



A statistical impact assessment of micro-credit agencies on entrepreneurship development in Ondo state, Nigeria

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Abstract

The would-be entrepreneurs are often experiencing problem of sourcing for the initial capital to start a small scale business in Nigeria. Descriptive survey research design was adopted for the study. The population of the study comprised, graduates of Entrepreneurship Development Programme in Ondo State, Nigeria. The sample size of the study was One hundred and eighty (180) respondents selected through a snow - ball sampling technique. The research instrument used was self-developed by the researcher, titled, "Rating scale on a statistical impact assessment of micro-credit agencies on entrepreneurship development in Ondo State, Nigeria", fashioned on four likert rating scales: Strongly Agreed (SA), Agreed (A), Disagreed (D) and Strongly Disagreed (SD). The research instrument was validated by an expert in Test and Measurement, while the reliability of the research instrument was done through test-retest method and 0.68 coefficient reliability was obtained. The research question was analysed using, descriptive statistics (frequency counts, simple percentages and mean), while inferential statistics (Spearman Correlation Coefficient) was used to analyse the research hypothesis. Based on the findings of the study, conclusion were made that micro-credit agencies have positively influences the development and establishment of small scale business and also assisted the would-be-entrepreneurs to overcome the problem of sourcing for the initial capital to start business. Based on the conclusion, recommendations were made that enough funds should be budgeted to micro- credit agencies. Also, the would-be entrepreneurs should have access to sourcing loan from micro-credit agencies in Ondo State, Nigeria etc.

Keywords: Statistical, Impact, Assessment, Micro-credit, Entrepreneurship, Development

Introduction

Poverty is a bane to human development and source of series of vices which are plaguing most developing nations, Nigeria, inclusive. Erinsakin (2014) ^[6], contended that in a nation where there is a high rate of poverty, socio-vices and criminality are inevitable. Ogwumike (2002), notes that poverty is a condition, where a household or an individual is unable to meet the basic need of life which include; consumable and inconsumable items which are fundamental to individuals to sustain livelihood. Millions of Nigerians have no access to productive job opportunity or employment (Nigerian Institute of Social Economic Research, 2003). The incomes provide of many Nigerian a very low coupled with lack of essential services and infrastructures to live a comfortable decent and fulfilled life. Many Nigerians are on street on a daily basis begging for arms and popular means of survival in a recent time in Nigeria (Ihonbare, 2003). The economic and industrial growth is at low level and very disgusting Adeoti (2001) ^[1], stresses that poverty in Nigeria is heightened and accentuated by technological backwardness and lack of job opportunities. The poverty among Nigerians has attracted the attention of Nigerians government, international communities, non-governmental organizations (NGOs) like: World Health Organization (WHO), United Nations Education, Cultural and Scientific Organization (UNESCO) and International Labour Organization (ILO) and so on. An attempt to reduce poverty to a minimal level had necessitated several economic policies and programmes by different successive governments; civilian and military, alike. Yet, poverty is still prevailing. Roach (1999) and Multra (2012), attribute poverty among Nigerians to lack of vibrant entrepreneurial skill acquisition. This contention necessitated many states of Federation of Nigeria to implement Entrepreneurial skill acquisition programmes.

The programme is necessary since it can curtail poverty in Nigeria (Akpomi, 2009) ^[5]. Further, that there is need for re-orientation towards engendering entrepreneurship values which are capable of enhancing the competencies for self-reliance, improved economy, youths' empowerment and poverty reduction.

Osuagu (2002), maintains that the unimpressive Nigeria's economy could only be revived and rejuvenate through capacity development of people in entrepreneurial activities. Erinsakin (2014) ^[6], maintains also that entrepreneurial skill acquisition has a broadening effect of promoting and stimulating people's interest, especially the youths on acquisition of skills in trade, which could enhance and improve the micro-economic and enterprise sector, positively. African Economic Outlook (2013) ^[3], notes that entrepreneurial skills acquisition could equip the teeming unemployed Nigerian with practical competencies, know-how and attitudes which are necessary for them to carry out certain activities in trade and occupation in the labour market. The development of small scale enterprises which would lead to self-employment for self-reliance economically over and above medium and large scale enterprises as contained in Nigeria 3rd and 4th natural development plans could only be feasible and realizable through the acquisition of skill in trade (Gambari, 2011) ^[7].

However, it has been observed that the graduates of the programme are having a challenge of inability to mobilize the initial capital to embark on trade. Over the years, government of Nigeria has embarked on series of policies and institutional reforms, aimed at enhancing the flow of finance from the banking system to small and medium scale industries, as well as those that engaging in petty business (micro) activities (Adisa, 2013) ^[2]. One of such is micro-credit agency. Agagu (2007) ^[4] states that the agency would help to would-be entrepreneur to overcome the challenge of sourcing for capital to "kick-start", a business, which its interest is at high side. In a nutshell, micro-credit agency mobilises capital for entrepreneurs, who are capitally constrained. The micro-credit provision would enable the graduands of entrepreneurial skill programme to easily have access to loan based on the capacity of individuals.

Therefore, the philosophy of micro-credit agency in Ondo State, Nigeria is simply to assist the would-be-entrepreneurs to overcoming the problem of initial capital mobilization for business activities, especially the clientele of the state Entrepreneurial skill acquisition programme.

The micro-credit agency of Ondo State Government (ODSG) in recent time has been a good source of topic for researchers. As observed based on the available reports, studies and extant literature a statistical analysis on the programme impact on entrepreneurial development, specifically in Ondo State, Nigeria, much studies have not been done on it. It was against this backdrop this study was carried out by the researchers.

Statement of the Problem

The implementation of Entrepreneurial development programme is to give people vibrant skills that would enable them to venture into trade or business. However, it has been noticed that the graduands of the problem are often experiencing hardship at sourcing for the initial capital. It is this observed challenged that resulted into implementation of micro-credit agency in Ondo State, Nigeria. Several researches had been conducted most were self-reported without statistical validation. Therefore, this study was

carried out on the statistical impact assessment of the programme (micro-credit agency) on entrepreneurship development in Ondo State.

Research Questions

One research question was raised to guide the conduct of the research

1. Does micro-credit agencies influence establishment of small scale business in Ondo State, Nigeria.

Research Hypothesis

H01: There is no significant relationship between micro-credit agency and initial capital mobilization for business in Ondo State, Nigeria.

Purpose of the Study

A broad purpose of the study was on statistical impact assessment on micro-credit agencies on Entrepreneurship development in Ondo State, Nigeria, while the specific purpose were to:

1. Ascertain the impact of micro-credit agencies on a small scale business proliferation in Ondo State, Nigeria; and
2. Determine the influence of micro-credit agency on initial capital mobilization for business in Ondo State, Nigeria.

Significance of the Study

The findings of the research would be significant to stakeholders in economic sector in Nigeria in the following ways;

Firstly, the result of the study will enable the provider (government) of the programme in Ondo State, Nigeria to know the impact of the programme on sustainability of Entrepreneurship development and in Nigeria.

Moreover, the findings of the study will established whether there is a relationship between micro-credit agencies and establishment of small scale businesses in Ondo State, Nigeria.

Also, the result of the study will lend credence or not whether micro-credit agencies have positive or negative influence on mobilization of capital to start business in Ondo State, Nigeria.

Lastly, the study will add to the existing studies, thus, become a good source of reference material for researchers in future. The study will made accessible to the public through Open Educational Resources (OER).

Methodology

Descriptive survey research design was used for the research. The population of the study comprised the graduates of the Entrepreneurship development programme across Ondo State, Nigeria. The sample size of the study was One Hundred and Eighty (180) graduates of EDP in Ondo State, Nigeria.

The research instrument that was used to gather data were self-developed by the researcher, titled, "Rating scale on statistical impact assessment of micro-credit agencies on Entrepreneurship development in Ondo State, Nigeria". It was fashioned on Strongly Agreed (SA), Agreed (A), Disagreed (D) and Strongly Disagreed (SD) rated on (4), (3), (2) and (1).

The research instrument was validated by two experts in test and measurement, while its reliability was determined through test rest method at two weeks interval. 0.68 coefficient correlation was obtained. Data generated on research question was analysed using descriptive statistics

(frequency counts, simple percentages and mean), while data generated on research hypothesis was analysed through inferential statistics (spearman ranking coefficient correlation).

Presentation of Findings and Discussion of Results

Research Question One: Does micro-credit agencies influence establishment of small scale businesses in Ondo State, Nigeria?

Table 1: Showing frequency counts, simple percentages (%) and mean (x) on do micro-credit agencies influence establishment of small scale business in Ondo State, Nigeria

| S/N | Items | SD | D | A | SA | Mean | Remarks |
|--------------|---|---------------|--------------|--------------|--------------|-------------|-----------------|
| 1. | Micro-credit agencies loan enable me to start a small scale business | 2 | 10 | 20 | 148 | 3.74 | Accepted |
| | | 1.11 | 5.55 | 11.11 | 82.22 | | |
| 2 | I didn't raise initial capital to start a small scale business through micro-credit agencies | 125 | 36 | 12 | 7 | 1.45 | Rejected |
| | | 69.44 | 20 | 6.66 | 3.88 | | |
| 3. | Loan from micro-credit agencies is not easy to be accessed | 144 | 26 | 6 | 4 | 1.27 | Accepted |
| | | 80 | 14.44 | 3.33 | 2.22 | | |
| 4. | I didn't experience any hardship source for loan through micro-credit agencies | 4 | 6 | 22 | 148 | 3.74 | Accepted |
| | | 2.22 | 3.33 | 12.22 | 83.22 | | |
| 5. | The interest charged on loan that I sourced from micro-credit agencies was convenient for my business | 3 | 7 | 17 | 153 | 3.77 | Accepted |
| | | 1.66 | 3.88 | 9.44 | 85 | | |
| 6. | The interest charge by micro-credit agencies on loan is not favorable for my business | 158 | 14 | 5 | 3 | 1.8 | Rejected |
| | | 87.77 | 7.77 | 2.77 | 1.66 | | |
| Total | | 436 | 99 | 82 | 463 | 2.52 | Accepted |
| | | 40.37% | 9.16% | 7.59% | 42.87 | | |

Table 1 above shows the findings on research question one. On item (1), responses obtained were 148 (82.22), 20 (11.11%), 10 (5.55%) and 2 (1.11%) for strongly agreed, agreed, disagreed and strongly disagreed. On item (2); 7 (3.88%), 12 (6.66%), 36 (20%) and 125 (69.44%) responses were obtained for strongly agreed, agreed, disagreed and strongly disagreed. On item (3), responses obtained were; 4 (2.22%), 6 (3.33%), 26 (14.44%) and 144 (80%) for strongly agreed, agreed, disagreed and strongly disagreed. On item (4), the following responses were obtained; 148 (82.22%), 22 (12.22%), 6 (3.33%) and 4 (2.22%) for strongly agreed, agreed, disagreed and strongly disagreed. On item (5), 153

(85%), 17 (9.44) and 3 (1.66) responses were obtained for strongly agreed, agreed, disagreed and strongly disagreed. Finally, on item (6) responses obtained were; 3 (1.66%), 5 (2.77%), 14 (7.77%) and 158 (87.77%) for strongly agreed, agreed, disagreed and strongly disagreed. Generally, speaking, the average rating scale of four ($x = 2.5$) is lesser than the mean of average rating scale of four ($x = 2.52$).

Research Hypothesis

H01: There is no significant relationship between micro-credit agency and development of micro-economic sector in Ondo State, Nigeria.

Table 2: Showing Spearman rating correlation coefficient on there is no significant relationship between micro-credit agencies and initial capital mobilization for business in Ondo State, Nigeria

| S/N | Entrepreneurship and location in Ondo State Development Centre | Micro-credit agencies | R _x | Initial capital mobilization for business | R _y | D=R _x -R _y | D ² |
|-----|--|-----------------------|----------------|---|----------------|----------------------------------|----------------|
| 1. | Akoko North East LGA Akure | 25 | 1 | 15 | 5 | -4 | 16 |
| 2. | Akoko North West LGA, Oke Agbe | 3 | 16 | 8 | 11 | 5 | 25 |
| 3. | Akoko South-east LGADISUA | 12 | 7 | 17 | 3 | 4 | 16 |
| 4. | Akoko south west LGA Oka | 19 | 2 | 11 | 8 | -6 | 36 |
| 5. | Akure North LGA | 6 | 13 | 21 | 1 | 12 | 144 |
| 6. | Akure South LGA, Akure | 9 | 10 | 6 | 13 | -2 | 4 |
| 7. | Ese-Odo, LGA, Igbekebo | 10 | 9 | 5 | 14 | -5 | 25 |
| 8. | Idanre, LGA, Owena | 8 | 11 | 13 | 7 | 4 | 16 |
| 9. | Ifedore, LGA Igbara Oke | 13 | 6 | 14 | 6 | 0 | 0 |
| 10. | Ile-Oluji/Okeigbo LGA, Ile-Oluji | 7 | 12 | 10 | 9 | 3 | 9 |
| 11. | Ilaje LGA Igboke oda | 14 | 5 | 2 | 17 | -12 | 144 |
| 12. | Irele LGA, Irele | 16 | 3 | 16 | 4 | -1 | 1 |
| 13. | Odigbo LGA, Odigbo | 11 | 8 | 9 | 10 | -2 | 4 |
| 14. | Okitipupa LGA, Okitipupa | 4 | 15 | 1 | 18 | -3 | 9 |
| 15. | Ondo-East LGA, Bolorunduro | 5 | 14 | 7 | 12 | 2 | 4 |
| 16. | Ondo West LGA, Ondo | 2 | 17 | 4 | 15 | 2 | 4 |
| 17. | Ose LGA Ifon | 1 | 18 | 3 | 16 | 2 | 4 |
| 18. | Owo LGA, Owo | 15 | 4 | 18 | 2 | 2 | 4 |

Table 3

| Variables | N | Df | D ² | P-Cal | P-critical | Decision |
|-----------|-----|----|----------------|-------|------------|----------|
| X | 180 | 16 | 465 | 0.92 | 0.506 | * |
| Y | 180 | | | | | |

*=significant at 0.05 alpha level

Since, P-calculated is greater than P-critical, therefore, null hypothesis is rejected. This implies there is significant relationship between micro-credit agencies and initial capital of mobilization to start a small scale business in Ondo State, Nigeria.

Discussion of Results

Table 1 shows that micro-credit agencies have positive influence on development of small scale business in Ondo State, Nigeria. The result is corroborated by the submission of Agagu (2007) ^[4], that the micro-credit agencies of Ondo State Government is to enable the entrepreneurs or would-be business man to overcome the challenge of paying high interest rate of the commercial banks. Also, the submission of Claudia, Esterban and Jamie (2012) corroborated the result, thus, states that through micro-credit agencies have the challenge of constraint of capital.

The findings on table 2 is corroborated by the submission of Erinsakin (2014) ^[6] that the micro-credit agencies of Ondo State Government have resulted into expansion and proliferation of small scale business enterprises in Ondo State, since, through the agencies, the graduands of Entrepreneurial programme could easily accessed loan with small interest to start business. Adisa (2013) ^[2], lends support to the result, inability to access micro-credit or provide enough capital base for business, hence, through micro-credit agencies the would-be entrepreneurs could do that.

Conclusion

Based on the results of the study, conclusion were made that micro-credit agencies have positively influenced establishment of small scale businesses or enterprises and also enable the would-be entrepreneurs to overcome the constraint of source for the initial capital to start a small scale business in Ondo State, Nigeria.

Recommendations

The following recommendations were made, based on the conclusions made on the study;

1. The micro-credit agencies loan facility should be made easily accessible to the would-be entrepreneur, especially the graduands of the programme.
2. The Entrepreneurship development programmes participant should be well trained on how to access capital through the micro-credit agencies
3. Ondo state government should budget adequate fund to the programme i.e. micro-credit agencies
4. Interest that is being charged should be very low for the borrowers from the micro-credit agencies in Ondo State, Nigeria
5. The graduands of Entrepreneurship development should be encouraged to source for the initial capital loan through the micro-credit agencies in Ondo State, Nigeria.

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