ANALYSIS OF THE IMPACT OF SMALL AND MEDIUM-SIZED ENTERPRISES ON EMPLOYMENT GENERATION IN NIGERIA (CASE STUDY OF HI-QUALITY BAKERY, CALABAR, CROSS RIVER STATE.)

Nyeneime A. Ukpong

Students' Affairs Division

University of Calabar

Calabar, Nigeria.

ABSTRACT

This study focused on the impact of Small and Medium Size Enterprises on employment generation in Cross River State. Hi-Quality Bakery was used as the case study. The study employed survey research method and data were collected from both primary and secondary sources. The collected data were analyzed using the ordinary least square technique. The results showed that poverty eradication is positively influenced by employment opportunity and compensation. Based on the findings, it is concluded that entrepreneurs play a crucial role in determining the level of development in the economy. The study recommended that the Federal government should come out with policies that shares with the aspirations of other sectorial interest, with links between Federal Government policies, states, and the local government action plans on SME, establish and adopt a more long term approach as well as reinforcing its capacity to take decisions. Federal Government should establish Small and Medium Enterprise Information Administration (SMEIA) to gather SME information —researches, development and progresses of tile SME in the country, and develop frame work for the University-Entrepreneur/Industry Collaboration. Government should allocate funds as subsidies in respect of cost incurred by SMEs in securing professional services. Also, adequate Infrastructure should

be made available in order to contribute its quota to the national economic development.

Keyword : Employment generation, impact , small and medium scale enterprise,

INTRODUCTION

1.1 Background of the study

Since Nigeria attained independence in 1960, considerable efforts have been directed towards industrial development The initial efforts were government-led through the large industry, but lately, emphasis has shifted to Small and Medium Scale Enterprises (SMEs) following the lessons learnt from the success of SMEs in the economic growth of Asian countries (Ojo, 2003). Thus, the recent industrial development drive in Nigeria has focused on sustainable development through small business development Prior to this time the emphasis had mainly been made on government-led industrialization, hinged on import-substitution strategy.

Beginning from 1986 however, government started reducing its role as the major driving force of the economy through the process of economic liberalization prescribed in the IMF Structural Adjustment Programme (SAP) With this, focus shifted from large-scale industries to small and medium- scale industries, which have the potentials for developing linkages with larger scale firms for rapid and sustainable industrial and domestic economic development. Attention also became focused on the organized private sector to spearhead industrialization The incentives given to encourage increased private participation in these sectors have mainly been directed at solving and/or alleviating the problems encountered by industrialists in the country, thereby giving them opportunity to increase their potentials and contribution to the Gross Domestic Product (GDP).

The contribution of Small and Medium Enterprises (SMEs) Sector to economic growth and development is globally acknowledged (CBN, 2004) There is an increasing recognition of its pivotal role in employment generation, income redistribution and wealth creation(NLSER, 2004). For instance, the small and medium enterprises sector represents about 87 percent of all firms operating in Nigeria (USAID, 200S) Non-farm small and medium enterprises in Nigeria account for over 25 per cent of total employment and 20percent of the GDP (SMEDAN, 2007)

compared to the cases of countries like Indonesia, Thailand and India where SMEs contribute almost 40 percent of the GDP (1FC, 2002).Whilst SMEs are an important pan of the economic landscape of any country, they are often raced with significant challenges that inhibit their ability to function and contribute optimally to the industrial output in most African countries. The case of Nigeria is not different from this generalized position (NIPC, 2009).

In view of the importance of small businesses as the engine of growth in the Nigerian economy, the government took some steps towards addressing the conditions that hinder their growth and survival. However, as argued by Ojo (2003), all these SME assistance programmes have failed to promote the development of SMEs. This was echoed by Yumkella (2003), who observed that such programmes could not achieve their expected goals largely due to abuses, poor project evaluation and monitoring, as well as the moral hazards involved in using public funds for the purpose of promoting private enterprises Thus, when compared with other developing countries, many programmes for assisting small businesses as implemented in many Sub-Saharan African (SSA) countries through cooperative services, mutual aid groups, business planning, product and market development and the adoption of technology, failed to realize sustained growth and development in these small enterprises (Variyam & Kraybill, 1994).

1.2 Statement of the problem

In spite of the acknowledged potentials of SMEs in contributing to economic development, creation of wealth, eradication of unemployment and poverty, it has been observed that their performance in this regard has remained somewhat impressive in Nigeria. A number of problems have been identified as being responsible for this situation such as lack of access to finance for business operations, poor managerial skills and experience, lack of access to markets, lack of infrastructures and poor linkages with large scale firms, amongst other issues. These challenges have curbed the SMEs ability to deliver on the expectation of society.

Specifically, the problems encountered by SMEs have impeded their capacity to employ large numbers of persons on an individual basis. As such, most SMEs are found to be able to employ very small number of staff. Even where SMEs employ, these same set of problems hinder their

ability to competitive compensation packages to staff, thus making them unable to compete with larger firms for quality manpower.

In view of the situation of SMEs in Nigeria, this study seeks to establish the extent towhich such firms have fared in contributing to the eradication of poverty through job creation and payment of salaries and wages to their staff, using a single firm, Hi-QualityBakery Limited, Calabar, Cross River State as the case study

1.3 Objectives of the study

1. To examine the extent to which employment opportunity at Hi-Quality Bakery affects poverty eradication in Cross River State.

2. To examine the extent to which compensation at Hi-Quality Bakery affects poverty eradication in Cross River State.

3. To make recommendations arising from the findings of the study

1.4 Research questions

1. To what extent does employment opportunity at Hi-Quality Bakery impact poverty eradication in Cross River State?

2. To what extent does compensation at Hi-Quality Bakery affect poverty eradication in Cross River State?

1.5 Research hypotheses

The research hypotheses formulated for the study are as follows:

H_O1: Employment opportunity at Hi-Quality Bakery does not have significant effect on poverty eradication in Cross River State.

H_O2: Compensation at Hi-Quality Bakery does not have a significant effect on

povertyeradication in Cross River State.

1.6 Significance of the study

The findings of this study will be beneficial in a numbered of ways. First of all, it will add to the pool of research resources in the subject of SMEs.

Secondly, it will form the basis for further research on this subject area. The finding will also be of benefit to the operators of small and medium sized enterprises by giving them an insight on the prospects of small and medium sized business as well as provide a guide to them on how to be effective in performance.

The findings will inform the policy makers regarding the direction of further research into interventionist programmes for SMEs in Nigeria. It is also expected to help the government validate or reject the choice of microfinance as the main source of financing SMEsin Nigeria and also suggest ways of improving the existing financing arrangements, if need be.

LITERATURE REVIEW AND THEORETICAL FRAMEWORK

2.1 Conceptual issues

Poverty entails more than the lack of income and productive resources to ensure sustainable livelihoods. Its manifestations include hunger and malnutrition, limited access to education, other basic services, social discrimination and exclusion as well as the lack of participation in decision-making. Poverty, per se is not just mien mentioned, but it's a disease that kills from the mind, the Spirit being, then to the physical. Okojie (2003) stated that the World Social Summit identified poverty eradication as an ethical, social, political and economic imperative of mankind and called on governments to address the root causes of poverty, provide for basic needs for all and ensure that the poor have access to productive resources, including credit, education and training. Recognizing insufficient progress in poverty reduction, the 24th special session of the United Nations General Assembly devoted to the review of the Copenhagen commitments, decided to set up targets to reduce the proportion of people living in extreme poverty by one half by 2015. This target has been endorsed by the Millennium Summit as Millennium Development Goal one.

When one looked around, one tend to wonder if indeed poverty can be eradicated inthe Nigerian context going by the level of failed government policies and corruption whichcan best be describe as ―pandemic‖.

The ultimate eradication of poverty is one of the most urgent and compelling goalsfor the world community, and, consequently for the Nigerian government. Raising the standard of living of the world‗s most impoverished peoples is of paramount priority, and it is no mere coincidence that the first goal among the UN‗s Millennium Development Goals(MDGs) is stated as ―Eradicate extreme poverty and hunger‖. The challenge or poverty eradication entails systemic and structural components that know no geographical or tropical boundaries, and which require similarly pervasive reforms and initiatives. For those afflicted by poverty, at best it is a matter of transcending present circumstances by way of assistance and opportunity, and, at worst it is a matter of life and death. ICT can play a pivotal role by helping to fill gaps in local access to vital resources, and enabling individuals to elevate themselves out of the cycle of poverty

The conditions which perpetuate poverty are further compounded and entrenched by the current global financial crisis. As the flow of assistance and capital are abridged, those with the fewest resources and the least power suffer the most. Although the financial crisis is pervasive and impacts almost everyone, those who are most in need of assistance – to survive day to day - are the least able to satisfy their essential needs through alternative means. The financial crisis thus poses enhanced risks of debilitating consequences that are only beginning to take their toll, and which heighten the need for fast, effective solutions.

This Day (2008) mentioned that a society that shirks its constitutional and primary responsibility of building its strategic human capital base stands the high risk of breeding deviant and rebellious citizenry. What we have in our hands, armed robbery, cultism, cybercrime, political thuggery, hostage taking, etc., is a direct negative effect of the failure of the state in her duty to the citizens.

2.2 Concepts of small and medium enterprises

Defining small business has always been very difficult and controversial. The term small business covers a variety of firms (Hertz, 1982; Nguyen &Bellehumeur, 1983) and it is used loosely in most of the literature. According to Peterson, Albaum and Kozmetsky(1986), a small

business is one which is independently owned and operated and which is not dominant in its field of operation. Researchers and other interested parties have used specific criteria to operationalize the small business, from the perspective of value added, value of assets, annual sales, and number of employees. Annual sales and number of employees are most often used to delimit the category. The problem of definition confronts all researchers as well as operators in the field.

A review of the literature on Small and Medium Enterprises (SMEs) shows that the definition of SMEs significantly varies from country to country depending on factors such as the country's state of economic development, the strength of the industrial and business sectors, the size of SMEs and the particular problems experienced by SMEs (Harabi, 2003).

Hence, there is no uniform or universally accepted definition of SMEs (Investment Climate Assessment (ICA), 2009). In Nigeria, parameters such as asset base (excluding land), the number of workers employed and the annual turnover are used for the classification of MSMEs Carpenter (2001) maintains that there is no one definition for SMEs; they are defined in Nigeria and other countries based on one or all of the following the size or amount invested in assets excluding real estate, the annual turnover and the number of employees. The 1992 review by the National Council on Industrial Standards (NCIS)defined small and medium scale enterprises (SMEs) as enterprises with total cost (including working capital but excluding cost of land) of more than ₦3lm, but not exceeding₦3,150million, with a labour size of between 11 and 100 employees. There is, however, a consensus of opinions when it comes to defining SMEs in terms of asset base than on any other parameter. This is because in case of an economic depression, the impact on turnover and employment base would be greater than the impact on asset base. For instance, during a depression, there is a tendency for turnover and the number of people employed to fall substantially, while the asset base may be unaffected (NCIS, 1992).

SMEs can be divided into small and medium enterprises The Federal Ministry of Industries defines a medium-scale enterprise as any company with operating assets less than2OO million, and employing less than 300 persons. A small-scale enterprise on the other hand, is one that has total assets of less than ₦50million, with less than 100 employees.

Annual turnover is not considered in the definition of an SME. The National Economic Reconstruction Fund (NERFUND) defines an SSE as one whose total assets are less

than₦10million, but makes no reference either to its annual turnover or the number of employees. These and other definitions of the National Association of Small Scale Industries (NASSI), the National Association of Small and Medium Enterprises (NASME), the Central Bank of Nigeria (CBN) and other institutions are shown in the Table 1 below.

The World Bank Group prescribed the following definition based on number of employees, total assets and turnover. The body defined SMEs as follows:

- Micro-enterprise: Employs 10 or less, with total assets of $100,000 or less, and turnover of $100,000 or less.

- Small enterprise: Employs between 11-50 people, with total assets of $100,000.00 - $3m, and turnover of $100,000.00- $3m.

- Medium enterprise: Employs 51- 300 staff, total assets of $3m - $15m, and turnover of three million dollar to five million dollar.

Table 1. Definition of SME by Nigerian institutions

Parameters	Total Assets (N'm)			Annual Turnover			No of Employees		
Nigeria	MSE	SSE	ME	MSE	SSE	ME	MSE	SSE	ME
Central Bank	<150	<1	n.a.	<150	<1	n.a.	<100	<50	n.a.
NERFUND	n.a.	<10	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
NASSI	n.a.	<40	<1	n.a.	<40	n.a.	n.a.	3 -	n.a.
NASME	<150	<50	<1	<500	<100	<10	<100	<50	<10
Nigeria Industrial	n.a.	<2m	<1	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Source: World Bank, 2001

2.8 SMEs and economic deveIopment in Nigeria

Even if there are controversies on definitions, what is not contestable is the contribution that MSMEs are making to the Nigerian economy. A cursory glance at the structure of MSMEs in Nigeria reveals that 50 percent are engaged in distributive trade, 10 percent in manufacturing. 30 percent in agriculture and the remaining 10 percent in other services. About 10 percent of the total manufacturing output and 70 percent of industrial employment arc MSMES. MSMES also promote industrial and economic development through the utilization of local resources, production of intermediate goods and the transfer/transformation of rural technology. In fact MSMFs are generally regarded as the engine driving the growth of this and other economies and

provide the best opportunity for job creation, redistributing income and rural development (SMEDAN, 2007).

In Nigeria, the Small and Medium Scale Enterprises (SMEs) constitute an important backbone of the Nigerian economy Economically, this sector holds the key to sustainable development of the country The importance of SMEs can be put in proper perspective in relation to the structure of the Nigerian economy In spite of the importance of petroleum and agriculture remains the key sector, providing gainful employment for about 70 percent of the Nigerian population. Available reports indicate that the agricultural sector accounts for about 3 percent of the nation's gross domestic product (GDP). Most of the operators in the agricultural sector are cottage type or small-scale self-ernploed individuals engaged in agro-allied processing. Activities in the agro-allied processing sub-sector also have some consequences for the role of small scale manufacturing enterprises in Nigeria. For example, small-scale industrial fabricators constitute the main source of machinery supply to agro-allied processors. These fabricators abound all over the country and when added to the output of the SMEs in the agricultural sector, the combined contribution of SMEs cannot be less than 60 percent of the GDP. A recent study also indicates that both agricultural and the informal sector contribute up to 75 percent of the nation's GDP. It is safe to say that both sectors constitute the domain of SMEs in Nigeria.

Attention has been focused on small scale enterprises by government because it is perceived that they have the potentials of realizing the multiple goals of employment generation and poverty reduction. It is against this background that one needs to emphasize the desirability of doing all that is possible to enhance the orderly growth and development of SMEs in Nigeria. However, the realization of the potentials of SMEs at making the desired impact on the nation remains elusive. This has been attributed to several factors ranging from, lack of understanding of SMEs, Government's inability to evolve, implement and monitor policies that would enhance SME growth, poor operating environment typified by inadequate and/or dilapidated infrastructure, the innate structural deficiencies of the SMEs engendering a lot of incapability. Inadequate capital particularly long-term capital, lack of access to adequate information on viable projects (OAU Consultancy Services, 2004)

The importance of Micro, Small and Medium Enterprises (MSMEs) in employment generation, economic empowerment, poverty alleviation and even distribution of development has long been

recognized. A study of Nigeria's informal sector put the estimated number of non-agricultural micro enterprises at 6.49 million with a total employment of 8 97 million. This group is dominated by wholesale and retail trade which accounts for about 4 percent of employment manufacturing accounts for (30 percent). Other numerically significant sectors include repair of vehicles (3.2 percent), transport (2 9 percent), hotels and restaurants (2.6 percent) and building and construction (1.8 percent).

Manufacturing is dominated by food processing (18.7 percent), textiles, clothing and leather goods (3.8 percent). wood and wood furniture (3.3 percent) and metals & metal products (1.1 percent). Non-farm micro, small and medium enterprises account for over 25 percent of total employment and 20 percent of GDP. By global standards, large enterprises are very few in Nigeria. They account for a disproportionately large share of the GDP. Because their links with the rest of the economy arc weak, their impact on economic growth has been limited and often distorted (SME National Policy. 2OO7).

The importance of micro and small cntcrpnses (MSLs) to the socio-eçonomic dcvclopment of low and middle-income economies is well documented (Daniels, 2003; UNIDO, 2003; ILO, 2002; King & McGrath, 1099, Daniels & Mead, 1998). In the poorest economics, MSEs, and microenterprises in particular. are a major source of employment and income (Mead &Liedhoim. 1Q98), especially for the poorest members of society, Thus, there is a great deal of interest in the performance of firms in the microenterprise sector and its scope is to generate employment, both through new business start-ups and the expansion of existing busincsses. Most microenterprises are characterized by low productive capacity which is manifested in low rates of growth and high mortality rate (ILO, 2002; Daniels & Lead. 1998. Mead & Liedholm 1998, UNIDO, 2003).

RESEARCH METHODOLOGY

3.1 Research design

Research design is the programme that guides the investigator in the process of collecting, analyzing and interpreting observations. It is also the specification of methods and procedures for acquiring the information needed to structure or find solution to existing problems. According to (Churchill. 1991), research design is simply a framework or plan for a study used as a guide in

collecting and analyzing data In other words, research design constitutes a quick way of obtaining exact facts and figures about a current situation (Udoh, 2004).

In this study, the researcher made use of the ex-post facto design. According to Kerlinger (1973), ex-post facto is a systematic empirical enquiry in which the scientist does not have direct control of independent variables because they are inherently not manipulatable. In effect, there might be no manipulation of independent variables to be use in this study. Since, this study involves a large population, this design will help the researcher to find out, describe and explain existing problem and draw generalization on the population base on the data collected from the respondents.

3.2 Research area

The study was undertaken in Calabar Municipality where High-Quality Bakery is located Calabar Municipality is part of the capital city of Cross River State. It has a population of 2.98 million people

3.3 Population of the study

According to Osuala (2001), population comprises the totality of units having certain defined characteristics in common. The population of this study covered a total work force of sixty employees. This made up the total population size.

3.4 Sample and sampling techniques

The sample size for the study covered the entire population size of sixty. This is because the researcher adopted a census survey where all the staff in the population was sampled.

3.5 Sources of data and data collection method

The sources of data will be in two folds (the primary and secondary data)

3.5.1 Primary data

This would consist of raw data obtained from the questionnaire and personal interview. The data for this study would be gathered using questionnaire and personal interview. The questionnaire would be administered personally by the researcher. Copies of the questionnaire were distributed to the selected sample

Personal interview would be conducted as a complement of the questionnaire. The interview shall be meant to help fill in information that will be left out by the respondents in the questionnaire

3.5.2 Secondary data

The researcher would obtain secondary data through intensive library search and reading of textbooks, journals, magazines, newspaper, periodicals. Other relevant documents and internet

3.6 Research instrument

The researcher used questionnaire as the principal instrument for data collection. The questionnaire embodied both structured and unstructured questions applicable to both managers and subordinates in the company.

The questionnaire consisted of two sections A and B. Section —A‖ contained items seeking information on the demographic characteristics of the employees such as sex, job category. length of service and educational level Section B‖ contained items seeking further information on SMEs Items in this section were designed on a S point likert scales with Strongly Agree (SA), Agree (A). Undecided (U). Disagree (D) and Strongly Disagree (SD). Other complimentary methods of gathering primary data adopted by the researcher included direct observations and interviews.

3.7 Validity and reliability of instrument

The content and face validity of the instrument of the study was established by the researcher. The instrument was presented to two experts in quantitative analysis in the Faculty of Management Sciences, University of Calabar, to ascertain that the items on the instrument were related to the three hypotheses which were required to test. The feedback from the experts showed that the items on the instrument were adequate in generating data required to test the hypotheses. Finally, they were presented to the project supervisor who vetted the instruments by removing irrelevant items introduced new ones and approved them for administration.

Reliability refers to the consistency between independent measurements of the same phenomenon (Ayara. 2005). The reliability was conducted by test re-test method using few questionnaires to educate respondents on the structure, meaning of questions and implication for

researcher. The test re-test exercise was personally handled by the researcher in order to record complains from the subjects and weigh their level of comprehension of the questions and concepts based on those complains, advices and observations.

To establish the reliability of the instruments the researcher carried out a trial test using 20 respondents that were not part of the sample size. Test re-test reliability was adopted for this purpose. After administering the questionnaire, the retrieved copies were coded. Two weeks after the research administered the questionnaire to the same respondents and the result of the second administration were coded. The results of the two administrations were then compared using Pearson product moment correlation coefficient analytical procedure. The analysis produced correlation coefficients (r_{xy}) ranging from 0.58 to 0.71. These coefficients were considered high enough for the instrument to be reliable and use for the grand study

3.8 Data analysis technique.

The data collected were screened, sorted and presented in table. The ordinary least square (0LS) regression technique and relevant parameters were used to presents, analyze and test hypotheses as deemed appropriate. The Ordinary Least Squares (OLS) regression analysis, percentages and correlation coefficient statistical tool was used in testing the various variables in the research hypotheses and relevant questions rose in the study.

DATA PRESENTATÌON, ANALYSIS AND DISCUSSION OF FiNDINGS

4.1 Data presentation

The presentation of data gathered for the study as well as analysis and discussion of findings. The main dependent variable in this study is Poverty Eradication while the independent variables are Employment Opportunity and Compensation.

4.2 Analysis of data

It can be deduced that out of the 60 questionnaires administered, only 32 constituting 53.33 percent was returned while 13 and 15 questionnaires representing 21. 67 percent and 25 percent were returned not completed or not returned respectively. The 32 completed and returned questionnaire actually constituted the workable sample size.

It can be observe that out of the 32 questionnaires distributed. 20 of it were obtain from male respondents while the remaining 12 came from female respondents constituting 62.5 percent and 37.5 percent respectively

The distribution of according to age bracket is as follows: 11 - 20 years (12.5 percent), 21 - 30 years (25 percent). 31 - 40 years (40.63 percent). 41 years and above (21.87 percent). Also, the administration of questionnaire according to marital status. It was deduced that 10, 19, and three questionnaire to Single, Married and Divorce/widowed respondents constituting 31.25 percent, 59.38 percent and 9.37 percent respectively.

The respondents' educational status was classified into primary, secondary and tertiary. The primary status consists of four respondents, secondary eight and tertiary 20 constituting 12.5 percent, 25 percent and 62.5 percent respectively

The administration of questionnaires according to working experience reveals that one to ten years 16 respondents, 11-20 years with eight respondents, 21-30 years four respondents and 31 years and above four respondents constituting 50 percent, 25 percent, 12.5 percent and 12.5 percent respectively

Table 2 shows the regression results of the impact of SMEs on poverty eradication. The regression results showed that the estimated coefficient of the regression parameters have positive sign and thus conform to our a-priori expectation. The implication of this sign is that the dependent variable Poverty Eradication is influenced by Employment Opportunity and Compensation. This means that an increase in the independent variables will bring about serious credibility in the dependent variable.

Table 2. Regression results of the impacts of small and medium size enterprises on employment generation (dependent variable: employment generation)

VARIABLE	ESTIMATED COEFFICIENTS	STANDARD ERROR	T-Statistic	P-value
Constant	29.231	4.120	7.095	.000
EP	138	.039	3.538	.010
COMP	219	.093	2.355	.034

R	=	0.944
R-Square	=	0.891
Adjusted R-Square	=	0.882
SEE	=	15.946
F-Statistics (df=2 & df 2 = 57)	=	14.328 (P-value .001)
Durbin Watson Statistic	=	1.998

Source: Researcher's Estimation, 2012.

The coefficient of determination R-square of 0 891 implied that 89.1 percent of the sample variation in the dependent variable. Poverty Eradication (PF) is explained or caused by the explanatory variable while 10.9 percent. This remaining 10.9 percent could be caused by other factors or variables not built into the model The high value of R-square is an indication of a good relationship between the dependent and independent variables.

The value of the adjusted R^2 is 0.882. This shows that the regression line captures more than 88.2 percent of the total variation in fraud caused by variation in the explanatory variables specified in the equation with less than 11.8 percent accounting for the stochastic error term

Testing the statistical significant of the overall model, the F-statistic was used. The model is said to be statistically significant at five percent level because the F-statistics computed of 14.328 is

greater than the F-statistics table value of 2.60 at df 1= 2 and df 2 = 57. This simply means that there is a significant effect between SMEs and poverty eradication.

Finally, the test of autocorrelation using DW test shows that the D.W value of 1.918 Falls within the inconclusive region of DW partition curve. Hence, we can clearly say that there exists no degree of auto correlation.

4.3 Test of hypotheses

hypothesis one

H_O1: Employment opportunity at Hi-Quality Bakery does not have a significant effect on

poverty eradication in Crocs River State.

H_A1: Emplovment opportunity at Hi-Quality Bakery does have a significant effect on

poverty eradication in Cross River State

Using the t-statistics, the computed t-value is 3.538 while the table value at degree of freedom n-2 (i.e 60-2- 58) is 1.64. Since the computed value is greater than the table value the null hypothesis is rejected and the alternative accepted. Meaning that employment opportunity at Hi-Quahty Bakery does have significant effect on poverty eradication in Cross River State.

Hypothesis two

H_O1: Compensation at Hi-Quality Bakery does not have a significant effect on poverty

eradication in Cross River State

H_A1: Compensation opportunity at hi-Quality Bakery does have a significant effect on

Eradication in Cross River State

Using the t-statistics and the computed t-value is 2.538 while the table value at degree of freedom n-2 (i.e 60-2=58) is 1.64. Since the computed value is greater than the table value the null hypothesis is rejected and the alternative accepted, meaning that Compensation at Hi-Quality bakcry does have a significant effect on poverty eradication in Cross River State

4.4 Discussion of findings

Based on the analysis and the results, the study revealed that the estimated coefficient of the regression parameters have positive sign and thus conform to our prior economic expectation. The implication of this sign is that the dependent variable poverty eradication is positively influenced by Employment Opportunity and Compensation. This means that an increase in the independent variables will bring about serious credibility in the dependent variable. This findings were found to conform with the assertion of Davidson (1991), Roper (1998), Papadaki and Chami (2002), Nwachukwu (2000) and Churchill and Lewis (1983) who found in different studies that employment opportunity enjoys a sigmticant leverage with enhance small business performance in an economy.

SUMMARY AND CONCLUSION

5.1 Summary of findings

This study examined the impact of small and medium size enterprises on employment generation with High-Quality Bakery Calabar. Cross River State of Nigeria as thy case study. The study also sought to establish the extent to which the company contributes to the wealth creation in Cross River state. The study found that small and medium scale enterprises has significantly contributed to employment generation in Cross River State.

The study also found that the nature of compensation in the small and medium scale businesses with particular emphasis on Hi-Quality Bakery significantly affected poverty reduction in Cross River State.

5.2 Conclusion

Several findings from researchers in the area of small and medium scale enterprises and their contribution to wealth creation and employment generation. This study has found that the creation of small and medium scale businesses in Cross River State has contributed to wealth creation in the state as well as generation of employment opportunities in the State. From the above finding, it could be concluded that, small and medium scale businesses has contributed to employment generation in Cross River State Nigeria. One very important function played by small and medium scale businesses is the eradication of poverty in Cross River State through

employment generation and the application of proactive compensation system by the enterprise. This study has found that the application of a good and proactive compensation system will result in poverty eradication. It is therefore conclusive that small and medium scale enterprises contribute to poverty eradication in Cross River State

REFERENCES

Adizes, I. (1979). Organizational passages - Diagnosing and treating life-cycle problems of organizations, *Organisational Dynamics* (Summer), 9(1), 3-25.

Audretsch, D.B. & Mahmood, T. (1991). The hazard rate of new establishments, *Economic Review*. 36(2). 409-412.

Audretsch D.B. and Mahmood, T. (1995). New firm suriva1: new results using a hazard function, *The Review of Economics and Statistics,* 77(I), 97-103.

Bamberger, I. (1983). Value systems strategies and the performance of small and medium sized firms. *European Small Business Journal*, 1(4), 25-39

Barry, B. (1978). Organization design in the smaller enterprise, in Bryault D. T. and Nichaus R. J.(Eds). *Manpower, planning and organization*. New York: Plenum Press.

Baumback, C. M., & Lawyer. K. (1979). How to organize and operate a small business. (6th ed.). Englewood Cliffs. NJ: Prentice-Hall.

Carpenter. C. (2001). Making small business finance profitable in Nigeria: SME finance in Nigeria.

Carland, J., Lay, F., Boulton, W., & Carbnd, A. (1984). Differentiating entrepreneurs from small business owners: a conceptualization. Academy of Management Review, 9(2), 354-359.

Central Bank of Nigeria (2004), Draft National Microfinance Policy and Regulatory Guidelines for Nigeria.

Chaston, L. & Mangles. T. (1997). Core capabilities as predictors of growth potential in small manufacturing firms. Journal of Small Business Management. 35(1). 47-57.

Chaston. I.. Badger. B. Mangles. T. & Sadler-Smith. E. (2001). Organizational learning style. competencies.. and learning system in small. UK manufacturing firms. *lnternational Journal of Operations and Production Management*. 21 (11). 1417 - l432

Chowdhury. S. D. & Lung. J. R. (1993). Crisis decline and turnaround: a test of competing hpotheses for short term performance improvement in small firm. *Journal of Small Business management*. 3 (4), 8-17

Churchill. N. C..& Lewis. V. L. (l983). The five stages of small business growth. *Harvard Business Review*. 61 (3), 30-50.

Cooper, A. C, Gimeno-Gacson & Woo, C. Y. (1994). Initial human and financial capital as predictors of new venture performance. Journal of Business Venturing, 9(1), 371-395.

Cuba, R. C. & Milbourne, G. (1982). Delegation for small business success. *American Journal of Small Business*, 7(2), 23-41.

Crapp, H. R. & Stevenson, M. (1987). Development of a method to assess the relevant variables and the probability of financial distress. *Australian Journal of Management,* 12 (2), 221-236.

Das, S. & Srinivasan, K. (l997). Durations of firms in an infant industry: the case of Indian computer hardware. .*Journal of Development Economics*. 53(1), 157-167.

D'Amboise G. & Gasse, Y. (1982). Performance in small firms and the utilization of formal management techniques. *Paper presented at The Joint National Meeting of TIMSIOPSA.* Washington. DC.

DArnboise, G. & Classe, Y. (1982). Managerial difficulties as perceived by small business owner-managers: Where are the similarities and differences? *Working Paper 82, racultc des sciences de 1'adminisiratiori,* Laval University.

Davidson, P. (1989). Entrepreneurship and after? a study of growth willingness in small firms. Journal of Business Venturing. 1 (4), 2l1-226.

Davidson, P. (1991). Continued entrepreneurship: Ability, need and opportunity as determinants of small firm growth. ,Journal of Business Venturing. 6. 405-429.

De Carlo. J. L. & Leons, P. R. (1980). Toward a contingency theory of entrepreneurship. *Journal of Small Business Management*. 18 (3), 37- 42.

Dill, V. R. (1958). Environment asaninflucnce on managerial autonomy. *Administrative Science Quarterly*, 2. 409 - 443.

Dodge, H. R., Fullerton, S. & Robbins, I. E. (1994). Stage of the organizational life cycle and competition a. Mediators of problem perception for small business management. *Journal of Small Business Management.* 30 (l), 27-37.

England, G. W. & Lee, R. (1973). Organization size as an influence on perceived organizational goals: A comparative study among American, Japanese and Korean managers‖ OrganiarioiuJ Behavior and Human Perfor,nancc, 9, 45.50

Filley, A. C., & Aldag, K. J. (1978). Characteristics and measurement of an organizational Typology. *Academy of Management Journal*. 21, 578-591.

Ghemawat, P. & Nalebuff, F. (1985). Exit. *The Rand Journal of Economics*. 16 (2), 184 - 194.

Greiner. L. E. (1972). Evolution and revolution as organizations grow. *Harvard Business Review*, 50 (4), 37. 46.

Hanks, S. H., Watson, C. J., Janscn, L. & Chandler, G N. (1993). Tightening the life-cycle construct: A taxanomic study of growth stage configurations in high technology organisations. *Entrepreneurship Theory and Practice*, 1(2), 5-29.

Lucas, R, F.(1978). On the size distribution of business firms. *Bell Journal of Economics*, 9. 508 -523.

Masurel, E..& Montfort. K. V. (2006). Life cycle characteristics of small professional service firms. Journal of Small Busines.c Management, 44(3). 461 —437.

McGuire, J. W. (1976). The small enterprise in economics and organization theory. *Journal of Contemporary Business*, 5(2), 115-138.

Miller, D. & Friesen, P. H. (1982). Innovation in conservative and entrepreneurial firms: Two models of strategic momentum. *Strategic Management Journal*. 3(1), 10-25.

Miltra, R, and Pingali, V. (1999). Analysis of growth stages in small firms: a case study of automobile ancillaries in India. Journal of Small Business Management. 37(3). 43-61.

Mossrnan, C.E.. Bell. C. G.. Swartz. L. M. & Turtle, H. (1998). An empirical comparison of bankruptcy models. The Financial Review, 33(2), 35-53.

Mount. J. L, & Bell. D. P. t 1993). Organizing for deselopment in the small business. *Long Range Planning*, 26 (5), 111 - 120.

Nigerian Institute of Social And Economic Research (NISER)(2004). Baseline economic survey of small and medium scale industries In Nigeria, National Synthesis Final Report; Survey Of Existing Small And Medium Industries Part A (Chapters 1)

Nigeria Investment Promotion Council (2001). Making small Business Finance Profitable in Nigeria- SME finance in Nigeria.

O'Farrel, P. N. & Hichens, D. M. (1988). Alternative theories of small firm growth: A Critical Review. Environment and Planning. 20, 1365 - 1383.

Ojo, J. A. T. (2003). Partnership and strategic alliance effective SME development. Small and medium enterprises development and SMIEIS: Effective implementation strategies; CIBN Press Ltd. Lagos. 185-212.

Orser, B., Horgath-Scott. S. & Riding. A. L.(2000). Performance, firm size, and management problem solving. *Journal of Small Business Management*. 38(4), 42-58.

Park. J. C. (1983). Entrepreneurial corporations: A managerial assessment. *Journal of Small Business of Management*. 2(1), 38-43.

Pavia, T. M. (1990). Product growth strategies in young high technology firm. *Journal of Product lnnovation Management*. 7. 297.309.

Preston. L. E. (l977). The world of small business: A suggested typology. *American Journal of Small Business*, 1(4). 13-19.

Quinn, R. E. & N. Cameron. (1983). Organizational life cycles and shifting criteria of effectiveness: some preliminary evidence. *Management Science.* 29 (l), 33 - 51.

Rhenman, L. (1973). *Organization theory for long-range planning*. London: Wiley.

Rice. G. H..Jr..& Hamilton, R. L. (1979). Decision theory and the small businessman. *Arnerican Journal of Srnall Business*, 4(l), 1 -9.

Robinson, R. B., Pearce, L. A., Vozikis, G. S., & Mescon, T.S. (l984). The relationship between stage of development and small firm planning and performance, *Journal of Small Business Management*. 22 (2), 45-52.

Sadler-Smith. E, Hampson, Y. Chaston, I., & Badger, 0. (2003). Managerial behaviour, entrepreneurial style and small firm performance. *Journal of Small Business Management*, 41 (1), 41-67

Sanusi. J. O. (2003). Utilization of the SMIEIS funds: The right approach.

Schumpeter, J. A. (1939). *Business cycles*: *A theoretical, historical and statistical analvsis of the capitalist process*. New York: McGraw Hill Book Company Inc.

Scoot, L. M., & Bruce R. (1987). Five stages of growth in small business. Long Range planning, 20, 45-52.

Sexton, D. L. & Van Auken P. (1985). A longitudinal study of small business strategic planning, *Journal of Small Business Management.* 23(11). 7.15.

Sexton, D. L & Smilor, R. W. (1997). Entrepreneurship 2000. Chicago: Upstart Publishing.

Shumway, T. (2001). Forecasting bankruptcy more accurately: A simple hazard model. The Journal of Business, 74 (I). lO1-124.

SMEDAN (2007). National policy on micro, small and medium enterprises.

Tumkella, K. (2003). The challenge of globalisation and SME sector in Nigeria:Repositioning through technolo and innovation. Paper presented at the National Summit on SMIEIS organised by the flankers' Committcç and Lagos chambers of commerce and lndustry (LCCI), Lagos, 10th June.

USAID PRISMS (2005) Governance issues in microfinance: *A Paper Presented At The International Year Of Micro Credit (IYMC) Workshop.*

USAID PRISMS (2005). Nigeria micro, small and medium enterprises (MSMEs) assessment: *A Paper Presented At The International Year Of Micro Credit (IYMC) Workshop.*

Vargas, G. (I 984). *Growth crisis in small industries and small firms*. Revue Franaise de Gestion. 13-22. Washington DC: Accion International. Washington, D.C.

Welsch, H. P. & Young, E. (1982). The information source of selection decisions: The role of entrepreneurial personality characteristics. Journal of Small Business Managements, 20 (4), 49 57.

Welsh. J. A. & White, J. F. (1981). A small business is not a little big business. Harvard Business Review. 59 (4), 18-31

© **Associated Asia Research Foundation (AARF)**

A Monthly Double-Blind Peer Reviewed Refereed Open Access International e-Journal - Included in the International Serial Directories.

Page | 67