



THE RELATIONSHIP BETWEEN SMALL AND MEDIUM ENTERPRISES (SMEs) AND POVERTY IN NIGERIA

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A b s t r a c t

This study examines the moderating role of youth empowerment on the relationship between Small and Medium Enterprises (SMEs) and Multidimensional Poverty Index (MPI) in Niger State, Nigeria. The main objective of the study is to delve into whether SMEs has substantial impact on the reduction of poverty in Niger State, Nigeria. A survey technique was employed and questionnaire was used to collect data from 432 SMEs owners in 8 selected Local Government Areas of Niger State, Nigeria. The Statistical Package for Social Sciences was used for descriptive analysis and Partial Least Square-Structural Equation Modelling (PLS-SEM) is used for testing for hypotheses. The results showed that there are positive changes in the socio-economic status of the people due to their involvement in SMEs activities of employment, innovation, human capital development and income; the results showed that the moderating effect of youth empowerment has positive influence on the relationship between SMEs and MPI. The results imply that SMEs owners should be empowered to enable them have access to resources to finance their businesses; and greater effort should be accorded to the empowerment of youth so as to further reduce poverty in Nigeria.

R e s e a r c h H i g h l i g h t s

The results demonstrate that there is a positive relationship between Small and Medium Enterprises and multidimensional poverty reduction. The involvement of households in various activities of SMEs enables their family members to have access to quality education, good health and an improved living standard.

The results also show that the moderating effect of youth empowerment strengthen the relationship between SMEs and multidimensional poverty reduction. The empowerment of youth makes them have access to resources which enables them to partake actively in various activities of SMEs which in the long-run hampers multidimensional poverty.





Research Objectives

Aim

Investigate the nexus between SMEs and multidimensional poverty index and the moderating role of youth empowerment

Purpose

To look into the significance of SMEs in enabling households members have access to quality of education, good health and improving living standard. Also, the extent to which youth empowerment strengthen the relationship between SMEs and multidimensional poverty reduction

Objectives

1. To examine the relationship between SMEs and multidimensional poverty reduction.
2. To investigate the moderating role of youth empowerment on the relationship between SMEs and multidimensional poverty reduction.

Significance

The study draws attention to key findings relating to the views of the SMEs owners on the contribution of their SMEs in reducing poverty. It is noteworthy to find that the participation of poor in SMEs activities though does not eradicate poverty, but help in reducing poverty to the bearable minimum. The study also contribute to a relatively novel body of youth empowerment as a moderator between SMEs and multidimensional poverty, which explores the significance of empowerment of the youth in making them business owners, job creators and above all alters their poverty status positively.

Methodology

The study used a quantitative survey approach to collect data from SMEs households in Niger State of Nigeria. A sample of 520 SMEs households was determined using Yamane (1967) simplified statistics. A cluster sampling technique is used to collect data from 8 Local Government Areas (LGAs) of Niger State, Nigeria. A total of 520 questionnaires are distributed to the households in the sampled LGAs, however, 432 (83%) questionnaires was





the valid sample for this study. The 8 LGAs include: Agaie, Bida, Lavun, Bosso, Gurara, Munya, Tafa and Rijau. Statistical Package for Social Science (SPSS) was used for descriptive analysis, while Smart Partial Least Square (PLS) 3.0 was used for confirmatory factor analysis (CFA) and structural equation modelling (SEM).

Results

Measurement Model

It was suggested that by Ramayah et al. (2017) that the convergent validity, the loading value and composite reliability should be greater than 0.7 and average variance extracted should be greater than 0.5. The loading for youth empowerment (0.952 – 0.987) and multidimensional poverty (0.932 – 0.964) are both greater than the recommended value of 0.7. The measures of SMEs variable as a formative items depict the weight which ranges between (-0.281 – 0.679). The composite reliability values for both youth empowerment (0.993) and multidimensional poverty (0.982) are exceedingly reliable. And that of average variance extracted exceeded the minimum recommended value. For the discriminant validity, it was suggested by Henseler and Chin (2010) that the indicators loadings should exceed the cross loadings. The results indicates the indicators loadings for youth empowerment (0.606) and multidimensional poverty (0.701) both exceeded their cross loadings.

Structural Model

The relationship between SMEs and multidimensional poverty reduction shows a positive nexus ($\beta=0.451$, $t\text{-value}=9.051$) and as well the $t\text{-value}$ is greater than 1.645 (<0.05). The moderating effect of youth empowerment between SMEs and multidimensional poverty a robust relationship ($\beta=0.314$, $t\text{-value}=2.462$).

Findings

The findings from the study reveal that there is positive relationship between SMEs and multidimensional poverty reduction. The result is in consonant with previous studies such as Agyapong (2010); Garba (2012); Ioron (2014) and Asikhia (2016) who agrees that SMEs enable households to have access to quality education, good health and improving standard of living. The findings also established a robust moderating effect of youth empowerment





between SMEs and multidimensional poverty reduction. This outcome is in line with the earlier findings such as Todorovic et al. 2016); Shefiu 2016 and Ndamu 2017.

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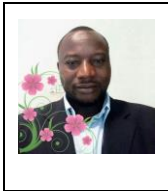
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Musa Mohammed obtained his B.Sc.Economics and M.Sc. Economics from Usmanu Danfodiyo University Sokoto, Nigeria, then PhD in Development Economics from Universiti Malaysia Sarawak. He is presently Lecturer I, Department of Project Management Technology, Federal University of Technology, Minna, Niger State, Nigeria.



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