

**Micro, Small and Medium Enterprises Financing and Poverty Level in
North-Central Nigeria**

**Sunday Ade BELLO
LCU/PG/002428**

**Being a PhD Thesis submitted to the Department of Management & Accounting,
Faculty of Management & Social Sciences,
Lead City University, Ibadan, Oyo State, Nigeria**

**In Partial Fulfillment of the Requirements for the Award of Doctor of Philosophy Degree
(PhD) in Finance**

2022

Certification

This is to certify that **Sunday Ade BELLO** with matriculation number **LCU/PG/002428** carried out this research work titled “**Micro, Small and Medium Enterprises Financing and Poverty Level in North-Central Nigeria**” in the Department of Management & Accounting, Faculty of Management and Social Sciences, Lead City University, Ibadan, Oyo state, Nigeria for the award of Doctor of Philosophy Degree (Ph.D) in Finance and that this work has not been previously submitted.

Prof. G. E. Oyedokun
Supervisor

Date

Dr. T. M. Akinbo
Head of Department

Date

Dedication

This research work is dedicated to God Almighty.

Do Not Copy, Lead City University, Nigeria

Acknowledgment

All glory to God Almighty for His grace thus far from the beginning of the Ph.D. programme to this day. I am grateful to the management of Lead City University for this great opportunity to complete this academic feat and to consolidate on my academic success.

To my supervisor, Prof. G.E. Oyedokun, I am grateful to God for the privilege to work under your tutelage. All I can say is thank you, Sir. I sincerely appreciate all the Academic and Non-Academic staff of the Department of Management and Accounting, Faculty of Management and Social Sciences, Lead City, University, beginning with the Dean, Faculty of Management and Accounting, Prof. O. Campbell, our amiable Head of Department, Management and Accounting, Dr. T.M. Akinbo, the PG Coordinator, Dr. F. Igbadumhe, and all other lecturers; Prof. K. A Adeyemo, Dr. Longe, Kayode, Dr. C. T. Jegede, Dr. J.A. Adejuwon, Dr. O.O. Adepoju, Dr. O. Olaleye, Dr. L. A. Balogun, Dr. Fatoki, Dr. S.A. Babarinde, Dr. A. Onamusi, Dr. B.S. Adeleke, Dr. Olusola J. Oladejo, Mr. M. Ayilara, Mr. A. Taiwo, Mrs. E. I. Aina, Dr. O.T. Oreagba, Mr. O. I. Ibikunle. Mr. A.I Olateju, Miss K. O. Adejuwon, Mrs. D. Oloyede, and Mr. A. Adewumi.

Finally, I would want to express my profound gratitude to my wife, Yemisi Adetunbo-Bello, as well as to my family, friends, and colleagues, especially Osatohanmwun Ekhosuehi.

Even though the above-mentioned institutions and persons have assisted in the process of this research work, I alone stand responsible for the errors, if any, found in the work.

Abstract

This study examined Micro, Small and Medium Enterprises Financing and Poverty Level in North-Central Nigeria. The focus of the study was on the six states of the North-Central Nigeria, one of the impoverished regions in the country. The effect of MSMEs access to credit services, turnover, profitability and employment creation on the poverty level in North-Central Nigeria was investigated in the course of the study. The study was anchored on the integrative theory. Convergent parallel design, a mixed-methods design was used. The population of the study included all the 5, 757,817 micro, small and medium enterprises in the North-Central Nigeria. The two-stage cluster sampling technique was adopted to obtain a total sample size of 384 respondents. Data for the study was collected through in-depth interviews, online surveys, and a well-structured questionnaire and analyzed using descriptive statistical methods and Ordinal Regression Method (ORM). The study revealed that MSMEs access to credit services has a negative impact on poverty level in North-central Nigeria as a unit change in MSMEs access to credit services will bring about 48.3% decreases in poverty level, also, MSMEs turnover has a negative and significant impact on the poverty level, a unit change or 1% change in MSMEs turnover will bring about a 23.6% decrease in poverty level. According to the study, since poverty is a mindset and a way of life, investing in training and character reform at the individual level is the only way to alleviate or eradicate poverty and any policy intended to combat poverty must be created in a way that ensures a successful, realistic, advantageous, and fruitful change in people's behaviour. The study concluded that formal and informal financing opportunities to help grow the MSMEs sector of the economy will significantly help to increase MSMEs operations and assist in alleviating the level of poverty in the North-central Nigeria. The study therefore recommended that Micro, Small and Medium Enterprises in the North-central, Nigeria should be empowered through different financing means such as low interest loan from Commercial banks, Microfinance banks, International development agencies, grant/support from the Central Bank of Nigeria and some of its agencies.

Keywords: MSMEs, MSMEs Challenges, MSMEs Financing, North-Central Nigeria, Poverty.

Word Count: >300

Table of Contents

Content	Page
Title Page	i
Certification	ii
Dedication	iii
Acknowledgment	iv
Abstract	v
Table of Contents	vi
List of Tables	ix
List of Figures	x
List of Acronyms	xi
Chapter One: Introduction	1
1.1 Background to the Study	1
1.2 Statement of the Problem	11
1.3 Aim and Objectives of the Study	13
1.4 Research Questions	14
1.5 Hypotheses	14
1.6 Significance of the Study	15
1.7 Scope of the Study	16
1.8 Limitations of the Study	17
1.9 Operational Definitions of Terms	18
Endnotes	20
Chapter Two: Literature Review	23
2.1 Conceptual Review	23
2.2 Theoretical Review	70

2.3	Review of Empirical Studies	80
2.4	Conceptual Framework	89
2.5	Summary of Gaps in Literature Reviewed	89
	Endnotes	91
	Chapter Three: Methodology	103
3.1	Research Design	103
3.2	Population of the Study	103
3.3	Sample and Sampling Techniques	105
3.4	Description of Research Instruments	106
3.5	Validation of Research Instrument	107
3.6	Reliability of Research Instrument	108
3.7	Administration of Research Instrument and Data Collection	108
3.8	Method of Data Analysis	109
	Endnotes	112
	Chapter Four: Results and Discussion of Findings	113
4.1	Demographic Data Analysis	113
4.2	Presentation of Data	126
4.2.1	Presentation of Research Questions	131
4.2.2	Presentation of Hypotheses	132
4.3	Discussion of Findings	132
	Endnotes	141
	Chapter Five: Conclusion	142
5.1	Summary of Findings	142

5.2	Conclusion	143
5.3	Recommendations	143
5.4	Contribution to Knowledge	144
5.5	Suggested Area of Further Research	145
	Bibliography	146
	Appendixes	157
	Questionnaire	204
	Biodata	209
	The University Compliance Certification	213

Do Not Copy, Lead City University, Nigeria

List of Tables

Table	Title	Page
2.1	Descriptions of Micro, Small and Medium Enterprises by World Bank Standards	52
2.2	Definition/Classification of Enterprises	53
4.1.2	Demographic Characteristic of the Respondents	114
4.2	Reliability Test	126
4.3	Normality Test	127
4.4	Goodness of Fit	128
4.5	Pseudo R-square	129
4.6	Regression Analysis	129
4.7	MSMEs Access to Credit Services on Poverty Level in North Central Nigeria	133
4.8	MSMEs Turnover on Poverty Level in North Central Nigeria	135
4.9	MSMEs Profitability on Poverty Level in North Central Nigeria	137
4.10	MSMEs Employment Creation and Poverty Level in North Central Nigeria	138

List of Figures

Figure	Title	Page
2.1	Relevant Theories on Poverty	71
2.2	Micro, Small and Medium Enterprises Financing and Poverty Level in North-Central Nigeria	89

Do Not Copy, Lead City University, Nigeria

List of Acronyms

Abbreviation	Meaning
ADB/ESL	African Development Bank Export Stimulation Loan
BDSPs	Business Development Service Providers
BOI	Bank of Industry
BUDFOW	Business Development Fund for Women
COVID-19	Coronavirus Disease, 2019
DFID	Department for International Development
DFIs	Development Finance Institutions
FMWASD	Federal Ministry of Women Affairs and Social Development
GDP	Gross Domestic Product
GEL	Graduate Employment Loan
GTZ	German Technical Cooperation Agency
ICON	Investment Company of Nigeria
IDA	International Development Association
ILO	International Labour Organization
IMF	International Monetary Fund
IPPF	Planned Parenthood Federation
MDG	Millennium Development Goals
MSMEDF	Micro, Small and Medium Enterprises Development Fund
MSMEs	Micro, Small and Medium Enterprises
NBCI	Nigerian Bank for Commerce and Industry
NBS	National Bureau of Statistics

NEDEP	National Enterprise Development Programme
NERFUND	National Economic Reconstruction Fund
NGO	Non-Governmental Organizations
NIDB	Nigerian Industrial Development Bank
NYSC	National Youth Service Corps
SAP	Structural Adjustment Programme
SDG	Sustainable Development Goals
SMECGS	Small and Medium Enterprises (SMEs) Credit Guarantee Scheme
SMEDAN	Small and Medium Enterprises Development Agency
TCF	Targeted Credit Facility
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNICEF	United Nations Children's Fund International
UNPFA	World Bank, United Nations Population Fund
WHO	World Health Organization
WPC	World Poverty Clock