

## Government Intervention and Support on SMEs Firm Performance

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### ABSTRACT

The small and medium enterprise firms are renowned for improving the nation's economy through the provision of job opportunities for its populace, improving the financial and investment status of the countries and provision of innovative products that meets the need of the people. SMEs are key players in the economy, through sustainable development goals (SDGs) enabling them to thrive in the open business environment and actively applying the digital transformation, promoting inclusive and sustainable industrialization should be the core of any country government. This research is designed to explore the influence of government intervention and support on enterprise performance and growth in five business sectors- Hospitality, Education, Health care, Bottled Water Production and Transport and Logistics organizations. The research paper had a descriptive research design with a randomly selected sample size of one hundred and ninety- seven respondents. The research hypotheses were tested using (Factor Analysis and Ordinal Logistic Regression Analysis) with Statistical Packages for Social Science (SPSS) version 25. The results of the study reveal that government intervention policies and intervention programmes when instituted will promote the growth of business firms in Nigeria. Also identified are relevant recommendations that serve as motivation for policy administrators, entrepreneurs, and business managers to ensure that relevant intervention programme is adopted to boost performance and growth of the SME sector in Nigeria.

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## 1. Introduction

### 1.1 Background to the Study

The small and medium enterprises (SMEs) sector is renowned for its strategic impact in contributing to the development of firm and commerce in any given region or country. SMEs firms are notable for employment opportunities, poverty reduction, business formalization, products and process innovation, technical and financial assistance that can transform any given region or society into emerging and successful ones. SMEs firms are also notable as drivers of change that can influence positively business sustainability and socio-economic development, improve formalization in the business environment, create an export, enhance the value chain and cluster and ensure proper financial resource allocation, thus leading to productive growth and increased performance.

In contrast, Nigeria has been experiencing on a yearly basis, massive unemployment, accelerated poverty due to frail trade and investment, increasing or persistent high disparity as a result of globalization and technological changes, and government apathy and poor implementation of sustainable developmental programmes. It has resulted to shrinking per-capita income of average Nigerians, over 50% of its citizenry live below poverty line and subsists on less than US\$2 per day, even worrisome is the fact that Nigeria is among the countries in Africa that had not met its target of the millennium development goals. The SMEs policy framework is nested in ministries and government parastatals, thus, serving as a principal source for intelligence, collaboration and domain for information on investment and business opportunities. However, the volatile nature of the business environment and the increasing competition from large firms offering similar products and services make running of SMEs a challenge <sup>[1]</sup>.

Government intervention and support programmes are instrumental for the development of SMEs businesses and are acknowledged to be responsible for the growth of major economies of the world, but despite their contribution business enterprises are plague with decelerating growth, socio-economic inadequacies, poor managerial competence, shortage of financial resources and discernment and the volatility in economic environment of most developed nations. It raises the question of whether SMEs owner/managers have access to adequate government financial support or possess the managerial competence and can identify the factors relevant to managing SMEs in a manner that enhances growth and survival. A clear research gap has been placed on the need for government intervention and support programmes for SMEs firms, through empirical evidence it will help to strengthen the case of

SMEs support and effectiveness of specific intervention.

### 1.2 Statement of the Problem

Most development agencies had provided support and assistance to SMEs in developed and developing countries. For example, the World Bank provided fund amounting to \$9.8 billion to SMEs assisted project all over the world between 2006-2012, also the International Finance Corporation (IFC) a peripheral of the World Bank Group also made available the sum of \$25 billion to SMEs. Yet there is insubstantial corroboration in the literature of the impact of these funds on the expansion of SMEs. It is conceivable because of insufficient records or information mechanism by countries to relate the result of the intervention fund and its impact on the SMEs growth.

Most government business support intervention in developing countries believe that there are unthriving market and institutional restraints that impede their growth, even though resources from the government and international organization are channelled to the maximization of the social economic impact of SMEs. Limited information is known about the effect of creating a value chain network, ensuring training and technical assistance, finance mediation, product and process innovation and providing a viable business environment as a support service by government intervention. Small and medium enterprises (SMEs) account for 78% of employment opportunities in developing and developed nations, yet institutional constraint impede the growth of SMEs from reaching their full potentials of employment generation, achieving profits and growth and alleviating poverty. Thus the government intervention supports are catered towards resolving the institutional constraint <sup>[2]</sup>.

Nigeria consists of numerous enterprises which are renowned for the creation of job opportunities for its citizenry; however, these enterprises are faced with many challenges such as government policy, internal and external influences in the business environment, large firm competitiveness with smaller firms which affect their performance. The complexity of the regulatory environment and an assortment of bureaucratic requirements such as a process of registering businesses, issuance of license to operate, business formation, reporting procedure and tax condition are some of the constraints SMEs face in Nigeria. Similarly, high interest and high inflation adversely affect the development and growth of SMEs. It is critical that government must create macroeconomic policies and ensure tax relief up to five years as a grace period during the start-up phase and ensure policy that enable the graduation of small business from the informal to the formal sector that can assist SMEs business to function actively

in a stable business environment <sup>[3]</sup>.

Tax and licensing regime, real estate registration, prolonged court settlement over a business dispute, poor government policy, insufficient business incubation period, technological innovation and delivery of basic infrastructural amenities outlined in several policy papers without successful implementation is among the issues that have catapulted to sluggish and extinction of SMEs <sup>[4-6]</sup>. The criterion for measuring government intervention and support programs has not been confirmed to SMEs growth <sup>[7]</sup>. Averse that business enterprise growth promotional policy has been executed by government in the developing countries, but successive supervision and assessment to determine its impact are scarcely made <sup>[8]</sup>.

This research will assess the influence of instituted intervention and support programs on the advancement of SMEs in Nigeria. Studies have been carried out on the effect of SMEs performance and its consequence on the improvement of the economy, this empirical research is to add value to the existing literature, by focusing on notable government intervention support program for SMEs development through financial resource mediation, identifying factors that influences the successful operations of SMEs and instituting training and support programs that improve managerial competence of entrepreneurs.

### 1.3 Objective of the Study

The above research problems, the study aims to evaluate the influence of government intervention policies and support on SMEs performance. The objectives of the study therefore includes to;

- i. Determine the effect of finance and resource allocation on the performance of SMEs in Nigeria.
- ii. Explore managerial competence's effect on the successful operation of SMEs in Nigeria.
- iii. Appraise the relevant factors influencing the performance and growth of SMEs in Nigeria.

### 1.4 Research Questions

- i. Do finance and resource allocation improve the performance of SMEs firms in Nigeria?
- ii. What are managerial competence's effects on the successful operation of SMEs in Nigeria?
- iii. Are there factors that are relevant and can influence the performance and growth of SMEs in Nigeria?

### 1.5 Research Hypothesis

Ho1: Finance and resource allocation do not have significant effect on the performance of SMEs firms.

Ho2: Managerial competence does not lead to successful operation of SMEs in Nigeria.

Ho3: There are no relevant factors that can influence the performance and growth of SMEs in Nigeria.

## 2. Literature Review

### 2.1 Resource-Based View (RBV) Theory of Competitive Advantage

In resource base view (RBV), resources of a developed firm are used as bases for competitive advantage. This theory functions on the assumption that the expected outcome of management efforts will enable a firm to have sustainable advantage and still allow the firm to make profit or astronomical returns. The RBV theory posits that firms possess resources that are tangible, that is, information system, hardware, network infrastructure and the intangible, that is, software patent, strong vendor relationship part of which enables them to maintain a competitive edge and results to exceptional long term performance.

### 2.2 Government Intervention Policies and Support

Nigeria is experiencing a reorientation of its social policies to bring about a dramatic change in its institutional mechanism by the imposition of multilateral agencies, structural adjustment plan, poverty alleviation and job creation policies. The world economic crisis which manifested in the form of high level of inflation, the balance of payment deficit and poor fund intermediation had resulted to economic and societal shock <sup>[9]</sup>.

Government with its initiative to resolve these socio-economic problems designed policies that involve injecting short term economic policies focused on stirring the domiciliary supply of products and services, diminish inflationary pressure and avert trade payment problems. Similarly, consistent and longstanding intervention schemes were designed to raise the productivity, bring about wealth and job creation.

The government adopted several blueprints and implementation schemes to support entrepreneurial development through the establishment of institutions and agencies, notable among is the Nigerian Directorate of Employment (NDE) to provide education for youth with entrepreneurial paraphernalia extending from execution of business proposal with prominence on investment, innovativeness, spotting business prospects, identifying dealers and market, sourcing for capital, pecuniary resources and accounting records among others in order to increase their potentials for self-employment <sup>[10,11]</sup>.

### **2.3 Government Policy on Eradicating Unemployment through the Establishment of institutions**

Conceptual, human and technical skills are the requirement needed to enable entrepreneurs function effectively. The government also instituted some initiative towards entrepreneurship by establishing some agencies and institutions such as the National Directorate of Employment (NDE), to reduce the drastic effect of unemployment on its nation, the National Poverty Eradication Program (NAPEP), Small and medium enterprise development agency of Nigeria (SMEDAN), SMEIS, Small and Medium Guarantee Scheme among others were established by government to provide loans advances to entrepreneurs and expedite the advancement of micro, small and medium enterprises.

## **3. Conceptual Framework**

### **3.1 Finance and Resource Allocation for Small Medium Enterprises**

Stressed is the fact that weak growth, lack of finance and knowledge resources does plague the success of SMEs. The government through its intervention policy also initiated grants and credit scheme to enable enterprise firm have access to subsidized credit lines to allow firm invest and recruit employees and secure productive asset for their business. Government through its Structural Adjustment Program (SAP) introduced several development support and intervention schemes for financing SMES. Such credit facility includes; Small scale industries guarantee scheme, agricultural credit guarantee scheme credit facilities offered to farmers, National economic reconstruction fund (NERFUND), a micro finance initiative policy that converted all community banks to microfinance banks. Small and medium enterprise equity investment scheme (SMEEIS), N200 billion grant to SMEs for refinancing and restructuring the outstanding credit portfolio of manufacturing SMEs in the country through cooperative lending model, Bank of Industry grants and loans and securities from secondary market among others.

Also in realisation of vision 20:20 government put in place policies that encourage collaboration with a number of international agencies and NGOs to promote an effective development of the SMEs sectors through credit schemes. Through viable cooperation with local government, community leaders and interested stakeholder revolving grants with liberal conditions were initiated to meet the demands of SMEs. All these were to enable the ease flow of funds, generate employment, eliminate the burden of interest and other financial charges, ensure

output expansion, income redistribution and productivity of intermediate goods meant to strengthen intra and inter industrial linkages.

### **3.2 Managerial Competence of in the Exploitation of Small and Medium Enterprises**

Most SMEs owners lack business plan preparation, mentoring and management training in accessing external finance for transformation stages of micro-enterprises with growth potential for expansion. Through the provision of business start up training, entrepreneurial skills and mounting of a proper monitoring system to help in the running of small businesses, provide business advice training and finance to small business and making the financial system more accessible to SMEs will encourage managers to improve their skills, capabilities, marketing foresight and business management knowledge. More emphasis should be placed on networking and collaboration among SMEs owners and managers with similar businesses, rules and procedure for managing enterprises, system of checks and balances, financial integrity and corporate governance must be put in place by business owners. Every successful business is attributed to the managerial competence of the workforce that carry out the functions of management actively at all levels and exploits all actions during strategy implementation. Managerial prowess acquired during specified training programs can promote workers employability. Through innovative programs or initiatives supported by the government, SMEs are able to support innovation transfer, research and development programs, build up the entrepreneurial spirit and idea generation that contribute to the successful operation of their enterprise.

### **3.3 Factors Affecting the Successful Implementation of Government Intervention Policies on SMEs in Nigeria**

Governments of developing countries have introduced various intervention policies and support for SMEs with the aim of promoting entrepreneurship and resolving some of its socioeconomic problems.<sup>[12]</sup> were of the view that human resources and general management, poor financing, accounting and internal control, marketing, low technology adoption, poor business support services and infrastructures are some of the challenges confronting SMEs. Similarly, increased competition among firms, the inability to adapt rapidly to changing market demand, technological and capacity constraints and knowledge, innovation and creativity constraints are some factors that affect the progress and expansion of small scale business. There are

however, several factors that serve as constraint, they are as follows; limited access to funds for investment, poor expertise, increased market competition and concentration from multinational enterprises as a result of globalization and economic integration, poor networking and collaboration among SMEs owners/managers, deficiency in recruitment procedures, dependence on consumer and dealers and the lack of economic of scale or scope, inaccessible market information to boost research on expenditure and innovation of product, process and organisation<sup>[13]</sup>.

Through adoption of various scopes of entrepreneurial development such as having the ability to identify business potentials, exploit the available resources, capacity to start off and sustain actions towards the attainment of business strategies. Other factors involve the achievement of decisive resolution for the future, preserve organized and attain capability and synchronize expert tasks that allow a firm to execute different functions in the era of new wave technology and ever-changing industry trends.

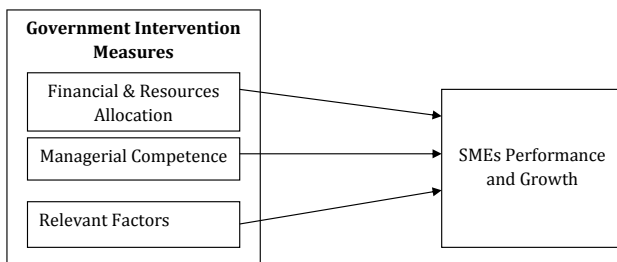


Figure 1. Conceptual Model

Conceptual model developed by the Researcher and modified to include government policy and intervention programs<sup>[14]</sup> and financial and resource allocation<sup>[10]</sup>.

### 3.4 Empirical Literature on Small and Medium Enterprise Performance

In the research work of<sup>[15]</sup> he established the fact that there is an increasing interest by scholars and policy makers on the influence of SMEs growth on the economic, employment and productivity. While in the research work of<sup>[16]</sup> their study shows that there was a disproportionate economic growth in African countries and SMEs account for a small percentage of that growth.

Finance is crucial for any business to grow and survival in any business environment, it is confirmed in the work of<sup>[17]</sup> that states finance contribute to about 25% success in operation of SMEs firms. Also portrayed by<sup>[18]</sup> is the fact that SMEs faces more significant constraint to access formal source of external finance from international borders than large corporations. Gaining access to credit will boost SMEs firms operation and result in economic growth<sup>[19]</sup>. Through government intervention

financial support programs entrepreneurs can be able to have access to funds to operate, this is in agreement with the works of<sup>[20-22]</sup>. Similarly,<sup>[23]</sup> supported the fact that through inter-bank financing that enable SMEs to have access to finance is a viable option for alleviating the risk experienced by the SMEs during finance lending. Their study<sup>[24]</sup> reveals that investment in SMEs must be encouraged through enabling access to credit, building capacity and infrastructural development so as to promote long-run socio-economic development.

Studies carried out in the rural area of Kajiado district of Kenya revealed that documentation and issuance of a permit, the exorbitant cost of legal claims and unreasonable delays in litigations were some of the bottleneck experienced by enterprise firms. Also revealed is the effect of multiple taxation by government on the growth of SMEs<sup>[25,26]</sup>. While the works of<sup>[27]</sup> and<sup>[28]</sup> believed that government must institute an intervention program at the state and local government to modernize and upgrade primary health system. Through government availability of primary health care provision fund in its universal health care financing in all state and local government institutions will help in the delivery of maternal and child health services. They also stated that the provision of digital technological medical equipments, networking and collaborations will enhance services and interactions among public, patients and facilitate health research engagements. Their study<sup>[29]</sup> show that the drive to improve quality of basic education in Nigeria showcase government commitment by ensuring the expansion of compulsory education from primary level to junior secondary in its year 2004 Universal Basic Education (UBE) Act and subsequent revised national policy on education. Their main goal was to ensure that government funding for school infrastructures and facilities, transparency in the awards for construction contracts on buildings, teachers' employment, education and learning facilities among states and local government areas are evenly distributed. The works of<sup>[30]</sup> identified the problems and challenges that are eminent in the transportation sector such as bad roads network, poor implantation of government transportation policies, lack of finance funding for infrastructural project and construction, over reliance on public provisions of services and poor management operation and maintenance of facilities among others has an effect on economic development of Nigeria. They opined that government must play a proactive role in enacting policies, progressive laws, regulations and institutional framework to ensure effective operation of logistic sector. They also recommended that there must be public private partnership (PPP) concession arrangement among all stakeholders for the revitalization and reconstruction

of transport system especially on road maintenance and reconstruction, expansion of water ways, railways and air transport system.

Other works of research focus on government setting up specific policies and intervention support program that promotes business training, entrepreneurship development and job creation would foster economic growth [31,32].

#### 4. Research Methodology

This research involves measuring statistically the impact of government intervention and support on SMEs performance in Nigeria. The study focuses on five (5) firms that comprise of hospitality (Wetland Hotel, Warri), health care (Delta State Hospital Management Board, Asaba), educational institution (Admiralty University, Ibusa), bottled water production (C-Way Water Science and Technology firm, Warri) and transport and Logistics Company (Agofure Motors, Warri) all situated in Delta State the South-South Region of Nigeria.

The descriptive research made use of a survey method accomplished by the administration of questionnaire (primary data). The 16 items on the questionnaire; financial and resource allocation, managerial competence, relevant factors that influences SMEs development and SMEs performance and Growth measures on a 5 point Likert Scale of strongly disagree, disagree, undecided, agree and strongly agree on a point 1-5 respectively. To facilitate the collection of data, multi stage sampling technique was employed. Employees in the department of administration, finance, human resources and marketing with a considerable large employee population was purposively selected. The employees were stratified into three (3) different groups based on the existing level of management-junior level managers, senior level manager and top level managers. The last stage of sampling procedure involved sampling procedure involved simple random sampling of respondents from the three (3) groups of staffs as categorized above. A simple random sampling technique was employed to select 250 respondents from the emerging groups and 220 copies of questionnaire were administered. 197 responses valid for the study after exclusion of incomplete questionnaire were processed, resulting in 89.5% administration success.

In analyzing the primary data, factor analysis and ordinal logistic regression were used to test the hypotheses. Collated data is analysed by the use of tables for categorization analyses data purpose, ordinal regression analysis, the goodness of fit and pseudo R-square approach is used to measure the association among the dependent variable (Y) which is the predictive and the independent variable (X) which is the predictor variable (i.e.  $Y = a + \beta_1X_1 +$

$\beta_2X_2 + \beta_3X_3 + \mu$ , where Y= independent variable, 'a'= constant,  $\beta_1, \beta_2, \beta_3$  are parameters and  $\mu$ = error term.

**Table 1.** Reliability Statistics of the Research Work

Reliability Statistics	
Cronbach's Alpha	N of Items
.791	16

Data measurement of data must involve carrying out a validity and reliability test. The content to which an accurate measure is carried out is validity, while reliability consists of receiving an accurate and precise measurement procedure [33]. To ascertain the content validity of the used instrument, authorities and academia guru in management and other expert's knowledge is depended upon.

Cronbach's alpha, a statistical instrument was used for testing the internal consistency and reliability on the descriptive statistics of 16 items that measure the components of financial and resource allocation, managerial competence, relevant factors that influences SMEs development and SMEs performance growth measures. The Cronbach's Alpha of the 16 items in the survey had a high criterion of 0.791. It implies that the instrument used in this study is accepted, thus, indicating consistency.

#### 4.1 Data Analysis Results on Descriptive Statistics

The table shows the illustration of the demographic profile of the respondents surveyed.

The gender distribution reveals that 132 (67%) were Male, and 65 (33%) were Female. It shows that both genders were adequately represented in the survey, though the male population was higher than the female population. The respondent's age distribution shows 27 (13.7%) were below 30 years, 77 (39.1%) were between 30-40 years, and 86 (43.7%) were from 41-50 years and 7 (3.6%) were above 50 years. A high representation of respondents surveyed where from the matured and dynamic workforce.

The distribution of respondents by position at work reveals that 30 (15.2%) were junior level management staff, 117 (59.4%) senior-level management staff and 50 (25.4%) at top-level management staff. A high representation of management staff were at the senior level cadre.

The table also reveals that 30 (15.2%) of the respondents had less than five years working experience, while 82 (41.6%) had between 6 and 10 years working experience, 60 (30.5%) of respondents had between 11 and 15 years working experience and 25 (12.7%) had over 15 years working experience. Educational background of respondent shows that 80 (40.6%) respondents had HND/B.Sc. / B.A. education, while 68 (34.5%) had M. Sc./M.A./MBA, and 7 (3.6%) had a Ph.D. degree and 42 (21.3%) had pro-

<b>Biographic Information</b>	<b>Frequency</b>	<b>Percentage (100%) N = 197</b>
<b>Age</b>		
≤ 30 yrs	27	13.7
30 -40 yrs	77	39.1
41 - 50yrs	86	43.7
50 & Above	7	3.5
<b>Gender</b>		
Male	132	67.0
Female	65	33.0
<b>SMEs Firms</b>		
Hospitality	39	19.8
Health Care	42	21.3
Educational	53	26.9
Bottled Water Production	41	20.8
Transport and Logistic	22	11.2
<b>Work Experience</b>		
1-5 Years	30	15.2
6-10 Years	82	41.6
11-15 Years	60	30.5
Over 15 Years	25	12.7
<b>Education</b>		
HND/B.Sc./BA/B.Tech	80	40.6
M.Sc./MBA	68	34.5
PHD	7	3.6
Professional Qualification	42	21.3
<b>Position at Work</b>		
Lower Level Manager	30	15.2
Senior Level Manager	117	59.4
Top Level Manager	50	25.4

**Figure 2.** Participants Demographics Profiles

fessional qualification. This shows that respondents have some form of educational qualification.

#### **4.2 Using Factor Analysis to Appraise the Impact of Government Intervention and Support on SMEs Firm Performance**

A cursory look at the statistics above depicts that out of the 16 items selected in government intervention and support and SMEs firm performance. 4 factors were extracted to contribute about 57.57% of factor required to explain the items. The first factors contribute 31.54%, the second 11.47%, the third 7.76% and the fourth 6.79%. On the whole, the entire factor selected contributes about 57.58%. This implies 42.42% of the factor explaining government intervention and support and SMEs firm performance is

not known.

#### **4.3 Kaiser-Meyer-Olkin Measure of Sampling Adequacy and Bartlett's Test of Sphericity on Government Intervention and Support on SMEs Firm Performance and Growth.**

The factors supporting government intervention and support contribute about 0.804 i.e. 80.4%, while the remaining 19.6% of the factors explaining government intervention and support and SMEs performance and growth is not known.

#### **4.4 Test of Hypotheses**

**Hypothesis 1:** Finance and resource allocation does not have a positive effect on the performance of SMEs firms.

**Table 2.** Confirmatory Factor Analysis Results on Government Intervention on SMEs Performance

Component	Total Variance Explained					
	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.047	31.544	31.544	5.047	31.544	31.544
2	1.835	11.471	43.015	1.835	11.471	43.015
3	1.242	7.764	50.779	1.242	7.764	50.779
4	1.087	6.797	57.576	1.087	6.797	57.576
5	.948	5.924	63.500			
6	.879	5.496	68.995			
7	.763	4.767	73.762			
8	.688	4.300	78.062			
9	.636	3.976	82.038			
10	.585	3.659	85.697			
11	.532	3.322	89.019			
12	.463	2.892	91.911			
13	.415	2.595	94.506			
14	.348	2.173	96.679			
15	.302	1.890	98.570			
16	.229	1.430	100.000			

Extraction Method: Principal Component Analysis.

**Table 3.** KMO and Bartlett Test Results on Government Intervention and Support on SMEs Performance and Growth

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.804
Bartlett's Test of Sphericity	Approx. Chi-Square	1005.442
	Df	120
	Sig.	.000

Ordinal Logistic Regression Model of Finance and Resource Allocation and performance of SMEs firms.

**Table 4.** Result of Test of Parallel Lines on Finance and Resource Allocation

Test of Parallel Lines <sup>a</sup>				
Model	-2 Log Likelihood	Chi-Square	df	Sig.
Null Hypothesis	497.284			
General	385.123 <sup>b</sup>	112.162 <sup>c</sup>	57	.000

The table shows the test compared to the ordinal model which has one set of coefficients of each threshold the (Null hypothesis) -2 Log Likelihood at 497.284 to a model with a different set of coefficient (General) at 385.123<sup>b</sup> at a Chi-square value of 112.162<sup>c</sup>, df = 57 is significant at a P value of 0.000. The model assumption of proportional odd is accepted because the Null hypothesis gives a significant better fit to the data.

The table 5 shows the Model Fitting Information of the hypothesis. It is used to ascertain if the predicted out-

come (the baseline or intercept only model) of the data is achieved when compared with an explanatory variable (Final model) and has a significantly improved fit to the data. The model fitting information of -2 Log likelihood of 557.863 (intercept only) on 497.284 (Final) at a Chi-Square value of 60.578, df= 19, P = 0.000.

The result indicates that the Final model gives a significant improvement over the baseline intercept-only model.

**Table 5.** Result of Test of Model Fitting Information on Finance and Resource Allocation

Model Fitting Information				
Model	-2 Log Likelihood	Chi-Square	Df	Sig.
Intercept Only	557.863			
Final	497.284	60.578	19	.000

Link function: Logit.

This statistics is intended to test whether the observed data are consistent with the fitted model. The Pearson's



Chi-square of 1028.901, Deviance of 494.512, df = 633, P = 0.000 is consistent and significant.

**Table 6.** Result of Test of Goodness of Fit on Finance and Resource Allocation

Goodness-of-Fit			
	Chi-Square	df	Sig.
Pearson	1028.901	633	.000
Deviance	494.512	633	1.000
Link function: Logit.			

**Table 7.** Result of Test of Pseudo R-Square on Finance and Resource Allocation

Pseudo R-Square	
Cox and Snell	.265
Nagelkerke	.281
McFadden	.108
Link function: Logit.	

In ordinal logistic regression 3 approximations are computed for R<sup>2</sup> statistics- Cox and Snell at 0.265, Nagelkerke = 0.281 and McFadden = 0.108. The result of 26.5%, 28.1% and 10.8% shows that variations in the independent variable can only explain a relatively small proportion of the variation in the dependent variable

**Hypothesis 2:** Managerial competence does not lead to successful operation of SMEs in Nigeria.

Ordinal Logistic Regression Model of Managerial Competence and successful operation of SMEs.

**Table 8.** Result of Test of Parallel Lines on Managerial Competence

Test of Parallel Lines <sup>a</sup>				
Model	-2 Log Likelihood	Chi-Square	df	Sig.
Null Hypothesis	428.494			
General	240.338 <sup>b</sup>	188.156 <sup>c</sup>	57	.000

The table shows the (Null hypothesis) -2 Log Likelihood at 428.494 to a threshold (General) at 240.338<sup>b</sup> at a Chi-square value of 188.156<sup>c</sup>, df = 57 is significant at a P value of 0.000. The model assumption of proportional odd is accepted because the Null hypothesis does gives a significant better fit to the data.

**Table 9.** Result of Test of Model Fitting Information on Managerial Competence

Model Fitting Information				
Model	-2 Log Likelihood	Chi-Square	df	Sig.
Intercept Only	539.539			
Final	428.494	111.045	19	.000
Link function: Logit.				

The table 9 shows the Model Fitting Information of

the hypothesis. It is used to ascertain if the predicted outcome (the baseline or intercept only model) of the data is achieved when compared with an explanatory variable (Final model) and has a significant improvement. The result of -2 Log likelihood of 539.539 (intercept only) on 428.494 (Final) at a Chi-Square value of 111.045, df= 19, P = 0.000. The result indicates that the model has a significant improvement.

**Table 10.** Result of Test of Goodness of Fit on Managerial Competence

Goodness-of-Fit			
	Chi-Square	Df	Sig.
Pearson	697.877	629	.001
Deviance	422.138	629	1.000
Link function: Logit.			

The Pearson's Chi-square of 697.8777 at a Deviance of 422.138, df = 629, P = 0.001 is consistent and has a significant fit.

**Table 11.** Result of Test of Pseudo R-Square on Managerial Competence

Pseudo R-Square	
Cox and Snell	.431
Nagelkerke	.459
McFadden	.203
Link function: Logit.	

In ordinal logistic regression 3 approximations are computed for R<sup>2</sup> statistics- Cox and Snell at 0.431, Nagelkerke = 0.459 and McFadden = 0.203. This indicate that 43.1%, 45.9% and 20.3% of the variations in the independent variable can only explain a relatively small proportion of the variation in the dependent variable.

**Hypothesis 3:** There are no relevant factors that can influence the performance and growth of SMEs in Nigeria.

Ordinal Logistic Regression Model of Relevant Factors that influences performance and growth of SMEs.

**Table 12.** Result of Test of Parallel Lines on Relevant factors that Influences SMEs performance and Growth

Test of Parallel Lines <sup>a</sup>				
Model	-2 Log Likelihood	Chi-Square	df	Sig.
Null Hypothesis	504.562			
General	347.744 <sup>b</sup>	156.818 <sup>c</sup>	57	.000

The table shows the (Null hypothesis) -2 Log Likelihood at 504.562 to a threshold (General) at 347.744<sup>b</sup> at a Chi-square value of 156.818<sup>c</sup>, df = 57 is significant at a P value of 0.000. The model assumption of proportional odd is accepted because the Null hypothesis does give a significant better fit to the data.

**Table 13.** Result of Test of Model Fitting Information on Relevant factors that Influences SMES Performance and Growth

Model Fitting Information				
Model	-2 Log Likelihood	Chi-Square	df	Sig.
Intercept Only	539.605			
Final	504.562	35.043	19	.014

Link function: Logit.

The table shows the Model Fitting Information of the hypothesis. It is used to ascertain if the predicted outcome (the baseline or intercept only model) of the data is achieved when compared with an explanatory variable (Final model) and has a significant improved fit to the data. The model result of -2 Log likelihood of 539.605 (intercept only) on 504.562 (Final) at a Chi-Square value of 35.043, df= 19, P = 0.014. The result does not give a significant improvement of the model.

**Table 14.** Result of Test of Goodness of Fit on Relevant factors that Influences SMES Performance and Growth

Goodness-of-Fit			
	Chi-Square	Df	Sig.
Pearson	863.586	593	.000
Deviance	486.775	593	.999

Link function: Logit.

The table results shows that the Pearson’s Chi-square of 863.586 with Deviance of 486.775, df = 593, P = 0.000 is consistent and highly significant.

**Table 15.** Result of Test of Pseudo R-Square on Relevant factors that Influences SMES Performance and Growth

Pseudo R-Square	
Cox and Snell	.163
Nagelkerke	.173
McFadden	.063

Link function: Logit.

In ordinal logistic regression 3 approximations are computed for R<sup>2</sup> statistics- Cox and Snell at 0.163, Nagelkerke = 0.173 and McFadden = 0.063. This indicate that 16.3%, 17.3% and 6.3% of the variations in the independent variable can only explain a relatively small proportion of the variation in the dependent variable

## 5. Conclusions

This research focused on studying of the influence of government intervention program and support on SMEs business performance and growth. It can be acknowledged that government intervention program and support aims at improving firm capacities to operate innovatively at

any business environment and if is properly implemented it can result in business growth, employment creation. Similarly, factors like societal rules, culture, government procedure and legislation are driver of entrepreneurship development. Also government interventions like subsidies and reduction of taxes are known to expedite SMEs business performance. Managerial skills acquired during specific training programs or management ability to drive the initiative of entrepreneurial spirit among employees can result in progressive work performance and growth of the firms. Government can contribute to workers employment through its support for innovation transfer, research and development and building up entrepreneurial spirit among entrepreneurs.

Through the adequate provision of infrastructure and financial support by government, enterprises are adept at manufacturing innovative commodities and services that meet the demands and needs of the populace as well as boost the economic position of the nation. Though bureaucratic bottleneck, affiliation and political solidarity to ruling parties and other factors can impede firms from gaining access to funds, but government can exercise renewed commitment by eliminating all obstacles and favouritism by setting up action program supported by other financial institutions to make venture capital funds, soft loans, investment funds and leverage on the opportunities available and affordable to entrepreneurial firms especially in the agricultural and manufacturing sector will improve the performance of firms lead to business expansion and drive sustainable development in the country.

## 5.1 Limitation of the Study

The chosen methodology introduced some limitations to this study at the data collection phase. It was done in five firms in five sectors- hospitality, health care, educational, bottled water production firm and transport and logistics which is relatively small representation compared to the number of firms in each sector in Nigeria. Also, the total number of recoverable responses used in the analysis is relatively small compared to the total workforce of the employees working in the firms.

Secondly, time constraints and respondents’ reluctant attitude to provide necessary information for in-depth research work prevented the current researcher from exploiting all the essential information on the subject matter.

However, despite these limitations, the researcher ensured that the outcome of the findings of the study was not affected, by carrying out adequate validity and reliable tests on the instrument used for the data collection. For practical empirical analysis, the study was limited to the top, middle and lower level managers and may not have

captured all employees in the various firms.

The research was conducted over a short period of time; ideally a longitudinal study may uncover further understanding of the operations of the SMEs. Thus the findings are limited to perceptions of managers at a specific point in time.

## 5.2 Future Research Direction

A probable area of research that need to be explored is by engaging in public-private partnership (PPPs) collaboration with private corporation, small businesses and non-governmental organisations to supply community welfare benefits that yield to operational efficiency, better output and improved society performance. By selecting from a diversity of mechanism such as concessions, build-operate-and transfer (BOTs) arrangement, collaboration and partnership, PPPs are encouraged to provide services and developmental projects that meet the demand and needs of the society.

Furthermore, longitudinal studies can be carried out in identified sector-(health care, hospitality, education, water production and transportation) and other sectors of the economy to evaluate the impact of government intervention and support initiative that can encourage improved performances in the operations of SMEs in such sectors. Comparative studies can also be carried out in various sectors of the economy to identify problems and challenges that SMEs encounter during operations and to also identify new subventions and initiatives that government can provide these firms with to boost their growth performance.

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