

THE IMPACT OF SMALL AND MEDIUM ENTERPRISES FINANCING ON POVERTY REDUCTION IN NIGERIA

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Abstract

Nigeria, like other developing countries, has continued to grapple with the menace of poverty despite several economic policies and programmes implemented by various governments. This study was therefore undertaken to assess the impact of small and medium enterprises financing on poverty reduction in Nigeria from 1991 to 2010. Using ordinary least square (OLS) analytical technique, data from the central bank of Nigeria (CBN) statistical bulletin were obtained. Findings revealed that there is a significant relationship between small and medium enterprises financing and poverty reduction in Nigeria. However, inflation rate has a negative relationship with poverty. Nonetheless, exchange rate has a positive relationship with poverty, whereas unemployment has a strong negative correlation with poverty in Nigeria. It was concluded that small and medium enterprises financing has a positive relationship with poverty in Nigeria. It was therefore recommended inter alia that adequate attention should be given to small and medium enterprises through channeling of more resources to the sector. And that the government should as a matter of urgency diversify the economy and create more jobs for the increasing population to reduce the unemployment rate in the country, thereby reducing poverty.

CHAPTER ONE

INTRODUCTION

1. Background of the Study

Small and medium enterprises have made great contributions in eradicating poverty in Nigeria. SMEs are regarded as the engine of economic growth to any nation's development. The main advantage of the sector is its ability to employ at low capital cost. The labour intensity of the SMEs is much higher than that of the large enterprises. SMEs as a nursery of entrepreneurship are often driven by individual's creativity and innovation. Besides the growth potentials and its critical role in the manufacturing and value chains, their wide spread in Nigeria and the multiple effects they have on the rest of the economy enable them to be the engine of economic progress. SMEs are main drivers of innovation, job creation, poverty reduction, wealth creation, income distribution and reduction in income disparities. After the economic reform on 1986, the small and medium scale Enterprises are seen as a key to Nigeria's growth and poverty alleviation and unemployment in the country.

2. Statement of the Problem

Since the discovery of oil in Nigeria, specifically in the Niger-Delta region, there have been lots of activities involving oil producing, oil marketing, seismic companies and all other allied businesses. Oil exploration has resulted to a lot of benefits and also inconveniences and hardship to the people in these areas. According to Wosu (2013), the exploration activity of oil companies in the Niger-Delta region of Nigeria has resulted in oil spillage and other forms of pollution and degradation of the ecosystem, which invariably is the means of livelihood of the inhabitants. The oil companies operating

in the areas which are supposed to help in developing the areas are accused of not caring about the welfare of the people. They have also often been accused of deceit and failed promises in respect of the welfare of people of their host communities. The result is that the people seem to be experiencing increased hardship, poor and lack of engagement, poverty, famine, unemployment and malnutrition. Some of the consequences arising from the situation are inter and intra communal conflicts, fervent agitations and even kidnapping of both indigenous and foreign staff of oil companies.

3. Objective of the Study

The main purpose of the study is to investigate the impact of non-monetary incentives policy on employees' behavior in financial institution: A study of First City Monument Bank, GTBank and Stanbic IBTC. Other specifics objectives of the study are:

To ascertain the influence of flexible work schedules on workers

Punctuations

To assess the impact of recognition on employee intention to take risk.

To examine the relationship between job autonomy and employee's Efficiency.

To evaluate how training and development increase employee Productivity.

**To investigate whether non-monetary incentives policy propel
Employees' attitudes in the workspace.**

4. Scope and limitation of the Study

This research covers the performance appraisal and productivity of employees and variables such as training and development, rewards system and performance feedback, in relations to employee productivity and variables such as employee morale, employees' innovation capability and employee efficiency.

The relationship between these variables will be tested and measured in three of the Microfinance banks in Abeokuta. (Lavender Microfinance Bank, Lafenwa, Abeokuta, LAPO Microfinance Bank Ltd, Oke - Ilewo Road, Ibara, Abeokuta and Astra Polaris Microfinance Bank, Onikolobo, Abeokuta). The study will focus on the staff of three Microfinance banks in Abeokuta from whom relevant data will be obtained.

5. Definition of Key Terms

Advertising Campaign – Is impersonal communication that the sponsor has paid for and in which the sponsor is clearly identified. The most familiar forms of adverts are found in the broadcast (TV and Radio) and print (Newspaper and magazines) media

Personal Selling – Is the direct presentation of a product to a prospective customer by a representative of the organisation selling it. Personal selling takes place face-to-face or over the phone, and it may be direct to a middleman or a final consumer.

Market share: It represents the percentage of an industry, or a market's total sales, that is earned by a particular company over a specified time period. Market share is calculated by taking the company's sales over the period and dividing it by the total sales of the industry over the same period.

Sales Promotion – Is demand stimulating activity designed of supplement advertising and facilitates personal selling it is paid for by the sponsors and frequently involves temporary incentives to encourage a sale or purchase.

Trade Discounts: The most common type of sales promotions is consumer discounts or trade discounts. Discounts refer to when products are temporarily offered at a lower price

Organization: This entity comprising multiple people, such as an institution or an association that has a collective goal and is linked to an external environment.

6. Research Questions

The following research questions shall be considered in this study:

- 1. What are the factors influencing MTN Nigeria involvements in CSR activities?**
- 2. What are the effects of corporate social responsibility programs On education by MTN Nigeria?**
- 3. To what extent does MTN Nigeria contribute to CSR on health? Programmes on education by MTN Nigeria?**
- 4. What are the effects of government policy and priority Nigeria?**
- 5. What benefits does MTN Nigeria get from performing its Corporate social responsibility**

7. Conclusion

The study of performance appraisal and productivity of employees in microfinance institutions is hoped to be of benefits to students, business men, corporate organization, and Microfinance banks in Abeokuta. The study also hopes to highlight the problem associated with performance appraisal and to make use of the analysis to improve the working situation thereby minimizing the problems of performance appraisal in organization and its environment.

The findings in this study will have both theoretical and practical contributions by adding to the existing knowledge on research that has already been done in relation to performance appraisal and productivity of employees.

8. Reference

Books

1 First Name Last Name, Title of Book (City of Publication: Publisher, Year of publication), pp. X-xx.

2 First Name Last Name and First Name Last Name, Title of Book (City of Publication: Publisher, Year of publication), pp. X-xx.

Footnotes

1 Josiah B. Adams, Compensation Systems (Boston: Brunswick Press, 2005), p. 57.

2 Ramon Adhams and Seymour Stevens, Personnel Management (Cambridge, MA: All-State, 2006), p. 158.