

SMALL SCALE ENTERPRISES AND YOUTH EMPOWERMENT IN NIGERIA

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Abstract

Small Scale Enterprises and youth empowerment is essential in all spheres of communities. This paper sought to determine the possibility of applying Small Scale Enterprises and skill development in curbing empowerment in Nigeria. The study was to establish the role of Small Scale Enterprises and Empowerment of Youth programmes thus, providing and engaging Nigerian youths in meaningful profit oriented activities which create empowerment opportunities not only for themselves but others thereby contributing to the socio-economic growth and development of the nation. The paper recommends that youth's education and innovation programmes be matched to the skills in demand on the labour market, which will strengthen living standard of the youths at their local communities. Also, government need to encourage youths' empowerment training with vigour to be more results oriented at the local areas.

Introduction

Small scale enterprises are sub-sector of the industrial sector which plays crucial roles in industrial development (Ahmed, 2006). Following the adoption of economic reform program in Nigeria in 1981, there have been several decisions to switch from capital intensive and large scale industrial projects which was based on the philosophy of import development to Small Scale Enterprises which have better prospects for developing domestic economy, thereby generating the required goods and services that will propel the economy of Nigeria towards development. It is based on the premise that Ojo (2009), argue that one of the responses to the challenges of development in developing countries particularly, in Nigeria, is the encouragement of entrepreneurial development scheme. Despite the abundant natural resources, the country still finds it very difficult to discover her development bearing since independent. Quality and adequate infrastructural provision has remained a nightmare; the real sector among others has witnessed downward performance while unemployment rate is on the increase. Most of the poor and unemployed Nigerians in order to better their lots have resorted to the establishment of their own businesses. Consequently, entrepreneurship is fast becoming a household name in Nigeria. This is as a result of the fact that the so called white collar jobs that people clamor for are no longer there. Even the touted sector (Banks and companies) known to be the largest employer of labour are on the down –turn following the consolidation crises and fraudulent practices of the high and mighty in the banking sector. The companies of the course are folding up as a result of erratic power supply, insecurities and persistent increase in interest rate which has led to high cost of production and undermines profit making potentials of companies operating in Nigeria. As a result of banking sector practices and continuous folding up of companies, a lot of Nigerian are thrown into unemployment which inevitably detriment the economic situation of the country.

Youth empowerment, beyond formal education will involve exposure to, and up-grading of relevant skills, instilling core values, increasing competence and efficiency and creating an

environment for the implementation and sustainability of acquired skills amongst other things (Ahmed, 2006). Youth has been defined as the prime stage of life to set a young person onto the pathway of prosperity. However, this is also a period of risk, it is during this stage in life that young people tend to drop out of school, experience unemployment and unwanted pregnancies, acquire sexually transmitted infections, turn to violence or get married prematurely. In many countries the consequences of youth unemployment amount to loss of several percentage points of GDP per year (UN Program on Youth, 2011).

Youth empowerment is one of the forces which could create economic development and impact on productivity (Ibbih, Anthony & Itari, 2015). Therefore, the ability to create knowledge and innovation is essential for increase productivity and global competitiveness. The introduction of microelectronics, telecommunication equipment, internet and computers into modern offices had in recent years called for the training and development of competent youths who are equipped with the various skills needed by the market. The result of such action can be seen in the Nigerian youth who are gainfully employed and as such increases the productivity of Nigeria through various training by government or individuals (Usoro, 2010).

Since the office jobs that people desire are no longer there for the teeming population, the need for the government and the people to have a rethink on the way out of this mess became imperative. Hence, the need for small scale Enterprises became a reality as a means of ensuring self independent, employment creation, import substitution, effective and efficient utilization of local raw materials and contribution to the economic development of our dear nation (Nigeria). All the foretasted benefits of small scale Enterprise cannot be achieved without the direct intervention of the government and financial institutions. Over the years, a number of policies have been formulated by the government with a view to developing small scale enterprises. The Nigerian government under the then leadership of Chief Olusegun Obasanjo promulgated micro-finance policy and other regulatory and supervisory framework in 2005.

Concept of Small Scale Enterprises

There is no widely accepted definition accepted definition of Small Scale Enterprises in Africa (Beyene, 2002), the definition has changed from time to time and differs from one agency to another. According to Lawrence (1973), Small Scale Industry is any industry which is independently owned and operated and not dominant in its area of operation, industries where a business is small signed or by the ways that a business requires, at least one man who is not engaged in another financial work required. Although, it is true that the small scale enterprise create job opportunity to the youth and facilitate the economy of the nation, still confirmed to the large scale business.

Funds for Small Scale Industries (FUSSI) sees, "Small Scale Industries as those manufacturing, processing or serving industries with a capital investment of one hundred and fifty thousand naira (150,000) in machinery and equipment alone. Obafemi Awolowo University, Ile-Ife (the center of business research and development defines "Small Scale Enterprises as those firms whose total asset in plant equipment and its working capital do not exceed two hundred and fifty thousand (250,000) and with not more than fifty employees. The industrial policy of Anambra, published by the federal ministry, sees Small Scale Firms as those investments whose total investment is between one hundred thousand and two million naira (100,000 and 200,000,000) exclusive of land, but including work capital.

According to Olisa (2008), Small Scale Enterprise in this country have been to manufacture and distribute goods to sell them at retail and of course to provide all kinds of needed services. Small Scale Enterprises are common means by which many are making a living. In Anambra, the Small Scale Enterprises according to economists, will reduce the youth dependence in government and create employment opportunity to the youth. It will stimulate rural development and the achievement of meaningful level of broad economic and development, which will reduce the migration from rural to urban centers, once infrastructure facilities such as access to good roads, communication facilities, provision of electricity and water expansion scheme is provided.

Classification of Small Scale Enterprises

- 1. Manufacturing Industries:** Those units which are producing complete article for direct consumption and also processing industries e.g. bakery, furniture and beverage.
- 2. Commercial Industries:** This includes banking, insurance, wholesaling, retailing and transportation.
- 3. Service industries:** These are industries which involves those who are specialized in certain type of services. This includes health services, education, salon (hairdressing and barbing) entertainments, law firms and medical firms.

Characteristics of Small Scale Enterprises

The U.S Small Business Administration states that Small Scale Enterprises generally have fewer than five hundred (500) employees within a 12 – month period in non- manufacturing industries. A company must consider any individual on its pay roll as an employee. In Australia however, a Small Scale Enterprise is one that has fewer than its employees on payroll as define as the Fair Work Act. Small Scale African Enterprises hire 50 or fewer workers.

In Anambra, Aluko, Oguntoye and Afonja (1973) characterized SSE as follows:

Labour Intensive: Small Scale Enterprise are fairly labour intensive, they provide economic solution by creating employment opportunities in rural and urban areas at a relatively low cost of capital.

Flexibility: Small Scale Enterprises are flexible in their operation. They adapt quickly to various factors that play a large part in daily management. Their flexibility makes them best suited to constant changing environment.

Educational level: The educational level of the employees of Small Scale Enterprises is normally low and moderate. Hardly there is any need of specialized knowledge and skill to operate and manage the small scale enterprise.

Profit motive: The owners of Small Scale Enterprise are too much profit conscious. They always try to keep high margin in their pricing. This is one of the reasons for which the unit may lead to closure.

Location Operation: Small Scale Enterprises generally restrict their operation to local area in order to meet the local and regional demands of the people they cannot enlarge their business activities due to limited resources.

Concept of youth empowerment

Youth has been defined as the prime stage of life to set a young person onto the pathway to prosperity. However, this is also a period of risk—it is during this stage in life that young people tend to drop out of school, experience unemployment and unwanted pregnancies, acquire sexually transmitted infections, turn to violence or get married prematurely. In many countries the consequences of youth unemployment amount to a loss in certain percentage point of the G.P per year. For example, across Latin America, negative youth behaviors have been shown to reduce economic growth by 2% (UN Program on youth, 2011). Empowering youth is defined in this paper as creating and supporting the enabling conditions under which young people can act on their own behalf, and on their own terms, rather than at the direction of others (Common Wealth Secretariat, 2007). Investment in realizing the potential of youths is based on the following beliefs: fostering positive youth development benefits in the entire community, helping youth develop a life plan can reduce poverty in a sustainable way, providing youth with the appropriate skills to be critically aware enables them to be community change agent, youth empowerment can secure sustainable economic and social development, and lasting peace. On the other hand the youth is an untapped resource to support Africa's food security. An empowered community initiates efforts to improve the community, responds to threats to quality of life and provides opportunities for citizen (both young and old) participation. Similar to individual and organizations, communities can be empowering and empowered. Empowering communities have the characteristics of access to resources, open government structure, and a tolerance for diversity. Alternatively, an empowered community has the characteristics of organizational coalitions, pluralistic leadership, and resident with participatory skills (Meredith, Bronwyn, Jeanne and Parrish, 2013). A community that is both empowering and empowered has interdependent components that collaborate to effectively identify community needs, develop strategies to address those needs, and find resources and perform actions to meet those needs, though its organizations (and the decision-makers of those organizations). An empowered community will have resources, funding coalitions and networks that provide opportunities for the citizen to bring about change through media policy advocacy and grassroots organizing. Furthermore, in an empowered community, youth empowerment becomes an institutionalized expectation in which decision-makers look to youth as valuable constituent to gauge and garner input regarding all issues impacting a community. As a result, civic agenda begins to reflect the collective concerns, priorities and voice of the youth. These characteristics collectively allow for an empowered community to actively strive for systematic change through policy advocacy, where empowered individuals and organizations are at the forefront of a more just and fair society.

Concept of Local Economic Growth

Every government desire to raise the level of productivity which will bring about increase in the flow of goods and services this is done through the provision of more social amenities which entails spending more money by the government. Young people can make invaluable contributions to their families, economic growth, peace building and sustainable development, International Rescue Committee (IRC, 2012). The dynamism, entrepreneurialism and innovation young people often exhibit provide a vast base of economic potential if harnessed adequately. Various studies found countries that manage to provide youth with education support and opportunities will yield significant growth and contribute to achieving a demographic dividend. Although the norms for young people include having limited access to

finance, unreliable electricity and internet and a host of bureaucratic obstacles that lay in their paths before unlocking creative thinking. Other norms such as high operating cost and a lack of business support services, present additional challenges for the youth. Quite simply, this is the stage of life where far too many young people fall into poverty traps, with long-lasting implication for their future health, earning potential and well-being, and that of subsequent generations. However, it is also a stage of life where well-targeted investment can yield enormous benefits for youth and society alike. Young people can make invaluable contributions to their families, economic growth, peace building and sustainable development (IRC, 2012). The dynamism, entrepreneurialism and innovation young people often exhibit provide a vast base of economic potential if harnessed adequately. For example, in India, if the ratio of young female to male workers increased by 10%, the country's productivity will also increase by 8% (plan, 2009). On the individual level, the returns on investment in youth are just as evident. A review of 42 countries indicated that an extra year of schooling for girls at the secondary school level can increase their future earnings by 10-20%, OECD Global Network of Foundations Working for Development (OECD net FWD, 2014).

The question therefore is not only how we can make economic growth a reality in our communities, but how we can make sure that the growth benefits and marginalized and the poor youths. This in turn demands a strategic approach to economic growth that implies careful consideration of various trade-offs, and making difficult choices. It also demands harnessing and mobilizing the local human, social, financial and natural capital towards the common vision, goals and objectives that the community aspires to achieve. This is possible only when the various stakeholders and actors join forces to make a difference in quality of life in their cities towns and settlements.

You WiN competition- the nexus for youth SMEs participation

In Nigeria, the definition of SMEs is based on three major criteria via operating cost, turnover and employees capacity. Accordingly, a small scale enterprise is such whose total operating cost excluding cost of land but including working capital is above N 1 million but not exceeding N10 million (Central Bank of Nigeria, 1955). A small-scale business is such with total cost excluding land but including working capital above N1 million but not exceeding N10 million with a labour size of not exceeding 15 paid employees (National Council of Industry, 1996). SMEs are panacea to numbers of problems in developing nations. Owualah (1996) argues that SMEs may be regarded as the ‘‘University’’ where young entrepreneurs usually receive their trainings, while Safiriyu and Njogo (2012) posit that SMEs promote even growth in economy. As described above, SMEs are fundamental part of the economic fabric in developing countries and they play a crucial role in furthering growth, innovation and economy autonomy of the youth. SMEs are unarguably part of capacity building, drivers of innovation and ultimately means of poverty reduction in many developing nations. It has been further argued that Sub-Saharan Africa today faces an unprecedented opportunity based on its increasing labour force, while half of the population is under 25 years of age, and each year between 2015 and 2035, there will be half a million more 15- years old than the year before African Development Forum (ADF, 2014). Considering the steady increase of youth population in Africa therefore, it is essential to align government entrepreneurial program with the youth SMEs participation. Having realized this in Nigeria, the federal government established You Win platform for the youth capacity building and seed-capital provision. The youth enterprise with Innovation in

Nigeria (You Win) program is a collaboration program of the Ministry of Finance, the Ministry of Information Technology, the Ministry of Youth development and the Ministry of Women Affairs and Social Development. An annual business plan competition (BPC) for aspiring young entrepreneurs in Nigeria was launched, in line with the federal Government's drive to create more jobs for young Nigerians. The main objective of (You Win) program is to generate jobs by encouraging and supporting aspiring entrepreneurial youth in Nigeria to develop and execute business ideas that leads to job creation. The program provides aspiring youth with a platform to showcase their business acumen, skills and aspirations to business leaders, investors and mentor in Nigeria. More so, to provide business training for up to 6,000 aspiring youth entrepreneurs spread across all geo-political zones in Nigeria, encourage expansion, specialization and spin-offs of existing business in Nigeria and to enable young entrepreneurs to access a wide business professional network and improve their visibility. The competition has run for three years and a total of close to 4,000 participants have been awarded the grant.

Empirical Review

A study by Xibao and Ronald (2009) on The Pace and Stability of Small Enterprise Innovation in Highly Dynamic Economies, china based contributed that small enterprises, both industrial specialization and competition within a region are conducive to innovation and therefore support the new dynamic view of small businesses as agents of change. They also noted that for large and medium enterprises; however, increasing local competition is found to be detrimental to technologically sophisticated innovation and suggests that a somewhat sophisticated entrepreneurial regime be employed. Therefore, in highly dynamic agglomerative contexts, an innovation policy designed to supply support the development of core industries or industry cluster may be favourable to rapid and stable innovation institutions among entrepreneurial firms in the shorter term but unfavourable to the pace of innovation over the longer run. If not managed properly, the institutionalization of small business innovation practices may discourage R&D investment within the large firms that are a key source of spill-over knowledge and thus harm both social and private interests in the long term. From a firm strategic point of view, a large firm therefore needs to become more entrepreneurial and proactive to counterbalance the dissipating effects of intense competition on specialization spill-over. Small firms can benefit from specialization externalities in a sustainable way by engaging in R&D and contributing to new technological knowledge. An empirical study carried out on psychological empowerment among urban youth; Measurement Model and Association with youth outcomes by Eisman, Zimmerman, Kruger, Reischl, Miller, Franzen & Morrel-Samuels (2016) test the theoretical model of psychological empowerment and finds support for the three components described in Zimmerman's conceptual framework: intrapersonal component, interactional component, and behavioral component. Eisman et al analyzed data from 367 middle school youth aged 11-16 to test the theory. Their results indicated that each of the factors for the three components demonstrated a good fit with the data, meaning that there was strong support for the model. The study, published in the American journal of community psychology, lends support for the theory of youth empowerment solution (YES).

Result suggest that empowerment-focused programs would benefit from incorporating these three components and how youth think about themselves in relation to their social context [intrapersonal], understanding social and material resources needed to achieve specific goals

[interactional], and actions taken to influence outcomes (behavioral). In addition, results suggested that integrating the three components and promoting psychological empowerment may help increase the likelihood of positive behaviors. The study mentioned above only focused on other countries and limited Nigerian perspective in their work. This study however, looks at how small scale enterprise innovation has enhanced youth empowerment for the local economic growth in the Aniocha Local Government Area of Anambra State, Nigeria.

Youth Entrepreneur capacity building

Entrepreneurial capacity building has been proved to be essentially in any entrepreneurial process (Gundal, 2014). Benjamin (1995) adopted value-oriented approach and observed that “the youth of a nation are trustees of prosperity” this to a large extent is valued universally. In Nigeria today, and according to vision 2010-2020 target the youth can safely be said to constitute over 65% of the population (Otokiti, 2012). These youth are burning with ambition for growth, desire for achievement and immense potentials for economic autonomy; hence their importance in sustainable economic development cannot be overemphasized. It has been observed that a process of creating self-awareness and the development of individual capacity for creative and innovative thinking, decision making and action implementation to exploit various entrepreneurial opportunities is the focus of entrepreneurial capacity building (Teixeira & Pato, 2013). It can be unarguably established that in any entrepreneurial process, individual capacity in form of skills, knowledge and experience among others plays an important role. On this basis, Eme (2014 p.6) describes an entrepreneur as “an individual who has the ability or capacity to identify opportunity where others see nothing and also being able to mobilize the necessary resources to translate such idea into viable businesses”. In recognition of the importance of entrepreneurial capacity building among the youth, the Federal Government through the youth empowerment scheme (YES) initiated Capacity Acquisition Program (CAP) and Mandatory Attachment Program (MAP). While CAP is to enable participants acquire entrepreneurial skills and vocational capabilities, the MAP was to assist graduate who have completed their mandatory National Youth Service Corps (NYSC) and who are yet to secure full-time employment. More so, agencies such as NDE, SMEDAN and Chambers of commerce and industry were specifically set up to provide entrepreneurial capacity development programs for the youth.

The Impact of Small Scale Enterprise on Youth Development

In the development of youth, Nigeria economy has made it very possible for firms to import goods or materials, small scale enterprise also serve as training schools for indigenous entrepreneurs and provide the opportunity for realization of skills for large number of workers, also small scale enterprise on youth development are important because, it helps in increasing employment and economic development of the country, it increase the growth of the youth in terms of development.

Small scale enterprise contributes to local economies by bringing growth to the community in which the business is established it also help stimulate economic growth by providing employment opportunities to people who may not be employable by larger corporations.

Finally, the need for effective improvement in Small Scale Enterprises in the selected area is needed. This will stimulate economic growth and development of small scale unit in Nigeria.

Generally, the role of government and non-government organization is not encouraging, so there is a great need to achieve a sustainable Small Scale Enterprises in Nigeria.

Conclusion

Although government had paid due respect to small scale Entrepreneur as multipliers for self-empowerment. It had then failed to consult them at the same time; no advice has been given to the masters so as to enhance the process of skill transference. There was a well-meant intention to deepen the technical understanding of craft men. It has failed for two main reasons: ignorance or the lack of appreciation for the importance between masters and apprentices and a chaotic implementation that didn't even follow the program's guidelines and caused a lot of suspicion concerning the proper allocation of the NDE Funds. However, the overall idea of introducing a combined system on the job training and theoretical learning could have been a step forward to improve the quality and performance of Small Scale Enterprise activities. But for fuller achievement of these goals, instead of imposing formal regimentations, a deeper understanding for the sector's traditional rules and a more sensitive approach with an emphasis on support and promotion of the sector's economically base processed of self regulation would be necessary.

Recommendations

1. Government should offer more incentives to investors as an encouragement to invest in the state, they include making land available to them at moderately cheap rates and providing them with other infrastructure facilities. These will help the amount of job opening in the state, thus employing more graduates. For foreign investors, government should seek direct ownership of equity and participate in production; it should also dictate the peace of progress in areas which it does not own participate through appropriate policy including incentives.
2. Students should be guided in choosing their discipline counseling. This counseling should be offered free of charge and should be aimed at advising the students to know the line in which they have great potentials and proven integrity. If this is established, it will not offer what they are capable of, but also will present suitable and employable graduates to the employers of labour.
3. Proper educational and development policies, one primary objectives of the developmental policy should be aimed at increasing employment to the least minimum of four years. Our educational system should be over handle, to place less emphasis on theoretical education and pay more attention to skill-oriented education. This is to reflect graduates in a better position to find job after graduation.

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