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## **The Role of Small and Medium Scale Enterprises in Poverty Reduction in Nigeria: 2001 – 2011**

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### **Abstract**

*This article x-rays the role of Small and Medium Scale Enterprises (SMEs) in poverty reduction in Nigeria, between 2001 and 2011. It is aimed at finding out the extent to which small and medium scale enterprises, through their employment activities, helped to address poverty reduction. In trying to establish the thrust of the paper we*

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*used secondary data and the adoption of econometric model, specifically simple linear regression, to empirically explain this relationship. From the empirical results, SMEs' income captured by their contributions to GDP, are statistically significant in explaining the level of employment and hence poverty reduction. Also the funding of SMEs and the level of government participation are not significant to the growth of SMEs measured by their level of income (SGDP). The models formulated have good fits judging from the  $R^2$ s and their adjusted values. Also the F-ratio validates the overall significance of the variables and their non-conformity to the apriority expectations of some of the variables. These call for concern. With this development, some recommendations were made amongst which are: that government should provide mechanism for SMEs to have access to loans with long payback period; and that interest rate should be reduced to a single digit to encourage entrepreneurs' innovativeness. It is therefore imperative that policy makers, governments and their agencies provide the technical, technological, financial, assistance and infrastructures needed for the opportunities in the SMEs to be harnessed optimally.*

**Key words:** Small and Medium Scale Enterprises (SMEs), Poverty, poverty reduction, Employment Generation, Gross Domestic Product.

## **Introduction**

Poverty is a living condition in which an entity is faced with economic, social, political, cultural and environmental deprivation. It is a state of involuntary deprivation to which a person, household, community or nation is subjected to. Poverty and weak economic performance are the greatest challenges militating against Nigeria's transformation and development today. Gone are the days when Nigerian graduates at all levels could easily secure jobs. Graduates had enough job offers to choose from depending on their qualifications. This trend changed over the years starting from early 80s and 90s because a great number of tertiary institution graduates are in search of white-collar jobs that are no longer available. Again

some organizations chose to prune or right size their workforce due to harsh economic conditions occasioned by poor global economy which adversely affected economic and business activities in Nigeria.

Nigeria as a country has been described by the World Bank as a paradox in that the enormous wealth of the nation contradicts the poverty level (Obadan, 2001). The data on poverty records rating across different nations indicate that about 1.1 billion people earn less than one or more dollars (\$1.00 \$2.00) per day, coupled with daily risks and hardships that determine their survival and even existence. Barnes (2010), Omadjohwoefe (2011) and USAID (2011) have shown evidence on how poverty permeates Nigeria's society.

Issues relating to the development of Small and Medium Scale Enterprises (SMEs) have become very crucial in the development of most third world nations. No nation ever develops without appreciable inputs from the Small and Medium Scale Enterprises segment of her economy. The performance and effectiveness of SMEs as instruments for economic growth and development thereby reducing poverty incidence among the populace is the topic under scrutiny. In the case of Nigeria, SMEs have performed at a very poor level (Ihua, 2009). Their poor performance has added to the level of poverty, unemployment and the low standard of living in the country. Though SMEs provide 70% industrial employment and 60% of agricultural sector employment, it only account for 10 – 15% of the total industrial output with a capacity utilization of a little over 30%. The dearth of funds has further aggravated the start-off operations of many business endeavours.

Small and Medium Scale Enterprises are considered globally to be the engine of growth of modern economies and serve to provide more employment to a large portion of the population in a given economy than the big organizations and hence contribute in reducing poverty. According to Fatai (2011), the Nigeria's current problems of hunger, poverty and unemployment have been undermined by the capacity of the SMEs. He added that the unfortunate development is the inability

of SMEs to provide the mechanism to propel economic growth and development which is the basis for mitigating poverty.

The realization of the roles of SMEs in fighting unemployment and hence poverty reduction has been an age long phenomenon in Nigeria but the right policies and incentives coupled with business environment have continued to hamper the pivotal roles of SMEs in addressing Nigeria's economic problems. This is justified by Sanni (2009) who looked at historical issues of SMEs in Nigeria which have been on the burner since independence in 1960 in terms of giving attention to this sector through seminars, studies, researches, workshops for its appraisal, importance and the need to institutionalize them. He added that since the introduction of SAP in 1986, attention has shifted from government-led industrialization to SMEs as the potential agent for developing domestic linkages for effective growth and development.

In a similar vein, Oni and Daniya (2012) said that governments over the years have formulated several policies with a view to developing SMEs in Nigeria as they have been recognized as organs for achieving self-independence, employment creation, import substitution, effective and efficient utilization of local raw materials and contribution to economic development of the country.

It is against this backdrop that this article will investigate the relationship between the employment generation capabilities of SMEs and poverty reduction in the country. It will cover the period of 2001 and 2011, a period of ten years.

### **Conceptual framework**

Small and Medium Scale Enterprises (SMEs) does not have a single definition or uniform parameters because their activities depend on the industry in which they operate and the personalities and aspirations of those in charge of the businesses. Central Bank of Nigeria (1998) defines small business firms as firms (excluding general commerce) whose total investment (including land and working capital) does not

exceed N500,000.00 and whose annual turnover does not exceed 1 million naira. Ajose (2010) has defined SME as an enterprise that has an asset base (excluding land) of between 5 million naira and 500 million naira and labour force of between 11 and 300 in its employ. The National Directorate of Employment (NDE) since 1986 has been supporting the activities of some SMEs; it defines a small scale industry as an establishment with capital investment of N5,000.00 and employing as few as three people (Isemin, 1998). The National Economic Reconstruction Fund (NERFUND) puts its highest amount as not exceeding 10 million naira while the section 37 b (2) of the Companies and Allied Matters Act of 1990 defines it as one with

- a) An annual turnover of not more than 2 million naira.
- b) A net asset of not more than 1 million naira.

The National Association of Small and Medium Scale Enterprises defines SMEs as businesses employing less than fifty (50) people and with an annual turnover of one hundred million naira. The association further defines a medium scale enterprise as a business with less than 100 employees and with an annual turnover of five hundred million.

There are many definitions of SMEs and there is no uniformity among them. However, in Nigeria, it is based mainly on capital which should be revised from time to time due to the devaluation of the Naira and the high inflationary trend in the economy (Osotimehin, Jegede, Akinlabi and Olajide, 2012).

When we talk of poverty it has to do with absence of resources to command means of livelihood. Over time, there has been no agreed upon definition of poverty due to its multi-dimensional nature. By using the standard of living as a criterion for poverty, World Bank (1990), Central Bank of Nigeria (1999), Oghene and Achoja (2001), Ifamose (2001) and Magaji (2002), all see poverty as a condition in which resources of individuals or families are grossly inadequate to provide a socially acceptable standard/condition of living. Edoh (2003) and (2010) state that there are two issues that have been

consistent in an attempt to define poverty. These are the issue of (a) who are the poor? (b) at what level is poverty defined?

Kenkwanda (2003:3) defines poverty as a multidimensional phenomena influenced by a wide range of factors, which include: poor people's lack of access to income earning and productive activities and to essential services. Poverty can be manifested in intellect and poverty of ideology (Adejo, 2006). The Copenhagen Declaration of 1995 seems to shed more light on what really constitute poverty when it asserts that:

Poverty has various manifestations, including lack of income and productive resources sufficient to ensure sustainable livelihood, hunger and malnutrition, ill health, limited or lack of access to education and other basic services, increase morbidity and mortality from illness, homelessness and inadequate housing, unsafe environment, social discrimination and exclusion. It is also characterized by a lack of participation in decision and in civil, social and cultural life (Edoh, 2003:68).

Since all issues involved in poverty have to be well understood, it is pertinent to know the degree and types of poverty, which also help in knowing the appropriate measures in handling the programmes of poverty alleviation. A condition of poverty can be recognized and described as being any of the following:

**Absolute poverty** is used to describe an individual or household below a minimum acceptable level which has been fixed over time as a global stand for meaningful human existence known as poverty. Absolute poverty is also referred to as subsistence poverty is grounded on the idea of subsistence – the basic condition that must be met in order to sustain a physically healthy existence. Individuals or groups who lack basic needs of food, shelter and clothing fall under this category. It is held that standards for human subsistence are about the

same for people of the same age and physique regardless of where they live (Addison, Hulme and Kanbur 2008; Todaro Smith, 2007).

**Relative poverty** is used in positioning the individual or household compared with the average income in the country, such as poverty line set at one half of the mean income or at the 40th percentile of the distribution and which often varies with the level of average income. It exists when people may be able to afford the basic necessities of life but are not able to maintain average standard of living (World Bank, 1996).

**Chronic/Structural poverty** is used when it is persistent or long-term. Obadan (1997) opines that it causes are more permanent and depend on a host of other factors such as: limited resources, lack of skills for gainful employment, locational disadvantage, or endemic socio-political and cultural factors.

**Conjectural/Transitory poverty** is used if the poverty is temporary/transient or short term and caused mainly by transient factors such as: natural or manmade disasters (wars and environmental degradation) or structural changes induced by policy reforms which result in loss of employment, loss in value of real income, assets, etc.

**Spatial/locational poverty** depends on geographical or regional spread and incidence. Two such conditions are recognized in literature, namely; urban squalor and rural poverty.

**Generalized, island or case specific poverty:** This conceptualization depends on the degree of its prevalence. It is described as generalized if it is widespread, common and pervasive, sometimes, among gender groups or social class arising from social and economic rights or exclusion mechanisms. It is described as island if it exists in the midst of plenty such as Nigeria's case, which the World Bank (1996) considers a paradox, and case specific, if it is caused by reversal in the fortunes of some individuals or families in affluent societies arising from mishaps such as ill-health or disability (Abaukaka, 2004).

Apart from the above, Oladunni (1999) categorized five dimensions of deprivation, which are personal and physical deprivation, economic deprivation, social deprivation, cultural deprivation and political deprivation.

Meanwhile approaches to poverty reduction according to Ogwumike (2001) include economic growth approach, basic needs approach, rural development approach and target approach. The two distinct strategies that have featured in Nigeria's national development plans and planning are the growth strategy and the rural/agricultural development strategy (Obadan, 2001).

**Table 1: Incidence of Poverty in Nigeria (2001 – 2011)**

<b>Year</b>	<b>Incidence of poverty (%)</b>
2001	65.6
2002	65.6
2003	70.0
2004	54.4
2005	54.0
2006	54.0
2007	54.0
2008	54.0
2009	54.0
2010	69.0
2011	71.5

Source: CBN: Annual Report and Statements of Accounts for various years.

From the table 1, the incidence of poverty was quite high as of 2001 to 2003, 65.5% to 70%, and then it dropped to 54.4% in 2004 and to 54.0% in 2005 which was maintained until 2009. It increased to 69.0% in 2010 and went up again to 71.5%. Though the economic growth has been on the increase during these years but slowed down to 6-7% recently, this has not impacted enough on the poverty level.



The economy must grow at the 8.56% per annum for it to tickle down and alleviate poverty to an acceptable level (NPC, 2011). The report further noted that the incidence of poverty is higher in the rural areas than the urban areas.

### **Methodology**

The study employed secondary data obtained from the Central Bank of Nigeria statistical bulletins and annual report and statements of account covering the period of 2001 – 2011. The choice of the data used is based on its wide coverage and the standardization as it has been processed from its raw form by the relevant authorities/agencies.

The study employs regression analysis to generate empirical results for analysis. Employment, the dependent variable is being proxied for poverty; this became very important as the SMEs can only reduce poverty indirectly through its employment generation activities. If the income from SMEs is sufficient to affect employment significantly, it means therefore that it can solve poverty problem in Nigeria. In our model formulation variables are built into functions in order to empirically achieve the stated objectives for the study. In doing this, two sets of models are developed. SMEs' Gross Domestic Product (SGDP) calculated as 55% of non-oil Gross Domestic Product at 1990 constant basic prices. Agriculture Gross Domestic Product (AgGDP) and Manufacturing Gross Domestic Product (MfGDP) are the independent variables which are expected to show positive signs with respect to employment in Nigeria. The study employs same for the second model where SGDP is the dependent variable while Commercial bank credit (Cmber), Agriculture Credit Guarantee Scheme Fund is proxied for government fund (GovtF) and Interest rate ( $I^1$ ) are the independent variables.

#### **Model 1:**

$$EMPL = f(SGDP) \dots \dots \dots (i)$$

In order to check the likelihood of having high value of the error term, there is need to include other variables that affect employment and hence the introduction of Agriculture GDP and manufacturing GDP.

$$\text{EMPL} = f(\text{SGDP}, \text{AgGDP}, \text{MfGDP}) \dots\dots\dots (\text{ii})$$

The mathematical form of the model is therefore given as

$$\text{EMPL} = \text{SGDP} + \text{AgGDP} + \text{Mf GDP} \dots\dots\dots (\text{iii})$$

Where :

EMPL = Employment level (calculated as 100% -unemployment rate)

SGDP = SMEs Gross Domestic Product calculated as 55% of non-oil GDP – SMEDAN, 2012

AgGDP = Agriculture Gross Domestic Product

MfGDP = Manufacturing Gross Domestic Product

Econometrically, the model is formulated thus:

$$\text{EMPL} = \alpha_0 + \alpha_1\text{SGDP} + \alpha_2\text{AgGDP} + \alpha_3\text{MfGDP} + \mu \dots\dots (\text{iv})$$

**Model 2:**

For one to equally determine what influences the income or the productivity of the SMEs in Nigeria, necessitates another set of relationship as the second model.

$$\text{SGDP} = f(\text{Cmbcr}) \dots\dots\dots (\text{i})$$

There is need to consider some other factors that influence the productivity of any sector and as such government participation in terms of funding as well as interest rate are added to the function.

$$\text{SGDP} = f(\text{Cmbcr}, \text{GovtF}, \text{I}^f) \dots\dots\dots (\text{ii})$$

The mathematical form of the model is thus formulated as

$$\text{SGDP} = \text{Cmbcr} + \text{GovtF} + \text{I}^f \dots\dots\dots (\text{iii})$$

Where:



SGDP = SMEs Gross Domestic Product

Cmbcr = Commercial bank credit to SMEs

GovtF = Government Fund to SMEs

I<sup>r</sup> = Interest rates

Econometrically, the equation becomes:

$$SGDP = \alpha_0 + \alpha_1 Cmbcr + \alpha_2 GovtF + \alpha_3 I^r + \mu \dots \dots \text{(iv)}$$

It is expected that variables included as explanatory factors such as SME Gross Domestic Product (SGDP), Agriculture GDP and Manufacturing GDP show positive relationship with Employment. The same is also expected of the second model that Commercial bank credit (Cmbcr), Government Fund (GovtF) may indicate a positive relationship but Interest rates (I<sup>r</sup>) may show either or negative relationship depending on the interest regime as at the period.

### **Data presentation and analysis**

#### **Estimated results**

##### **Model 1**

$$EMPL = 470.513 - 25.556SGDP - 95.142AgGDP + 89.337MfGDP$$

$$Se = (115.232) \quad (11.155) \quad (35.589) \quad (31.193)$$

$$t\text{-ratio} = (4.083) \quad (-2.291) \quad (-2.673) \quad (2.864)$$

$$R^2 = 0.847 \quad R^2 = 0.781 \quad F\text{-statistic} = 12.915 \quad D.W = 2.112$$

##### **Model 2**

$$SGDP = 335.416 - 71.747 Cmbcr + 27.942GovtF + 50.756I^r$$

$$Se = (306.837) \quad (31.539) \quad (23.904) \quad (94.960)$$

$$t\text{-statistic} = (1.093) \quad (-2.275) \quad (1.169) \quad (0.534)$$

$$R^2 = 0.829 \quad R^2 = 0.756 \quad F\text{-statistic} = 11.305 \quad D.W = 2.341$$

## **Interpretation of results**

### **Model 1**

SMEs GDP is statistically significant in explaining the poverty alleviation in Nigeria but failed to exhibit correct sign based on apriori criteria. Also Agriculture GDP is equally significant in explaining poverty alleviation in Nigeria but failed to conform to apriori criteria while Manufacturing GDP is statistically significant in poverty alleviation explained by the employment level and at the same time shows positive relationship with the dependent variable. This shows that within the period of the study, the manufacturing GDP influenced the level of employment positively while the GDP from agriculture sector and the SMEs instead of contributing to the level of employment positively tend to negate the assumption, that is, performs below expectations that could contribute to employment and hence, poverty reduction.

The overall goodness of the model is shown by the value of  $R^2$  and  $R^2$ . From the estimated results, it shows that  $R^2$  and  $R^2$  are respectively 0.847 and 0.781 which shows that the employment level proxied for poverty reduction is explained to about 80% jointly by the variables in the model. The F-statistic which is a test statistic shows that the overall model is significant and the variables captured in the model are well specified with the F-calculated at 12.915 is higher than its tabulated value of 6.22 under the theoretical value of  $n/k-1$  degree of freedom.

### **Model 2**

For the individual variables in the model, when one compares the t-ratios of all the explanatory variables with their corresponding critical values at 1 and 5 levels of significance, it shows that the commercial bank credit to SMEs is statistically significant, but the government funding of SMEs and the interest rates within the period of study are not significant in explaining the performance of SMEs proxied by the SMEs GDP. The government funding and the interest rate exhibited

correct sign on the appriori theoretical expectations; the commercial bank credit to the SMEs is on the contrary.

The implication of this is that the SMEs lack access to sufficient fund either from financial institutions or direct government special interventions in form of loans or grants. It is not surprising for the non-significance of the interest rate on the variation of the SMEs' GDP due to the fact that the interest rate regime of Nigeria is too high to motivate the prospective SMEs operators access the bank credit which will in turn stimulate investment and subsequently bring about employment as well as improving the standard of living of most Nigerians.

The  $R^2$  and  $R^2$  values of 0.829 and 0.756 show that the model has a good fit as it explains the dependent variable by up to 80%. Also the F-ratio that establishes the overall result shows that the calculated value of 11.305 compared with 6.22 being the tabulated value of F-ratio from  $n/k-1$  degree of freedom indicated that the model is well specified and valid to explaining the performance of SMEs in Nigeria.

### **Summary of findings**

These include:

1. That SMEs GDP shows a significant relationship with employment level proxied for poverty reduction in Nigeria but failed to conform to the appriori expectation which is basically an indication of poor performance of the SMEs.
2. The agriculture sector's performance as to addressing the poverty level in Nigeria exhibits a significant relationship but failed on the appriori ground equally attest to its poor performance.
3. The manufacturing sector's performance captured by its GDP contributed significantly to the employment level and hence poverty reduction within the period of study.

4. The commercial bank credit to the SMEs is statistically significant but without the correct sign, government participation in SMEs and the interest rate regime within the period of study in Nigeria are not statistically significant in the performance of SMEs (SGDP). It can be conclusively said that the poor funding and bank credit policies are the major problems inhibiting the successes of SMEs in Nigeria.

### **Recommendations**

We hereby make the following recommendations:

1. SMEs should be funded adequately by governments to enable them play major roles as engines of growth economic development. In this sense, the microfinance policies should be restructured in such a manner that prospective SMEs can have access to loans on a sustainable basis in partnership with banks in the areas of feasibility study, project development and finance.
2. The dearth of the commercial banks loans to SMEs could be judged from the point of view of not exposing themselves to the risk of repayment by the borrowers. The monetary authorities should formulate affective mechanisms whereby the risk of loan repayment is absorbed by the government.
3. The interest rate in the economy should be made to be a single digit rate. When the interest rate is high as it is in Nigeria at present, it will amount to disinvesting as no investor will be eager to invest in long term. It does not encourage entrepreneurship development, and as such the innovative zeal of entrepreneurs will be killed in Nigeria.
4. The role of infrastructures is key to making SMEs function optimally. When basic infrastructures are provided, the entrepreneurs and SMEs will be motivated to take advantage of such amenities, expand their operations, employ more hands, and reduce unemployment and poverty.

5. Agricultural loans should be strictly monitored such that the sector will begin to employ the teeming youths in the country. Where agric loans are given to the privileged few who will in any case use them for different purposes, the needed employment openings through the SMEs' activities in such a critical sector will not be achieved.

## **Conclusion**

There is no gainsaying the fact that the SMEs remain the main engine of growth in any economy as their operations and investments cover all aspects of economic or business activities. This has been recognized in Nigeria as it is reflected in most government policies such as SAP, NEEDS and the likes. It is not sufficient to know the cardinal roles of the SMEs when they have not been given full incentives for effective performance. It is therefore imperative that policy makers and governments and their agencies provide the technical, technological, financial, managerial assistance and infrastructures needed for the enormous opportunities in the SMEs to be harnessed optimally. These will enable SMEs to play their catalytic role in the economy and help government to reduce the high unemployment rate in the country and by extension, reducing poverty. By so doing, our SMEs will assist Nigeria in her quest to becoming one of the twenty biggest economies in the world by the year 2020. No country will be seen as developed with high poverty levels as is currently the case in Nigeria.

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## APPENDIX I: LOG LINEAR REGRESSION FOR MODEL I

### Model Summary<sup>b</sup>

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.920 <sup>a</sup>	.847	.781	1.86885	.847	12.915	3	7	.003	2.112

a. Predictors: (Constant), MfGDP1, SGDP

b. Dependent Variable: EM

### ANOVA<sup>b</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	135.321	3	45.107	12.915	.003 <sup>a</sup>
	Residual	24.448	7	3.493		
	Total	159.769	10			

a. Predictors: (Constant), MfGDP1, SGDP1, AgGDP

b. Dependent Variable: EMPL

Coefficients														
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95% Confidence Interval for B		Correlations			Collinearity Statistics		
		B	Std. Error				Beta	Lower Bound	Upper Bound	Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)	470.513	115.232		4.083	.005	198.033	742.992						
	SGDP1	-25.556	11.155	-1.883	-2.291	.056	-51.933	.822	-.817	-.655	-.339	.032	30.890	
	AgGDP1	-95.142	35.589	-5.192	-2.673	.032	-179.298	-10.987	-.801	-.711	-.395	.006	172.563	
	MfGDP1	89.337	31.193	6.252	2.864	.024	15.576	163.097	-.776	.735	.423	.005	218.021	

c. Dependent Variable:  
EMPL

**Collinearity Diagnostics<sup>a</sup>**

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions			
				(Constant)	SGDP1	AgGDP1	MfGDP1
1	1	3.996	1.000	.00	.00	.00	.00
	2	.004	33.068	.00	.00	.00	.00
	3	6.353E-5	250.813	.01	.95	.01	.07
	4	5.262E-6	871.439	.99	.05	.99	.93

a. Dependent Variable: EMPL

**Residuals Statistics<sup>a</sup>**

**Coefficient Correlations<sup>a</sup>**

Model		MfGDP1	SGDP1	AgGDP1
Correlations	MfGDP1	1.000	-.467	-.927
	SGDP1	-.467	1.000	.109
	AgGDP1	-.927	.109	1.000
Covariances	MfGDP1	973.020	-162.425	-1.030E3
	SGDP1	-162.425	124.438	43.231
	AgGDP1	-1.030E3	43.231	1.267E3

a. Dependent Variable: EMPL

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	76.5713	88.7137	84.2091	3.67860	11
Residual	-3.14298	2.75846	.00000	1.56359	11
Std. Predicted Value	-2.076	1.225	.000	1.000	11
Std. Residual	-1.682	1.476	.000	.837	11

a. Dependent Variable: EMPL

## APPENDIX II: LOG LINEAR REGRESSION FOR MODEL II

### Model Summary<sup>b</sup>

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.910 <sup>a</sup>	.829	.756	40.97388	.829	11.305	3	7	.004	2.341

a. Predictors: (Constant), InterestRate1, Govtf1, Cmbcr1

b. Dependent Variable: SGDP

### ANOVA<sup>b</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	56938.504	3	18979.501	11.305	.004 <sup>a</sup>
	Residual	11752.011	7	1678.859		
	Total	68690.515	10			

a. Predictors: (Constant), InterestRate1, Govtf1, Cmbcr1

b. Dependent Variable: SGDP

## Coefficients<sup>a</sup>

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95% Confidence Interval for B		Correlations			Collinearity Statistics	
	B	Std. Error	Beta			Lower Bound	Upper Bound	Zero-order	Partial	Part	Tolerance	VIF
1 (Constant)	335.416	306.837		1.093	.311	-390.138	1060.969					
Cmbcr1	-71.747	31.539	-.636	-2.275	.057	-146.324	2.830	-.887	-.652	-.356	.313	3.196
Govtf1	27.942	23.904	.324	1.169	.281	-28.581	84.466	.837	.404	.183	.318	3.141
InterestRate1	50.756	94.960	.085	.534	.610	-173.789	275.301	-.076	.198	.084	.964	1.037

a. Dependent Variable: SGDP

## Coefficient Correlations<sup>a</sup>

Model		InterestRate1	Govtf1	Cmbcr1
1	Correlations	InterestRate1	1.000	-.038
		Govtf1	-.038	1.000
		Cmbcr1	-.137	.822
	Covariances	InterestRate1	9017.432	-85.247
		Govtf1	-85.247	571.392
		Cmbcr1	-408.878	619.817
			619.817	994.682

**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95% Confidence Interval for B		Correlations			Collinearity Statistics	
	B	Std. Error	Beta			Lower Bound	Upper Bound	Zero-order	Partial	Part	Tolerance	VIF
1 (Constant)	335.416	306.837		1.093	.311	-390.138	1060.969					
Cmbr1	-71.747	31.539	-.636	-2.275	.057	-146.324	2.830	-.887	-.652	-.356	.313	3.196
Govt1	27.942	23.904	.324	1.169	.281	-28.581	84.466	.837	.404	.183	.318	3.141
InterestRate1	50.756	94.960	.085	.534	.610	-173.789	275.301	-.076	.198	.084	.964	1.037

a. Dependent Variable: SGDP

**Collinearity Diagnostics<sup>a</sup>**

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions			
				(Constant)	Cmbr1	Govt1	InterestRate1
1	1	3.611	1.000	.00	.00	.01	.00
	2	.381	3.080	.00	.01	.25	.00
	3	.007	22.927	.04	.98	.72	.06
	4	.001	63.610	.96	.01	.03	.94

**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95% Confidence Interval for B		Correlations			Collinearity Statistics	
	B	Std. Error	Beta			Lower Bound	Upper Bound	Zero-order	Partial	Part	Tolerance	VIF
1 (Constant)	335.416	306.837		1.093	.311	-390.138	1060.969					
Cmber1	-71.747	31.539	-.636	-2.275	.057	-146.324	2.830	-.887	-.652	-.356	.313	3.196
Govt1	27.942	23.904	.324	1.169	.281	-28.581	84.466	.837	.404	.183	.318	3.141
InterestRate1	50.756	94.960	.085	.534	.610	-173.789	275.301	-.076	.198	.084	.964	1.037

a. Dependent Variable: SGDP

**Residuals Statistics<sup>a</sup>**

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	189.2225	367.3759	2.7327E2	75.45761	11
Residual	-5.13412E1	59.09408	.00000	34.28121	11
Std. Predicted Value	-1.114	1.247	.000	1.000	11
Std. Residual	-1.253	1.442	.000	.837	11



**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95% Confidence Interval for B		Correlations			Collinearity Statistics	
	B	Std. Error	Beta			Lower Bound	Upper Bound	Zero-order	Partial	Part	Tolerance	VIF
	1 (Constant)	335.416	306.837				1.093	.311	-390.138	1060.969		
Cmber1	-71.747	31.539	-.636	-2.275	.057	-146.324	2.830	-.887	-.652	-.356	.313	3.196
Govt1	27.942	23.904	.324	1.169	.281	-28.581	84.466	.837	.404	.183	.318	3.141
InterestRate1	50.756	94.960	.085	.534	.610	-173.789	275.301	-.076	.198	.084	.964	1.037

a. Dependent Variable: SGDP