

Impact of Skill Acquisition and Empowerment Programme on the Participation of Youth in Small and Medium Scale Enterprises In Ikeja Local Government Area Of Lagos State

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Abstract: Unemployment and poverty have become widely spread with significant impacts among Nigerian youth. Government and stakeholders have been making huge efforts to alleviate the condition, but their efforts so far are yet to completely eradicate unemployment and poverty. Thus, there is dire need to educate the youth in the area of vocational and entrepreneurial skills, which will influence their participation in small and medium enterprises. This paper investigates the link between youth entrepreneurship skills acquisition and employment generation.

Financial constraints and lack of entrepreneurship skills hamper the efficient performance of Small and Medium scale Enterprises (SMEs) in Ikeja, Lagos. In view of this, we recommend that government should make entrepreneurship a compulsory subject from upper basic through secondary school; students in tertiary institutions should be exposed to practical entrepreneurship; government and financial institutions to enhance youth participation in SMEs should also provide financial aid with little or no collateral. Government and non-governmental organizations should sensitize the youth on the significance of combining entrepreneurship skills with formal education early in their career in life in order to equip the future leaders with the requisite skills for them to be job creators and not job seekers.

Keywords: Unemployment, Poverty, Skill Acquisition, Empowerment Programme

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I. INTRODUCTION

Background to the study

Entrepreneurship is globally recognized as a vital tool for economic development, and Small and Medium Scale Enterprises (SMEs) have been seen as instrumental in this process of industrial development, which in turn translates into economic development. SMEs are sub-sectors of the industrial sector, which play crucial roles in industrial development (Ahmed S. 2006). Business enterprises contribute positively to Gross Domestic Product (GDP) of a nation (Subramaniam, 2010; Mahmood and Hanafi, 2013). SMEs solve problems relating to national development – poverty reduction and employment generation, thus leading to societal uplift while improving the standard of living through the provision of goods and services and use of local human and material resources (Shehu and Mahmood, 2014). SMEs are important instruments in growing and developing economies round the world. They serve as a nursery for larger firms constituting the next step for macro enterprises. According to Palma and Gabriel (2005), SMEs tend to be the primary driver of job creation as they are labour intensive and use more labour per unit capita than larger enterprises thereby creating more jobs in the economy.

In an attempt to foster increased economic development in the nation, the current government has developed policies of private sector led growth for job and wealth creation through SMEs. It is on this assertion that Ojo (2006) argued that one of the factors responsible for the challenges of development in developing countries particularly in Nigeria is lack of entrepreneurship development scheme. Youth as the nation's backbone play significant roles in economic development. They therefore require entrepreneurship skills in either formal or informal ways to give positively to economic growth of the country. Skill acquisition and empowerment programmes act as catalysts to developing creativity and innovation in youth, hence, adding positive values to the economic condition of a country. It also assists in developing entrepreneurial mindset in youths. It involves the training of people in different fields of trade under a legal agreement between the trainers and the trainees for certain duration and under certain conditions.

Statement of the problem

Several studies have been conducted in assessing the impact of skill acquisition and empowerment program on the participation of youth in SMEs in Nigeria. Arogundade and Babatope (2011), Safiriyu and Njogo (2012), and Gbagolo and Eze (2014) suggest that entrepreneurial skill acquisition should be targeted at youths as they determine the success or development of a nation. The effort of government in promoting SMEs towards eradicating poverty and unemployment among the youth through skill acquisition and empowerment programmes is not enough; therefore, there exists a gap in government's effort and the actual achievement of developmental goals and objectives. This paper tends to identify some gaps in the actual realization of development objective and proffering solutions that will help to fill the gap by seeking to establish the relationship between skill acquisition and empowerment programmes on the participation of youth in Small and Medium scale Enterprises (SMEs) in the study area.

Objectives, significance and scope of the study

The objective of this study is to examine the relationship between skill acquisition and empowerment programme on the participation of Nigerian youth in SMEs. The study was conducted on the youth in Ikeja Local Government Area of Lagos State, Nigeria. Results from this study would be relevantly useful in a number of ways. First, it will provide government and NGOs with useful information in assessing the impact of their skills acquisition programmes on employment generation. It will help them to assess the extent to which the objectives of their programmes have been achieved. Second, the information would be useful to curriculum developers to be able to make necessary adjustments in curriculums at various levels of education as regards skills acquisition. Also, it would be relevant to government and its agencies in providing necessary support facilities to SMEs so as to be able to contribute better to economic development in the area of poverty and unemployment reduction.

Hypotheses

H1: There is a significant relationship between skill acquisition and youth involvement in entrepreneurship activities

H2: There is a significant relationship between access to empowerment programmes and youth involvement in entrepreneurship activities

H3: There is a joint and independent contribution of gender, age marital status, educational level, skill acquisition and empowerment program to entrepreneurship development

II. LITERATURE, MATERIALS AND METHOD

Conceptual framework

Small and medium enterprises

There is no generally agreed definition of Small and Medium Scale Enterprises (SMEs), various scholars and authors view it differently. Jamodu (2001) defines SMEs on the basis of employment, in micro/cottage industries 1-10 workers, small-scale industries 11-100 workers, medium scale industries 101-300 workers and large-scale industries with 301 and above. The Nigeria Minister for Industry noted that "Enterprises employing less than 500 workers are generally regarded as SMEs the world all over".

Shokan (1997) posited that SMEs have contributed positively to Nigeria economy. It provides employment opportunity, thus, reducing unemployment and poverty rate which are the direct indicators of underdevelopment. It helps to bring about new goods and services and help to supply the needs of large industries hence acting as contractor. Some of the ways in which SMEs have contributed immensely to economic development of a country are in the areas of Capacity Building, Employment Generation, Promoting Growth, Industrial Dispersal, Backward and Forward Linkages, Technological/Industrial Development, Technological Acquisition, and Poverty Alleviation

Government roles in Support of Small and Medium Scale Enterprises

Sanusi (2003) opined that the federal government played essential roles in ensuring that SMEs overcome series of problems triggered by Nigeria business environment. The steps taken include monetary, fiscal and industrial policy measures to improve SMEs performance and diversify the country dominance of over-reliance on the oil sector economy. Some of the government programmes, policies, and schemes towards achieving the performance of SMEs are:

1. Establishment and Finance of Research Institutions
2. Provision of Direct Financial Assistance to Small Business Organisation
3. The National Directorate of Employment
4. Agricultural programme
5. National Economic Reconstruction Fund

6. Industrial Development Co-ordinating Centre
7. Small and Medium Enterprises Development Agency of Nigeria (SMEDAN)
8. Microfinance banks.
9. Small and Medium Enterprises Credit Guarantee Scheme for SMEs (2010).
10. Credit Guarantee Scheme for SMEs

III. THEORETICAL FRAMEWORK

Cluster theory and practice

This theory explains how micro firms can take advantage of industrial closeness in strengthening their business activities. The theory was popularized by Porter (1990), he posited that, cluster is the role of personal contact networks within an industrial district to ensure successful survival and growth of small and medium scale business enterprises. He further divided cluster into industrial and regional clusters. Porter defined clusters as “geographic concentrations of interconnected companies, specialized suppliers, service providers, firms in related industries, and associated institutions in particular fields that compete but also cooperate”. Clusters are a natural manifestation of the specialised knowledge, skills, infrastructure and supporting industries in enhancing productivity as the key determinant of sustaining high levels of prosperity in a location. Combination of supplier relations, common labour markets, rivalry, knowledge spill overs and learning effects, affect the economic environment that companies face in clusters.

Economist Theory

The economist theorists view youth entrepreneur as agent of economic change. Their argument is that youth are agent of change either in the environment or organization; they enhance transformation as a result of reacting to some economic forces. Economists assume that entrepreneurs behave rationally towards some economic forces (business opportunities, resources etc.) that result to change in environment in form of entrepreneurial venture. Entrepreneurship is a process or positive event to every economic revolution. Without entrepreneurs, other factors of production viz-a-viz land, labour and capital cannot transform themselves into economic value (product and services). Knight (1978) sees entrepreneurs as agents that bear risks and uncertainty.

Kirzner (1999) in his opinion states that economic theorists see competition as motivating factor for acquisition of entrepreneurial skill. Since youth entrepreneurs are a major element of change in any developed economy, their impact to the economy cannot be overemphasize. Youth play significant roles in transforming the economic condition of a country through their innovativeness and creativity combined with appropriate entrepreneurial skills, hence, improving the status of the nation.

Materials and method

The researcher adopted a survey research design to obtain primary data from 250 respondents from National Association of Small and Medium Enterprises (NASME) members in Lagos State. The respondents were selected using purposive sampling method and random sampling across the 10 communities in Ikeja, Lagos. Data was collected through the use of questionnaires. Correlation analysis was used to measure the relationship between dependent and independent variable. Questionnaire was designed solely to elicit primary data from young entrepreneurial enterprises owners/operators.

IV. RESULTS

In the course of this study 265 copies of the questionnaire was distributed to SMEs operators/managers in the study area. A total of 250 copies of questionnaire were retrieved and this represents 94%, which was found to be valid and useful for the study.

Hypotheses Testing

Criteria for decision making

The criteria for decision making are as follows:

If the significance level is less than 0.05, the hypothesis is rejected

If the significance level is greater than 0.05, the hypothesis is accepted

Correlation $-1 \leq r \leq +1$.

R = -1 signifies very strong negative relationship

R = 0 signifies no relationship

R = +1 signifies very strong positive relationship

Correlation Analysis

Hypothesis one: There is significant relationship between skill acquisition and involvement in entrepreneurial activity.

The hypothesis was tested using Pearson r correlational analysis. The result is presented in the table 1.0:

Table 1.0 Pearson Product Moment Correlation showing the relationship between skill acquisition and involvement in entrepreneurship activity

Variables	Mean	S.D	Df	R	P
Skill acquisition	14.31	5.26	249	.56**	>.05
Involvement in entrepreneurial activity	16.97	6.72	249		

** Correlation is significant at the 0.05 level (2-tailed).

The table above shows that there was significant positive relationship between skill acquisition and involvement in entrepreneurship activity ($r = .56, df = 249, p > .05$). The result implies that respondents with high skill acquisition significantly record high involvement in entrepreneurial activities. The hypothesis is thus accepted.

Hypotheses two: There is significant relationship between access to empowerment programme and involvement in entrepreneurial activity.

The hypothesis was tested using Pearson r correlation analysis. The result is presented in table 2.0

Table 2.0 Pearson Product Moment Correlation showing the relationship between access to empowerment programme and involvement in entrepreneurship activity.

Variables	Mean	S.D	Df	R	P
Access to empowerment skill	8.96	2.97	249	.49**	<.05
Involvement in entrepreneurial activity	16.97	6.72	249		

** Correlation is significant at the 0.05 level (2-tailed).

The results from the above table shows that there is insignificant positive relationship between access to empowerment programme and involvement in entrepreneurship activity ($r = .49, df = 249, p < .05$). The result implies that although insignificant, there is a positive relationship between respondents with full access to empowerment skill and involvement in entrepreneurship activity. The hypothesis is hereby rejected.

Hypothesis three: There will be joint and independent contribution of gender, age marital status, educational level, skill acquisition and empowerment program on entrepreneurial development.

This was tested using multiple regression analysis. The results are presented in Table 3.0

Table 3.0 Summary of multiple regression analysis showing the influence of respondents' gender, age marital status, educational level, skill acquisition and empowerment program on entrepreneurship development.

Predictors	B	T	P	R	R ²	F	P
Gender	.04	.82	<.05	0.67	0.45	33.01	<.05
Age	-.03	-.50	<.05				
Marital status	-.05	-.74	<.05				
Educational level	-.12	-2.33	<.05				
Skill acquisition	.25	4.10	<.05				
Empowerment program	.47	7.76	<.05				

The result revealed that respondents' gender, age marital status, educational level, skill acquisition and empowerment programme jointly predict entrepreneurial development ($R^2 = 0.45, F(6,242) = 33.01, p < .05$).

Discussion of correlation and multiple regression analysis from hypotheses testing

Hypothesis one shows a significant positive relationship between entrepreneurship skill acquisition and involvement in entrepreneurial activity. Individual with high entrepreneurial skills often recorded high

involvement in entrepreneurial activity ($r = .56$, $df = 249$, $p < 0.05$). Hypothesis two result shows that there is insignificant positive relationship between access to empowerment programme and involvement in entrepreneurship activity. ($r = .49$, $df = 249$, $p < .05$).

These hypotheses corroborate the result from findings of Muogbo and John-Akamelu (2018) on the Impacts of Entrepreneurial Skills in Reducing Youth Unemployment in Nigeria. The study reveals that entrepreneurial skill aids in reduction of youth unemployment. Also, Bot et al. (2015), established in their study that there is a positive relationship between entrepreneurship skill acquisition and youth unemployment reduction. Furthermore, in the study carried out by Ekpe and Rasak (2016), results show that a direct influence exists between skill acquisition and enterprise creation, hence they conclude that skill acquisition is a critical factor to youth's enterprise creation.

Hypothesis three result revealed that respondents' gender, age, marital status, educational level, skill acquisition and empowerment program jointly predict entrepreneurial development ($R^2 = 0.45$, $F(6,242) = 33.01$, $p < .05$). When combined, the respondents' gender, age, marital status, educational level, skill acquisition and empowerment programme accounted for 45% of the change observed in the entrepreneurial development. The result also revealed that educational level ($\beta = -.12$, $p < .05$), skill acquisition ($\beta = .25$, $p < .05$) and empowerment programme ($\beta = .47$, $p < .05$) have insignificant independent influence on entrepreneurial development. Also, gender ($\beta = .04$, $p < .05$) age ($\beta = -.03$, $p < .05$) and marital status ($\beta = -.05$, $p < .05$) were found to have no independent significant influence on the entrepreneurial development. The result implies that participants with low level of education, high entrepreneurial skill and empowerment program significantly report high involvement in entrepreneurial development.

V. Conclusion

Nigeria labour market is already saturated with so many unemployed graduates without any means of sustainability. This call for a dire need to equip the youth with relevant skills needed to be self-reliant. Government should sensitize the youth on the significance of combining skills with formal education at early career life in order to equip the future leaders with the rightful skills for them to be job creators but not seekers. The academic curriculum should be designed to offer students the opportunity to acquire technical, vocational and managerial skills needed to enhance their personal development, employability skills and self-employment.

VI. Recommendation

Our academic qualification should be tailored towards skill acquisition oriented. Entrepreneurship education should be compulsory right from upper basic class (primary 4-6) to secondary schools. Students in tertiary institution should be exposed to practical entrepreneurship. Financial aid with little or no collateral should also be provided by the government/NGO to enhance youth participation in SMEs. Policy makers should sensitize the youth on the significance of combining entrepreneurship skills with formal education at early career life in order to equip the future leaders with the rightful skills for them to be job creators but not seekers.

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