Appraisal of government funding schemes on the development of small and medium enterprises in Nigeria: a study of Enugu state

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Abstract

Purpose – This paper aims to examine the effectiveness of government funding schemes for small and medium enterprises (SMEs) in Nigeria.

Design/methodology/approach – The survey method of inquiry was adopted, wherein a structured questionnaire was used to generate data. Using Guilford and Flruchter (1973) formula, a sample size of 276 was derived from a population of 890 registered SMEs. Data analysis was conducted using SPSS version 20.0 tools.

Findings – The results of the analysis reveal that a significant number of SMEs were aware of government funding schemes, but insignificant number succeeded in accessing the funds. It further reveals that the nature and conditionality of the funds and management capacity of SMEs were major hindrances to the effectiveness of the funding schemes.

Originality/value – The inquiry is completely original and has the potency of influencing policy formulation and implementation in the area of industrial funding.

Keywords Funding, Capacity-building, Government, Bank, SMEs

Paper type Research paper

Introduction

Small and medium enterprises (SMEs) are essential instruments for economic development and poverty reduction in advanced and less developing countries. They are prevalent in a wide array of economic activities that are amenable to fledging businessmen, entrepreneurs, artisans, the literate, illiterate and the poor (Igwe *et al.*, 2018; Alese, 2017; OECD, 2014; Agwu and Emeti, 2014). SMEs are very important activator of industrial and economic growth: the backbone and cornerstones of economic stability, represent 99 per cent of all employers of labour, provide about 75 per cent of new jobs and produce 96 per cent of all goods to be exported (Ojukwu, 2006; Ariyo, 2008). Essentially, SMEs encourage entrepreneurship, generate employment, reduce poverty level, enhance the quality and standard of living, reduce crime rate, increase per capita income, increase value addition to raw materials supply, improve export earnings and step up capacity utilisation in key industries (Rogers, 2002).

Consequently, in the pursuit of the structural adjustment programme (SAP) as an alternative development framework, Nigeria embarked on a shift in policy from public to private sector-led development agenda wherein the promotion of SMEs became the basic instruments for accelerated economic growth and development in Nigeria (Adeleke, 2002). However, it was discovered that SMEs were failing to drive the development agenda due to many problems associated with SAP such as inadequate capital to buy stocks and equipment; bank loans to SMEs exist only on paper; entrepreneurs' use of obsolete business methods and equipment; lack of business planning; low motivation and lack of confidence;

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lack of entrepreneurship culture and education; technological backwardness of Nigeria, which leads to labour inefficiency; political instability; lack of clearly defined objectives and lack of delegation; improper accounting system; and crimes/armed robbery; among others (Alawe, 2004). Consequently, the National Economic Reconstruction Fund (NERFUND) was set up in 1989 to ameliorate the financial constraints and harsh economic conditions occasioned by the introduction of SAP. NERFUND granted loan resources to merchants and commercial banks to lend to SMEs for a period of five to ten years with a grace period of one to three years repayment period. Poverty prevailed with about 70 per cent of Nigerians living on less than US$1 per day while unemployment rate stood at 23.9 per cent (Adeoti *et al.*, 2013).

The government took further action by creating the Bank of Industry (BOI), the Nigerian Bank for Commerce and Industry (NBCI) and the Nigerian Industrial Development Bank (NIDB) out of NERFUND to fund industrial activities. Commercial banks were mandated to set aside 10 per cent of their annual profit before TAX as equity funds for the promotion of SMEs under the SME Equity Investment Scheme (SMEEIS). The primary goal of these banks or funding programmes is to provide necessary financial assistance and incentives for the establishment of large-, medium- and mostly small-scale enterprises, and the expansion and diversification of existing ones. Corruption and nepotism crippled these programmes (Oyelaran-Oyeyinka, 2007). Consequently, liberalisation and commercialisation policies were introduced with a view to raise capacity utilisation in manufacturing from 30 to 60 per cent; create new opportunities and enlarge the propensity for greater indigenous participation for the development of the small-scale sector; generate employment opportunities; attract new investments in SMEs; maximise linkages SMEs; and adapt and/or respond to the changing global environment (Uba, 2001). In all, government has established SMEs' technological development institutions, credit lending institutions, technical and management institutions; provided infrastructural facilities such as industrial estates, nationalisation of foreign firms, liberalisation and commercialisation of state-owned industries, introduced legal measures that protect SMEs and provided incentives and subsidies for the promotion of SMEs.

The SMEEIS programme is prominent among others with over N31.0bn generated as in 2005; however, it recorded poor investment on SMEs within the same period as only N10.3bn representing 33.2 per cent of the funds set aside was disbursed (Chukwuma, 2005). Triple the amount (i.e. N31.0bn $\times$ 3) has been realised between 2006 and 2018. The major prerequisites for obtaining SMEEIS funds by SMEs are: a maximum asset base of N200m, excluding land and working capital; staff strength of not less than ten and not more than 300; incorporation as a limited liability company and compliance with all relevant regulations of the Companies and Allied Matters Act (1990) such as filing of annual returns, including audited financial statements; and compliance with applicable tax laws and rending of regular returns to the appropriate authorities. In addition to previous funding programmes, the Nigerian Government initiated entrepreneurial funds to stimulate the creation of new businesses among youths and women population such the YouWin Enterprise Initiative of 2011–2014, and the Social Intervention Programme of 2015–2019 for which about half a trillion was allocated in the 2016 budget.

Considering the monumental amount of fiscal appropriation by governments for SMEs' funding, this paper examines their availability, accessibility and affordability, and impact on the growth and development of SMEs using Enugu state as case illustration. Specifically, it seeks to find answers to the following questions:

(1) Are government funding schemes publicised, accessible and affordable to SMEs' entrepreneurs?

(2) Have government funding schemes enhanced the growth and development of SMEs in Enugu state?

(3) What are the major constraints encountered by SMEs in the process of accessing government funds?

Literature review/theoretical framework

An exploration of the concept, character and importance of SMEs, as documented in the literature, explains why the Nigerian Government has being investing tremendously to enhance the growth and development of SMEs. These shall be explored here with a view to provide a guide for the inquiry being pursued here.

The concept of small and medium enterprises

Although, there is no generally accepted definition of SMEs, however, the exploration of its definitions, as given by different authors in this paper, is to enable us set some limits (i.e. lower and upper) that will assist raising the required indices for achieving the set purpose. Such limits shall indicate level of capitalisation, personnel, sales volume, etc. From these, we shall be able to arrive at a definition that is useful in the present context. From the definitions reviewed, three characteristics of SMEs were identified as small share of capital, managed by its owner(s) and it must be independent of other large enterprise.

In advanced industrial countries, annual turnover and the number of paid employees are the key variables for defining SMEs (Aryeetey, 1995). Thus, the International Finance Corporation (IFC) defined SMEs as enterprise employing between 10 and 100 employees and with asset base of less than US$2.5m (IFC, 2002). This definition is weak and misleading because it failed to factor in the size of markets or the economy, which varies from country to country as a result of the level of development. In the US, British, German, Russian, Canadian economies, for instance, enterprises with such statistics can be said to be SMEs, but in Africa and many Asian countries, they are not. In Ghana, for instance, SMEs are defined by their sales volume (turnover) not greater than c300,000 (300,000 cedis) and plant and buildings valued at no more than c100,000 (excluding land, building and vehicle) and employee of nine persons or less (Okraku and Croffie, 1997). The National Industrial Development Finance Company (NIDFC) of Sierra Leone defined it as a business with a capital not exceeding US$5,000 and with employees not exceeding 16 (Rogers-Wright, 1997). Similarly, the Nigerian Central Bank using fixed assets, gross output and number of employees as common measure, defined it as enterprises whose total investment (including land and working capital) does not exceed N500,000 – an equivalent of US$1,282, and/or annual turnover does not exceed N5m – an equivalent of US$12,820 as at 2019 (see FRN, 1988). However, with the 1997 re-classification of enterprises in Nigeria by the National Council on Industry, SMEs were defined as enterprises that possess a total cost, including working capital (but excluding cost of land) of between N1,000,000 and N150,000,000 with a maximum of 10 and 35 employees (Iniodu and Udomesiet, 2004). The Central Bank of Nigeria adopted this as a working definition in 2000.

In spite of these conceptual variations, the number of employees, financial strength, sales' value, size of capital investment (fixed assets), relative size, initial capital outlay, value of annual turnover (gross output) and types of industry were key variables considered by the various definitions (Enquobahrie, 1997). Therefore, we adopt the definition offered by the National Council on Industry in 1997 as given above as our working definition.

For SMEs to grow and develop implies a progressive change in the statistical configuration of the above variables over a period. Such experience is enhanced by the depth of human capital, education and training, good technical and managerial skills, access to finance, favourable policies, etc. On the contrary, the evolution and growth of SMEs are limited by poor access to financing, lack of capital, epileptic power supply, high cost of machinery maintenance and its maintenance, poor personal attributes, skills and competencies of the individual managers, high rate of taxes and multiple taxation, poor infrastructural facilities, low level of information and communication technology (ICT) knowledge, insecurity, inability to absorb most uncertainties and risks confronting business organisations, financial mismanagement and marketing issues (Smith and Watkins, 2012; Stokes and Wilson, 2006). Specifically, Malik *et al.* (2004) identified infrastructural constraints, access to credit and the broader macroeconomic conditions affecting the demand for goods produced as major factors limiting the growth of SMEs in Nigeria.

Small and medium enterprises' performance/growth

Performance is the strategic measure of the level of realisation of an enterprise goals, success or failure (Ostgaard and Birley, 1995; Sefiani and Bown, 2013). The term performance is synonymous with growth, survival, success and competitiveness (Dobbs and Hamilton, 2007; Wolff and Pett, 2006). It refers to the enterprise's ability to create targeted outcomes and actions, i.e. how an enterprise is performing against its set targets. An enterprise performance symbolises its strengths and/or weaknesses. This requires that the management of SMEs must possess the ability to generate positive changes after perceiving market opportunities; adapting to environmental needs to achieve set goals; and possessing technical, material and financial resources and innovative skills to drive strategic improvements in the production and supply processes (Soriano, 2010).

Consequently, the relationship between inputs, process, outputs and outcomes defines the performance of SMEs (Mihaiu, 2014). Input is the independent variable in this case while all others are dependent on input for their outcome. Government policy and funding are primary input factors in any business enterprise (OECD, 2009; Aremu and Adeyemi, 2011; Kongolo, 2010). While government policies strengthen opportunities for SMEs to develop, funding enables them to acquire human and material resources, facilities and instrument required for production, distribution and sale of products. Any problem or limitation in the availability of the duo fundamentally impairs the performance and growth of the enterprise.

Government policy and funding schemes for small and medium enterprises in Nigeria

Government policy for entrepreneurship activity or SMEs comes in the forms of creating rules for social and customer's values, favourable environment for industry and business activities, requirements and bureaucratic procedures for registration, intervention and funding, etc. (Naudé *et al.*, 2011; Sathe, 2006). The nature of any of these policies frame can hinder or facilitate the growth and development of SMEs. For instance, hostile environments created by a harsh government policy leads to entrepreneurship's reluctance to invest in the development and expansion of new technologies, business outfits, new products or even branches. Such hostility erodes profit margins and reduces the resources available for innovation in SMEs (Zahra, 1996).

Thus, Dandago and Usman (2011), Eniola (2014), OECD (2013) observed that government, through its series of economic policies, stimulates a climate that is conducive to successful and profitable operations of SMEs. The government is expected to make provisions that encourage business environment, promulgating appropriate policies, formulating suitable schemes, providing valuable incentives, institutional support and effectively implementing programmes that have been designed (Desai, 2010; Kondaiah, 2010). Government policies orchestrate SMEs exploit, linkages and networking that led to hitching of forces and effective resources utilisation (Harvie *et al.*, 2010; Okpara, 2011). This approach characterises the government policy framework for SMEs in Nigeria.

The Federal Government of Nigeria (FGN) has the primary responsibility to promulgate policies and provide policy direction for the growth and development of SMEs in the country.

Because of SMEs' vital role in national economic growth and sectoral development, the federal government adopted the promotion of SMEs as the primary development framework in the late 1980s during the SAP regime. The federal government introduced many monetary, fiscal and industrial policy measures to promote the growth and development of SMEs that address the following:

(1) funding and setting up of industrial estates to reduce overhead costs;

(2) establishing and appropriating huge allocations to specialised financial institutions, which include the Small Scale Industry Credit Scheme (SSICSs), NIDB, NBCI, to provide technical and financial support for the SMEs;

(3) facilitating and guaranteeing external finance by the World Bank, African Development Bank and other international financial institutions;

(4) facilitating the establishment of the National Directorate of Employment (NDE) to train and initiate the setting up of new SMEs;

(5) establishing the NERFUND to provide medium- to long-term local and foreign loans to SMEs, particularly those located in the rural areas; and

(6) establishing industrial development centres to provide extension services to the SMEs in such areas as project appraisal for loan application, training of entrepreneurs, managerial assistance, product development, production planning and control, as well as other extension services (Sanusi, 2003).

The failure of all these programmes to pilot the growth and development of SMEs led the federal government to design a new policy or scheme known as Small and Medium Industries Equity Investment Scheme (SMIEIS) to tackle the challenges of financing small and medium industries in Nigeria (Ahmed, 2006). Specifically, this scheme was introduced to facilitate the flow of funds for the establishment of new SMEs, reactivation, expansion and modernisation or restructuring of existing SMEs, stimulate economic growth, develop local technology and generate employment. The scheme makes it mandatory for banks to reserve 10 per cent of their annual pre-tax profit as equity investment in SMEs. This eliminated the burden of interest and other financial charges expected from creditor in normal bank lending. The conditions attached to accessing the fund include:

(1) registration as a limited liability company with the Corporate Affairs Commission and comply with all relevant regulations of the Companies and Allied Matters Act (1990), such as filing of annual returns, including audited financial statements;

(2) payment of all applicable taxes and rendering of regular returns to the appropriate authorities;

(3) engagement in any of the specified businesses set out by the scheme;

(4) eligible industries are free to approach any bank, including those they presently have relationships with, to seek funding under the scheme; and

(5) prospective beneficiaries shall seek the opinion of third-party consultants such as lawyers, accountants and valuers in determining the value to be placed on the assets and capital of their businesses to determine a fair price during negotiations with the banks.

To enhance the effectiveness of this scheme, the government equally established the Central Bank of Nigeria Entrepreneurship Development Centres to provide basic business management skills training to SMEs and unemployed youth in the six geo-political regions of the country to enable them access and profitably utilise the SMIEIS funds. In addition, an N220bn Micro, Small and Medium Enterprises Development Fund (MSMEDF) of August 2013 was launched to provide loans at single digit interest rate to micro, small and medium enterprises (MSMEs) in the country (Ugwu, 2010). Thereafter, YouWin Enterprise Initiative of 2011–2014 and the Social Intervention Programme of 2015–2019 were introduced to promote the expansion, growth and development of SMEs and reduce the flagrant growth of unemployment and poverty in the country.

Collectively, these schemes were introduced to fast-track the development of SMEs through the provision of guarantees and funds that cushions the effect of the prevailing high interest rates and other sharp practices in banks and traditional sources of finance, develop human skills and abilities to manage funds and business activities, set the pace for industrialisation of the Nigerian economy, increase access to credit by fledging entrepreneurs and generate employment. They were designed as veritable tools for redistributing national wealth and resources that would lead to wealth creation among small-scale entrepreneurs. For instance, NERFUND, which was a World Bank intervention programme but facilitated CBN was to provide medium- to long-term loans of five to ten years to SMEs at concessionary rates of interest, thereby removing one of the most formidable limitations to SME development. Between 1990 and 1998, NERFUND disbursed US$144.9m or N681.5m in support of 218 SMEs. In the face of all these schemes, the Central Bank of Nigeria statistics reveals that loans and advances to the SMEs as a percentage of annual total loans rose from 1.8 per cent in 1980 to 8.6 per cent in 2002, and that banks preferred to pay prescribed penalties for non-compliance rather than give credit to the SMEs (Sanusi, 2003). Equally, empirical research shows that 50 per cent of SMEs will fail or fold-up within the first five years of their establishment (Keough, 2012).

Onyishi (2004), Onwukwe and Ifeanacho (2011), Onyeiwu and Liu (2011) argue that lack of appropriate funding, red-tapism, incompatible public policies goals, bureaucratic bottleneck, and/or costs for complying with government regulations and credit squeeze as most banks refusing to lend are extremely high in Nigeria. An analysis of these factors points to the fact that access to government funding programmes or schemes is a major problem to SMEs' growth and development (GEM, 2014). The entire financial services landscape, government funding programmes inclusive, exhibit a lack of access to a range of affordable, safe and reliable financial services (Igwe *et al.*, 2018). The Central Bank of Nigeria (Central Bank of Nigeria, 2005) collaborated this when it acknowledged that 65 per cent of target business entrepreneurs are excluded from access to financial services in Nigeria. This is similar in other countries like Indian where 87 per cent of the marginal farmers surveyed had no access to formal credit and 71 per cent had no access to a savings account in a formal financial institution (World Bank Enterprise Surveys, 2007). This is a great impediment to SMEs' growth and development. Such limitation is established and sustained by unfavourable fiscal policies and policy inconsistencies, poor implementation of existing but amorphous government policies concerning SMEs, which had always led to confusion and quandary in business decisions, corruption and lack of government's capacity to execute conscientiously its programmes (Oji, 2006; Omoruyi and Okonofua, 2005; Akinbogun, 2008).

The inability of most of the credit seekers to provide adequate and qualitative financial information about their past and current business activities and inability to articulate future plans of their business in support loan demands equally contribute to access problem (Okafor and Onebunne, 2012; Mumbula, 2002). To aggravate the scenario, they do not provide the required or good collateral to guarantee the credit (Okafor, 2008). As small businesses are perceived as risky borrowers, fund providers attempt to minimise the credit risk exposure, thereby offering small amount of loans to SMEs at very high cost and denying many their applications.

In the face of these limitations, meagre release of funds at high cost and difficulty in accessing government fund interventions, only few studies investigate the effect of government support on the growth and development of SMEs. Eniola and Entebang (2015) observed that government intervention and funding policy has a significant impact on the competitiveness of SMEs only. Shariff, Peou and Ali (2010) established a positive relationship between some variables, including financing on the growth and performance of 220 SMEs studied in Cambodia. However, the study did not explore the impact on government intervention funds, but investigated financing in general, although it confirmed the positive role played by government policy, which served as moderator in such relationships. Other studies like Dandago and Usman (2011), Eniola (2014), OECD (2009, 2013), Adejugbe (2013); Nguyen *et al.* (2009); Sobri *et al.* (2011), Edward (2012), Taiwo *et al.* (2016), etc. explored the impact of SMEs' financing on economic development, the impact of financing on the performance of SMEs and government's role in evolving and managing economic process for stable SMEs' growth and development. It is, therefore, imperative that available studies critically investigated the effect of effective financing on the performance of SME; commercial banks' credit and SMEs' development and the effect of SMEs' financing on economic development among others with little or no attention on the effectiveness of government SMEs' funding schemes. This current research is an attempt to fill the gap.

Materials and methods

The research adopted the survey method of inquiry. There are two stages or sources of data collection for this study. First, using the secondary method of data collection, official documents and official gazettes were consulted in search of the relevant government policies on industrial development and SMEs in Nigeria. We also collected data from books, journals, internet materials, conference and workshop papers. Secondly, structured questionnaires were used to collect data from the chief executive officers or general managers of SMEs as respondents. The study was carried out in Enugu – the state capital, Nsukka, and Oji because clusters of SMEs in Enugu state are located there. With the aid of Guilford and Flruchter (1973) formula for estimating sample size, a study sample of 363 respondents was derived from a total population of 3,847 registered SMEs in the state. The 363 respondents were evenly distributed among the three study centres of Enugu, Nsukka and Oji.

In distributing the 363 questionnaires, the researchers embarked on familiarity visits to the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) zonal offices in the three urban centres studied, which afforded them the opportunity to solicit for their assistance in sensitising their members, distributing and collecting the completed questionnaires. Thereafter, the researcher went back and collected the completed questionnaires from them. The questionnaire was earlier given to three lecturers in the Faculty of Management Sciences, University of Nigeria – Enugu Campus for validation. Later, copies of the questionnaire were distributed to a sample population at Awka – the Capital of Anambra state, differs from the real study sample to test its reliability. Addressing scale reliability or the issues of possible common method variance, Spearman's reliability test was conducted for the pilot data sets collected wherein a confidence intervals of 95.0 per cent was established. This indicates that the reliability of the scales is reasonably high, thus depicting high internal consistency among the measurement items.

Statistical tables, percentage mechanism and one-way ANOVA tool in SPSS software version 20.0 were used to analyse the data generated during the actual field work. The analysis employed descriptive statistics to explore the mean/mean deviation of the dependent variable; pairwise comparison and univariate tests to establish the differences and level of significance in the variations of the response of the dependent variable. The differences in their responses are significant at 0.05. These helped the researchers to establish and arrive at conclusions. This was complemented by content analysis of data generated from review of literature.

Data analysis/results

Demographic data of respondents

An analysis of data in Table 1 reveals 215 respondents representing 59.2 per cent are males, while 148 respondents, i.e. 40.8 per cent, are females. Further, 36 respondents, i.e. 9.9 per cent, are of the age bracket of 18–27years; 126, i.e. 34.7 per cent, fall within with 28–37 years; 155, i.e. 42.7 per cent, are of the age bracket 38–47 years; and 46 i.e. 12.7 per cent are of 48 years and above. Educationally, 12 respondents, i.e. 3.3 per cent lack basic education; 162, i.e. 44.6 per cent, acquired basic secondary education, while 190 respondents acquired 52.3 per cent post-secondary education. The implication of the age and educational statistics obtained thereof is that the respondents are both energetic and literate enough to understand the nature, requirements and processes through which government funds can be accessed. The sample is also amenable to sensitisation and mobilisation programmes. Further, the same Table 1 reveals that out of the 363 SMEs studied, 63, i.e. 17.4 per cent, are trading concerns; 84, i.e. 23.1 per cent, are in the handcraft and artisan sector; 100, i.e. 36.3 per cent, are in the transportation and service sectors; 55, i.e. 15.2 per cent, are cottage industries, while 61 representing 16.8 per cent are in the education sector. The sample is, therefore, a fair representation of prominent SME sectors prevalent in Nigeria, particularly Enugu state.

Findings/discussion

The publication, accessibility and affordability of government funding schemes to SMEs:. The results of the univariate analysis of responses to questions in Table 2 shows that the majority of the respondents do not have the full knowledge of government SMEs' funding programmes. Their responses grand mean of 2.12 representing "Disagreed" in our Likert scale and whose significant difference of 0.000 and confidence interval were not subject of modification according to pairwise comparison led to this conclusion.

		Gender		Age (years)				Education			Nature of enterprise				
City	Total	*a*	*b*	*c*	*d*	*e*	*f*	*g*	*h*	*i*	*j*	*k*	*l*	*m*	*n*
Enugu	121	63	58	15	46	49	11	-	46	75	21	27	34	19	20
Nsukka	121	72	49	10	38	55	18	5	55	61	18	31	25	23	24
Oji	121	80	41	11	42	51	17	7	61	54	24	26	41	13	17
Total	363	215	148	36	126	155	46	12	162	190	63	84	100	55	61

Note(s): *a*: male;
b: female;
c: 18–27;
d: 28–37;
e: 38–47;
f: 48 and above;
g: primary/no education;
h: Secondary education;
i: Post-secondary education;
j: Trader;
k: Handcraft and artisan;
l: Transportation and service sectors;
m: Cottage industries;
n: Education
Source(s): Filed work, 2019

Table 1.
Demographic data of respondents

S/n	Research questions	Grand mean	SD	Standard error	Tests of between-subjects effects	Significance	Pairwise comparisons
RQ1: Are government funding schemes publicised, accessible and affordable to SMEs' entrepreneurs?							
1	You have the full knowledge of government SMEs' funding programmes	2.12	0.135	0.232	123.111	0.000	At 95% confidence interval, no adjustments
2	You gained a fair knowledge of government SMEs' funding through public sensitisation and mobilisation programme	4.45	1.087	0.053	428.117	0.000	At 95% confidence interval, no adjustments
3	Government SMEs' funding programmes are accessible and affordable to your business enterprise	2.45	1.010	0.001	430.220	0.001	At 95% confidence interval, no adjustments
RQ2: Has government funding schemes enhanced the growth and development of SMEs in Enugu state?							
4	Government SMEs' funding programmes increased the capital base of your enterprise(s)	1.40	0.806	0.037	741.378	0.000 and 0.001	At 95% confidence interval, no adjustments
5	Government SMEs' funding programmes led to the expansion of your enterprise(s)	1.40	0.806	0.037	741.378	0.000 and 0.001	At 95% confidence interval, no adjustments
6	Your access to SMEs' funding programmes led to higher annual profit and increased personnel recruitment	2.62	1.321	0.064	505.823	0.003	At 95% confidence interval, no adjustments
RQ3: What are the major constraints encountered by SMEs in the process of accessing government funds?							
7	Lack of proper information/ knowledge about SMEs' funding programmes hinder access to such funds	4.42	0.721	0.022	519.111	0.000	At 95% confidence interval, no adjustments
8	Strict requirements and high-level conditions attached to government SMEs' funds limit entrepreneurs' access to them	4.14	0.007	0.927	204.221	0.002	At 95% confidence interval, no adjustments
9	Rigorous and time-consuming processes involved in accessing SMEs' funding programmes discourages entrepreneurs' involvement in them	3.75	1.016	0.071	230.000	0.001	At 95% confidence interval, no adjustments
10	Corruption and the unwillingness of funds managers to approve SMEs' requests are basic limitations to accessing such funds	4.21	0.219	0.336	852.017	0.000	At 95% confidence interval, no adjustments

Source(s): SPSS analysis of responses to research questions

Table 2. Results of SPSS analyses of responses to questions

The results of the analysis to Question 2 in the same Table 2 reveal that the majority of the respondents admitted that they have a fair knowledge of government SMEs' funding, which they derived from SMEs' public sensitisation and mobilisation programme. This conclusion was derived from their responses grand mean of 4.45 representing "Agreed" in our Likert scale and whose significant difference of 0.000 was not subject to any form of modification according to pairwise comparison result. Thus, there were public sensitisation and/or awareness programme on government SMEs' schemes and majority of the entrepreneurs know about it.

However in response to Question 3, majority of them disagreed that government SMEs' funding programmes are accessible and affordable to their business enterprises. An analysis of their responses' result reveals a grand mean of 2.45, which represents "Disagreed" in our Likert scale and a significant difference of 0.001 whose pairwise comparison result reveals no modification led to this conclusion.

Therefore, this investigation observes that although government publicised its SMEs' funding scheme, which eventually caught the attentions of target entrepreneurs, such awareness programmes either in content, language or scope are partially ineffective. This is because it failed to provide comprehensive information that would have motivated or stimulated SMEs or entrepreneurs to access them. Further, the funding schemes, as manifested in the funding schemes' requirements, are elitist and therefore not meant to support or provide productive capital base for the large number of unemployed youths in Nigeria. The entire conditions attached to SMIEIS and SMEEIS funding schemes as noted by Sanusi (2003), and Ugwu (2010) validates this position. One must have an asset base within N200m, excluding land and working capital, personnel strength than ten, engage a professional consultant, register with Corporate Affairs Commission, be paying and rendering tax returns, etc., to qualify to access the funds. Most SMEs in Enugu state do not need up to N10m to grow, but they are being required to have more than N200m to qualify to access funds. The entire schemes are structured not to support the poor and are therefore a sham and ridiculous. That is why, they are not accessible and affordable.

Government funding schemes and the growth and development of SMEs in Enugu state. The results of SPSS analysis of responses to Question 4 in Table 2 further reveals that government SMEs' funding programmes did not increase the capital base of respondents' enterprises. Majority of the respondents with a total grand mean of 1.40 representing "Strongly disagreed" in our Likert scale and whose significant differences of 0.000 and 0.001 are not subject of modification as revealed by pairwise comparison test led to this conclusion. Thus, the schemes did not lead to the injection of funds into various SMEs in the state.

Similarly, the results of the analysis of responses to Question 5, which sought to find out if government SMEs' funding programmes led to the expansion of respondents' enterprises, reveal 1.40 representing "Strongly disagreed" in our Likert scale and significant differences of 0.000 and 0.001. Pairwise comparison test carried out to find out the level and nature of adjustment needed because of the level of significances shows that they are not subject of modification. Thus, we conclude that government SMEs' funding programmes did not lead to the expansion of SMEs in Enugu state.

Consequently, the results of the analysis of responses to Question 6 in Table 2, which seeks to find out if SMEs' funding programmes led to higher annual profit and increased personnel recruitment among SMEs, reveal a grand mean of 2.62, which represents "Disagreed" in our Likert scale measure and a significant difference of 0.003. Pairwise comparison test carried out to find out possible adjustment to the mean because of the level of significance difference reveals that it is not subject of modification. Thus, we conclude that government funding programmes did not lead to higher annual profit and increased personnel recruitment among SMEs

Considering the inferences that government SMEs' funding programmes did not lead to the injection of funds into various SMEs did not lead to the expansion of SMEs and did not lead to higher annual profit and increased personnel recruitment among SMEs in Enugu state; we hereby conclude innocuously that government funding schemes for the growth and development of SMEs in Enugu state are ineffective. This finding is at variance with earlier findings made by Eniola and Entebang (2015) and Shariff *et al.* (2010) to the effect that government intervention and funding policy is effective in driving SMEs' growth and development. Although these studies were carried out in different environments and cultures, the distinctive factor is that such funds were accessed and utilised their own cases, while in the present, the funding projects were lame and could not be accessed equitably by SMEs in the state. The implication of this finding for policy and its implementation and for the SMEs is that both should synergise to identify hindrances to fund accessibility and resolve same.

Major constraints of small and medium enterprises in accessing government funds. An exploration of the major factors responsible for the inability of SMEs in Enugu state to access government funding schemes reveals through an SPSS analysis of responses to Question 7 in Table 2 that lack of proper information/knowledge about SMEs' funding programmes hinder access to such funds. Majority of the respondents with a total grand mean of 4.42 representing "Agreed" in our Likert scale and whose significant differences of 0.000 is not subject of modification as revealed by pairwise comparison test, led to this conclusion. Thus, and as noted earlier, government sensitisation programme is defective either in content, scope, language and or reach. The entire sensitisation system and scheme need total overhaul and modification to create better awareness and knowledge of the funds.

Similarly, the results of the analysis of responses to Question 8 in Table 2, which sought to find out if strict requirements and high-level conditions attached to government SMEs' funds limited access to them reveal that majority of the respondents, i.e. a grand mean of 4.14 representing "Agreed" in our Likert scale accented to this with a significant difference of 0.002. Pairwise comparison test carried out to find out the level and nature of adjustment needed because of the level of significances shows that it is not subject of modification. Thus, we conclude that strict requirements and high-level conditions attached to government SMEs' funds limited access to them in Enugu state. This is in line with the earlier findings made by GEM (2014), Igwe *et al.* (2018) and the Central Bank of Nigeria (Central Bank of Nigeria, 2005). This finding had great implication for policy reforms towards lowering and changing the strict character of funds' requirements and conditions attached to them to enable easy and greater access by SMEs.

However, the results of the analysis of responses to Question 9 in Table 2 reveal that respondents withheld their opinion on whether rigorous and time-consuming processes involved in accessing SMEs' funding programmes discouraged them from accessing the funds. Majority of the respondents with a total grand mean of 3.75 representing "No opinion" in our Likert scale and whose significant differences of 0.001 are not subject of modification as revealed by pairwise comparison test led to this conclusion. Thus, rigorous and time-consuming processes involved in accessing SMEs' funding programmes should not be considered a limitation to government SMEs' intervention schemes.

Further, the results of the analysis of responses to Question 10 in Table 2, which sought to find out if corruption and the unwillingness of funds managers to approve SMEs' requests are basic limitations to accessing such funds reveal that a majority of the respondents, i.e. a grand mean of 4.21 representing "Agreed" in our Likert scale attested to it with a significant difference of 0.000. Pairwise comparison test carried out to find out the level and nature of adjustment needed because of the level of significances shows that it is not subject of modification. Thus, we conclude that corruption and the unwillingness of funds managers to approve SMEs' requests are basic limitations to accessing such funds. This finding indicates that in spite of the changing nature of government SMEs' funding schemes, anti-linkage policies and the prevailing anti-corruption crusade, which many describe as biased and ill-directed, the earlier findings made by Oyelaran-Oyeyinka (2007) and others to the effect that corruption is a major hindrance to the schemes still persists. The implication of this for Nigeria anti-corruption template is high. A conference of experts and practitioners across all sectors of Nigerian existence should organise an international conference meant to generate an effective template for fighting corruption.

Conclusion

SMEs are the principal catalyst of entrepreneurship growth and constitute the real fabric of any country's economy and growth. Appreciating these, Nigeria introduced policies that made the development of SMEs the framework of its national economic development beginning from the late 1980's SAP regime. Consequently, various governments have introduced different financial interventions and funding programmes to drive the growth of SMEs in Nigeria. Nevertheless, anecdotal evidences tend to prove that such funding programmes are hardly accessed by entrepreneurs or SMEs, which they were tended to support.

This research observes that although there is public sensitisation on government intervention funds, lack of appropriate/fair knowledge of the nature of the funds and strict requirements and high-level conditions that made the interventions elitist, rendered the government funding inaccessible and unaffordable to majority of the SMEs. These were exacerbated by the prevailing high level of corruption and the unwillingness of funds managers to approve SMEs' requests. Therefore, government intervention funds for SMEs in Enugu state, Nigeria, are ineffective in addressing their growth and development problems due to lack of access to the funds. This paper, therefore, recommends the introduction of capacity-building programmes for SMEs, establishment of management information desks, the convocation of an international conference whose ultimate goal shall be the evolution of SMEs' funding and corruption eradication templates and policy reformation that will eliminate hindrances to entrepreneurs' access to funds and inherent corruption in the system.

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