be answered by the study;

Have youths in North East been engaging in SMEs? What are the enhancing strategies of youths' participation in SMEs in the study area? and what are the major constraints militating against embracing SMEs by youths in the study area?

## **II. Objectives of the Study**

The main objectives of the study was to access the Embracing Small and Medium Scales Enterprises (SMEs), as a strategies for poverty reduction in North East, Nigeria, specifically the study sought to

1. assess how youths are engaged in SMEs in North-East.
2. identify major enhancing strategies of SMEs in the study area.
3. determine major constraints in embracing SMEs by youths in the study area.

## **III. Methodology of the Study**

The study was conducted in North-East, Nigeria, it's one of the geopolitical zones of Nigeria; consisting of Adamawa, Bauchi, Borno, Gombe, Taraba and Yobe. It occupies slightly less than one-third of the Nigeria's total area and had a projected population of 23,558,674 (13.5%) of the country's population (NEDC, 2011).

It is located on Latitude 6.7550 and Longitude 6.3968 (GPS). Tropical Climate is prevalent in the study area. The rainy season in the zone lasts for four to five months (May - September). The rest of the year is hot and dry with temperatures climbing as high as 40°C (104.0°F). The vegetation ranges from tall grasses and forest in the Southern parts to short grasses and shrubs in the Northern part. Agricultural is the bed rock of the economy, over 80% of the population engage in farming related activities. The area is blessed with fertile land, excellent climate conditions and immense agro-based raw materials.

### 3.2 Population and Sampling Procedure

The population of the study comprised all registered youths in the study area numbering 36501 (MCPA, 2018). Two steps sampling techniques were adopted to get the sample size. Six States' headquarters were purposely selected, out of which three States' headquarters were randomly selected for the study this includes; Jalingo, Yola and Gombe. Three percent (3%) of the youths were proportionally selected and used to obtain the primary data for the study. The 3% was selected from each youths participating State's headquarters to obtain a sample size of 253 respondents as shown in the below table.

**Table 1. Sampling Procedure for the study**

| SHQTS   | No. of Respondents | No. of Proportion of Respondents | 3% of Selected Respondents |
|---------|--------------------|----------------------------------|----------------------------|
| Jalingo | 2313               | 3                                | 75                         |
| Gombe   | 2717               | 3                                | 82                         |
| Yola    | 3084               | 3                                | 96                         |
| Total   | 8114               | 9                                | 253                        |

Sources: Field survey data (2021), MCPA (2018)

## IV. Results and Discussion

Respondent's engagement of youths in small and medium scale enterprises (SMEs) based on percentage (%). The result show that 108 youths (43%) engaged in faming, 67 youths (26%) engaged in agribusiness, 53% youths (21%) engaged in artisan work and 25 youths engaged in various trading.

Argentina (2016) carried out a study on SMEs policies and strategies in Nigeria, reported that, 53% of the current policies on SMEs focused on agriculture, agribusiness, small scales enterprises and artisan work, mainly to engage the youths and give them an opportunity to be self-reliance and economically independent. This is in line with the finding of this study.

68% of the respondents on the research conducted by Uyango (2017) on influence of conducive atmosphere on SMEs in Nigeria, reported that the production unit in farming and agribusiness are solely in the hand of the youths in the rural areas either on individual basis or group of farmers, the government main contribution is in terms of research, and creating security framework within which crops and animals can develop. This reflects the finding of this research.

**Table 1: Percentage (%) distribution of youths engagement in SMEs (N = 253)**

| Major enterprises | Respondents | Percentage |
|-------------------|-------------|------------|
| Farming           | 108         | 43         |
| Agribusiness      | 67          | 26         |
| Traders           | 53          | 21         |
| Artisans          | 25          | 10         |
| <b>Total</b>      | <b>253</b>  | <b>100</b> |

Source= field survey data (2021)

Educational strategies that could enhance embracing of SMEs by youths in North-East, Nigeria.

Tab 2 show the strategies needed include: counseling the youths (M = 3.52, SD = .20), regular campaigning on value of SMEs (M = 3.56, SD = .64), organizing of agricultural show/trade fare on SMEs (M = 3.61, SD = .60), organizing seminar and workshop (M = 3.56, SD = .66), making SMEs education compulsory subject in secondary school (M = 3.64, SD = .54), subsidizing books on SMEs (M = 3.62, SD = .58) and establishment of skills acquisition centers (M = 3.59, SD = .62).

Adebayo (2020) report that education is the transformation of the whole man, a universal instrument for advancing the dignity of human, a potentiality of transforming the socio-economic status of an individual, community and the nation at large. It's a process of acculturation through which an individual is helped to attain the development of his potentialities and to achieve his perfect self-employed and economically independent, through the adoption of formal, informal vocational education. This report reflects the finding of this study.

**Table 2: Mean ratings of the responses of respondents on education strategies to enhance participation of Youths in SMEs (N = 253)**

| Strategies needed   | N   | Mean | SD  | Remark |
|---|-----|------|-----|--------|
| Counseling youths to embrace SMEs   | 253 | 3.52 | .70 | Agreed |
| Regular campaigning on value of SMEs                                      | 253 | 3.56 | .64 | Agreed |
| Organizing of agricultural show/trade fare on SMEs                        | 253 | 3.61 | .60 | Agreed |
| Organizing seminar and workshop for youths on SMEs                        | 253 | 3.56 | .66 | Agreed |
| Making SMEs education compulsory subject in secondary schools             | 253 | 3.64 | .54 | Agreed |
| Subsidizing books on SMEs by the stakeholders                             | 253 | 3.62 | .58 | Agreed |
| Establishment of skills acquisition centers in each local government area | 253 | 3.59 | .62 | Agreed |

N = Number of Respondents, SD = Standard Deviation

Source= Field Survey Data (2021).

Entries in Table 3 revealed that all the 6 items were financial strategies needed to embrace SMEs by the youths in the study area. Granting loans to youths by commercial banks (M = 3.75, SD = .47), collecting of loan from individual money lenders (M = 3.74, SD = .54), granting loan at zero interest rate (M = 3.62, SD = .49), conversion of personal saving (M = 3.71, SD = .58), collecting from loan from co-operative society (M = 3.70, SD = .53) and money skills partnership (M = 3.66, SD = .51).

Ademola (2018) reported that Micro Finance banks and Bank of Agriculture (BOA) was established by the Federal government in collaboration with States to provide credit/loan counseling, on SMEs, co-operative societies and individual youth, with the aim of boosting small scales farmers and other enterprises by giving them access to credit facilities tailored to their needs and skills. This is in line with finding of this study.

Wever (2020) stated that most of the enterprises owners in rural areas obtained loans and credit facilities from commercial banks, from money lenders in the village and from co-operative societies, who charged high interest rate ranged from 10 – 20%. This is a reflection of this study.

**Table 3: Mean distribution of respondents on financial strategies needed to embrace SMEs by youths (N = 253)**

| Statement  | N   | Mean | SD  | Remark |
|--|-----|------|-----|--------|
| Granting loans to rural youths by Commercial Banks | 253 | 3.75 | .47 | Agreed |
| Collection of loan from individual money lenders   | 253 | 3.74 | .54 | Agreed |
| Granting loan at zero interest rate                | 253 | 3.62 | .49 | Agreed |
| Conversion of personal saving by the youths        | 253 | 3.71 | .58 | Agreed |
| Collection of loan from Co-operative society       | 253 | 3.70 | .53 | Agreed |
| Money/skills partnership                           | 253 | 3.66 | .51 | Agreed |

N = Number of Respondents, SD = Standard Deviation

Source= Field Survey Data (2021).

Entries in Tab 4 show the 6 marketing strategies needed to embrace SMEs. Sell the products at farm gate (M = 3.66, SD = .54), take the products to the marketing (M = 3.70, SD = .58), house to house selling of products (M = 3.64, SD = .62), mobile selling of product (M = 3.66, SD = .59), advertise the product on media (M = 3.62, SD = .49) and whole selling of products (M = 3.56, SD = .57).

The essential feature of a market is that a medium is created whereby buyers and sellers are brought in close contacts and the buyers could be able to bargain with sellers, and so a market becomes the sum total of such dealings (Lawan, 2020).

Adasu (2017) reported that marketing takes place in traditional local market, shops, streets vendors, institutions, entering house to house, online marketing, and at farm gate. This reflects the findings of this study.

**Table 4: Mean distribution of respondents on marketing strategies needed to embrace SMEs (N = 253).**

| Strategies needed              | N   | Mean | SD  | Remark |
|--------------------------------|-----|------|-----|--------|
| Sell the product at farm gate  | 253 | 3.68 | .54 | Agreed |
| Take the product to the market | 253 | 3.70 | .58 | Agreed |
| House to house selling         | 253 | 3.64 | .62 | Agreed |
| Mobile vendors                 | 253 | 3.66 | .59 | Agreed |
| Advertise the product on media | 253 | 3.62 | .49 | Agreed |
| Wholesaling of product         | 253 | 3.56 | .57 | Agreed |

N = Number of Respondents, SD = Standard Deviation

Source= Field Survey Data (2021).

Entries in Tab 5 show the 8 constraints militating against youth's participation in SMEs in North-East, Nigeria. Inadequate access to factors of production (M = 3.64, SD = .54), inadequate access to loans and credit facilities (M = 3.65, SD = .58), inadequate electricity supply (M = 3.61, SD = .49), inability of the youths to access entrepreneurship training (M = 3.71, SD = .58), inadequate knowledge and skills (M = 3.61, SD = .53),

poor access to education (M = 3.71, SD = .59), inadequate access to marketing information (M = 3.64, SD = .63) and inability of the youths to form co-operative society (M = 3.66, SD = .51).

Agbulu and Wever (2016) reported that less than 10% of the youths have access to credit facilities from commercial banks, and almost all the commercial banks demand collateral from their clients before granting any loan facilities, which is in line with this study.

The operations of Banks are mostly enjoyed by medium and large scales enterprises and those on authority. The youths and small scale farmers hardly benefit, due to the fact that the beneficiary must deposit 10% of what he intends to obtain as a loan; in which most of the youths are entrapped with poverty and unemployment (Bashir, 2016). This reflects the finding of this study.

**Table 5: Mean distribution of respondents on the constraints militating against embracing of SMEs by youths**

(N = 253).

| <b>Constraints</b>  | <b>N</b> | <b>Mean</b> | <b>SD</b> | <b>Remark</b> |
|---|----------|-------------|-----------|---------------|
| Inadequate access to factors of production.                 | 253      | 3.64        | .54       | Agreed        |
| Inadequate access to credit facilities from Banks           | 253      | 3.65        | .58       | Agreed        |
| Inadequate electricity supply                               | 253      | 3.61        | .49       | Agreed        |
| Inability of the youths to access entrepreneurship training | 253      | 3.71        | .58       | Agreed        |
| Inadequate knowledge and skills on SMEs                     | 253      | 3.61        | .53       | Agreed        |
| Poor access to education                                    | 253      | 3.71        | .59       | Agreed        |
| Inadequate assistant from government and NGOs               | 253      | 3.68        | .54       | Agreed        |
| Inability of the youths to form cooperative societies       | 253      | 3.70        | .58       | Agreed        |
| Poor access to market information                           | 253      | 3.64        | .63       | Agreed        |

N = Number of Respondents, SD = Standard Deviation

Source= Field Survey Data (2021).

From the finding of this study the following conclusion were drawn; embracing smalls and medium scales enterprises as a strategy for poverty reduction among youths in the study area, could be successfully achieve, if the Government, NGOs and Private Sectors should provide conducive atmosphere and security in the study. The finding of the study concludes that Commercial Banks, Bank of Agriculture, and Micro Finance Bank should grant loans and credit facilities to youths with zero or minimum interest rate charges without landed properties as collateral. The finding further concludes that 108 respondents (43%) were engaged in farming activities, and 67 respondents (26%) in agribusiness, hence government needs to provide farming inputs at subsidized rate. Based on the findings all items with mean rating ranged from 3.52 – 3.75 and Standard Deviation (SD) ranged from .47 - .70, need to be accepted as strategies that could enhancing embracing of SMEs by youths in North-East in particular and Nigeria at large.

### References

- [1]. Adasu O.F. (2017) Small and Medium Scale Enterprises (SMEs) policies and strategies in Nigeria. Ph.D. Dissertation, Department of Agricultural Education University of Agriculture, Benue State, Nigeria.
- [2]. Adebayo J.O. (2020) Opportunities in food processing setting up and running a meat and fish processing enterprises, Midway Technology Ltd, Published Ibadan PP. 82 – 35.
- [3]. Ademola R.P. (2018) Essential of entrepreneurship management, problems and prospect of small scale industries, Kwara State Nigeria. Ph.D Thesis Department of Agricultural Education Kwara State University, Nigeria.
- [4]. Agbulu N.O (2016) Food Security and Poverty eradication in Developing Countries. [www.nono/fish\\_center.org](http://www.nono/fish_center.org).vol.5. pp 1- 3
- [5]. Argentina M.P (2016) Agricultural resources and economic report; 2016, A need for capacity building seminar paper pp. 5 – 7.
- [6]. Baba S.A (2021) Utilization of global system for mobile (GSM) for communication by farmers’ in fertilizer voucher program (FVP) in Taraba Sate, Nigeria. Journal by Agricultural and Veterinary Science (IOSR) vol. 1 pp. 58 – 66.
- [7]. Bashir B.M (2016) Community Participation in Rural development as a strategy for poverty Reduction in Taraba State – Ph.D. Dissertation Department of Geography, Federal University of Technology Yola, Adamawa State, Nigeria.
- [8]. Davidson K. S(2013) Essential of Entrepreneurship and Small businesses management, journal of Agriculture 14(5) politic.12...15.
- [9]. Gidado, I.( 2016) Strategies for enhancing participation of rural youths in commercial fish production in Taraba, State, Nigeria. Ph.D thesis.
- [10]. NEDC (2011) Report on the Assessment of the North East Development Commission Projects 2011 report pp.16.
- [11]. Melange R.O ( 2017) Agricultural resources and some economic reports. A need for capacity building seminar paper, politic.5...8.
- [12]. Lawan O.S (2020) A mixed methods evaluation of Agricultural Promotion Planning advertisement targeted the youths. Evaluation and program planning, 32, pp. 278 – 280. <https://doi.org/10.1016>.
- [13]. Olayinde S. O. ( 2004) Institutional marketing of Agro allied products, journal of Agriculture and Environment 8 (4) politic. 13 ...16.
- [14]. Uyanga J. (2017) Rural Development in Nigeria, Dynamic and Strategies, Macmillan Production Ibadan, Nigeria.
- [15]. World Bank (2019) <https://www.wb.com>. Report document on poverty in Africa.
- [16]. Wever D.G (2020) Institutional Marketing Agro-allied products in Nigeria, Journal of Agriculture and environment 8 (4) pp. 13 - 15