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RESEARCH ARTICLE

Government funding and micro and small scale enterprises performance in Kogi state, Nigeria

Taiwo Ibitomi[1*], Blessing Abecan John[2], Ekundayo Toba Eniolorunda[3], Olanipekun Joseph Ayedogbon[4], Bosede Feyisayo Ayedogbon[4]

[1]Department of Business Administration, University of Ilesa, Ilesa, Osun State, Nigeria
[2]Department of Business Administration, Nasarawa State University, Keffi, Nasarawa State, Nigeria
[3]Kabba/ Bunu Local Government, Kogi State, Nigeria, Account Section, Nigeria
[4]Department of Business Administration, Elizade University, Ilara Mokin, Ondo State, Nigeria

Corresponding Author: Taiwo Ibitomi. Email: taiwo_ibitomi@unilesa.edu.ng
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Abstract
Micro and Small Enterprises (MSEs) play a vital role in employment generation and economic development in Nigeria. However, inadequate access to finance remains a major challenge limiting their growth, sustainability, and overall contribution to the economy. This study examined the impact of government-led funding initiatives on MSEs performance in Kogi State, focusing on interventions by the Bank of Industry (BOI), Bank of Agriculture (BOA), and the Central Bank of Nigeria/Nigeria Incentive-Based Risk Sharing System for Agricultural Lending (CBN/NIRSAL). Employing a survey research design, data were collected from 276 owners and managers of registered MSEs, selected via stratified sampling from a population of 895 enterprises in Kogi State, with the sample size determined using the Taro Yamane formula. Descriptive statistics and multiple regression analysis were used to analyze the data. Results indicate that funding from BOI and CBN/NIRSAL significantly enhances MSEs performance ($p < 0.05$), while BOA funding shows no statistically significant impact. These findings underscore the pivotal role of targeted government financing in improving MSEs outcomes, provided access barriers and institutional inefficiencies are addressed. The study recommends increased funding allocations to BOI and CBN/NIRSAL to expand financial support for MSEs across Kogi State. It also recommends the restructuring of BOA lending frameworks and improved awareness and outreach programmes to ensure equitable access to financing opportunities for MSEs.

Keywords: Bank of Industry; Bank of Agriculture; Government Funding; Micro and Small Enterprises; Performance

1. Introduction

Micro and Small Enterprises (MSEs) are widely recognised as the backbone of emerging economies due to their capacity to stimulate inclusive growth, generate employment, and alleviate poverty. Globally, MSEs contribute over 40% to Gross Domestic Product (GDP) in developing nations (World Bank, 2022), yet their survival and growth remain constrained by inadequate access to finance. In Nigeria, where unemployment and underemployment remain pressing challenges, MSEs account for a significant share of economic activity, making

their sustainability critical for national development. Kogi State, strategically located in the confluence region of Nigeria, represents a microcosm of this national challenge. Despite the vibrancy of its trade, manufacturing, services, and construction sectors, MSEs in the state continue to grapple with financing constraints. Access to affordable credit has long been identified as one of the most persistent barriers to MSEs performance, limiting their ability to acquire modern technology, raw materials, and skilled labour necessary for competitiveness and survival (Cook, 2021; Eze & Olowu, 2023). In Nigeria, the funding gap is further aggravated by reliance on personal savings and informal credit systems, which are often inadequate and unstable (Ibrahim, 2022). Formal financial institutions typically demand collateral and high interest rates that exclude most MSEs from accessing credit (Ryan & McCann, 2024). To mitigate these challenges, the Nigerian government, through key institutions such as the Bank of Industry (BOI), Bank of Agriculture (BOA), and the Central Bank of Nigeria (CBN) via NIRSAL, has introduced financing schemes and capacity-building initiatives designed to foster enterprise establishment, survival, and modernization (Ishaku, 2021; Myers, 2023).

The novelty of this study lies in its integrated, multidimensional, and context-sensitive assessment of government financing interventions and their influence on Micro and Small Enterprise (MSE) performance in Kogi State, Nigeria. Unlike prior studies that predominantly emphasize financial outcomes such as profitability, turnover, and revenue growth, this research extends the discourse by incorporating non-financial performance dimensions, including enterprise sustainability, modernization, operational resilience, and growth capacity, which are increasingly recognized as critical indicators of long-term enterprise viability in emerging economies. Furthermore, the study contributes methodological and empirical innovation by comparatively evaluating the interventions of the Bank of Industry (BOI), Bank of Agriculture (BOA), and CBN/NIRSAL within a unified analytical framework, thereby enabling a deeper understanding of the relative effectiveness of multiple public financing mechanisms. The study also addresses the limited subnational evidence in the Nigerian enterprise finance literature by providing context-specific insights from Kogi State, an under-explored region with distinct institutional and economic dynamics. Consequently, the research enriches existing scholarship on public sector financing and enterprise development while offering evidence-based policy implications for enhancing the design, accessibility, and efficiency of government funding programmes targeted at MSE sustainability in developing economies.

Beyond its traditional economic role, government funding has emerged as a critical strategic instrument for enhancing the performance, resilience, and long-term sustainability of MSEs. Existing empirical evidence suggests that targeted financial interventions significantly improve non-financial performance outcomes, including enterprise expansion, operational efficiency, innovation capability, adaptability, and business sustainability (Oduro & Haylemariam, 2025). In Kogi State, MSEs occupy a pivotal position within the local economy due to their strong linkages with communities, customers, and supply networks, making them essential catalysts for grassroots economic transformation (El-Yaqub, et al., 2025; Toromade & Chikezie, 2024). Access to government-supported financing initiatives enables these enterprises to strengthen productive capacity, adopt modern technologies, improve managerial capabilities, and create sustainable employment opportunities. Moreover, the flexibility and localized nature of MSEs enhance their ability to respond to changing market conditions and developmental needs, thereby positioning them as vital drivers of inclusive economic growth, enterprise sustainability, and broader socio-economic development in Nigeria (El-Yaqub et. al. 2025; Emuoboh, et al., 2026).

This study contributes to filling this gap by providing a state-focused empirical analysis of government funding interventions. Unlike most prior works that emphasize financial outcomes such as profitability or income generation, this research prioritizes non-financial performance dimensions, which are equally crucial indicators of sustainability in resource-constrained contexts. By situating the analysis within Kogi State, the study provides

context-sensitive insights that can inform both policy reforms and enterprise strategies. The study is guided by the following research questions:
Does Bank of Industry (BOI) funding significantly affect the performance of MSEs in Kogi State? ; To what extent does Bank of Agriculture (BOA) funding impact MSE performance in Kogi State?; Does CBN/NIRSAL funding significantly influence the performance of MSEs in Kogi State? . From these questions, the study objectives were formulated to assess the impact of BOI funding, BOA funding, CBN/NIRSAL funding on MSEs performance in Kogi State.

Correspondingly, the null hypotheses are:
H_{01}: BOI funding has no significant effect on MSE performance in Kogi State.
H_{02}: BOA funding has no significant effect on MSE performance in Kogi State.
H_{03}: CBN/NIRSAL funding has no significant effect on MSE performance in Kogi State.

By addressing these questions, the study makes three contributions. First, it offers context-specific evidence on government funding impacts at the subnational level, where policy outcomes are most visible. Second, it shifts analytical attention from financial to non-financial performance indicators, broadening scholarly understanding of what constitutes MSE sustainability. Third, it provides actionable insights for policymakers and funding agencies seeking to optimize intervention frameworks and for entrepreneurs aiming to leverage public financial programs.
The paper is structured into five sections. The introduction presents the background, research problem, objectives, hypotheses, and significance of the study. The literature review examines relevant theoretical, conceptual, and empirical studies on government funding and MSEs performance. The methodology section explains the research design, sampling procedures, data collection methods, and analytical techniques employed. The data analysis and discussion section presents and interprets the empirical findings using descriptive and inferential statistics. Finally, the conclusion and policy implications section summarises the key findings and provides recommendations for improving government funding interventions for MSEs in Nigeria.
This research therefore enriches the literature on enterprise finance in emerging economies and provides a practical roadmap for strengthening MSEs resilience in Nigeria.

2. Literature Review

2.1 Conceptual Review

2.1.1 Micro and Small Enterprises

The definition of Small and Medium Enterprises (SMEs) varies across countries and institutions due to differences in economic structures, levels of industrial development, and policy orientations (Emuoboh, et al., 2026). However, common classification criteria typically include the number of employees, asset base, annual turnover, capital investment, and ownership structure. In the Nigerian context, SMEs are generally classified using indicators such as workforce size, financial capacity, sales volume, and operational structure, with such classifications often shaped by institutional guidelines and sector-specific considerations (Ogbotor & Nwabudo, 2025). These definitional variations highlight the dynamic and context-dependent nature of SMEs, as well as their critical role in fostering economic growth, job creation, and overall enterprise development.
The concept of micro and small enterprises has many definitions because they have been viewed differently by various authors and institutions. Moreover, the definitions vary from country to country as what is term small

enterprise may not be small business in another country. Common criteria used for defining MSEs include number of employees, total asset and annual turnover. Some of the most popular definitions are as follows:

Table 1. Bank of Industry's (BOI) Definition for Micro and Small Enterprises

S/N	Category of Enterprise	Micro Enterprise	Small Enterprise
1	Number of employees	Less than or equal to 10	Between 11 and 50 inclusive
2	Total Asset (₦)	Less than or equal to 50 million	Between 5 and 100 million inclusive
3	Yearly Turnover (₦)	Less than or equal to 20 million	100 million and above

Source: PwC survey, 2020

Table 2. SMEDAN National Policy on MSEs Definition

S/N	Category of Enterprise	Micro Enterprise	Small Enterprise
1	Number of employees	Less than 10	Between 10 and 49 inclusive
2	Total Asset (₦)	Less than 5 million	Between 5 and 500 million inclusive

Source: PwC survey, 2020.

Table 3. National Policy on MSMEs Definition

S/N	Category of Enterprise	Number of Employees	Turnover (₦ million)
1	Nano/ House stead enterprises	1 -2	Less than 3
2	Micro	3 -9	3 -25 inclusive
2	Small	10 -49	25 and above but less than 100

Source: The 2021-2025 National Policy on MSMEs

The definition of National Policy on MSMEs will be adopted in this study because it is the most advanced and most recent definition.

2.1.2 Micro and Small Enterprises Performance

Performance refers to the extent to which an organisation achieves its specified goals and objectives. These goals may be financial or non-financial in nature. Financial performance is typically assessed using monetary measures such as profitability, liquidity, and leverage ratios (Ibrahim, 2022; Sefert et al., 2018). By contrast, non-financial performance indicators focus on dimensions that cannot be directly quantified in monetary terms but are equally critical for long-term sustainability.

In this study, performance is measured using non-financial indicators, growth, survival, and modernisation. Two main considerations informed this choice. First, the unavailability and inaccessibility of reliable financial reports among many micro and small enterprises (MSEs) in Kogi State limit the feasibility of using financial measures. Second, the promotion of growth, survival, and modernization of MSEs are among the core objectives of government funding programs in Nigeria, making these indicators more aligned with policy goals and intervention frameworks (CBN, 2022; Ibrahim 2023).

This approach also aligns with contemporary literature, which argues that non-financial performance metrics capture the broader developmental role of MSEs in emerging economies, particularly in contexts where financial reporting practices remain weak (Adegbola et al., 2023).

2.1.3 Government Funding of Micro and Small Enterprises

Government funding refers to a range of fiscal and institutional intervention programs designed to improve access to finance for MSEs. These initiatives typically provide services such as grants, low-interest loans, credit guarantees, and capacity-building support, aimed at enhancing enterprise establishment, sustainability, and competitiveness (Adegbite et al., 2024; CBN Guideline, 2014).

In Nigeria, government-backed financial institutions and agencies such as the Bank of Industry (BOI), Bank of Agriculture (BOA), the Central Bank of Nigeria (CBN) through NIRSAL, and the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) play critical roles in bridging financing gaps for MSEs (Ariyo, 2024; Cohen et al 2018). These programmes were established to mitigate persistent challenges faced by small enterprises, particularly their limited access to affordable credit, which continues to hinder growth and modernization.

i. ***Bank of Industry (BOI)***

The Bank of Industry Limited (BOI) was established in October 2001 through the consolidation of four development finance institutions: the Nigerian Industrial Development Bank (NIDB), the Nigerian Bank for Commerce and Industry (NBCI), and the National Economic Reconstruction Fund (NERFUND). Its mandate is to provide financial support for the creation of large, medium, and small enterprises, as well as to assist existing businesses in expanding, diversifying, and modernizing their operations. BOI also plays a role in rehabilitating distressed industries, with a substantial proportion of its resources devoted specifically to supporting micro, small, and medium enterprises (Afolabi et al., 2023; BOI, 2021).

ii. ***Bank of Agriculture (BOA)***

The Bank of Agriculture (BOA) was established in 2000 through the merger of the Nigerian Agricultural Cooperative Bank (NACB), the Peoples Bank of Nigeria, and the Family Economic Advancement Programme (FEAP). Its primary mandate is to provide affordable financial services to rural farmers, cooperatives, and MSEs. However, despite its objectives, the BOA faces a major operational challenge: limited outreach. Studies indicate that over 80% of its target beneficiaries remain excluded from its services due to inadequate branch networks and logistical constraints (Anochie et al., 2024; Tayakol & Dennick, 2011).

iii. CBN/NIRSAL Funding

To complement these efforts, the Central Bank of Nigeria (CBN) established the Nigeria Incentive-Based Risk Sharing System for Agricultural Lending (NIRSAL), a specialized institution aimed at de-risking agricultural lending and improving credit flow to MSEs. NIRSAL provides credit guarantees, insurance, technical assistance, and other financial support mechanisms to encourage commercial banks and investors to lend to small enterprises. By addressing financing risks, NIRSAL strengthens the establishment, growth, and survival prospects of MSEs, particularly in the agricultural sector, which is central to Nigeria's economy (Oni & Nwankwo, 2023).

2.2 Conceptual Framework

The link between the dependent variable (Government funding) and the performance of micro and small enterprises is explained in Figure 1 below:

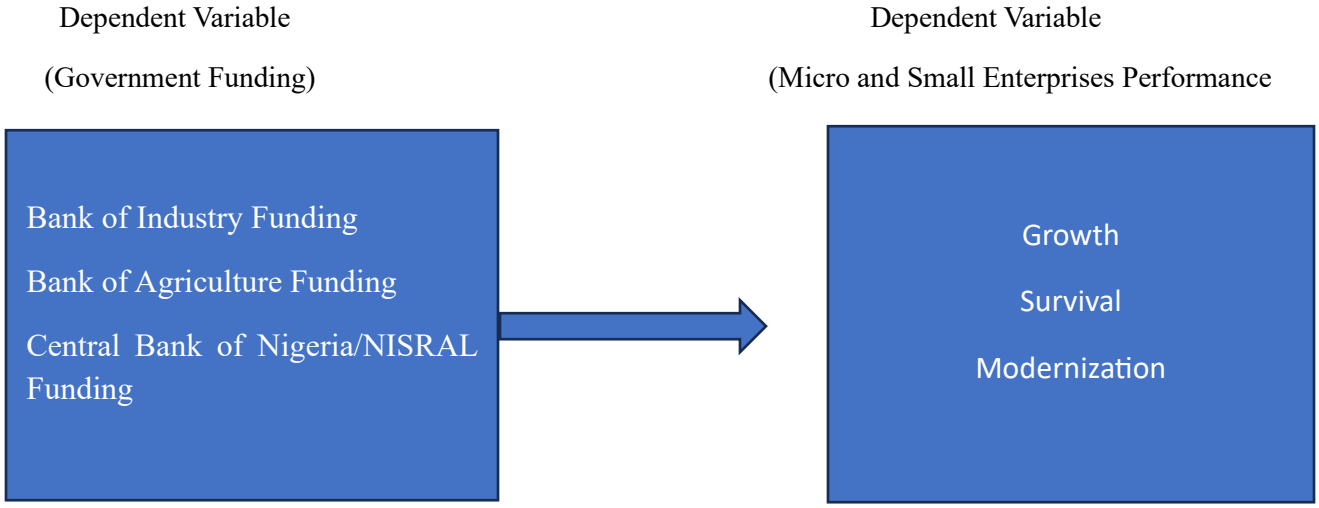

Figure 1: Conceptual Framework

Government funding through development financial institutions such as BOI, BOA and CBN/NISRAL provides affordable funds needs for micro and small business to achieve business objectives in terms of growth, survival and modernization, leading to general improvement in non-financial performance.

2.3 Theoretical Review

Theoretical review examines frameworks that explain the relationship between the independent and dependent variables in a study. In this research, the independent variable is government funding interventions (BOI, BOA, CBN/NIRSAL), while the dependent variable is MSE performance measured in terms of growth, survival, and modernization. Two theories are particularly relevant: the Financial Growth Theory and the Trade-Off Theory. These theories provide conceptual grounding for understanding how access to finance affects the performance trajectory of micro and small enterprises in Kogi State.

Financial Growth Theory

The Financial Growth Theory, propounded by Berger and Udell (1998), posits that a firm's financing needs and financing options evolve systematically as the business grows, gains experience, and becomes more transparent. According to the theory, at the early or infant stage, firms typically rely on internal financing such as personal savings, retained earnings, and informal sources including trade credit. At this stage, external financiers are often reluctant to provide loans due to limited track records and weak financial disclosure. As businesses grow and accumulate experience, their financial information becomes more transparent, improving credibility. This progression increases their access to intermediate forms of financing such as medium-term bank loans and equity financing. Finally, at the maturity stage, enterprises that demonstrate financial discipline and sustainability can access long-term debt and capital markets (Ishaku, 2021).

The Financial Growth Theory is highly relevant to this study because most MSEs in Kogi State are still at the infant or early growth stage, where access to formal credit from commercial banks remains severely constrained.

These enterprises often lack adequate collateral, financial statements, and credit history, which restrict their ability to secure conventional financing. Consequently, they are heavily dependent on government-backed funding initiatives such as those provided by the BOI, BOA, and CBN/NIRSAL. By applying this theory, the study underscores that:

Government funding acts as a substitute for unavailable market-based financing at the early stages of enterprise development.

Performance outcomes such as growth, survival, and modernization depend on the extent to which government funding programs bridge this early-stage financing gap.

As MSEs mature, continued access to structured financial support can accelerate their transition from informal, survival-oriented businesses into sustainable enterprises that contribute significantly to employment and GDP.

Thus, the Financial Growth Theory provides a strong conceptual justification for analyzing the impact of government funding on MSE performance, particularly in regions like Kogi State, where enterprises are predominantly small, young, and financially excluded.

2.4 Empirical Review

Empirical review covers a detailed appraisal of recent past empirical studies that are related to the at hand. This appraisal is necessary as it helps to identify gaps, thus providing a focus for the current studies. The studies being reviewed include Samaila et al. (2023), Adegbola, et al. (2022), Ibrahim (2022), Ishaku (2021), PwC (2020), Alabi and David (2019) and Fred, et al. (2018).

Samaila, et al. (2023) carried out a study to evaluate the extent to which government financing impacted the performance of SMEs in Sokoto Metropolis, Nigeria. The study utilized survey design which allowed data to be collected through a structured questionnaire. Data analysis was conducted using descriptive analysis and Chi-square. The study revealed that BOI funding had significant positive effect on SMEs performance.

In a similar study, Adegbola, et al (2022) evaluated the effect of the 2013 Central Bank of Nigeria MSMEs fund on the growth of entrepreneurship in six (6) selected states in Nigeria using on a quantitative survey design. Questionnaires were distributed to 720 SMEMs six states that cut across all the six geopolitical zones of Nigeria. Data gathered were analyzed using descriptive and Pearson Product Moment Correlation Coefficient (PPMCC), aided with SPSS 23 software. Results revealed that the growth of entrepreneurship had significant positive strong correlation with CBN MSMEs in a few Nigerian States.

Ibrahim (2022) investigated government financial support and performance of MSMEs in Nigeria. Specifically, the study assessed the influence of CBN loans via its subsidiary NIRSAL on the performance of MSMEs. Data was gathered through online electronic survey (google form). The data collected were analyzed data was using percentage bar charts and chi - square. Results revealed that CBN Loan schemes had significant positive effect on the performance of MSMEs in Nigeria.

In a related study, Ishaku (2021) focused on the effect of government funding on the promotion and development of SMEs in Lagos State, Nigeria. To achieve this, survey research design was employed and data were collected through a structured questionnaire from 400 respondents selected from 3,818 registered SMEs. Stratified sampling technique was utilized and descriptive analysis and multiple regression analysis were used to analyse data. Results showed that BOI and BOA funding had significant positive effects on the performance of SMEs in Lagos State.

PwC (2020) examined the extent to which MSMEs in Nigeria have access to fund using survey method. The study revealed that the major constrained facing MSMEs in Nigeria is access to fund and that this is capable of reducing the growth and development of the sector. The study further identified market failures and imperfections as the

major cause of the problem. The study also revealed that between 50 percent and 70 percent MSMEs in Nigeria are stuck in "unserved and underserved" problem in terms of credits from financial institutions. Thus, a large credit gap exists especially in Nigeria.

Alabi and David (2019) carried a study to determine whether government policies impacted SMEs growth in South-West, Nigeria, covering on the six states in the region. Adopting both descriptive survey design and ex-post facto research design, the researchers collected both primary and secondary data. Primary data were collected through a structured questionnaire while descriptive and inferential analysis were conducted, with the aid of Social Packages for Social Sciences (SPSS). Result revealed that government policies had positive impact on SMEs performance in South-West Nigeria.

Fred, et al. (2018) carried out a study to explore the impact of financial assistance on the performance of SMEs in three states in Nigeria. The researchers employed mixed methods, collecting quantitative data through a structured questionnaire from 360 respondents (SMEs owners/ managers) and qualitative data from twenty (20) respondents through semi-structured interview. Data collected through questionnaire were analyzed using statistical analyses- descriptive analysis and multiple regression while thematic analysis was used to analyzed data collected through interview. Results showed that financial assistance had significant positive impact on the performance of SMEs.

3. Methodology

This study employed a survey research design, which is appropriate for examining the impact of government funding on the performance of MSEs without manipulating the independent variable (Bryman, 2016).

The population comprised all 895 registered MSEs in Kogi State, drawn from trade, services, manufacturing, and agriculture sectors. Registered enterprises were targeted since only they qualify for government funding. Using Yamane's (1967) formula with a 5% margin of error, a sample size of 276 MSEs was determined. A stratified sampling technique was employed to ensure fair representation across the three senatorial districts (East, Central, and West), with 92 enterprises selected from each zone.

Data were collected using a structured questionnaire, divided into two sections: Part A (respondents' demographics) and Part B (items aligned with study objectives). All items were measured on a five-point Likert scale to ensure consistency and facilitate statistical analysis (Oppenheim, 2000).

The instrument's validity was established through expert review to confirm alignment with the study's objectives, while reliability was tested using a pilot study of 20 MSEs in Lokoja (excluded from the main survey). Cronbach's Alpha was applied, with a threshold of 0.70 confirming internal consistency (Nunnally & Bernstein, 1994). Questionnaires were administered face-to-face, ensuring a high response rate and minimizing incomplete responses.

Both descriptive and inferential statistics were employed. Descriptive statistics (mean, standard deviation, and charts) summarized the data, while multiple regression analysis was used to test the hypotheses and estimate the effect of government funding on MSE performance. The decision rule was based on t-values (≥ 1.96) and p-values (<0.05) for significance testing. Model fitness was assessed using the R-squared statistic.

The study adapted the model of Ishaku (2021), specifying MSE performance as a function of government funding sources:

$$MSE_p = f(BOI, BOA, CBN/NIRSAL) \quad \text{---------- (1)}$$

where MSE_p represents Micro and Small Enterprise performance measured using non-financial indicators such as growth, survival, and modernization.

The econometric (estimable) form of the model is specified as:

$$MSE_p = \beta_0 + \beta_1 BOI + \beta_2 BOA + \beta_3 CBN/NIRSAL + \mu \quad \text{---------- (2)}$$

Where:
MSE_p = Micro and Small Enterprises performance
BOI = Bank of Industry funding
BOA = Bank of Agriculture funding
CBN/NIRSAL = Central Bank of Nigeria / Nigeria Incentive-Based Risk Sharing System for Agricultural Lending funding
β_0 = Intercept (constant term)
$\beta_1 – \beta_3$ = Coefficients of the explanatory variables
μ = Error term (stochastic disturbance)

4. Data Analysis and Discussion

4.1 Descriptive Statistics

A total of three hundred (300) questionnaire were administered to business owners and managers across the three senatorial district of Kogi State, Nigeria. Of these, two hundred and fifty three (253) were properly completed and returned, yielding a response rate of eighty-four percent (84%). This exceptionally high response rate is regarded as excellent for survey-based research and strengthens the reliability and representativeness of the data, thereby providing a robust foundation for subsequent statistical analysis and interpretation.

Table 4. Descriptive Analysis

Variables	N	Mean	Std. Deviation	Interpretation
BOI Funding	253	3.5665	1.07176	Agreed
BOA Funding	253	2.2833	.97416	Disagreed
CBN/NISRAL Funding	253	3.6588	1.02522	Agreed
MSEs Performance	253	3.6364	.89060	Agreed

Source: SPSS Output Version 25

Table 4 presents the descriptive statistics of government funding interventions and Micro and Small Enterprises (MSEs) performance in Kogi State. The results indicate that respondents generally agreed that Bank of Industry (BOI) funding is accessible, adequate, and relatively affordable, as reflected in its mean score of 3.5665, which exceeds the decision benchmark of 3.00. In a similar vein, CBN/NIRSAL funding recorded the highest mean value of 3.6588, signifying a strong consensus among respondents that it provides effective financial support and enhances access to credit for MSEs in the study area.
Conversely, Bank of Agriculture (BOA) funding recorded a mean score of 2.2833, which falls below the acceptable threshold. This implies that respondents generally disagreed that BOA funding is adequately accessible

or effectively supporting MSEs in Kogi State, suggesting limited reach or inefficiencies in its financing framework within the study context.

Furthermore, the mean score of 3.6364 for MSE performance indicates that respondents agreed that government funding interventions positively influence enterprise outcomes, particularly in terms of growth, survival, and modernization. This underscores the perceived relevance of public financing schemes in enhancing MSEs development in Kogi state. The standard deviation values for all variables (1.07176, 0.97416, 1.02522, and 0.89060) are relatively low, indicating a high level of response consistency among respondents. This demonstrates minimal variability in opinions and confirms that the mean values are reliable indicators of the underlying data distribution.

4.2 Main Empirical Results

Table 5. Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.952a	.905	.904	. 27543

a. Predictors: (Constant), CBN/NISRAL Funding, BOA Funding, BOI Funding

Source: SPSS Output Version 25

Table 5 presents the model summary of the regression analysis examining the impact of government funding interventions on Micro and Small Enterprises (MSEs) performance in Kogi State. The result reveals a multiple correlation coefficient (R) of 0.952, indicating a very strong positive relationship between the combined explanatory variables (BOI, BOA, and CBN/NIRSAL funding) and MSE performance. This suggests that government funding sources collectively have a strong linear association with changes in MSE performance outcomes.

The coefficient of determination (R^2) of 0.905 shows that 90.5% of the variation in MSE performance is explained by the independent variables included in the model. This implies that government funding plays a highly significant role in influencing MSE performance in the study area. The adjusted R^2 value of 0.904 further confirms the stability and robustness of the model after adjusting for the number of predictors, indicating that the explanatory power of the model remains very high and not inflated by the inclusion of variables. Consequently, only about 9.5% of the variation in MSE performance is attributable to other factors not captured in the model, such as entrepreneurial skills, infrastructural challenges, access to markets, and broader economic conditions.

The standard error of the estimate (0.27543) is relatively low, indicating a high level of precision in the model's predictions and showing that the observed values closely align with the estimated regression line. Overall, the results demonstrate that the model exhibits a strong goodness of fit and provides a statistically reliable framework for explaining the impact of government funding interventions on MSE performance in Kogi State.

Table 6 presents the Analysis of Variance (ANOVA) results used to assess the overall statistical significance and explanatory power of the regression model examining the effect of government funding interventions on Micro and Small Enterprises (MSEs) performance in Kogi State. The ANOVA framework partitions the total variation in MSE performance into two components: the variation explained by the regression model and the unexplained variation (residual).

The regression sum of squares of 180.989, with 3 degrees of freedom, represents the combined explanatory contribution of the independent variables Bank of Industry (BOI) funding, Bank of Agriculture (BOA) funding, and CBN/NIRSAL funding. This value indicates the extent to which variations in government funding collectively account for systematic changes in MSE performance. In contrast, the residual sum of squares of 18.890, with 249 degrees of freedom, captures the unexplained variation in MSE performance, which may be attributed to other omitted factors such as managerial competence, infrastructure availability, market dynamics, and macroeconomic conditions. The total sum of squares of 199.879 reflects the overall variability in MSE performance across all sampled enterprises.

Table 6. Analysis of Variance

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	180.9893	60.330	795.260		.000b
	Residual	18.890	249	.076		
	Total	199.879	252			

a. Dependent Variable: MSEs Performance
b. Predictors: (Constant), CBN/NISRAL Funding, BOA Funding, BOI Funding
Source: SPSS Output Version 25

The mean square for regression (60.330) is substantially higher than the mean square for residual (0.076), resulting in an F-statistic of 795.260. This extremely large F-value indicates that the explanatory power of the model is overwhelmingly greater than the unexplained variation, demonstrating a strong and statistically meaningful relationship between government funding variables and MSE performance.
The associated significance value ($p = 0.000$) is far below the 0.05 threshold, confirming that the regression model is statistically significant at the 5% level. This implies that the joint effect of BOI funding, BOA funding, and CBN/NIRSAL funding on MSE performance is not due to chance. Consequently, the null hypothesis of no joint effect is rejected, affirming that government funding interventions collectively exert a significant influence on MSE performance in Kogi State.

Table 7: Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.961	.067		14.272	.000
	BOI Funding	1.038	.047	1.250	22.003	.000
	BOA Funding	063	.528	.069	0.119	.074
	CBN/NISRAL Funding	.338	.047	.389	7.241	.000

a. Dependent Variable: MSEs Performance
Source: SPSS Output Version 25

Overall, the ANOVA results provide strong empirical evidence supporting the robustness and validity of the regression model. They confirm that government funding mechanisms, when considered jointly, are critical determinants of MSEs performance, thereby underscoring their policy relevance in enhancing enterprise development and sustainability in the study area.

Table 7 presents the regression coefficients estimating the individual effects of government funding interventions on MSEs performance in Kogi State. The results, expressed through unstandardized coefficients (B), standardized coefficients (Beta), t-values, and significance levels, jointly explain the direction, magnitude, and statistical relevance of each explanatory variable in the model.

The constant term ($\beta = 0.961$, $p < 0.05$) indicates that even in the absence of the specified government funding interventions, MSEs performance remains positive at a baseline level. This suggests that other underlying factors such as entrepreneurial capacity, market conditions, and informal support systems also contribute to enterprise performance in the study area.

For Bank of Industry (BOI) funding, the results reveal a strong, positive, and statistically significant relationship with MSEs performance ($B = 1.038$; $\beta = 1.250$; $t = 22.003$; $p = 0.000$). This implies that an increase in BOI funding is associated with a substantial improvement in MSEs performance in Kogi State. Notably, BOI funding exerts the strongest influence among all predictors, highlighting its critical role in enhancing enterprise growth, sustainability, and operational capacity.

In contrast, Bank of Agriculture (BOA) funding shows a positive but weak and statistically insignificant effect on MSEs performance ($B = 0.063$; $\beta = 0.069$; $t = 0.119$; $p = 0.074$). Although the coefficient suggests a marginal positive relationship, the effect does not meet the conventional 5% significance level. This indicates that BOA funding currently has a limited practical impact on MSEs performance in Kogi State, which may reflect challenges such as restricted accessibility, low outreach, or inefficiencies in credit delivery mechanisms.

Similarly, CBN/NIRSAL funding demonstrates a positive and statistically significant effect on MSE performance ($B = 0.338$; $\beta = 0.389$; $t = 7.241$; $p = 0.000$). This indicates that improved access to CBN/NIRSAL funding contributes meaningfully to enhanced MSEs performance. However, its influence is moderate when compared to BOI funding, suggesting that while it plays an important supportive role, its impact is relatively less pronounced.

Overall, the regression results establish that BOI and CBN/NIRSAL funding are significant determinants of MSEs performance in Kogi State, whereas BOA funding does not exert a statistically significant effect. This finding underscores the uneven effectiveness of government financing institutions, with BOI emerging as the most impactful funding source in driving MSEs performance outcomes within the study context.

4.3 Discussion of Findings

The findings of this study demonstrate that government funding plays a critical role in enhancing the performance of micro and MSEs in Kogi State. Specifically, funding from the Bank of Industry (BOI) and CBN/NIRSAL significantly and positively influenced enterprise performance, indicating that access to affordable financing contributes to growth, survival, and modernization. This aligns with the Financial Growth Theory, which suggests that firms at the early stages of development rely heavily on external financing to overcome capital constraints (Berger & Udell, 1998). Similarly, the results are consistent with prior empirical studies (Samaila et al., 2023; Adegbola et al., 2022; Ibrahim, 2022; Ishaku, 2021), which affirmed the importance of government funding in stimulating MSMEs development in Nigeria. In contrast, Bank of Agriculture (BOA) funding, though positive, was statistically insignificant. This suggests that while BOA has the potential to support enterprise performance, its impact is limited by structural challenges such as inadequate capital base, limited branch coverage, and bureaucratic bottlenecks. This finding is in line with reports highlighting the low accessibility of BOA services,

particularly among rural enterprises (Anochie et al., 2024). The result also underscores the relevance of the financial growth Theory, as many enterprises may find the transaction costs of accessing BOA loans higher than the potential benefits, thereby discouraging uptake. Overall, the results highlight that government interventions, when effectively structured and accessible, can significantly enhance enterprise outcomes. However, inefficiencies in institutional design may hinder their full potential.

5. Conclusion and Recommendations

This study investigated the impact of government funding on the performance of MSEs in Kogi State, with specific emphasis on financing interventions from the Bank of Industry (BOI), Bank of Agriculture (BOA), and the Central Bank of Nigeria through the Nigeria Incentive-Based Risk Sharing System for Agricultural Lending (CBN/NIRSAL). The empirical evidence demonstrates that government funding significantly influences MSE performance, although the strength and effectiveness of these interventions differ across institutions. BOI funding emerged as the most dominant and statistically significant determinant of MSE performance ($\beta = 1.250$), reflecting its strong capacity to enhance enterprise growth, sustainability, and operational efficiency. CBN/NIRSAL funding also showed a positive and significant effect ($\beta = 0.389$), indicating its important but comparatively moderate role in improving access to finance and supporting enterprise development. Conversely, BOA funding, despite its positive coefficient, was statistically insignificant, suggesting that its current operational structure, accessibility constraints, and implementation inefficiencies limit its effectiveness in driving measurable improvements in MSEs performance within the study area.

These findings are theoretically grounded in the Financial Growth Theory, which underscores the importance of external financing in enabling enterprise expansion, particularly in resource-constrained environments where internal capital is insufficient for growth. The results also align with the Trade-Off Theory, which emphasizes that while external financing is essential for business development, its effectiveness depends on the balance between funding benefits, associated costs, and institutional efficiency.

In this regard, the study highlights that government funding alone is not sufficient; rather, its developmental impact is contingent on how efficiently it is structured, accessed, and distributed. The differential performance of BOI, BOA, and CBN/NIRSAL further suggests that institutional design, implementation capacity, and accessibility significantly shape the extent to which public funding translates into improved enterprise outcomes.

Despite its contributions, the study has certain limitations. Its focus on Kogi State limits the extent to which findings can be generalized to other regions with different institutional frameworks, economic structures, and business environments. The cross-sectional nature of the data also restricts the ability to capture dynamic changes in enterprise performance over time, thereby limiting causal inference. Additionally, the reliance on perceptual measures of MSEs performance may introduce subjective bias, as responses are based on respondents' assessments rather than fully objective financial records.

Future research should expand the geographical scope by conducting comparative studies across multiple states or geopolitical zones in Nigeria to enhance external validity and policy relevance. Longitudinal research designs are also recommended to better capture temporal changes in enterprise performance and strengthen causal interpretations of government funding impacts. Furthermore, future studies should incorporate additional explanatory variables such as entrepreneurial competence, infrastructural development, access to technology, and macroeconomic stability to provide a more holistic understanding of the determinants of MSEs performance in developing economies.

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