



## **ACHIEVING YOUTH EMPOWERMENT THROUGH SMALL AND MEDIUM SCALE ENTERPRISES IN KOGI STATE, NIGERIA.**

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### **ABSTRACT**

This paper was meant to examine how youth empowerment in Kogi State, Nigeria could be achieved through participation in Small and Medium Scale Enterprises (SMEs). In a developing economy like Nigeria, youth empowerment can only be given a boost by a deliberate encouragement of youths in SMEs participation. In this study, the key factors responsible for the failure of the previous youth empowerment programmes in Nigeria such as inability of government/private sector to create jobs, inadequate technical know-how, collapse of the manufacturing/industrial sector, etc, were discussed. The study also identified employment generation, poverty reduction, and structural transformation of the rural areas among others, as the major benefits of sound participation of youths in SMEs. On the basis of the above, recommendations such as there should be a good collaboration between private, government and non-governmental organizations, among other measures to create jobs through investment and reinvestment in SMEs, create more vocational skills acquisition centers as well as provide youth unemployment benefit scheme for the teaming youths, were made.

Keywords: Youth Employment, Youth Empowerment, Small and Medium Scale Enterprises.

### **INTRODUCTION**

Youth empowerment is a global phenomenon and one of the greatest challenges currently facing all the developing countries of the world. No nation (developed or developing) can do without empowering their youths. Youth empowerment therefore is everybody's function because empowering the youth according to Uzochukwu (2016) is like saving in bank that cannot be affected by theft of any kind. Thus, understanding the importance of youth empowerment by both the government and the citizens will go a long way in achieving national dreams. Youth empowerment can be further seen as a way of changing the attitude and potentials of individual youth positively to re-direct them to gain control over their life or situation. This involves making them to create and produce goods and services that will help them economically (KOSEED,2004).

According to the Common Wealth Plan of Action for Youth Empowerment (PAYE), youth empowerment is meant to empower, engage and create value to youths so that they can contribute to the economic, social and cultural advancement of their families and countries at large. The term empowerment in this case is used for an accomplished state of self responsibility and self-determination. Youth empowerment therefore, can also be seen as a means of exposing the youths into skills or training that makes them productive. It encompasses different ways youths can be exposed to different trades that may help them to engage in sustainable paid and self-employment (Idoko, 2014).

Omotere (2011) further refers to youth empowerment as a process whereby young people gain the ability and authority to make decisions and implement change in their own lives. In this case therefore, youth empowerment involves different ways through which the youths can be empowered to achieve self sustained national development instead of depending on government for provision of employment opportunities.

In general terms, youth empowerment is referred to as a process of skill acquisition or development with a view of enhancing the social, economic and cultural advancement of youths and their families. Such a process is always targeted at developing the individual's capabilities in other to make him/her more productive, more useful, self-reliant and employable. From the foregoing, youth empowerment can be seen as a process whereby young people are encouraged to take charge of their lives. They do this by addressing their situation in different ways and carefully take action(s) to improve their access to resources and transform their consciousness through their beliefs, values and attitudes.

Currently, in Nigeria and Kogi State in particular, government cannot provide jobs for every able bodied (educated and uneducated) youth due to inadequate resources. This worrisome scenario made government to have a re-think on ways to combat the problem. The best option to address the problem is therefore, through the youth empowerment initiative (economic empowerment). Over the years, public policies/programmes such as the National Accelerated Poverty Eradication Programme (NAPEP), National Directorate of Employment (NDE), and many others were introduced and directed at empowering the youth with a view of addressing youth empowerment. However, it is sadly noted that as the youth population grows, so does the unemployment rate. Tunji (2014), observed that the various youth empowerment programmes/policies have faced different challenges which includes; finance, absence of good administration and implementation, inconsistent policies, unimpressive responses from would-be trainers and unqualified resource personnel handling the training programmes. Apart from the above challenges, some other key factors are responsible for the failure of many youth empowerment programmes in Nigeria.

#### **FACTORS RESPONSIBLE FOR THE FAILURE OF YOUTH EMPOWERMENT IN NIGERIA.**

Tunji (2014) and Danjos and Ali (2014) attributed the persistent youth unemployment as well as failure of the previous youth empowerment programmes in Nigeria to the following factors:

- **Inability of the government and private sector to create jobs:** Tergungwe (2013) noted that, Youth unemployment generally results from inability of government and the private sector to create jobs for the teeming youths in the economy. This is because of the great desire for white collar jobs by most young educated people or graduates. Attempts made by government over the years to introduce some youth empowerment programmes to reduce poverty and create employment opportunities have not yielded the desired result. In addition, youth empowerment programmes have concentrated more on training than other activities that actually provide openings for immediate employment of the teeming youth in the small and medium scale industries. Furthermore, the training programmes are often not accompanied by soft loans, which graduating trainees could use as start-up capital in other to facilitate their quick integration into the labour market.
- **Inadequate technical know-how:** This refers to the inadequacy of expertise resulting from lack of sound vocational, technical and entrepreneurial education for the youths in Nigeria and Kogi State in particular. These types of education are powerful tools that could empower the youth to be self-

employed. It is in realization of this important role that Terzungwe (2013) noted that lack of government encouragement for technical and vocational educations as well as entrepreneurial development have contributed to unemployment (particularly among the youths) in Nigeria. Even where provisions are made for training to improve the technical know-how of youths, target setting has often been a challenge. In the course of such training programmes, all categories of unemployed youths are often lumped together as a homogeneous entity (in terms of education, skill, capacities, etc). The lumping together of graduates of primary, secondary and tertiary institutions make the training exercise not only ineffective but also less impactful.

- **Rural-Urban migration:** Most involved in this type of migration are the youths. Danjos and Ali (2014) noted that the inability of government to provide basic infrastructural facilities in the rural areas such as good roads, electricity, potable water supply and recreational centers, to mention but a few, has forced youths to migrate from the rural to the urban centers, making farming (which is a viable source of youth empowerment) to be the sole occupation/business of the elderly. The rural urban migration of the youth can be further attributed to the need for white collar jobs and the high level of underemployment due to seasonal unemployment in the rural areas (Nwokwu, 2013).
- **Rapid explosion of educational institutions:** The explosion of educational institutions in the country has directly increased the supply of manpower (especially of young graduates) in the labour market. This increase in the number of graduates without a corresponding increase in jobs or empowerment opportunities for these youths has always been a serious challenge in Kogi State and Nigeria in generally. For instance, from only three Universities, namely; Ahmadu Bello University, University of Ibadan and Nnamdi Azikiwe University in 1960s, Nigerian Universities in recent times have grown to about 121 (list of Universities in Nigeria, 2016). These Universities are only made up of Federal, State and Private institutions scattered in different parts of Nigeria, aside Secondary Schools, Colleges of Education, Polytechnics and Monotechnics in the country. With this rapid rate of explosion of educational institutions, Isaiah (2013) revealed that more than 150,000 bachelor degree and Higher National Diploma graduates are produced annually without jobs for them to do. This therefore implies that such young graduates (youths) are faced with serious challenge of empowerment since there are no adequate provisions/facilities for their employment.
- **The collapse of the manufacturing or industrial sector:** Many believed that the collapse of this sector which used to be viable has contributed to the high level of unemployment currently experienced in Nigeria. For instance, the dwindling nature of operation at Ajaokuta steel complex in Kogi State has a similar effect, as youths who would have been employed are currently idle and still depending on parents and relations for their livelihood. Similarly, many industries in cities like Kano, Kaduna, Ibadan and Lagos, to mention but a few in the country have stopped functioning. This has hence rendered many people especially the youth, less empowered and unemployed.
- **Corruption:** Corruption has been a serious challenge to youth empowerment in Nigeria as funds meant to generate employment opportunities particularly for the youth are diverted into private pockets of top government officials. In addition, so many programmes and policies are run simultaneously under a very weak management structure. There has also been the problem of inadequate funding resulting from the endemic nature of corruption in the country. This hindered adequate focus and effectiveness in programmes and policies that are expected to provide the youth with better empowerment opportunities. Corruption to a large extent also prevents or hinders investment because it is disincentive to potential investors, aside distorting public expenditure and increase of overheads for running government business.

The above challenges notwithstanding, Olanrewaju (2014), maintained that job creation (especially for the teaming youths) can be achieved by tapping into many innovations of the private sector particularly Small and Medium Enterprises.

## SMALL AND MEDIUM SCALE ENTERPRISES (SMEs)

According to Eru (2014), Small and Medium Scale Enterprises (SMEs) are companies whose number of employees or output falls beneath specific digits. He further added that small companies are classified to have less than 50 employees; while medium sized companies are those that have employees of less than 250. SMEs as defined by the National Council of Industries refers to business enterprises whose total cost excluding land is not more than two hundred million naira (₦200,000,000.00) only (Onugu, 2005; Akingunola, 2011; Folorunso, Abodunde and Kareem, 2015). Similarly, in Nigeria, the Small and Medium Industries Enterprises Investment Scheme (SMIEIS), defines SMEs as any enterprise with a maximum asset base of ₦200 million excluding land and working capital and with a number of staff employed not less than 10 or more than 300 (Adelaja, n.d).

The main strategy for the establishment of SMEs and its promotion by various sectors is to enhance job creation, promote economic development as well as reduce poverty. International agencies and organizations such as World Bank, United Nations Industrial Development Organization (UNIDO), International Finance Corporation (IFC), United Kingdom Department for International Development (DFID), to mention but a few are not only keenly interested in making SMEs robust and vibrant in developing counties but have also heavily invested in them.

According to Ahmed (2006), SMEs are sub-sectors of the industrial development. The history of industrial revolution in developed and developing economies or countries has shown that SMEs are driving force of industrial development. It is therefore the attention of government the world over to focus on the funding and supporting of SMEs activities. Hence, youth empowerment especially through deliberate involvement in Small and Medium Scale related businesses have become inevitable in most developing economies because of their numerous benefits.

## BENEFITS OF SMALL AND MEDIUM SCALE ENTERPRISES

The benefits of SMEs in any economy (developing or developed) cannot be overemphasized. In Nigeria and Kogi State in particular, SMEs have a number of benefits. According to Qimiao (2003) and Eru (2014), the key benefits include the following;

- **Employment generation:** SME sector is the largest provider of employment in most countries, especially of new jobs (Qimiao, 2003). It is noted worldwide that more jobs per unit of investment capital and per unit energy consumed are created by SMEs than large scale enterprises. Similarly, Eru (2014) noted that SMEs play a major role in terms of job creation and income distribution in Nigeria's economy. SMEs therefore are the bedrock upon which the micro-enterprises thrive and can be said to represent a veritable vehicle for achievement of national economic objectives of employment generation and poverty reduction. This is done at a low investment cost alongside the development of entrepreneurial capabilities, including indigenous technology.
- **Poverty reduction:** SMEs are critical for poverty reduction and play important roles in developing countries where poverty is most severe (Qimiao, 2003; Eru, 2014). They constitute the smallest unit of business and predominate in most sectors of Kogi State and Nigerian economy, occupying many available spaces such as farm enterprises in the rural areas, provision store, sachet/pure water production and garri processing or food processing industries, to mention but a few. Most often, SMEs are the only source of employment as well as income among the rural poor and low income earners. Aside poverty reduction, SMEs also help to improve the standard of living especially of the youth in Kogi State.
- **Low take-off or start-up capital:** One important benefit of SMEs is the low take-off capital requirements as compared to large scale enterprises. Small scale industrialization therefore widens the scope for participation in industrial activities by individuals with limited capital. They are therefore effective instruments of mass participation in industrial development. The small start-up



capital requirement also makes SMEs cost effective. In addition, the management size and structure is small, which makes the decision making process faster.

- **Promotion of growth and capacity building:** Most SMEs are involved in primary and secondary economic endeavours that rely heavily on locally sourced materials, equipment and parts. As a result they achieve high local value added operators. In recognition of their important roles in the development and growth of various economies, they have been aptly referred to as “the engine of growth”. SMEs also help in capacity building by providing training avenues for the creation of local entrepreneurs in several areas of economic activities such as ICT, tailoring, automobile mechanics and other similar areas. They are regarded as a “University” where a large class of Nigeria entrepreneurs usually receives training. It is therefore more important to lay a good foundation of an industrial class by promoting small entrepreneurs than to build a few large factories.
- **Technological acquisition/industrial development:** SMEs provide opportunities for the development of local skills and technological acquisition. The “Aba made goods” syndrome in Nigeria, which is a derogatory phrase for inferior goods, is a clear manifestation of such technological acquisition in Nigeria. However, if such industries are encouraged, it will give rise to rapid economic development. The garri processing and cloth weaving in Kogi east and central are also good examples. In the area of industrial development, SMEs have short gestation period and high potentials for quick yield on investment. They therefore provide promising alternatives for Nigeria and Kogi State economies which desire the best option for industrial development.
- **Structural transformation of the rural areas:** SMEs when cited in rural areas help to improve the rural infrastructure and the living standard of the people. They are hence catalyst for socio-economic transformation of any country. Social amenities such as roads, electricity, pipe-borne water, telecommunication facilities, etc are attracted to an area as a result of the presence of SMEs in such particular area.
- **Industrial dispersal or spread:** SMEs could easily be located in rural areas because they can survive on rudimentary industrial infrastructure. Consequently, they serve as major facilitators for industrial dispersal and rural development and help in mitigating the rural-urban drift. In Kogi State, the location of Dangote Cement factory at Obajana attracted the establishment of some SMEs to the area. Such SMEs to a large extent has addressed the problem of rural-urban drift particularly of the youths in the area. Furthermore, SMEs facilitate the operations of the large-scale industries especially in the areas of supply of raw materials and goods, as well as in distribution of finished products from such large-scale industries to consumers.
- **Flexibility:** The easy entry and exit of SMEs make economies more flexible and competitive. SMEs react swiftly to changes in the operating environment. SMEs therefore provide good testing ground for new products and nascent production technique. Generally speaking, SMEs occupy a place of pride in virtually every country or state because of the numerous benefits above. If the economic system of Nigeria for instance, is compared to that of a cell unit, SMEs are the mitochondria (Power House).

## RECOMMENDATIONS

The persistent youth unemployment crisis in Kogi State, Nigeria is believed to be the major contributor to the increasing rate of social vices such as armed robbery, kidnapping, trafficking, drug addiction, thuggery and prostitution, to mention but a few, that have characterized the state and the country in general. A deliberate and sound youth empowerment strategy such as involvement of youth in small and medium scale businesses remain the most viable solution to these increasing social vices. It is against this background that the following recommendations are put forward:

- The private sector should collaborate with government and non-governmental organizations to create more jobs through investment and re-investment especially in SMEs in Kogi State. Adequate funding for speedy completion of the Ajaokuta Steel Complex for full production as

well as investment in solid minerals development and other SMEs in Kogi State should be encouraged. This and other efforts of stakeholders in empowering the youths should also be emphasized. These measures if properly followed will reduce the problems of unemployment and inefficient income distribution in the state and country at large.

- Government and Non-Governmental Organizations (NGOs) should intensify efforts at creating more vocational skill acquisition centers across the state and country to enable the youth to acquire skills for them to be self-employed and also to employ others. Skill acquisition is a strong instrument for empowerment of youth in SMEs especially in areas such as tailoring, automobile mechanic, ICT, metal works, to mention but a few. In Nigeria and Kogi State in particular, government should open up the iron and steel downstream industries to train youths to provide some basic services for the industry and the economy. Well trained youths in these basic skills can be easily employed and hence empowered in the country.
- The major stakeholders (government, organizations and individuals) should synergize to give agriculture its pride of place in order to generate employment opportunities for the youth. All the required supports for the youth to be engaged in SMEs especially in agricultural businesses should be made available to them. These include among others, credit facilities, farm inputs at subsidized prices as well as accessible land for cultivation. New farming technologies should be introduced to attract youths into farming since the old and current methods are not encouraging. This measure would discourage rural-urban migration of youths in search of white collar jobs in the cities as well as encourage the youths to remain in the rural areas to practice agriculture and/or be involved in small and medium scale businesses.
- Educational planners should give priority attention to entrepreneurial, technical and vocational education in order to expose the youths to more employment opportunities and self-reliance. The need for immediate review of educational curriculum in our institutions of learning is now very imperative. In addition, emphasis should be given to the study of Science and Technical Education through adequate funding of schools and granting of scholarship to indigent youth by the government, NGOs and well to do individuals in the society. Acquisition of sufficient skills in science and technology also guarantees self-employment of youths.
- There should be synergy between the three arms of government (Federal, State and Local) to give priority attention to the provision of infrastructure such as good roads, electricity, water supply, schools, hospitals and small scale industries among others, in the rural areas. The absence of these social infrastructures in the rural areas has been observed as the major cause of rural-urban drift especially among the youths. Their provision therefore will encourage the youths to remain in the rural areas to be empowered through farming and/or be involved in other SMEs activities.
- The legislative arm of government should promulgate laws that would reduce the current rate of corruption in Kogi State and Nigeria. Necessary laws to prosecute corrupt public officers should be put in place, while strict enforcement of the existing ones should be ensured. These measures would reduce the extent of wastage of public funds which has often contributed to the persistent youth unemployment crisis in the country
- Finally, government, NGOs and individuals should provide youth unemployment scheme. With this, the unemployed youth would be empowered to invest in petty/small and medium scale businesses. The proposed payment of ₦5,000 monthly allowances to unemployed Nigerian youths by the present Federal government is indeed a good policy in the right direction. Though small, the payment if commenced will help the benefiting youths to meet up with a small start-up or low take-off capital requirement of some SMEs.

## **CONCLUSION**

This article has revealed that participation in SMEs is not only a viable antidote to the current widespread social vices but also a sure way of achieving youth empowerment in Kogi State, Nigeria.

The major factors responsible for the failure of youth empowerment programmes in Nigeria were identified and discussed. The article also examined the numerous benefits of youth participation in SMEs such as employment generation, poverty reduction, promotion of growth and capacity building and structural transformation of the rural areas, among others. Finally, the article advanced some recommendations such as job creation, establishment of skills acquisition centers, giving of priority attention to entrepreneurial, technical and vocational education, to mention but a few, to be given desired attention for the achievement of sound youth empowerment in Kogi State, Nigeria.

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