ROLE OF MICRO, SMALL AND MEDIUM SCALE ENTERPRISES (MSMES) IN SOLVING UNEMPLOYMENT PROBLEMS IN SELECTED MSMES FIRMS IN ONITSHA METROPOLIS

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Abstract
This study focused on the role of MSMES in solving unemployment problems in selected MSMEs firms in Onitsha Metropolis. The objectives were focused on the relationship between medium scale business and job creation in Onitsha Metropolis; secondly, the relationship between small scale business and self –employment and lastly; the relationship that exists between micro enterprise and sustainable employment in selected MSMEs firms in Onitsha Metropolis. This study was anchored on the theory of entrepreneurial drive. The study adopted descriptive survey research design and simple random sampling technique was used to select the MSMEs firms in Onitsha Metropolis, Anambra State. The population of the study is 89 and Taro Yamane formula was used to determine the sample size of 73. Findings revealed that there is significant role of MSMEs in solving the problem of Unemployment in Nigeria by indicating that there is positive relationship between the medium scale business and job creation; secondly, between small scale business and self – employment and lastly, between micro enterprise and sustainable employment. The study concluded that MSMEs reduces the rate of unemployment as it offers employment at various capacities. Therefore, the study recommended that Government authorities and meaning Nigerians should focus on supporting MSMEs at different categories towards job creation in Onitsha Metropolis.
Keywords: *MSMEs, unemployment, firms, Onitsha*

Introduction

Unemployment is regarded as one of the major challenges faced in the country. Though, consecutive governments have adopted strategies toward resolving the problem of unemployment but it seems like the more efforts geared towards creating more jobs, the rise in the rate of joblessness in the country.

Based on the published articles of Nigerian Bureau of Statistics (2020) Nigeria unemployment rate as at the second quarter of 2020 was 27.1% meaning about 21.7 Million Nigerians are unemployed. Though, this data expounded the poverty situation in Nigeria even with the insurgence of the Novel Coronavirus Pandemic, business organizations, in an attempt to survive the effect of the Pandemic resorted to lay off staff which contributed to the increase in unemployment rate in the country. Prior to the Coronavirus Pandemic, previous government administrations see to the

resolving of unemployment problems by carrying out policies such as the National Directorate of employment (NDE) and the establishment of peoples bank of Nigeria.

When the nation returned to the democracy, Poverty alleviation programme was launched in an attempt to provide youths with employment opportunities and later changed in to National poverty eradication programme (NAPEP). Despite all these programmes, the country is still bisect with the problem of increasing rate of unemployment.

Micro, small and medium scale enterprises (MSMEs) are generally considered as a tool of economic growth and development in advancing countries. They are labour intensive; capital saving and capable of helping create most of the one billion new jobs world will need by the end of the century (Agwu&Emeti, 2019).

Unemployment and Poverty remains key developmental challenges in Nigeria over a very long time (Akwara, 2013). SMEs remained the mechanism for employing individuals in small ranges both in micro, small and medium scale. The idea of focusing on MSMES as a strategy for reducing unemployment stems from the fact that dependency on government for employment has yielded no positive result over the years and thus programmes and policies established towards creating employment seems to have failed.

Aside the contributions of Medium Scale Firms, some firm operates as small scale firms as they operate within the capacity of 10-99 employees (European commission (EC), 2017). These firms could be product and service firms such as photographic firms, hotel and fast food firms and hyper stores. These firms operates as small scale and as well provide jobs for few individuals that are within their capacity and this contributes to the reduction of unemployment in Onitsha metropolis.

Self -employed individuals fall under the micro scale businesses such as hair stylist firms, catering, and bakery firms. These firms are basically technical oriented and thus operates with either specialists or apprentice. The European commission (EC) (2017) specified the ranges of these firms to be from 1-9. The problem thrust of this study is that government programmes to resolve the issue of unemployment seems to have failed and thus the study aimed to investigate the effect of MSMES towards reduction of unemployment in Onitsha metropolis. The problem of unemployment seems to be an unending phenomenon in the country as successive government has developed policies to eradicate the challenges of unemployment in the past but to no avail. Current Programs implemented by government towards employment generation ranges from Nigerian Economic Empowerment and Development Strategies (NEEDS), yet the problem of joblessness lingered unresolved and even recently owed to the difficulty caused by the insurgence of Coronavirus Pandemic. Federal Government of Nigeria launched a scheme in January 2021 called Special

Public Works (SPW) Programme which is targeted to create jobs for 750, 000 young people amid worsening youth unemployment (Akinwotu, 2021).

The inability of indigenes of Onitsha metropolis to resort to focusing on starting a Medium Scale Business as a means of creating jobs seem to be neglected and high dependency on government for job creation, hence, reason for high rate of unemployment in Onitsha metropolis. The neglecting of small scale business seems to increase the dependency on government for employment without exploring opportunities that will result to self-employment.

For some indigenes that are dependent on job openings in both government and private firms, they seem to be experiencing unstable employment especially in the private sector in the sense that an employee of a firm could be discharged from the job due to reasons for cutting cost for an organization as in the case of the adverse effect of Covid - 19 pandemic of 2020 that caused private firms to reduce the numbers of workers so as to cut cost (Okpako, 2020).

Youths and residents of Onitsha metropolis have not considered the starting of micro business better than unstable employment as micro businesses have potentials of promoting sustainable employment. It is based on the above statement problem that the study of the effect of MSMEs towards reduction of unemployment in Onitsha metropolis becomes necessary. The objectives are to ascertain the extent of relationship between medium scale business and job creation in Onitsha metropolis; to investigate the nature of relationship that exists between small scale business and self-employment in Onitsha metropolis; and to determine the degree of relationship that exists between micro enterprise and sustainable employment in Onitsha metropolis. To what extent is medium scale business related to job creation in Onitsha Metropolis? What is the nature of relationship between small scale business and self –employment in Onitsha Metropolis? What is the degree of relationship that exists between micro enterprise and sustainable employment in Onitsha Metropolis?

Hypotheses

Ho_1: There is no significant relationship between medium scale business enterprises and job creation in Onitsha Metropolis.

Ho_2: There is no significant relationship between small scale business enterprises and self –employment in Onitsha Metropolis.

Ho_3: There is no significant relationship between micro enterprises and sustainable employment in Onitsha Metropolis.

Review of Related Literature

Conceptual Review

Concept of Unemployment

Unemployment and Poverty remain key developmental challenges in Nigeria over a very long time (Akwara et al, 2013). According to Udu and Agu (2015), unemployment is "a situation in which persons capable and willing to work are unable to find suitable paid employment". According to the International Labour Organisation (ILO) (2017), unemployed workers are those who are currently not working but are willing and able to work for pay, currently available to work and have actively searched for work.

Concept of MSMEs

According to Umar (2017) the concept of the micro size firm is a relative one and it depends mainly on both the geographic allocation and the nature of economy activity being performed. Amicro scale enterprise is a privately owned and operated business, characterized by a small number of employees and low turnover. A micro enterprise usually only shares a tiny segment of the market it operates in. Micro scale enterprises (also, small scale businesses) are essential to the economy for industrial growth and diversification.

The central bank of Nigeria defined small and medium scale enterprise as an enterprise that has asset base (excluding land) of between 5million to 500million naira and a labour force of between 11 and 300; this definition was for the purpose of 200-billion-naira credit guarantee scheme (CBN, 2015). It may also be seen as a business whose capital is not more than 50 million naira and having 11 to100 work forces (Oloruntuyi, 2016). To overcome the problem of definition, the European commission (EC) (2017) coined the term small and medium enterprises (SMEs) enumerating three components which are;

3. Firms with 0-9 employees are microenterprises.
4. Firms with 10-99 employees are small enterprises
5. Firms with 100-499 employees are medium enterprises.

Carpenter (2009) state that there is no one definition for MSMEs rather, it is defined in Nigeria and other countries based on certain criteria such as size or amount invested in assets excluding reals estate; the annual turnover and the number of workers. Thus, employment and assets are the main criteria for the classification of firm's size

Theoretical Framework

This study is anchored on Zahra & Covin's (1995) theory of entrepreneurial drive. These authors hold that firms with an entrepreneurial drive can target premium market segments, charge high prices and "skin" the market ahead of competitors in the society. They further indicate that such firms monitor market changes and respond quickly, thus capitalizing on emerging opportunities. The authors of this theory observed that training on innovation concepts keeps such firms ahead of competitors, gaining competitor advantage that leads to better financial results.

Empirical Review

Al-Haddad, Muhammad, Imdad, Nguyen & Thai (2019) conducted a study on the role of Small and Medium Enterprises (SMEs) in Employment Generation and Economic Growth with keen focus on Marble Industry in Emerging Economy. Specifically, this study tends to figure out: how SMEs contribute to employment generation, whether a significant number of people is employ within the SME sector; whether the SMEs increase the income level of people. The total number of employees was 255 being selected randomly from Swat marble industries. A questionnaire was constructed and distributed to the selected respondents. The responses were collected and analyzed using the Statistical Package for Social Sciences (SPSS) analytical tool. The study exposes that SMEs play a vital role in employment generation. Findings revealed that positive relationship between SMEs and unemployment reduction. The result also shows that there is a positive relationship between SMEs and increase in income level.

Nwoye (2019), the role of Small-Scale Enterprises in the achievement of Economic Growth in Nigeria. Descriptive research method was adopted in this article. The study population used consists of 50 small-scale enterprises chosen through simple random sampling from businesses operating in two states (Lagos and Anambra States). A total of 250 questionnaires were administered (that is five questionnaires for each of the 50 enterprises). Tables and percentages were subsequently used to analyze the data extracted from the completed questionnaires. Apart from other supportive facts and figures, more than 77.7% of the respondents strongly believed that small-scale enterprises in Nigeria serve as veritable instrument for achieving economic growth. Findings revealed that small scale enterprises contribute positively to the economic development of Nigeria. They provide employment to large number of unskilled and semi-skilled people in our society thereby solving the ugly problem of unemployment facing the nation today.

Ibsen & Westergaard (2018) carried out a research on the effect of SMEs on job creation in Denmark. The study adopted ex post facto research design and the study made use of data of Denmark from 1980-2011. The major statistical tool of analysis was regression analysis was used to analyze the data and the result of the study showed that the net employment for all firms has about the same look in the two

countries, but the level is different. Where there is a small but positive contribution from all young firms in the US, there is only a positive contribution from the 2 years old in Denmark. Also, the study also revealed that young firms are creating and destroying more jobs than older firms, though they are still creating more than destroying provided that they survive. The study concluded that carefully defined firm job growth is mostly dependent on the age of firms. Young firms are much more active creating more new jobs than older firms.

Ebitu,, Basil. &Ufot (2018) researched on the appraisal of employment reduction activities by Nigeria's Micro, Small and Medium Enterprises (MSMES) in Nigeria. The study adopted expo facto research design and based on review, there are some setbacks facing the over 17,284,671 Micro, Small and Medium Enterprises in Nigeria. The study revealed that that the setbacks include; limited financing, lack of action plan to deal with eventualities, lack of managerial and marketing skill, and lack of research appreciation and technical expertise. The study concluded that entrepreneurship is regarded as the catalyst in most developing economies and that it is very crucial to the economic growth and development of Nigeria. As such, it was recommended that government policies should support the establishment, nurturing and growth of SMEs by curtailing or banning importation of certain products, training of young entrepreneurs, establishment of Centers for Entrepreneurial Development and promoting entrepreneurial spirit through the provision of conducive entrepreneurial environment, funding and empowerment programmes.

Gap in Literature

Based on the empirical review of this study, studies have been carried out on SMEs, unemployment and Medium Scale Enterprises as well as the growth of Nigerian Economy. But none of the studies sought to ascertain the effect of SMEs towards reduction of unemployment in Onitsha Metropolis, Anambra State through the following gaps;

Studies could not ascertain the extent of relationship between medium scale business and job creation in Onitsha Metropolis, Anambra State.

None of the studies aimed to investigate the nature of relationship that exists between small scale business and self –employment in Onitsha Metropolis, Anambra State.

Studies failed to determine the degree of relationship that exists between micro enterprise and sustainable employment in Onitsha Metropolis, Anambra State, thereby creating gap in which this study intends to fill.

The study fills the gap by following on the extent of the relationship between SMEs and Job creation in Onitsha Metropolis, Anambra.

The study fills the gap by investigating the nature of the relationship that exists between small scale businesses and self -employment in Onitsha Metropolis, Anambra State.

The study fills the gap through determining the degree of relationship that excise between micro enterprises and sustainable employment in Onitsha Metropolis, Anambra State.

Methodology

The study adopted Descriptive Survey Research Design because it intended to describe the view of respondents in relation to the subject of the study. The study intended to the elicit data from selected Micro, small and medium enterprise firms.

The population of this study comprises of paid and owners' managers of registered Micro, small and medium enterprise firms in Onitsha Metropolis. The population of the study was gotten from directory of Micro, Small and Medium Scale Enterprises Domicile in the Ministry of Commerce and Industry, Awka, Anambra State The population size is based on the 5 selected Micro, small and medium enterprise firms. The size of the population is 89.

The selected registered SMEs and its respective staff strength are presented in Table 3

TABLE 3: Population of the Study

Name of Firm	**Staff Strength**
Rima Cakes & Kraft	15
Ozy Beauty World	18
De Perfect Event and Design	21
Citibrit Cleaning Services	23
John Bosco Barbing Salon	12

Source: Survey, 2023

The study adopted primary source of data which is the use of a well-structured questionnaire of Likert Scale of Strongly Agree, Agree, Disagree, Strongly Disagree and undecided.

The study adopted Taro Yamane's formula for determining sample size from the population size. Taro Yamane was adopted because it intended to control error limit. The formula thus;

The sample size was determined using Taro Yamane technique:

$$n = \frac{N}{1 + Ne^2}$$

Where:
N = entire population of interests
n = sample size to be determined
e= error margin $(0.05)^2$
1= constant unit

n = 89/1+ 89 $(0.05)^2$
n = 89/1 + 89 (0.0025)
n = 89/1 + 0.2225
n = 89/1.2225
n = 72.80 approx. 73

The study adopted Random Sampling Technique to select the members of the population to be in the sample. Random Sampling Technique was adopted because the study aimed to give equal opportunity to members of the population to be in the sample.

Data collected were analyzed and quantified using simple frequency and percentage tables. The data generated were analyzed using mean and hypotheses were tested using Pearson product moment correlation coefficient on Statistical packages for Social Science (version 23) at 5% level of significance. It was used to establish the degree of relationship between all the stated dependent and independent variables.

Decision Rule: Accept the Alternate hypothesis (H_a) if P-value is less than 0.05 (P-value < 0.05); otherwise accept the Null hypothesis (H_o).

Presentation of Data

Table 4.1.0 Response Rate

Questionnaire	Frequency	Percentage
Number of questionnaire administered	**73**	**100**
Number of questionnaire returned	68	93
Number of Questionnaire not retrievable	5	7

Source: Field Survey, 2023.

Table 4.1.0 above shows that a total of 73 copies of questionnaire were distributed, 68 (93%) were collected and 5 (7%) were not retrieved.

Test of Hypotheses

Test of Hypothesis One

Ho_1: There is no significant relationship between medium scale business and job creation.

Table 4.1 Correlation between Medium Scale Business and Job Creation

Correlations

		Medium Scale	Job creation
Medium Scale	Pearson Correlation	1	.514
	Sig. (2-tailed)		.017
	N	68	63
Job creation	Pearson Correlation	.514	1
	Sig. (2-tailed)	.017	
	N	68	68

Result Summary

Table 4.1 shows that there is significant relationship between medium scale business and job creation with r=0.514, n=68 and p value of 0.017 ($p<0.05$). Therefore, we reject the null hypothesis and conclude that there is positive relationship between medium scale business and job creation.

Test of Hypothesis Two

Ho_2: There is no significant relationship between small scale business and self – employment.

Table 4.2 Correlation between Small Scale Business and Self –Employment

Correlations

		Small scale business	Self-employment
Small_scale_business	Pearson Correlation	1	.736
	Sig. (2-tailed)		.021
	N	68	68
Self-employment	Pearson Correlation	.736	1
	Sig. (2-tailed)	.021	
	N	68	68

Result Summary

Table 4.3.2 shows that there is significant relationship between small scale business and self –employment with r=0.736, n=68 and p value of 0.021 (p<0.05). Therefore, we accept the alternate Hypothesis and conclude that there is significant positive relationship between small scale business and self –employment.

Test of Hypothesis Three

Ho_3: There is no significant relationship between micro enterprise and sustainable employment.

Table 4.3 Correlation between Micro Enterprise and Sustainable Employment

Correlations

		Micro-enterprise	Sustainable employment
Micro-enterprise	Pearson Correlation	1	.562**
	Sig. (2-tailed)		.018
	N	68	68
Sustainable employment	Pearson Correlation	.562**	1
	Sig. (2-tailed)	.018	
	N	68	68

**. Correlation is significant at the 0.01 level (2-tailed).

Result Summary

Table 4.3 shows that there is significant relationship between micro enterprise and sustainable employment with r=0.562, n=68 and p value of 0.018 (p<0.05). Therefore, we accept the alternate hypothesis and conclude that there is significant positive relationship between micro enterprise and sustainable employment.

Findings

The test of hypotheses revealed that there is significant role of MSMEs in solving the problem of Unemployment in Nigeria through the following findings;

1. Outcome from the test of the first hypothesis revealed that there is positive relationship between the medium scale business and job creation with r=0.514, n=68 and p value of 0.017. This implies that MSMEs creates jobs than any other business even in the public and private sector.
2. The result from the test of the second hypothesis revealed that there is positive relationship between small scale business and self –employment with r=0.736, n=68 and p value of 0.021. This implies that MSMEs create opportunities for individuals to be self-employed through skills acquisition and empowerment programmes.

3. The test of the third hypothesis revealed that there is positive relationship between micro enterprise and sustainable employment with r=0.562, n=68 and p value of 0.018. The implication of this finding is that SMEs sustains increased employment rate than other sectors.

Conclusion

Based on the findings, the study concludes that MSMEs reduces the rate of unemployment as it offers employment at various capacities.

Micro, Small and Medium Scale Enterprises do not just offer employment but also equip individuals with the needed skills and know-how to be self-employed and also provides sustainable employment.

Micro, Small and Medium Scale Enterprises offer more employment opportunities than government and bigger firms even at small levels.

The progress made by MSMEs towards job creation is far more than the success of various government policies targeted towards employment generation.

Recommendations

The following recommended were made based on the findings of this study;

1. Government authorities and meaning Nigerians should focus on supporting MSMEs at different categories towards job creation in Onitsha Metropolis.
2. Managers of MSMEs should develop skill acquisition and empowerment programmes to enhance opportunities for individuals especially the youths in Onitsha Metropolis to be self-employed.
3. Government agencies should be having personal interactions/interviews with management and employees of MSMEs to understand their experiences and perspectives on sustainable employment.

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