

Bank of Industry (BOI) and Small and Medium Scale Enterprises in Federal Capital Territory, Abuja, Nigeria, 2014-2021

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ABSTRACT

This study titled Bank of Industry (BO) and small and medium scale enterprises in Federal Capital Territory, Abuja Nigeria 2014-2021 is written to examine the areas of intervention by Bank of Industry in small and medium scale enterprises in job creation in the Federal Capital Territory and to establish whether leadership of Bank of Industry has affected the performance of SMEs in the Federal Capital Territory. The study adopted a research survey design with a population of 37,383 respondents which is the total number of small and medium scale enterprises in the Federal Capital Territory. However, considering the fact that it will be difficult if not impossible to reach the entire population the study used the Cochran sample size formula to reach a sample of 380. The research instrument used to elicit data from respondents is a structured questionnaire and the data collected from respondents were analyzed using frequencies and percentages while hypotheses were tested using the chi-square statistical formula. Findings revealed that BOI is not doing enough to promote the activities of SMEs in the FCT for adequate job creation. Again, the leadership of SMEs is bedeviled with lack of skills and requisite qualifications to keep appropriate records of their businesses and to pilot the affairs effectively, which is a serious set-back for the promotion of SMEs to achieve its desired objective. The study therefore recommends that BOI should deliberately do more in creating awareness of its activities so that many SMEs in the FCT, as much as possible can access their services. Finally, BOI should endeavour to undertake frequent training and supervision of the activities of SMEs in the FCT to ensure that more SMEs are set up and the existing ones survive to provide the much needed services to reduce unemployment and poverty.

Keywords: *Bank of Industry, Small and Medium Scale Enterprises, Government, Poverty Eradication, Nigeria*

INTRODUCTION

The global concern for an acceptable living standard has made governments all over the world to strive for accelerated economic development which is a major concern of Nations, because it is predicated on the eradication of poverty. These efforts include employment generation, human resource development, industrialization, provision of infrastructure and other factors that enhance welfare (Adebayo et al, 2013). Therefore, owing to the seriousness of the problem of unemployment, increase in poverty and low productivity in Nigeria and the strategic importance of Small and Medium Enterprises as a solution to the crises of poverty and unemployment that faced the country, Nigerian government at different times adopted strategies such as designing of fiscal and monetary policies as well as creation of developmental schemes (such as poverty eradication programmes) and institutions (National Directorate of Employment, NDE, SMEDAN, People's Bank and many others)

which were established to assist entrepreneurship development and the growth of Small and Medium Enterprises in Nigeria (Wen-long et al, 2014). He rightly observes that successful small businesses are the primary engines of job creation, wealth creation and poverty reduction. Put differently, it is the business created by entrepreneurs that would create jobs, boost local production, create wealth and accelerate national development.

It was to this end that the Nigerian government established Investment Company of Nigeria (ICON) in 1959 which later transformed to Nigerian Industrial Development Bank Limited (NIDB) in 1964 under the control of the World Bank with the International Finance Corporation (IFC) holding 75% equity, while 25% was provided by Nigerian government. The broad objective of the Nigerian Industrial Development Bank (NIDB) which was to assist enterprises engaged in industry, commerce, agriculture and exploitation of natural resources in the country. The Bank took off in 1964 with an authorized share capital of 2 million dollars, which ultimately became Bank of Industry (BOI) in 2001 as the largest and most successful Development Financial Institution (DFI) with the mandate to transform the Nigerian sector by providing financial and advisory support in the establishment of long, medium and small scale projects as well as the expansion, diversification, rehabilitation and modernization of existing enterprises. The Bank of Industry (BOI) devotes 85% of the Bank's resources to Small and Medium enterprises (SMEs) and 15% for large enterprises that have linkages with small or medium enterprises (BOI, 2018 Annual Report).

The Bank (BOI) currently does not support the financing of infrastructure such as roads, rail, real estate among others, because they are capital intensive and outside the mandate of its creation. Rather, the Bank was established to encourage local industrial production and value creation through manufacturing, production and agro-processing activities, The Bank primarily provides financial assistance as well as business advisory/support services to enterprises in Nigeria by providing working capital for raw material procurement and asset finance for the procurement of equipment or machinery for production.

In order to achieve this mandate, the Bank of Industry appropriated a total sum of 132 billion Naira to Small and Medium Enterprises from 2014 -2019 nationwide (i.e 2014 N1.7b, 2015 N5.7b, 2016 N8.2b, 2017 N29.5b, 2018 N33.9b and 2019 N53b), (BOI 2014 - 2019 annual reports), for SMEs only, and also to support any of the forty cluster small and medium enterprises that are in various states including the Federal Capital Territory at a single digit interest rate of 9% per annum and even those outside the cluster list, such as the bottom of the pyramid scheme. This bottom of the pyramid scheme is an on-lending scheme using the services of micro-finance Banks (MFBs) as vehicles for credit delivery to the under-served and under banked micro-entrepreneurs. The scheme is essentially aimed at poverty reduction through job creation and wealth creation focusing on the rural micro -enterprises operators with a view to extending financial inclusion to them by Bank of Industry. The bottom of the pyramid scheme takes advantage on the spread and penetration of micro-finance Banks in all parts of the country. This has helped the Bank of Industry to achieve its core mandate of industrialization by providing finance for the economically active and financially excluded from the current financial banking arrangement (Pitan, 2017).

Currently, the Bank of Industry has branches in 24 States of the Federation including the Federal Capital Territory. It has its presence in all the 6 geo-political zones of the country, the Bank (BOI) supports youths to own businesses, eg. Graduate Entrepreneurship Fund (GEF) and the Youth Entrepreneurship Support Programme (YES-P) that targets youths across the Country by providing both none-financial support (capacity building) and business advisory and provision of the financial support (loans) to youths in all the states and the Federal Capital Territory. The Bank of Industry also supports women who own businesses, it has a gender desk in its various offices that are responsible for support to businesses (irrespective of industry) operated by women in the country, The Bank

equally supports only businesses domiciled in Nigeria, irrespective of the nationality of the owner, hence all customers are eligible to receive non-financial services.

The Bank of industry as the major development financial institution started with a take-off capital of 50 billion Naira in 2001 and has grown to over 1.07 trillion Naira in asset base all in the hope of reducing unemployment through industrialization by supporting small and medium enterprises in Nigeria. In the past, several attempts were made by the Nigerian government to curb unemployment and support small and medium enterprises in the country and this led to the establishment of National Directorate of Employment (NDE) in 1986, same years after Structural Adjustment Programme (SAP) was introduced. Also, in 1999 the Small and Medium Enterprises Equity Investment Scheme (SMEEIS) was initiated and launched by Former President Olusegun Obasanjo in 2003 to support the growth of small and medium enterprises in Nigeria (BOI Annual Report, 2018). BOI has assisted in the finance of SMEs such as Banrut Rolls at Idu industrial layout, Chida Event Center, MIRA purification distilled water, Da Shop Bakery among others in the FCT.

Objectives of the Study

The main objective of this study is to examine the impact of Bank of Industry on SMEs in the FCT. However, the specific objectives of this study are:

- i. To examine the areas of intervention by Bank of Industry in small and medium scale enterprises in job creation in the Federal Capital Territory.
- ii. To establish whether leadership of Bank of Industry has affected the performance of SMEs in the Federal Capital Territory.

Statement of the Hypotheses

The following hypotheses are stated in their null form:

Hypothesis 1

H1-Bank of industry intervention on SMEs in job creation in the FCT is not positive.

HO-Bank of industry intervention on SMEs in job creation in the FCT is positive.

Hypothesis 2

H1-The impact of leadership of Bank of Industry on SMEs in the FCT is not positive.

HO- The impact of leadership of Bank of Industry on SMEs in the FCT is positive.

LITERATURE REVIEW

Conceptual Review

Banking plays a vital role in a country's economy. The bank is a financial institution which deals with debits and credits. It lends, accepts and deposits, builds the gap between the lenders and borrowers. Banking activities are beyond dealing with money, but, are also producers of money (Adegbuyi et al, 2015). According to Alarape (2014), banks have come a long way as everyone uses them, works with and wants it for the purpose of transaction, hence the need to have an institution that will be responsible for safe keeping and distribution of cash. Similarly, a bank is a financial intermediary that creates money by lending money to a borrower, thereby creating a corresponding deposit on the bank's balance sheet. A banking system is a group or network of institutions that provide financial services to the society. These institutions are responsible for operating a payment system, providing loans, taking deposits, and helping with investments. Lending activities can be performed directly by loaning or indirectly through capital markets. After the advent of technology

and its penetration to all business fields, the responsibility of banks is enhanced to provide better, speedy, and ubiquitous service to the customers so that they can create more money and hence profit. Banking business includes the business of receiving money on current or deposit account, paying and collecting cheques drawn by or paid in by customers, the making of advances to customers, and includes such other business as the Authority may prescribe for the purposes of Banking Act of the country (Agbaje & Osho, 2015).

The Nigerian Industrial Development Bank was established in 1964 with the primary mandate to provide medium-to-long-term loans for investment in the industrial sector. Although its loan portfolio covered mainly large-scale industries, the bank had a special unit that focused on SMEs finance requirements. An attractive feature of NIDB's financing was its policy of equity participation in some of the projects it financed. It disbursed a total of N174.6 million to the SMEs between 1980 and 1988 and was also responsible for the bulk of credit delivery to the SMEs under the SME II loans scheme of the World Bank, accounting for more than 80 per cent of the total number of disbursements under the scheme. Arising from financial and other constraints, NIDB was merged with similar institutions in 2001 to form the Bank of Industry (BOI).

The BOI was established in 2001 following the merger of the Nigerian Industrial Development Bank Limited (NIDB), Nigerian Bank for Commerce and Industry and Family Economic Advancement Programme (FEAP). Since its inception in 2001 to 2010, the total cumulative value of loans and investments stood at N114.3 billion. Of this amount, 96 per cent went to SMEs while the balance went to large enterprises. As at December 2010, BOI had managed some specialized development funds which included, the Central Bank of Nigeria's N500 billion Intervention fund for the Power and Aviation Sectors and the Refinancing/Restructuring fund to the Manufacturing Sector introduced in September 2010, the Federal Government's \$500million AfDB Small Business Development Loan introduced in December 2010, N100 billion Cotton, Textile and Garment Industry Reviving Scheme introduced in 2009; N10 billion Rice processing Special Intervention Fund in 2010; N18 billion National Automotive Development Fund, among others (Central Bank of Nigeria, 2014)

Small and Medium Enterprises

The Small and medium-scale Enterprise (SMEs) have been at the fore-front of economic development especially the developing nations. The provision of employments in the public and private sectors are insufficient. Hence, there is need for SMEs to augment the low rate of employment existing currently. Small and Medium-Scale Enterprises possess qualities peculiar to themselves and rarely found in other forms of business ownerships. A major characteristic of Nigeria's SMEs relates to ownership structure or base, which largely revolves around a key man or family. Hence, a preponderance of the SMEs is either sole proprietorships or partnerships. Even where the registration status is thus that of a Limited Liability Company, the time ownership structure is that of a one-man, family or partnership business. Other common features of Nigeria's SMEs include the following among others:-labor-intensive production processes; Concentration of Management on the entrepreneur; Limited access to Long Term Funds; High cost of funds as a result of high interest rates and bank charges; Over-dependence on imported raw materials and spare parts; Poor intra and inter-sectorial linkages – hence, they hardly enjoy economies of scale benefits (Okongwu, 2004; Iloh, Okolo & Akingunola, 2011 & Yunusa et al, 2021).

According to Dada (2014), Agbionu, Audu & Ogbuenyi (2021) the abbreviation SMEs occurs commonly in the European Union and in International Organizations such as the World Bank, the United Nations and the World Trade Organization. Also the term Small and Medium Scale Businesses (SMEs) is predominantly used in the United States of America. The European Union states traditionally have their own definition of what constitutes SMEs. For instance, the traditional

definition in Germany Limits Small and Medium Scale Enterprises to two hundred and fifty (250) employees while in Belgium, it is limited to one hundred (100) employees. Recently, the European Union has standardize the concept by categorizing enterprises with less than ten (10) employees as ‘micro’, those with fewer than fifty (50) employees as ‘Small’ and those with fewer than two hundred and fifty (250) employees as “medium”. In the United States of America, any business with fewer than one hundred (100) employees is classified as “small” while medium scale business refers to a business with fewer than five hundred (500) employees.

Meaning of Small and Medium Scale Enterprises (SMEs) in Nigeria

Finding a global definition of SMEs has often proved very problematic due to the varying sizes and depth of individual countries’ economies which have resulted in varying SMEs definition by different institutions and countries. As the IFC (2010) noted, defining SMEs depends on the local banking context and economic size so while international organization like the world Bank including the IFC tend to set high sales, assets and staff employment thresholds for SMEs in developed countries, definition vary by country according to the size of the economies and structure of the corporate sector (Agbionu, Audu, Okeke & Ogbuenyi,2021).

Here in Nigeria, small and medium enterprises have been defined in many ways. The industrial research and development unit of Ife in 1973 defines a small-scale industry as “one whose total assets in capital equipment, plant and working capital are not less than N50,000, and not more than N500,000 employing no fewer than 50 and not more than 250 employees.” The Federal Ministry of Industries define small-scale industries as those with total capital of up to N60,000 and employs up to 50 persons in 1973, N250,000 in 1979 and N500,000 in 1986 that is just prior to Structural Adjustment Programme (SAP). The capital investment includes building, machinery, land, equipment and working capital. The third national development plan (1975 – 80) put capital investment of a small-scale industry at N150, 000. The Central Bank of Nigeria defines a small and medium enterprise as one that has an annual turnover not exceeding N500, 000. The World Bank on the other hand says that small enterprise is one with total capital outlay. (Excluding land) of N100000 to N2 million and a medium enterprise as one with a total capital (excluding land) of N2 million to N5 million (IFC, 2010).

The most recent attempt to conceptualize small and medium enterprises are from National economic reconstruction fund (NERFUND) and World Bank small and medium scale enterprises II scheme. NERFUND defines small and medium industries as firms with total capital outlay of below N5 million at 1989 constant price and medium scale industry of N5 million bellow N10 million same 1989 constant price. While the World Bank scheme defines small and medium scale enterprises as enterprises whose total fixed assts (excluding land) plus cost of investment do not exceed N10 million in 1988 constant prices. In his own contribution, SMEDAN (2013), Agbionu and Audu (2022) defined SME as any enterprise with a maximum asset base of N200 million, (excluding land and working capital); a labour size of between 10 and 200 employees; usually small, owner or family managed business offering basic goods and services; and tend to lack organizational and management structures. Some major criteria used in the definitions of Small-Scale Enterprises (SSEs) include number of employees, financial strength, sales value, initial capital outlay, relative size, independent ownership and the type of industry.

Areas of intervention by Bank of Industry

The Bank of Industry provides access to funds for startups, SMEs and large enterprises which facilitate the entire process right from the pre-loan application in the following areas of intervention at a single digit (9% per annum) all inclusive of interest rate (https://www.boi.ng/boi_products). The Bank of Industry has forty cluster SMEs cut across the Country as follow:

S N	NAME OF SME	S N	NAME OF SME	S N	NAME OF SME	S N	NAME OF SME
1	Adire Tie and Dye/Asoke	1 1	Fashion/ Garmenting	2 1	Liquefied Petroleum gas/Compressed natural gas	3 1	Solar(Off grid)
2	Animal Feeds	1 2	Fish Smoking/drying/col d storage	2 2	Laundry and dry cleaning	3 2	Technical/vocation al schools
3	Fish Farming	1 3	Food processing	2 3	Meat processing	3 3	Theme parks
4	Bakery	1 4	Foundries/metal fabrication/3-D printing	2 4	Mechatronic/Audio care	3 4	Bottled water
5	Blocks and Interlocking stone	1 5	Furniture/wood processing	2 5	Health care	3 5	Water transport
6	Ceramic and Tiles	1 6	Gemstone	2 6	Movie production/Nollywoo d	3 6	Chemical and Paints
7	Cosmetic/ Hair products	1 7	Greenhouse	2 7	Plastics	3 7	Door and Window frames
8	Dairy	1 8	Grocery packaging	2 8	Quick service restaurants	3 8	Fruit Juice
9	Digital/Printing/Multimed ia Publishing	1 9	Leather/Footwear	2 9	Quarries	3 9	Roofing Sheets
10	E-commerce/ICT	2 0	Light manufacturing	3 0	Recycling	4 0	Soap and detergents

Source: BOI 2017 Annual Report

There are other SMEs not included in the above 40 cluster areas of intervention such as Cottage Agro Processing (CAP) fund for Agro- Allied based SMEs. The fund targets 1000 Cottage mills across the Country, 20-30 Mills per state including FCT. (BOI2017 Annual Report). The bottom of the pyramid is also one among others not included in the cluster. The bottom of the pyramid (BOP) scheme is an on-lending scheme using the services of Micro-finance Banks (MFBs) as vehicle for credit delivery to the under-served and under-banked Micro-entrepreneurs. The Bottom of the Pyramid scheme is essentially aimed at poverty reduction through Job and wealth creation focusing on the rural Micro-enterprise operators with the view to extend financial inclusion to them. The scheme takes advantage on the spread and penetration of Microfinance Banks in all parts of the Country to stimulate economic activities within the critical masses at the Bottom of the Pyramid. This will further enable the Bank of Industry to achieve its core mandate of industrialization by providing finance for the economically active and financially excluded from the current commercial Banking arrangement (BOI Annual Report, 2017).

Importance of SMEs to a Nation's Development

The general characteristics of less developed regions indicate the nature of the needs and these include: unemployed and underemployed labor, a small or negative rate of growth of real per capital income, grossly unequal income distribution, low investment rates and scarce capital and political and economic instability (Muchiri & McMurray, 2015, Agbionu & Audu,2021). This gives a vivid picture of Nigeria's industrial landscape which like any less developed country, is littered with many micro, small and medium enterprises. They are expected to provide the driving force for the industrialization and overall development of the Nigerian economy. This explains the increasing policy attention accorded the SMEs in addition to the fact that they play significant roles through the

intervention of BOI in meeting some basic economic and industrial developmental objectives. Few among the significant roles played by the SMEs are as follows:

- (i) The SMEs provide the training ground for the development and growth of indigenous entrepreneurs (Lee, 2016. Ibrahim and Mas'ud (2016) opines that by acting as a seedbed or nursery, usually for the indigenous population, they serve as vehicles for the propagation and diffusion of innovative ideas for far reaching dimensions. They are more flexible and can easily adapt to changes in the external environment.
- (ii) Social contribution of SMEs according to Owualah (1987) is the transformation of traditional industry. In both developed and developing countries, the traditional sector has served and continues to serve as the springboard for launching into a vibrant modern sector. Thus, a fledging SMEs sector can be a means of achieving a smooth transition from the traditional to the modern industrial sector.
- (iii) SMEs due to their labor intensively and usage of low-level technology are able to garner and use the widely available local labor supply. This is consistent with the nation 's income distribution objectives. Also, it is opined that SMEs create more jobs per unit of energy consumed than large scale ones.
- (iv) SMEs assist in the dispersal of economic activities through encouraging the development and modernization of these activities outside the major metropolitan areas. Thus, they are able to stem the tide of rural-urban drift. Another economic role of the SMEs is their ability to mobilize financial resources, which would otherwise be idle or untapped by the formal financial sector.
- (v) SMEs facilitate the conservation of foreign exchange and the development of the scarce resources of management in developing countries. This is mainly due to their size or scale of operations and unsophisticated management structure. A high percentage of the profit of SMEs, most of which are locally owned is known to be ploughed back to ensure a higher rate of future growth.

Small and Medium Scale Enterprise and Employment

In a study titled 'Entrepreneurship development and employment generation in Nigeria: Problems and prospects', Anyadiki, Emeh and Ukah, (2012) investigate the connection between entrepreneurship and employment generation in Nigeria; assessing the level of unemployment in Nigeria and how far entrepreneurship has thrived. Anyadike, Emeh and Ukah (2012) conducted a study on Nigeria's growing unemployment situation and how it is increasingly dwindling the potentials of the country, especially following the official figures of the National Bureau of Statistics that puts the figure at about 50 million Nigerian youths in 2011. The study found that entrepreneurship can generate enough employment opportunities to mitigate the rising rate of unemployment in Nigeria. It was concluded that the government should make skills development for entrepreneurial activities a priority in Nigeria.

The study goes further to examine the major problems of entrepreneurship using qualitative research method in data analysis and came up with findings such as inadequate Working Capital, low standard of education, absence of Infrastructural facilities and many other strategies that can promote effective entrepreneurship that will help quell unemployment and thus generate employment for the Nigerian youths.

In a similar study, Taiwo (2014) carried out an empirical research on impact of entrepreneurship development on job creation in Nigeria. He found out that in any given economy, entrepreneurship development always gives birth to job creation which encourages the people to do something that will better their lives and the country at large. He concluded that job creation or employment opportunities in any economy can be traceable to entrepreneurship training and

development. Okoye, Iloanya and Udunze (2014) carried out research work on the extent to which entrepreneurship in Nigeria has helped to reduce youth unemployment. The study showed that government policies and initiative have not affected the “transformation question”. This is due to the increase in the rate of corruption, inadequate funding and maladministration. They concluded that entrepreneurship in the country is supposed to be an engine of growth and job creation, innovation and diversity but unfortunately it is not because of all the inadequacies listed above. They concluded also that the Nigerian entrepreneurs have a long way to go before they can actually drive the desired change in the economy.

Leadership of Small and Medium Scale Enterprises

Leadership and training is critical to the survival of SMEs in the FCT and other parts of the country, hence, the establishment of BOI to provide this support to entrepreneurs. According to Gumel (2017), the external environmental factors affecting small business success include political, socio-cultural, legal and regulatory, economic, and ecological factors (Lampadarios, 2016). The political leadership of a country provides the enabling environment for businesses to thrive (Agwu & Emeti, 2014). Among the challenges negating the survival of small businesses in Nigeria are poor financing, inadequate social infrastructure, multiple taxations, and lack of managerial skills of owners and managers (Agwu & Emeti, 2014). According to Agwu and Emeti (2014), the government can guarantee long-term loans to improve financing of small businesses, improve infrastructure, and devise ways to curb multiple taxations so as to enhance the success of small businesses in Nigeria. Ekpo and Bassey (2016) stress power supply is grossly inadequate to meet the Nigerian needs which give rise to use of small generators to power small businesses resulting in high overhead cost. Similarly, Alarape (2014) states frequent power outages as one of the challenges negating the success of small businesses in Nigeria, while Faloye (2014) find power outages as the barrier to small businesses adoption of e-commerce in Nigeria. Electricity insecurity is found to be affecting SMEs’ productivity in Nepal, Nigeria, Tanzania, Pakistan, and Uganda (Scott, Darko, Lemma, & Rud, 2014). Opara (2011) identifies six key challenges facing small businesses attributed to leadership in Nigeria: low demand for products and services, poor and insufficient infrastructure in the economy, corruption, low profit, incompetence in business management, and lack of support from government and financial institutions. Small businesses are also open to risk from fraudsters. Hess and Cottrell (2016) discuss in their theoretical study financial strain, lack of expertise, rapid growth rate, and lack of necessary resources as the factors which open a small business to an attack by fraudsters. Hess and Cottrell assert small business owners must focus on ways to protect themselves from the risk of fraudsters. Similarly, a world bank supported a qualitative survey by Islam (2014) involving 12,000 companies in 27 countries and found a negative relationship between the growth of firms and crime, and this negative relationship is stronger in small and medium firms. This is true because SMEs will reduce crime in the FCT if they are well funded. In the FCT, especially in the Area Councils SMEs suffer lack of good road, electricity, portable water among others due to poor leadership.

There is an argument that there is a relationship in the success or collapse of SMEs in the FCT, a study on the adoption of e-commerce in small businesses in Nigeria by Faloye (2014) stated 44.74 percent of successful small business owners and managers are between 40 and 60 years, 30.70% are between 20 and 40 years, 19.30% are over 60 years, and only 5.26% is less than 20 years. Opara (2011) stated 92% of small business managers and owners are adults most of them having families to support with their income. Ademola and Michael (2013) stated there is no significant relationship between age of owners and managers of small businesses in Nigeria regardless of the fact adult owners and managers manage most of the successful small businesses. Similarly, Lee, Jeon, and Na (2016) suggested age and the educational background of small business managers

played a role in influencing success. Lee, Jeon, and Na revealed owners and managers that are above the age of twenty contribute to the success of small businesses.

Theoretical Framework

Innovation Theory

The innovation theory was propounded by Joseph Schumpeter, an Austrian in 1934, who believes that an entrepreneur could earn economic profit by introducing successful innovation the catalyst that disrupts the stationary circular flow of the economy and thereby initiates and sustains the process of development. The theory posits that the entrepreneur must perceive the idea, behaviour of product as new or innovative.

Schumpeter argues that entrepreneurs, instead of being employees and reporting to a supervisor bear the responsibility of fostering technological advancements and innovation as a key factor in entrepreneurship in addition to assuming risk and organizing factors of production. Entrepreneurship is considered as a creative activity that brings new products or services into the economy; entrepreneurs are also regarded as the engine of growth in the economy (Ekpo & Bassey, 2016).

The central theme of the theory is the innovation which makes a distinction between an innovator and an inventor. Schumpeter further asserts that an inventor discovers new methods and new materials. But an innovator is one who applies inventions and transforms them into new products in the economy. The theory also seek to explain why some people are entrepreneurial than others through various approaches and perception held by entrepreneurs as individuals are motivated by profit.

The relevance of the theory to this work is that it helps to bring greater understanding of entrepreneurship behaviour exhibited by different entrepreneurs. Innovation is highly important in entrepreneurship and the establishment of SMEs in the FCT, which is the cardinal objective of setting up of BOI in Nigeria. In the strongly competitive environment, SMEs in the FCT are expected to imbibe entrepreneurial innovative ideas that will differentiate them from one another in order to create market for sustainability, and to encourage the establishment of large industries. SMEs are also expected to always search for new grounds within their environment, respond to it and exploit it for profit/employment creation.

Critique of innovation theory is that, the theory seems one-sided as it puts too much emphasis to innovative function and it ignores the risk taking organizing aspect of entrepreneurship, hence an entrepreneur has not only innovative ideas but also assembles the resources and put them to optimum use but ignores the element of uncertainty. Lastly, it has also been said that the function of the entrepreneur is not only to introduce innovations but also to organize the business in the most efficient manner by coordinating the activities of the various factors of production. As such, profits are not exclusively due to innovations but also due to the superior organizational ability of the entrepreneur.

RESEARCH METHODOLOGY

Research Design

This study adopts a descriptive research survey design thus, the researcher employs survey research design. The survey or field research entails the collection of data across different sections of SMEs that benefited from Bank of Industry (BOI) within the period under review. The choice of this research design is due to the fact that the quantitative and qualitative techniques provide an effective way of gathering data and interpretation available to the researcher from respondents in the FCT.

The researchers made use of the population of registered SMEs in the six Area Councils of the FCT. The Population of the study is 37,883 based on registered SMEs derived from Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) in the various area councils consisting of those who benefited from the various services of the Bank.

Sample Size

According to Kotler (2012), sample size determination formular is for the study population which is based on 95% confidence level, 0.05 margin of error and a variability degree of 50%, due to the unique and heterogeneous nature of the population or the different vocations of SMEs.

The formular is thus: $\frac{z^2pq}{e^2}$

Where $Z^2 =$ 95% confidence level (1.96)
 $P =$ Estimated proportion of the population (0.5)
 $q = 1 - P$
 $e =$ error margin (5%)
 Thus, no = $\frac{1.96^2 (0.5) (1 - 0.5)}{0.05^2}$
 $= \frac{1.96^2 (0.5) (0.5)}{0.0025}$
 $= \frac{3.8416 (0.5) (0.5)}{0.0025}$
 $= \frac{0.9604}{0.0025}$
 $= 384$

To determine sample size, the researcher shall substitute the above using the following formular below to modify:-

$$\frac{no}{1 + \frac{(no-1)}{N}}$$

Where no =Sample size
 N=Population,
 1 = Constatnt

$$\frac{384}{1 + \frac{(384 - 1)}{37883}}$$

Therefore, $n = \frac{384}{1 + (384-1) / 37883} = \frac{384}{1 + (383) / 37883} = \frac{384}{1 + 0.01} = \frac{384}{1.01} = 380$

Finally, **n = 380.**

To get the sample size for each of the Area Councils, the formula is :

Pop. of Area Council x 380

Pop. Of the FCT

Therefore, to calculate for the sample size of Abaji Area Council in FCT,

Abaji = $\frac{541}{37883} \times 380 = 0.14 \times 380 = 5$

$$\begin{aligned} \text{AMAC} &= \frac{21279}{37883} \times 380 = 0.562 \times 380 = 214 \\ \text{Bwari} &= \frac{8320}{37883} \times 380 = 0.220 \times 380 = 83 \\ \text{G/lada} &= \frac{5104}{37883} \times 380 = 0.135 \times 380 = 51 \\ \text{Kuje} &= \frac{1888}{37883} \times 380 = 0.050 \times 380 = 19 \\ \text{Kwali} &= \frac{751}{37883} \times 380 = 0.20 \times 380 = 8 \\ \text{Total} &= \underline{\underline{380}} \end{aligned}$$

Sample Technique

Sampling technique is the definite plan determined before any data are collected for the purpose of obtaining from a particular population size. The sample for this study is collected using purposive random sampling technique. The technique used in selecting the respondents from entrepreneurs, SMEs, BOI, SMEDAN, NASSI and planning departments of FCDA in distribution of questionnaire based on those who are knowledgeable about SMEs in the FCT. The sampling technique for the selection of the population for the study or investigation is described as the sample size. The researcher adopt Cochran (1963) statistical sample size determination formula t used to draw the sample size of the study.

Method of Data Collection

The primary instrument of data is a structured questionnaire to answer the questions. The questionnaire distributed to those who have knowledge of entrepreneurship, Owners of SMEs, Staff of BOI, SMEDAN, NASSI etc. This was purposive, based on those who have fore knowledge of the subject of study, while structured questionnaire was administered to 380 respondents from all the six area councils of the FCT.

Technique for Data Analysis

The data gathered was presented in simple percentages, and frequency tables for clarity of understanding; chi-square test was adopted as the statistical tool for analysis to test impact between the variables. However, this study restricted the analysis to inferential statistics which is anchored on hypotheses. The outcome from the data which form the basis for acceptance or rejection of the hypotheses. The choice of the technique is easy to use, because it has been acceptable in data analysis in political science discipline.

Test of Hypotheses

The research need chi- square to test the hypotheses. The critical value of χ^2 at 50% level of significant degree of freedom of freedom 100 is 124.342 from the chi- square table was used as standard, where the null hypothesis was rejected, if the calculated chi- square is above the standard (124.342), and alternative hypothesis was accepted respectively.

$$\text{Chi- square } \chi^2 = \frac{(FO - FE)^2}{FE}$$

Hypothesis 1

Alternative hypothesis (Hi) - Bank of industry intervention on SME's in job creation in the FCT is not positive
 Null hypothesis (Ho) bank of industry intervention on SME's in job creation in the FCT is positive.

$$\text{Chi - square. } \chi^2 = \frac{(FO - FE)^2}{FO}$$

Options	FO	FE	FO-FE	$(FO - FE)^2$	$\frac{(FO - FE)^2}{FE}$
Strongly agree	34	87.75	-53.75	2,889.06	32.92
Agree	29	87.75	-58.75	3,451.56	39.33
Strongly disagree	201	87.75	113.25	12,825.56	146.16
Indifferent	87	87.75	-.75	0.56	6.38
Total	351				224.79

Source: Researchers' computation, 2023.

DECISION: Since 224.79 is the calculated Chi- Square which is greater than the critical value χ^2 at 50% level of significant and degree of freedom 100 is 124.342. We reject the null hypothesis (Ho) and accept the alternative hypothesis (Hi). Based on the hypothesis test BOI intervention to SMEs in job creation in the FCT is not positive. This indicates that BOI needs to do more to create jobs for the teeming job seekers in the FCT through the activities of SMEs.

Hypothesis 2

Hi: The impact of leadership of BOI on SME's in the FCT is not positive.

Ho: The impact of leadership of BOI on SMEs in the FCT is positive.

Options	FO	FE	FO-FE	$(FO - FE)^2$	$\frac{(FO - FE)^2}{FE}$
Very effective	5	87.75	-82.75	6,847.56	78.03
Effective	51	87.75	-36.75	1,350.56	15.39
Not effective	206	87.75	118.25	13,983.06	159.35
Indifferent	89	87.75	1.25	1.56	0.02
Total	351				252.79

Source: Researchers' computation, 2023.

DECISION: Since 252.79 is the calculated Chi- Square which is greater than the critical value χ^2 at 50% level of significant and degree of freedom 100 is 124.342. We reject the null hypothesis (Ho) and accept the alternative hypothesis (Hi). Based on the hypothesis tested, the impact of leadership bank of industry on SMEs in the FCT is not positive. Therefore, BOI needs to intensify more efforts in training entrepreneurs in the FCT to manage their businesses to curb unemployment.

Conclusion

From the findings of this study, the research concludes that BOI is not doing enough to promote the activities of SMEs in the FCT for adequate job creation. Hence, funds provided for SMEs are not adequate to expand SMEs activities in the FCT. Additionally, most entrepreneurs do not have collateral to access enough funds for their business. The leadership of SMEs is bedeviled with lack of skills and requisite qualifications to keep appropriate records of their businesses and to pilot the

affairs effectively, which is a serious set-back for the promotion of SMEs to achieve its desired objective.

Recommendations

The major findings obtained from the research have revealed in clear terms that for SMEs to succeed and create jobs, the following fundamental steps have to be taken to improve the activities of SMEs:

1. The BOI should deliberately do more in creating awareness of its activities so that many SMEs in the FCT, as much as possible can access their services.
2. The BOI should endeavor to undertake frequent training and supervision of the activities of SMEs in the FCT to ensure that more SMEs are set up and the existing ones survive to provide the much needed services to reduce unemployment and poverty.

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