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IMPACT OF BANK OF INDUSTRY ON GROWTH OF ENTREPRENEURIAL ACTIVITIES IN MAIDUGURI BORNO STATE NIGERIA

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ABSTRACT

Entrepreneurs are organizers whose inputs gave value to the other recourses when combined in the production process of goods and services. Bank of industry is a development financial Institution established to ensure economic growth and development in Nigeria through supporting entrepreneurial activities and other industrial activities. To this effect, promoting and enhancing entrepreneurial activities is of paramount importance to the economy. The present study attempts to examine the Impact of Bank of Industry on Growth of Entrepreneurship activities in Maiduguri Borno State Nigeria. Both primary and secondary data were gathered with the aid of structured questionnaire from the skill and permanent staff of the Bank of industry as sources of data through survey and available data methods. Data Collected were presented and analyzed with the aid of simple percentage and chi-square statistical test was used to test the research hypothesis. It was revealed that there is significant relationship between the Bank of Industry (BOI) and entrepreneurial activities in Maiduguri. On the other hand, it was found out that the federal government programs that were designed to encourage the entrepreneurs have not achieved their objectives in terms of entrepreneur's innovation, creativity and diversification in Maiduguri Borno state. The study recommends that the government should review and modify the initiated programs by involving right and appropriate human and material resources that will reach out to right entrepreneurs who would use the facility appropriately and there should be increase in the fund mobilization as well as the recovery of the credit granted.

Keywords: Bank of Industry, Entrepreneurship, Entrepreneurial activities, profitability, Sales volume and Growth.

INTRODUCTION

In any economic system (Socialist, Capitalist or Mixed) the significance of entrepreneurship cannot be over emphasized. This is particularly true, because of the numerous roles that they play towards the overall economic and industrial growth and development of any Country. (Basil 2005). Entrepreneurship development was recognized to be a promoter of sustainable economic growth and development of every nation (Ebiringa, 2012). In line with this, the Federal government had on several occasions initiated various programs in a bid to empower and encourage entrepreneurial activities, taking cognizance of significance roles it plays in economic growth and development necessary for enhancing the standard of living of people. However, the dynamic economic conditions of the world today need flexible individuals or group of individuals with entrepreneurial skills, experience, value, attitude and mental capacity for creative thinking and innovative behaviors that can incite their venture sprit for timely generation and new ideas and ways of improving their businesses in meeting the demands of the environment. Such individuals and groups who are able to derive through change are expected to possess the transformational capacity to embrace change and to steer business through crisis, disorder, to guide, integrate and initiate force. This force is however denoted to as entrepreneurship (Udu, 2008). Hisrish, (2002) perceives entrepreneurship as a process of creating new or modifying the existing goods that are of value by devoting the necessary resources (both human and material) assuming the accompanying financial physic and social risk, and receiving the resulting rewards of money and personal satisfaction and independent. Similarly, Udu (2008) maintain that entrepreneurship is the process by which economic and commercial activities necessary for the improvement of standard of living of the people and the society are created by entrepreneurs (individuals, corporation, institution and government).Iwu (2000) revealed that during the colonial period, only few of Nigerians could boost off personal or family capital to

start-off any meaningful business. During the colonial era, the Nigerian businesses scene was dominated even at the grass-root levels by expatriates. These expatriates' nationals had a better exposition from the Nigeria traders and subsequently left in 1960. Their departure provided Nigerians the opportunity in participating and shaping the country's economic growth and development. The federal government introduced indigenization and enterprise promotion Act of 1972 and it was revised in 1977. Again the national development plan that led to the introduction of structural adjustment program (SAP) in July 1986 was established in that year. Entrepreneurship constitutes a significant engine in the economic growth and development of any nations, this is so, because it helps in motivating the indigenous entrepreneurship in Nigeria (Paul 2013). In addition, Nigeria government had subsequently established the following programs in an attempt to assist entrepreneurial activities in the country. Bank of industry (BOI) established in 2000, Small and Medium Industries Development Agency of Nigeria (SMIDAN), Nigeria Agricultural Cooperative and Development Bank (NACRDB) established in 2000, Macro Finance Bank in 2005, others include Family Support Program (FSP), Family Economic Advancement Program (FEAP) and Obasanjo's program on National Poverty Eradication Program (NAPEP) in 2001 with the start-up grant of six billion Naira (Paul, 2003). The aforementioned programs were designed to make the banking industry to contribute and complement towards the effort of the government in stimulating economic growth and development, through fund mobilization, enterprises promotion and development of the entrepreneurs (Mustapha; 2013)

STATEMENT OF RESEARCH PROBLEM

Nowadays, entrepreneurs face several challenges in today's world, which is highly competitive world of business. Nigeria has survived difficult times of colonization which resulted in a lack of entrepreneurial spirit. The challenges of entrepreneurship in Nigeria include Lack of Capital, Difficulties in getting loans, Poor state of infrastructure etc. Someone living in the developed countries of Europe or America might be surprised, but the lack of good infrastructural facilities is a serious problem affecting the development of business in Nigeria. The state of infrastructure in Nigeria is just very poor. All entrepreneurs faced with infrastructural challenges especially those who work in the agricultural or industrial sectors. Unstable power supply and poor transportation system have forced a lot of business to close down. To run the business most entrepreneurs need to use generators and spend a lot of money on fueling generators. Sometimes business do not even get up to 5 hours of electricity in a day, and some companies introduced night shift as power comes at night. The insufficient supply of electricity has negatively affected many entrepreneurial activities. As a matter of fact entrepreneurs have been operating their businesses with no electricity for about ten months in Maiduguri. The truth is that many businesses have even moved to other states or even other countries due to electricity problems. Based on the empirical studies reviewed, in Maiduguri Borno state, the study of this nature is not sufficient and only few covered the impact of bank of industry (BOI) on growth of entrepreneurial activities, especially in the area of profitably, sales and diversification of businesses in Maiduguri Borno state Nigeria. In line with this, the present study will fill the gap by examining the impact of Bank of industry (BOI) on growth of entrepreneurial activities, examining their revenues, sales and diversifications of businesses in Maiduguri Borno State Nigeria.

OBJECTIVES OF THE STUDY

The general objective of the present study was to assess the impact of Bank of Industry (BOI) on the growth of entrepreneurial activities in Maiduguri Borno State Nigerian. However, the specific objectives are:

- i. To examine the impact of bank of industry (BOI), on entrepreneur's profitability,
- ii. To assess the relationship between bank of industry and entrepreneur's sale volume,
- iii. To identify the diversification level of entrepreneurial activities in Maiduguri boron state.

RESEARCH QUESTIONS

- i. To what extent does Bank of industry (BOI) has impact on entrepreneur's profitability,
- ii. What is the relationship between Bank of industry and entrepreneur's sale volume,
- iii. Identify the diversification level of entrepreneurial activities in Maiduguri boron state.

RESEARCH HYPOTHESES

HO: There is no significance relationship between the Bank of industry (BOI) and entrepreneur's profitability.

Hi: There is significance relationship between the Bank of industry (BOI) and entrepreneur's profitability.

HO: There is no significance relationship between the Bank of industry (BOI) and entrepreneur's sales volume.

Hi: There is significance relationship between the Bank of industry (BOI) and entrepreneur's sales volume.

SIGNIFICANCE OF THE STUDY

The significance of the present study cannot be over-emphasized because it brought into lime light the need for the government to provide enabling environment that could derive entrepreneurial activities taking in to cognizance of its pertinent role in economic growth in Maiduguri. It is very significance especially now that Nigeria is in poor economic situation. This study will be valuable to Bank of industry (BOI) Maiduguri branch by adopting the recommendations in terms of making decisions and formulating policies. The findings of the present study will aids not only decisions and policies of Bank of industry but also other organizations. This study will help to stimulate both the students and staff of various institutions in carrying out studies of this nature and to be used for reference purposes.

SCOPE OF THE STUDY

The scope of the present study covers the impact of Bank of industry (BOI) on the growth of entrepreneurial activities. It covers the areas of entrepreneur's profitability, sales volumes and diversifications of entrepreneurial activities in Maiduguri Borno State Nigeria. And it's limited to Bank of Industry (BOI) and entrepreneurial activities in Maiduguri Borno State. Therefore, it only covers the Profitability, Sales volumes and diversifications of entrepreneurial activities in Maiduguri Borno State from the period of 2015 to 2020.

LITERATURE REVIEW

Duniya, (2018) opines that entrepreneurship enables individual to use their potentials and energies to create wealth through the production of goods and services. Poverty is a condition of living that is characterized by lack of the basic necessities of life and entrepreneurial activities are capable to eradicate poverty. Bouperire, (2012) reveals that one of the major causes of poverty is unemployment and since entrepreneurship is preoccupied with employment generation, than by extension, the generation of employment will therefore reduce the level of poverty. Wealth if created will definitely reduce the incidence of poverty by employing the citizens and increasing their access to basic necessities of life (Food, Clothing, Shelter, Security and Education). Barresto (2014) views that entrepreneurship through job and wealth creation raises the standard of living of people owing to higher income earning and availability of disposable income, they can therefore; afford the basic necessities of life such as housing, clothing, and food, education, good health care delivery etc. Levine (1996) used a broad data base covering 48 countries over the period 1980- 1995. He found that the distinction between bank- based and market based system is not an interesting one for explaining the finance-growth nexus. Rather, elements of a countries legal environment and quality of its financial service are most importantly for fostering general economic growth. In contract, in a study of 36 countries from 1980 – 2002 did find a difference between bank- based systems outperform market based system, while for developing financial sectors; market based systems outperform bank-based system. Abiola (2014) carried out a study on small and medium scale enterprise in Nigeria; The problems and prospects. The objective of the study was to

examine the role of small and medium scale enterprise in Nigeria in relation to those challenges which affect SMEs from developing capacity to realizing its full potentials as well as the prospect for improvement and development and development for employment generation, economic growth and national development. The study employed a descriptive research such that structured Questionnaire was administered to the sample drawn from population of the study. The data collected were analyzed with chi-square (X^2) it was revealed that small and medium scale enterprises (SMEs) plays a pivotal role in the socio-economic wellbeing of the citizen if the properly and carefully managed. From the findings, the study therefore concludes that invigorating small and medium enterprises with strengthened commitment to economic reform would after a turning point in facilitating the recovery of Nigeria economy and national development. Ayozie, (2013) conducted a study on the implication of small and medium scale enterprises on socio-economic development in Nigeria. The objective was to determine the effect of small and medium scale enterprises (SMEs) on Nigeria economy. The study employed a Survey research design of which structural Questionnaire was administered to the sample drawn from the population of the study. The data collected were analyzed with chi-square(X^2) and it was found that small and medium enterprises assist in promoting the growth of the country's economy, hence all the levels of government at different times has policies which promote the growth and sustenance of SMEs and therefore conclude that small scale industry orientation is part of the Nigerian history. Evidence abounds in the communities of what success our great grandparents made of their respective trading concerns, yam barns, cottage industries, and the likes. Kriss (2012) conducted a study on the impact of small and medium scale enterprises on the economy. The study was aimed at determining the impact of small and medium scale enterprises on the economy. The study employed a Survey research design of which questionnaire was administered to the sample drawn from population of the study. The data collected were analyzed with chi-square (X^2). It was found that the contribution of small scale enterprises to economy cannot be over-emphasized because it provides job employment for that people and enhance their standard of living. Therefore concludes that the government at all levels should provide more fund to the small scale enterprises by way of advancing loan, sensitization programs to encourage entrepreneurs. Penrose (1959) argued that it is only with appropriate resources and capabilities that can be deployed in a sustainable manner over a long term that entrepreneurs achieve sustainable competitive advantage and success. The theory holds that an entrepreneurs achieves responding success when there is good vision, intuition and creative act, an entrepreneur chooses a particular business where resources that are valuable, rare, hard to copy and resources that are non- sustainable, the entrepreneur will not only be able to succeed but enjoy long term competitive advantage and economic success. Without sustainable complete advantage entrepreneurs successes are empirical as competitors quickly obliterate the successful outcome of the initial effort (Udu, et al 2003). The theory laid emphasis on the need for an entrepreneur to possess the required capabilities and resources as a prerequisite condition necessary for achieving a sustained proactive giving the changing business environment. In the light of the foregoing, small scale businesses that wish to survive in a changing business environment must possess an exceptional sill that would guarantee good understanding of the economic environment in attempt to achieve a sustained competitive advantage. Mustapha (2013) viewed that the increase of entrepreneurship activities since 2000 is partly due to the increasing rate of unemployment. A growing service sector a reduction in regulatory control, increasing privatization / competition and the introduction of a poverty eradication program in 2001. All these have created potency in international trade and finance and contributed to Nigerian global competitiveness. The world economic forum (WEF) report of 2006, ranked Nigeria as 88th out of 117 countries in its global competitiveness indicators (Ashegham and Ebahim, 2011). Barresto (2014) found out that entrepreneurship through job and wealth creation raises the standard of living of people owing to higher income earning and availability of disposable income, they can therefore; afford the basic necessities of life such as housing, clothing, and food, education, good health care delivery etc.

RESEARCH METHODOLOGY

The present study was conducted at Maiduguri capital of Borno state. Survey research design was adopted. Both primary and secondary data were gathered with the aid of structured questionnaire, through field research and available data method of data collection from Managers, Supervisors and Cashiers of Bank of Industry, which were 28 in number. The primary data was be derived from the (28) employees, which comprises, Managers, Supervisors and Cashier of (BOI) through. And the secondary data were gathered from secondary sources (published and unpublished data i.e. journals, newspapers, seminars/ conference papers and record of the organization). The data collected was analyzed using simple percentage technique and chi-square test was used for the test of the hypotheses.

RESULTS, CONCLUSION AND RECOMMENDATIONS

Table 1: Observed frequency.

Responses	Impact of BOI on profitability of entrepreneurs	Impact of BOI on sales volume of entrepreneurs	Impact of BOI on diversifications of entrepreneurs	Total
Yes	20	17	28	65
No	8	11	0	19
Total	28	28	28	84

Source: Researchers Computation, 2021

The expected frequency table was obtained through the following formula:

Row total X Column total

Grand total

Table 2: The Computation of Chi-square test (χ^2)

S/NO	O	E	O-E	(O-E) ²	(O-E) ² / E
1	20	21.67	- 1.67	2.7889	0.128698
2	17	21.67	- 4.67	21.8089	1.006410
3	28	21.67	6.33	40.0689	1.849049
4	8	6.33	1.67	2.7889	0.440584
5	11	6.33	4.67	21.8089	3.445523
6	0	6.33	6.33	40.0689	6.330000
Total					$\sum \frac{(O)^e}{E} = 13.200064$

Source: Researcher's Computation, 2021

The computed value of chi-square is 13.200064 which were compared with the table value (Critical value) of the chi-square so as to make decision. Alpha was at 5% and the degree of freedom was calculated as follows.

Degree of freedom = (R-1) (C-1)

Where:

R= number of rows

C= number column

= (2-1) (3-1)

= 1(2)

= 2. Therefore, the table value of chi-square was obtained as 5.331.

Decision Rule:

The rule state that, if the computed value of chi-square (X^2) is greater than the table value of chi-square (X^2), reject the null hypothesis (H_0) and accept the alternative hypothesis (H_1), If the computed value of chi-square (X^2) is less than the table value, accept the null hypotheses (H_0) and reject the alternative hypotheses (H_1). Therefore, since the computed value of chi-square (X^2) is greater than the table value at 5% or (0.005) level of significance, we accept the alternative hypothesis (H_1) and reject the null hypotheses (H_0). This means that there is significance relationship between the Bank of industry (BOI) and entrepreneur's profitability. And also there is significance relationship between the Bank of industry (BOI) and entrepreneur's sales volume. It was found that entrepreneurial activities create job opportunities which subsequently enhance the standard of living of the people in Maiduguri Borno State. In other words, job opportunities are created through entrepreneurial activities. Activities were also diversified to the significant level. On the other hand the study also revealed that the initiated Federal government programs designed to encourage the entrepreneurs have not achieve the predetermine goal in terms of service delivery to entrepreneurs in Borno State. The objectives of creating those initiated programs were poorly achieved. It concludes that roles of Bank of Industry (BOI) on the growth of entrepreneurship cannot be over-emphasized because it enhances the socio-economic well-being of the people in Borno State. Therefore, there is significance relation between the Bank of Industry and Entrepreneurial activities in Maiduguri Borno state. It was recommended that the government should restored the initiated programs by approaching entrepreneurs of good will that have passion for entrepreneurship to head some of the establishments with an intention to enhance economic growth and achieve sustainable growth through entrepreneurship in Maiduguri Borno state. More funds should be mobilized. That is there should be increase in the Fund Mobilization.

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