



Assessing Micro, Small and Medium Enterprises as an Instrument for Human Capital Development and Poverty Reduction in Abuja Area Councils of Nigeria

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Abstract:

The objective of this study was to assess the role of Micro, Small and Medium Enterprise as an instrument of human capital development and poverty reduction in the Bwari Area Council of Nigeria. The study was a survey research sampling the opinion of 184 entrepreneurs in the Area Council. Their opinion was collected using a structured questionnaire. The data obtained was analysed by tabulation and percentages, and the formulated hypotheses tested using Kendal coefficient of concordance method. The findings revealed that MSMEs contributes to human capital developments and is a strategy for eradication of poverty, because it creates jobs for people, and improves their standard of living; and MSMEs contributes to increase in income level of people in the area. The study concluded that MSMEs functions as a nursery for developing entrepreneur talent, and therefore recommended among others that, Government procurement policy that supports locally produced goods and services especially of small and medium size enterprises must be implemented, to help improve the activities of MSME in Bwari Area Council, so as to reduce poverty among the populace. Also more infrastructures should be provided by Bwari Area Council Administration. When basic infrastructures are provided, the entrepreneurs and MSMEs will be motivated to take advantage of such amenities, expand their operations, employ more hands, and reduce unemployment and poverty.

Keywords:

MSME; Human Capital Development; Income Generation; Poverty Reduction

I. Introduction

The micro, small and medium scale sector is a natural habitat of entrepreneurs and human capital development. Most entrepreneurs start small business units and then nurture their unit into large industries. Human Capital is a measure of the skills, education, capacity and attributes of labour which influence their productive capacity and earning potential. It is the knowledge, skills, competencies and other attributes embodied in individuals or groups of individuals acquired during their life and used to produce goods, services or ideas in market circumstances. Micro, Small and Medium Enterprises (MSME) provides an opportunity for individuals to build their skills and talents, to experiment, to innovate and transform their ideas into goods and services needed by the society for economic growth and human development. Small and medium scale enterprises as important components of the Nigerian economy comprise a significant proportion of the country's informal sector. In Nigeria as well as other developing countries, informal sector activities are often the leading source of employment for the people with limited access to formal sector (Musa, Rossana and Saif, 2019).

Over the last six decades, the small and medium scale sector has emerged as highly vibrant and dynamic sector. It has acquired a prominent place in the socio-economic development of countries. Mostly this sector exhibits positive growth trends even during periods when other sectors of the economy experienced either negative or nominal growth.

A large proportion of services to the large companies such as oil and gas companies, manufacturing companies, banks are provided by MSMEs and to this effect can reduce poverty in Bwari Area Council, Abuja and Nigeria in general. As a developing country, Nigeria has immense potential for better economic growth in both short and long runs than it is currently recording and the need for the efficient allocation of production resources cannot be overemphasized. Every factor of production should be efficiently mobilized to close the gap between actual and potential national output. As Babayo & Usman (2020) stated 'poverty is caused mainly due to poor government's macro and micro economic policies' therefore, any attempt to identify determinants of efficiency of productive resources would help in achieving growth at macro level. Besides, economic difficulties in most developing countries today, including Nigeria, make the financing of inputs/capital accumulation infeasible. Hence, the focus on industrial growth is shifting to issues of efficiency in the use of the available quantum of productive inputs which emanates from the MSMEs.

Micro, Small and medium enterprises have made great contributions in eradicating poverty in Nigeria. MSMEs are regarded as the engine of economic growth to any nation's development. The main advantage of the sector is its ability to employ at low capital cost. The labour intensity of the MSMEs is much higher than that of the large enterprises. MSMEs as a nursery of entrepreneurship are often driven by individual's creativity and innovation. Besides the growth potentials and its critical role in the manufacturing and value chains, their wide spread in Nigeria and the multiple effects they have on the rest of the economy enable them to be the engine of economic progress. MSMEs are main drivers of innovation, job creation, poverty reduction, wealth creation, income distribution and reduction in income disparities. It is in the light of this that this study intends to assess the role of Micro, Small and Medium Enterprise as an instrument of human capital development and poverty reduction in the Bwari Area Council of Nigeria.

On the who, this study will provide answers to the following pertinent questions;

- a. How do micro, small and medium enterprises contribute to human capital development in Abuja Area Councils of Nigeria?
- b. Does micro, small and medium enterprise contribute to increase in income level in Abuja Area Council of Nigeria?
- c. iii. To what extent can micro, small and medium enterprise be an instrument for poverty reduction in Abuja Area Council of Nigeria?

Hypotheses of the Study

In order to answer the research questions posed for the study, the following hypotheses were formulated in a null form;

H01: Micro, small and medium enterprises does not contribute to human capital development in Abuja Area Councils of Nigeria

H02: Micro, small and medium enterprise does not contribute to increase in income level in Abuja Area Councils of Nigeria

H03: Micro, Small and medium enterprise is not a good strategy for eradicating poverty in Abuja Area Councils of Nigeria

II. Review of Literatures

2.1 Conceptual Framework

a. Micro, Small and Medium Enterprises in Nigeria

Businesses in Nigeria have been classified as micro, small, medium and large. However, an MSME can be explained by the criteria of project costs, capital, numbers of employees, sales volume, annual business turnover and the financial strength (Orji & Yabilsu, 2018; Ayozie, Oboreh, Umukoro & Ayozie, 2013). Different authors, scholars, and schools have different ideas as to the differences in capital outlay, number of employees, sales turnover, fixed capital investment, available plant and machinery, market share and the level of development and these features equally vary from one country to the other (Ayozie, et al, 2013). In Nigeria, the Third National Development plan defined a small scale business as a manufacturing establishment employing less than ten people, or whose investment in machinery and equipment does not exceed six hundred thousand naira, the Federal Government Small Scale Industry Development Plan of 1980 defined a small scale business in Nigeria as any manufacturing process or service industry, with a capital not exceeding N150,000 in manufacturing and equipment alone. The small scale industries association of Nigeria (1973) defined small scale business as those having investment (i.e. capital, land, building, and equipment of up to N60,000 and employing not more than fifty persons, the Federal Ministry of Industries defined it as those enterprises that cost not more than N500,000 including working capital to set up, the Centre for Management Development (CMD) view of small industry in the policy proposal submitted to the federal government in 1982, defined small scale industry as, “a manufacturing processing, or servicing industry involved in a factory of production type of operation, employing up to 50 full-time workers (Ayozie, et al, 2013).

Musa et al (2019) 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 MSMEs; it defines a small scale industry as an establishment with capital investment of N5,000.00 and employing as few as three people. 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

1. An annual turnover of not more than 2 million naira.
2. 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 (John & Muogbo, 2018).

According to Orji & Yabilsu (2018) Micro, Small and medium enterprises have been generally acknowledged as the foundation of the industrial development of any country, and this study supports that assertion.

b. Human Capital Development

Human capital is the stock of habits, knowledge, social and personality attributes (including creativity) embodied in the ability to perform labour so as to produce economic value (Smith, 1776). The original idea of human capital can be traced back at least to Adam Smith in the 18th century. The modern theory was popularized by Gary Becker, an economist and Nobel Laureate from the University of Chicago, Jacob Mincer, and Theodore Schultz. As a result of his conceptualization and modeling work using Human Capital as a key factor, the 2018 Nobel Prize for Economics was jointly awarded to Paul Romer, who founded the modern innovation-driven approach to understanding economic growth (World Bank, 2019). Human capital is a collection of traits – all the knowledge, talents, skills, abilities, experience, intelligence, training, judgment, and wisdom possessed individually and collectively by individuals in a population. These resources are the total capacity of the people that represents a form of wealth that can be directed to accomplish the goals of the nation or state or a portion thereof. The human capital is further distributed into three kinds; (1) Intellectual Capital (2) Social Capital (3) Emotional Capital (Lim & Stephen, 2016). Many theories explicitly connect investment in human capital development to education, and the role of human capital in economic development, productivity growth, and innovation has frequently been cited as a justification for government subsidies for education and job skills training. Thus, there is a connection between human capital, labour to produce economic value needed in MSMSE and poverty eradication.

c. Poverty

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), 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?

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).

To us, poverty represents hopelessness, restlessness, joblessness, voicelessness, hunger, disease and social imbalance. A poor man has no voice, even among his family members because nobody regards him or his opinion. 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 (Oba & Onuoha, 2013).

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, 2019).

Chronic/Structural poverty; is used when it is persistent or long-term. 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 (Oba & Onuoha, 2013).

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 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 (Oba & Onuoha, 2013).

2.2 Micro, Small and Medium Enterprises as an instrument of human Capital development and poverty Eradication in Nigeria

MSMEs are regarded as facilitator to the socio-economic growth and development of every country economy, and serves as absolute instrument and engine for the accomplishment of macroeconomic objectives of employment creation at little investment cost and enhancement of entrepreneurial capabilities, human capital development, reducing rural-urban migration, promoting indigenous technology, utilization of local resources and poverty alleviation (Asikhia, 2016). Small businesses are accredited as the seedbed of industrial development. In Nigeria, MSMEs besides their employment and income creation for the larger proportion of the county's citizens, it is also acknowledge as the medium for indigenous entrepreneurial capabilities, industrial innovativeness, practical skills and organizational skills for business sector development.

Micro, Small and medium scale industries facilitate the creation and use of non-existing or unused products and materials. It is also the main stream of economic activities in a nation and provides the stages for industrial revolution and economic growth (John & Muogbo, 2018). In a contribution of Ekpeyoung (2009, cited in John & Muogbo, 2018) on the place of small scale enterprises in the economy, he states that "the role of small & medium scale enterprises in the development of the country has been summarized in the Nigeria Third

National Development Plan of 1975-80 which dwells on generating employment opportunities, stimulating indigenous entrepreneurs, improvement in per capita income, balanced regional development, education, empowerment of citizens, Stimulation of indigenous companies and providing self sufficiency. Other areas MSME helps in eradicating poverty according to John & Muogbo (2018) are as follows;

a. Improvement in Per Capital Income

MSMEs locate and exploit opportunities. They convert idle resources like land, labour and capital into national income and wealth in the form of goods and service. They help to increase Net National Product (GNP) and per capital income in the country, which are important yardstick for reducing poverty and measuring economic growth.

b. Generation of Employment

MSMEs enhance employment generation in a place since unemployed youths and graduates can easily engage in skills on their own. Small and medium enterprises generate more employment opportunities on the aggregate than giant industries. Many people in this country depend on self employment for sustenance. Many others including their relations are provided employment in these enterprises directly and indirectly.

c. Education

Towards the end of the sixties, two significant contributors were made in the field of small and medium enterprises. One was that, there is a positive linkage between entrepreneurship and economic development and the other was regarding and emergence of a strong hypothesis that small and medium enterprises can be developed through planned efforts.

d. Provide Self Sufficiency

The Micro, small and medium enterprises not only become self-sufficient but also provide great standards of living to its employees and the public. It provides opportunity to a number of people working in the organization. The basic factors which become a cause of happiness may be liberty, monetary rewards and the feeling of contentment that one gets after doing a job (John & Muogbo, 2018).

2.3 Theoretical Framework

This study is hinged on the following theories, namely: Lewis-Fei-Ranis theory, trickledown theory, theory of vicious circle of poverty and need for achievement theory.

Lewis-Fei-Ranis theory;

This is an economic model of unemployment in underdeveloped countries, which was made known by Lewis (1954) and Fei and Ranis (1964) as cited in Willis (2005). According to this theory, excess labor supply in the non-profit oriented traditional sector, which cannot be engaged by public and large private enterprises led to the rise and development of MSMEs. These efforts symbolized economic reality as they involved human capital. Consistent with this theory, MSMEs' growth and development are as a result of the high rate of unemployment and for which MSMEs serve as a refuge for the unemployed. In the circumstances of economic crises, such as slow growth or contraction of labor absorption, the MSME sector is anticipated to grow in order to serve as an alternative. Conversely, SMEs are at the same time expected to expand when formal employment grows (Willis, 2005).

Trickledown Down Theory

The Trickle-down Theory propounded by Anderson (1964), opined that laying much emphasis on the growth in the short run will substantially promote equality in the long run. Six propositions are depicted by the theory which are linked in chronological order, these include: (1) business can be encouraged so long as there is a direct profit to entrepreneurs or investors; (2) such encouragement will hearten the growth of the enterprise; (3) the profits realized from the growth will be invested or reinvested; (4) new jobs will be created from the investment; (5) the jobs will assist in satisfying the total needs of poor persons employed; (6) through earnings, savings and fresh opportunities in an open society including vocational training, education etc., consequently inequality may be reduced eventually. In line with this theory, the growth realized at first benefits only the high income groups which later descends to lower income groups after some time. The wealth created by an entrepreneur as well trickles down to other poor family members and the society through wealth distribution (Phillippe & Bolton, 1997).

Need for Achievement Theory

Another theory is that of Need for Achievement Theory of McClelland, 1965. Need for achievement theory is a motivational based theory which focuses primarily on goal-directed behavior of need of achievement rather than multiple needs. The theory laid emphasis on individual and society and that societal level of needs for achievement varies which explain differences in economic growth. Therefore, the ultimate way to promote economic development in poor countries is to raise higher the levels of needs of achievement among indigenous populations. Based on this model, recent evidence abound that there exist a positive relationship between need of achievement and entrepreneurship activity. Entrepreneurship with high need of achievement will involve greater MSMEs activities which will create wealth, then, this wealth will foster poverty alleviation (Jex & Brith, 2014).

The Vicious of Poverty; theory was propounded by Nurkes (1953) which posits that there are circular relationships known as the vicious circles of poverty that tend to perpetuate the low level of development in less developed countries like Nigeria. In other words, there is a circular constellation of forces tending to act and react upon one another in such a way as to keep a poor country in a state of poverty. For instance, a poor man may not have enough to eat, being hungry, he may have poor health, being physically weak, his working capacity is low, which means that he is poor and may not have enough and so on. A situation of this sort relating to a country can be summed up in the right proposition that a country is poor because it is poor. The basic vicious circle stems from the fact that total productivity in low income countries is low due to deficiency of capital market imperfections, economic backwardness and underdevelopment and this circle operates both on demand and supply sides. Clearly, the development of natural resources depends on the development capacity of human resources in a country. If the people are illiterate, low skilled, lacks entrepreneurial abilities, natural resources will remain untapped, unutilized or underutilized. On the other hand, underdeveloped natural resources will make people to remain economically backward in a country. According to Jhingan (2007) in Musa et al (2019), poverty and underdevelopment of an economy are thus synonymous as a country is poor because it is underdeveloped and a country is underdeveloped because it does not have the necessary resources for promoting development.

The basic idea behind the vicious circle of poverty theory is that poverty once started could continue for generation unless there is outside intervention. Accordingly, breaking the vicious circle of poverty is almost impossible since poor people do not have the requisite resources to get out of poverty and this explains why Valentine (1968) noted that it is a pattern

of behavior which cannot be easily be reverted (Musa et al, 2019).

Based on the theories of MSMEs and poverty as explained , the trickledown theory was found to capture the relationship between the four components of MSMEs (employment, innovation, human capital development and income) and poverty reduction, and thereby been adopted for the study. Established on the premises of the theory, innovative activities of the business provide direct profit (income) to the entrepreneurs or investors; the profit realized from the growth of the business will be invested and re-invested, and new jobs (employment) will be created from the investment; the earnings from the jobs will help to meet the needs of the poor (persons in poverty) employed; and through earnings, savings may be realized which can open opportunity for further training or education (human capital development), and consequently reduces inequality eventually (Musa et al, 2019).

III. Research Methods

This study is a survey research. And the population consist of all the MSMEs within Bwari Area Council, Abuja. There is no definite population of the study due to the open nature of them. Therefore the sample of 246 was determined using Topman formula (as shown below). Systemic random/judgmental sampling technique was adopted in selecting those respondents that participated in the study

Topman's formula
$$n = \frac{Z^2 \times Pq}{E^2}$$

Where:

n = sample size

Z = degree of confidence

P = probability of positive response

Q = probability of negative response

E = Estimated error margin

(Source: Willis, 2005)

In Wills (2005), the above formula is referred to as “population proportion. If p is not estimated, its value can be used at a constant of 0.5. In this case, a pilot study using 10 respondents was conducted using convenience sampling and the result was 80-20% probability of positive responses to negative responses. Using inferential judgment a probability of positive and negative response was selected as 0.8 and 0.2.

Therefore, given a constant 95% degree of confidence, z= 1.96 as traced from the z table. Margin of error is 5%

Therefore,

$$n = \frac{1.96^2 * (0.8 * 0.2)}{0.05^2}$$

$$n = \frac{1.96^2 * (0.16)}{0.0025}$$

$$n = 3.8416 * 64$$

$$n = 245.8624$$

$$n = 246$$

3.1 Methods of Data Analysis

The method of data analysis for the study is simple descriptive percentage method and Kendall coefficient of concordance. The percentage is for the comparisms of respondents that responded for or against a particular question in relation to the over- all respondents

expressed as a percentage in order to see the pattern of response. However, the questionnaire measurement of the study used a four-point Likert rating scale as justified by Orji (2017), and Orji, Akhimien, Nweke, & Ridwan (2021) who argued that respondents have behaviour of either survey optimizing or satisfying thus, including neutral point could lead to decrease in measurement quality. Weight was assigned as follows:

Strongly Agreed 4, Agreed 3, Disagree 2, Strongly Disagree 1

The Chi-square derived from Kendall coefficient of concordance method is used in testing a hypothesis concerning the differences between a set of observed frequencies of a sample and a corresponding set of expected or theoretical frequencies.

3.2 Model Specification

It is represented by the following formulas;

$$W = \frac{12\sum(R_i - \bar{R})^2}{K^2(N^3 - N)}$$

Where K = Number of Responses;

N = Number of weighted questions.

\bar{R} = Mean

W = Kendal coefficient of concordance

$X^2 = K(N - 1)W$; X^2 = Chi-square

The ninety-five (95%) confidence level was used, where computed value is greater than critical value of 0.05 level of significance, the null hypotheses were rejected and alternative accepted and vice versa (Siegel, 1986).

IV. Discussion

4.1 Results

Out of 246 questionnaires administered, 184 were returned valid. This represents 75% of the total number of questionnaire administered. Since this percentage is substantial enough we can rely on it for analysis and probable outcome.

Table; 1 Kendall coefficient of concordance, table I

S/N0	SRONGLY AGREE	AGREE	DIS-AGREE	S/DIS-AGREE
WEIGHT	4	3	2	1
Q8; MSME creates jobs for people of Bwari Area Council?	88	82	4	8
Q9; MSME helps to improve the standard of living of people in Bwari Area Council?	76	86	8	12
Q10; MSME has a great effect on poverty reduction in Bwari Area Council?	92	88	2	0
Q11; MSME is a conducive strategy for poverty reduction in Bwari Area Council?	74	96	8	6
Q12; MSME contributes to human capital development and industrilization in Bwari Area Council?	94	79	5	6
Q13; MSME contributes to increase in income level of people in Bwari Area Council?	102	74	4	4

Source: Field survey, 2021.

Each cell of Respondents was multiplied by the weight assigned e.g. 88 x 4 = 352

Table 2. Kendal coefficient of concordance

S/N0	WEIGHT SA	A	D	SD			
	4	3	2	1	Ri	Ri - \bar{R}	(Ri - \bar{R}) ²
1	352	246	8	8	614	-5	25
2	304	258	16	12	590	-29	841
3	368	264	2	0	634	15	225
4	296	288	16	6	606	-13	169
5	376	237	10	6	629	10	100
6	408	222	8	4	642	23	529
			TOTAL		3715		1889

Source: Field survey, 2021

Ri = Addition of Rows

$$\bar{R} = \text{Mean} = \frac{\sum R_i}{N} = \frac{3715}{6} = 619$$

$$W = \frac{12 \sum (R_i - \bar{R})^2}{K^2 (N^3 - N)}$$

$$W = \frac{12 (1889)}{4^2 (6^3 - 6)} = \frac{22668}{16 (216 - 6)}$$

$$= \frac{22668}{3360} = 6.746$$

$$X^2 = \text{Chi-square} = K(N - 1)W$$

$$= 4 (6 - 1) 6.746$$

$$= 20 \times 6.746$$

$$= \underline{129.2}$$

4.2 Discussion

Based on the above, the decision rule is to reject the Null Hypothesis (Ho) and accept the Alternative hypotheses since the calculated X² (129.2) is greater than the tabulated (24.996). The tabulated x² was arrived at by determining the degree of freedom.

$$\text{The degree of freedom (df)} = (c - 1) (r - 1)$$

C = Column total of observed value
r = Row total

$$= (4 - 1) (6 - 1)$$

$$= 3 \times 5 = 15$$

df at specified level of significance at 0.05 = 24.996 (Fisher and Yates, 1974, in Orji, & Ezinmou 2019). Therefore, we reject the Null Hypothesis at 95% confidence level and critical value of 0.05% level of significance. Therefore, we reject the Null Hypothesis at 95% confidence level and critical value of 0.05% level of significance.

This means that;

- MSMEs contributes to human capital developments in Bwari Area Council of Abuja
- MSME is a strategy for eradication of poverty in Bwari Area Council, of Federal Capital Territory Abuja, because it creates jobs for people, and improves their standard of living.
- MSMEs contributes to increase in income level of people in Bwari Area Council of Abuja Nigeria

V. Conclusion

The MSMEs function as a nursery for developing entrepreneur talent. The cumulative effect of these innumerable entrepreneurs leads to economic growth and higher standard of living which transforms the society. This study draws its conclusion from the fact there is existence of positive relationship between MSMEs activities and employment generation, human capital development and poverty reduction on the other.

Recommendations

On the basis of findings and conclusions, the following recommendations are made:

1. MSMEs should be funded adequately by governments to enable them play major roles as engines of growth and economic development. In this sense, the microfinance policies should be restructured in such a manner that prospective MSMEs can have access to loans on a sustainable basis in partnership with banks in the areas of feasibility study, project development and finance.
2. Government procurement policy that supports locally produced goods and services especially of small and medium size enterprises must be implemented, to help improve the activities of MSME in Bwari Area Council, so as to reduce poverty among the populace
3. More infrastructures should be provided by Bwari Area Council Administration. When basic infrastructures are provided, the entrepreneurs and MSMEs will be motivated to take advantage of such amenities, expand their operations, employ more hands, and reduce unemployment and poverty
4. Recognition of the micro, small and medium scale industries as a base to industrialization will assist in achieving a maximum productivity, efficiency and total independence in the near future, thus policy formulation should be based on protecting the MSMEs in Bwari Area Council

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