

Challenges of Government Intervention Fund and SME Survival in Lagos State

**Babatunde Musibau Adebayo LAWAL
LCU/PG/002613**

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in Accounting**

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Certification

This is to certify that **Babatunde Musibau Adebayo LAWAL** with the matriculation number **LCU/PG/002613** carried out this research work titled: **Challenges of Government Intervention Fund and SME Survival in Lagos State** in the Department of Management & Accounting, Faculty of Management & Social Sciences, Lead City University, Ibadan, Nigeria, for the award of Master of science Degree (MSc) in Accounting and this has not been previously submitted.

Dr. O. J. A. Oladejo
Supervisor

Date

Dr. T. M. Akinbo
Head of Department

Date

Dedication

This research work is dedicated to God Almighty and my family whose support is immeasurable towards the realization of this goal.

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Even though the above institution and persons have assisted in the process of this research, I alone stand responsible for the errors, if any, found in the work.

Abstract

This study examines challenges of government intervention fund and SME survival in Lagos State. Government has introduced several intervention fund over time with little or no impact on survival of Smes, IFC report in 2021 reflects a 4% decline in the no of Smes leading to the need to examine the specific issues in the areas of policy formulation and implementation of Intervention funds. The study was led by Dynamic Capability Theory, Stakeholders Theory, and Survival Base Theory. This study used descriptive survey research. This study includes all 11,643 registered SMEs in Lagos State, as reported by SMEDAN and the National Bureau of Statistics Collaborative survey in 2019. The Taro Yamme sampling size technique was used to choose 387 participants. The researchers targeted small and medium scale enterprises in Lagos State using purposive and incidental sampling approaches to pick 387 respondents from a SMEDAN interactive group. The research instrument was a structured questionnaire. To examine the instrument's reliability, 50 randomly selected respondents were tested separately from the main study participants. This isolation allowed objective instrument internal consistency evaluation. The pilot's Cronbach's Alpha value was 0.816, showing strong item consistency. Objective one identified intervention fund adequacy, repayment terms, and interest rates as significant factors impacting SME survival in Lagos State. However, the analysis suggests that these factors may not be well-suited to the specific needs of SMEs for sustainable survival, supported by a significant regression model ($F(1, 385) = 56.943, p < 0.001$). Objective two emphasizes the importance of fund accessibility, also supported by a significant model ($F(2, 384) = 217.501, p < 0.000$). However, objective three suggests awareness of government programs may not directly impact survival ($F(1, 385) = .156, p < 0.693$). Lastly, objective four highlights inadequate fund monitoring ($F(1, 385) = 42.942, p < 0.000$). The findings emphasizes the importance of intervention fund conditions in terms of repayment terms, interest rates, eligibility criteria and accessibility, as well as enhanced monitoring methods, in the survival of SMEs in Lagos State. To effectively help SMEs, policymakers should revise fund terms and eligibility requirements and improve monitoring through the use of special purpose vehicles with specialization in management of SMEs to optimize fund distribution, utilization and recovery.

Keywords: Government Intervention Fund, SMEs Survival, Intervention Fund Issues, Monitoring Adequacy, Appropriateness, SMES Profitability, Liquidity

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List of Acronyms

Abbreviation	Meaning
SMEs	Small and Medium Scale Enterprises
DCT	Dynamic Capability Theory
CBN	Central Bank of Nigeria
NEXIM	Nigeria Export-Import Bank
MSMEDF	Micro, Small and Medium Enterprises Development Fund

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Chapter One

Introduction

1.1 Background to the Study

Surviving is a basic instinct, and it is a constant battle with the environment. Businesses from around the world, frequently struggle to avoid failure or collapse in hostile environments. One of the primary goals of any business worldwide is to continue to operate and function in the face of economic, market, or internal challenges. This includes avoiding bankruptcy or closure and ensuring the long-term viability of the business. In the recent rapidly changing, dynamic, and highly competitive environment, business survival necessitates effective management, sound financial practices, adaptability to changing circumstances, and a dedication to the company's success, leading to a transformation in the relationship between business and society. Despite this, even in good economic times, the business sector is characterized by turbulence, with frequent closures and startups.

In Nigeria, the survival of SMEs is critical to the country's overall economic stability and growth. SMEs are an important source of employment, particularly in rural areas where other options are limited¹. They also contribute to economic diversification, reducing the country's reliance on oil and other natural resources. SMEs play an important role in Nigeria's development by encouraging innovation and entrepreneurship, promoting competition and consumer choice, and assisting in the development of stronger and more resilient local economies¹.

Furthermore, SMEs provide valuable support to larger firms by supplying goods and services as well as being a significant source of raw materials and labor. While the contributions of small

businesses to development are widely acknowledged, entrepreneurs face numerous challenges that limit their growth and survival. According to research on small business development, the failure rate in developing countries is higher than in the developed world². However, several issues have been identified over the years that have hampered the growth and survival of various small and medium-sized businesses (SMEs). This has had a significant impact on their contribution to Nigeria's economic growth. The lack of a conducive and enabling macroeconomic policy environment, among other issues, continues to be a barrier to survival, development, and growth^{1,2}. SMEs' survival in Nigeria is thus critical to the country's economic growth and development. To overcome the numerous challenges, they face and succeed in the long run, SMEs require assistance from the government and other stakeholders such as banks and other financial institutions.

However, measuring the survival of SMEs is a difficult task because it involves numerous factors such as financial, market, and organizational factors. Researchers have attempted to identify various indicators that can be used to measure the survival of SMEs and strategies of maintaining and improving SMEs survival over the years^{1,2,3}. The survival rate, which measures the percentage of firms that remain in business over a given period of time, is one of the most commonly used indicators. The business survival rate, measures the percentage of firms that continue to operate over a given period, regardless of whether they experience growth or decline. Financial indicators such as profitability, liquidity, and solvency are also commonly used to assess SMEs' survival^{1,4,5}. These indicators provide insight into the financial health of SMEs and aid in determining their long-term viability. SMEs' survival is also measured using market indicators such as market share, customer satisfaction, and brand reputation⁵. However, this study focused on profitability and Liquidity as metrics to measure SMEs survival. Furthermore,

the type of business structure, such as sole proprietorship, partnership, or limited liability company, has been found to have an impact on SMEs' survival⁵. As a result, there are numerous indicators that can be used to assess the survival of SMEs. Survival rate, business survival rate, financial indicators, market indicators, and organizational factors are among these indicators.

There is widespread agreement among policymakers, administrators, researchers, donors, and non-governmental organizations in all economies, both developed and developing, that small and medium-sized enterprises are a powerful driving force for industrial growth, economic development, and sustainability. In developing economies, small and medium-sized enterprises (SMEs) are widely regarded as the engines of economic growth and equitable development. They are labor-intensive, capital-saving, and capable of creating the majority of the one billion new jobs required by the end of the century. They are also seen as crucial to Nigeria's economic growth, poverty alleviation, and job creation².

Small and medium-sized enterprises (SMEs) are critical to the Nigerian economy, significantly contributing to job creation, economic growth, and the development of the country's industrial sector. The role of small and medium-sized enterprises (SMEs) in economic diversification, job creation, and long-term economic growth is widely acknowledged in the literature. Small and medium-sized enterprises (SMEs) play an important role in job creation, economic growth, equitable income distribution, and wealth creation. Approximately 96% of Nigerian businesses are SMEs, compared to 53% in the United States and 65% in Europe^{7,8,9}.

Despite their importance, SMEs face numerous threats to their survival, such as a hostile business environment, intense competition, limited access to finance, and insufficient support from the government and other stakeholders. As a result, in a country like Nigeria, small businesses continue to be the engine of growth¹. Successful small businesses would help the

economy's employment chain by providing jobs for employees and business owners, inputs for other concerns.

With their potential, SMEs in Nigeria face numerous challenges, including unviable sources of finance, inadequate infrastructure such as power supply, good roads, and water supply, among others, in the environment where the business was established, and ineffective and unfelt government policies, which is the focus of this research. SMEs are constrained by two major factors, internal factors such as entrepreneur competencies, commitment, resources, and strategic choice, and external factors such as competitors, culture, technology, infrastructure, and government policy^{10,11}. Understanding the determinants of SMEs' performance is regarded as a critical area of focus in Enterprises.

In order to address these challenges and ensure the survival of SMEs in Nigeria, the government has established a number of intervention funds and programs that provide financial and technical assistance to these businesses. The government intervention fund is intended to provide SMEs with access to affordable credit and other forms of financial assistance, allowing them to overcome the numerous challenges they face and succeed in the long run.

The effectiveness of these intervention funds in promoting the survival of SMEs in Nigeria has been hotly debated among academics and policymakers. While some argue that these funds have helped SMEs survive, others argue that they have been ineffective due to poor implementation, a lack of adequate monitoring and evaluation, or other factors^{10,12}. Despite the popular belief that assisting entrepreneurs will result in growth and job creation, not all entrepreneurial endeavors have this potential⁹. Public sector policies for entrepreneurship development should aim to transition people from necessity entrepreneurs to opportunity entrepreneurs, which can promote economic growth and development^{1,7}. In terms of the efficacy of public policies on

entrepreneurship development in Nigeria, most programs have failed to reach the larger population of expected beneficiaries and provide them with ongoing support¹¹.

Government interventions to SMEs take many forms, but the most common are business training to improve skills^{9,10}. Interventions can also take the form of financial grants or capital to entrepreneurs^{11,12}. Furthermore, business consulting can be viewed as a treatment for determining the impact of human capital on enterprise performance^{5,13}.

To that end, the Nigerian government has established a number of intervention funds to help small and medium-sized enterprises (SMEs) grow and develop. These funds are intended to address the difficulties that SMEs face in obtaining financing and to promote entrepreneurship in Nigeria. While access to finance is arguably the most important driver of intervention programs targeting SMEs in developing countries like Nigeria, there are other reasons the government implements such interventions, including but not limited to economic diversification, job creation, and economic resilience^{11,13}. The Bank of Industry (BOI), established by the government in 2001, is one of Nigeria's major intervention funds. The BOI provides long-term financing and support services to SMEs in a variety of industries. The Nigeria Export-Import Bank (NEXIM) is another intervention fund that provides financial assistance to export-oriented SMEs in Nigeria.

The Central Bank of Nigeria (CBN) has also established the Micro, Small and Medium Enterprises Development Fund (MSMEDF) to help MSMEs in Nigeria grow and develop. The CBN has also launched a number of intervention programs, including the Real Sector Support Facility, the Agricultural Credit Guarantee Scheme, the Small and Medium Enterprises Equity Investment Scheme (SMEEIS), the Small and Medium Enterprises Restructuring and Refinancing Facility (SMERRF), the Small and Medium Enterprise Credit Guarantee Scheme

(SMECGS), the Power and Airline Intervention Fund (PAIF), the Micro, Small and Medium Enterprises Development Fund (MSMEDF), and the Nigeria Incentivized Investment Fund¹⁵.

Despite all these interventions survival of SMEs still at lower rate which means there is need to look beyond provision of intervention funds to why those funds still not solve the problem of SMEs survival in Nigeria. The Nigerian government's efforts to bolster Small and Medium Enterprises (SMEs) through intervention funds programs are commendable. However, the persistently low survival rate of SMEs necessitates a deeper look. Simply providing capital seems inadequate. While numerous government interventions pump funds into Nigerian SMEs, their low survival rate necessitates a broader approach. This study zooms in on challenges influencing the efficacy of these intervention.

Other issues identified in the literature include a lack of involvement of the target population during the planning phase, a lack of integration of cultural and social factors while formulating policies (which later become barriers), politicizing the programs, and focusing on a single variable. Approximately 200 farmers who benefited from the Anchor Borrowers Programme (ABP) fail to repay the Central Bank of Nigeria (CBN) about N17 billion, exposing the limitations of real sector intervention programs¹⁶.

Furthermore, spreading the word that is limited public awareness regarding the availability and nature of intervention programs significantly hinders their effectiveness¹¹. Unfortunately, concerns linger regarding potential misuse of intervention funds in Nigeria¹². Instances of nepotism and bribery might prevent deserving SMEs from accessing this crucial support. To counter this, utilizing diverse communication channels like social media, radio broadcasts, and workshops becomes essential¹⁶. This widespread outreach ensures the target audience is informed about the existing support mechanisms. Furthermore, providing clear and

comprehensive information empowers SMEs. Transparency regarding the application process, eligibility criteria, and the terms of the financial aid allows them to make informed decisions about their participation, fostering a fairer and more effective system. Effective utilization of intervention funds demands a two-pronged approach. Firstly, robust monitoring (supply-side) ensures the allocated funds reach their intended recipients. Unfortunately, current practices in Nigeria often prioritize disbursement without adequate planning for post-funding support¹⁶. This neglects crucial aspects like assisting SMEs in utilizing the funds effectively and recovering them. Stringent oversight mechanisms are vital to mitigate the risk of misappropriation and guarantee transparency. Secondly, evaluating the programs' impact on participating SMEs (impact assessment) allows for crucial adjustments. This ongoing assessment provides valuable insights to optimize program design and delivery, ultimately fostering a more sustainable and successful support system for Nigerian SMEs. This continuous monitoring optimizes the program's design and delivery, fostering a thriving SME landscape. These aspects alongside financial interventions, a more comprehensive approach can be established. This will enhance the accessibility, effectiveness, and overall impact of government initiatives, ultimately contributing to a significant increase in the survival rate of SMEs in Nigeria.

Given the variety of challenges facing intervention programs typically launched at various levels of government, having specific targets for each program is critical. A study also argued that because SMEs is complex and diverse, government interventions should be more sensitive to what works in order to be effective¹¹. On the other hand, another study identified a lack of reliable data as a challenge to evaluating the effectiveness of public intervention programs, recommending long-term monitoring for reliable and accurate impact assessments^{12,13}. However,

most research indicating this has used experimental approaches, whereas most government interventions, particularly in Nigeria, do not.

However, small and medium-sized enterprises (SMEs) play an important role in the Nigerian economy, and their survival is critical to the country's economic growth and development. In order to develop effective strategies to support SMEs' growth and development, policymakers and other stakeholders, such as banks and financial institutions, must first understand the various challenges they face and the various indicators used to measure their survival. Understanding why government intervention programs have not produced the expected results necessitates an understanding of the obstacles to program implementation from both the implementer and beneficiary perspectives.

1.2 Statement of the Problem

The poor survival rate of SMEs in Nigeria has startled scholars in recent times, particularly in Nigeria, due to the huge challenges experienced. Despite numerous government interventions aimed at bolstering Small and Medium Enterprises (SMEs) in Nigeria through financial aid, the concerning low survival rate of these businesses compels to seek a more comprehensive approach. International Finance Corporation (IFC) report on a study in 2021 reflects a decline of 4% in number of SMEs when compared with number in 2019. This study focus the critical challenges hindering the efficacy of these programs, unveiling a complex web of issues beyond just the provision of funds. The appropriateness of the intervention funds themselves comes under scrutiny¹. Are the allocated amounts sufficient to address the diverse needs of SMEs across various sectors? Stringent repayment terms and high interest rates can stifle growth, particularly for businesses requiring significant initial investments.

The accessibility of these funds also raises concerns². Complex application procedures, coupled with stringent eligibility criteria, can create a labyrinthine process, excluding many deserving SMEs. A crucial factor hindering program effectiveness is the limited public awareness surrounding the availability and nature of these intervention programs². Many potential beneficiaries remain unaware of the support mechanisms designed to aid their growth. Furthermore, the current measures in place to monitor the allocation and utilization of these funds require stricter scrutiny^{1,2}. Inadequate oversight mechanisms leave the system vulnerable to potential misappropriation, jeopardizing the very purpose of the intervention.

This study illuminates the multifaceted nature of the problem. Simply addressing the financial aspects proves demonstrably inadequate. A broader approach is essential, encompassing a critical reevaluation of the appropriateness, accessibility, and monitoring of the intervention funds. Additionally, government policies influencing the business environment need to be examined for their impact on SME growth. Thus, compared with what other developing and developed countries that have not done beyond Nigeria Government in term of Intervention Programmes and Fund, have been able to achieve with their SMEs, the small and medium scale enterprise (SMEs) in Nigeria have fallen short of their expectation and are therefore not praiseworthy in their survival rate.

The effectiveness of numerous interventions implemented in Nigeria warrants investigation. Because SMEs in Nigeria continue to struggle to get funding, unemployment in Nigeria is high and rising, and economic diversification goals remain a mirage as oil exports continue to dominate^{5,11}. Comprehending why government intervention programs have not produced the intended benefits includes understanding the challenges faced by both implementers and applicants. To the best of the researchers' knowledge, no study has explored the challenges

facing intervention program implementation from both the supply and demand sides. However, few have investigated the problem with Nigeria's intervention programs in general or from the demand side^{9,17}. It should be emphasized, however, that a study explored credit supply difficulties from both the supply and demand sides, but not in the context of a government intervention fund or programs¹⁵.

Despite the government's assertions regarding the quantity of SMEs benefiting from their intervention programs and funding, it is imperative to evaluate the genuine impact of these initiatives, comprehend the hurdles in their implementation, and ascertain the rate of fund recovery. Additionally, the study aims to understand the factors influencing the survival of the beneficiary businesses. To this end, the study aimed to investigate the challenges of government intervention fund influencing the survival of Small and Medium Enterprises (SMEs) in Nigeria, specifically examining the case of Lagos State.

1.3 Aim and Objectives of the Study

The aim of this study is to examine challenges of government intervention fund and SME survival in Lagos State. The specific objectives were to:

- i. examine the appropriateness of intervention funds, in terms of adequacy, repayment terms, and interest rates, impact the survival of SMEs;
- ii. investigate the accessibility of intervention funds, in terms of easier access and inclusive eligibility, as it affect the survival of SMEs in Lagos State;
- iii. determine the level of public awareness among SME owners about the availability and nature of existing government intervention programs designed to support SMEs; and

- iv. determine adequacy of current measures to monitor the allocation and utilization of intervention funds influence the survival of SMEs in Lagos State

1.4 Research Questions

The following research questions were guided the objectives of the study

1. How do the repayment terms and interest rates associated with intervention funds impact the survival of SMEs?
2. What is the level of accessibility of intervention funds in terms of ease of access and inclusive eligibility, and how does it influence SME survival in Lagos state?
3. What is the extent of awareness among SME owners regarding the availability and nature of existing government intervention programs designed to support SMEs?
4. How does the adequacy of current measures in place to monitor the allocation and utilization of intervention funds influence the survival of SMEs in Lagos State?

1.5 Hypotheses

The following hypotheses were formulated to guide the objective of the study.

- H₀1: There is no significant impact of the appropriateness of intervention funds, in terms of adequacy, repayment terms, and interest rates, on the survival of SMEs.
- H₀2: The accessibility of intervention funds, in terms of ease of access and inclusive eligibility, does not significantly affect SME survival in Lagos state.
- H₀3: There is no significant association between the level of knowledge among SME owners regarding government intervention programs and the survival of SMEs.

H₀₄: The adequacy of current measures to monitor the allocation and utilization of intervention funds does not significantly impact the survival of SMEs in Lagos State.

1.6 Significance of the Study

The significance of the study on Government intervention fund and SME survival in Lagos State can be evaluated from various perspectives, including management, business owners, beneficiaries of the intervention fund, financial institutions, government and policy makers, researchers and the economy:

To the Management the study can provide valuable insights into the challenges faced by SMEs in accessing government intervention funds and the factors affecting their survival rate. This information can help managers make informed decisions on how to improve their business operations and increase their chances of survival.

Business owners can use the findings of the study to understand the benefits and limitations of government intervention funds, and how to make the most of them. The study can also provide valuable information on how to navigate the challenges faced by SMEs in accessing these funds and how to increase their chances of survival.

Financial institutions can use the findings of the study to understand the factors affecting the implementation of government intervention funds, and how they can support SMEs in accessing these funds. The study can also provide valuable information on how to improve the financial services offered to SMEs and increase their chances of survival.

For the Government and policy makers: The study can provide valuable insights into the implementation of government intervention funds, and the factors affecting their success rate.

This information can be used by the government and policy makers to develop and implement more effective policies that support SMEs and increase their chances of survival.

The study can provide valuable data and insights that can be used by other researchers to build on and expand their own research in this area. The findings can also be used to develop new theories and models that can be used to better understand the challenges faced by SMEs in accessing government intervention funds and their chances of survival.

For Beneficiaries of the Intervention Fund the study results can provide feedback on the impact of government intervention funds on the survival of SMEs and help them make informed decisions on their future investments.

On the Economy basis the survival of SMEs is crucial to the overall health of the economy, as they play a significant role in creating jobs, boosting economic growth, and promoting innovation. The findings of the study on the Government intervention fund and SME survival in Lagos State can help policymakers understand the challenges faced by SMEs and how to better support them, ultimately contributing to the overall health and stability of the economy.

1.7 Scope of the Study

This study delves into the influence of the challenges associated with government intervention funds on the survival rate of Small and Medium Enterprises (SMEs) within Lagos State, Nigeria. The study strictly focuses on Lagos State, aiming to gather insights from two distinct groups: the demand side (SMEs) and the supply side (NISAR staff). Their perspectives are crucial for understanding the practical difficulties encountered when accessing and utilizing government intervention funds. The study analyzes both the challenges posed by the intervention programs (independent variable) and their impact on SME survival (dependent variable). Challenges of the

intervention fund include the appropriateness of intervention funds, accessibility, public awareness, and monitoring adequacy, while SME survival is measured by profitability and liquidity.

1.8 Operationalization of the Variables

The purpose of this study is to examine Challenges of Government intervention fund and SME survival in Lagos State. To achieve this, two variables are X, and Y, (Challenges of Government intervention fund and SME survival) identified in the study, these are: independent, dependent variables.

$$Y=f(X)$$

The functional relationship is estimated as:

$$Y (y_1, \& y_2) = f[(X)]$$

$$X = [x_1, x_2, x_3, \& x_4];$$

Dependent Variable

Y= dependent variable – SME Survival

y₁= Profitability

y₂= Liquidity

Independent Variables

X= Challenges of Government Intervention Fund

x₁ = Appropriateness of Intervention Funds (i.e adequacy, repayment period, and interest rate)

x₂ = Accessibility of Intervention Funds (application process, and eligibility criteria)

x₃ = Awareness of Intervention Programs (publicity)

x₄ = Monitoring adequacy of Intervention Funds

1.9 Operational Definition of the Terms

Government Intervention Fund: Refers to financial support provided by the government to Small and Medium Enterprises (SMEs) to aid their growth and survival.

SME Survival: Refers to the ability of a Small and Medium Enterprise to continue operating and maintaining its stability and growth over time. It include profitability and liquidity

Profitability: The financial success of an SME, indicated by metrics such as net income, revenue growth rate.

Liquidity: The ability of an SME to meet its short-term and long term obligations as the needs arises.

Challenges of Government Intervention Fund - Various obstacles faced by SMEs in accessing and benefiting from government-provided financial support, measured by the appropriateness of intervention funds, accessibility, public awareness, and monitoring adequacy factors:

Appropriateness of Intervention Funds: The suitability of the intervention funds' terms, including repayment periods and interest rates, for the financial needs and capacities of SMEs.

Accessibility of Intervention Funds: The ease with which SMEs can apply for and obtain intervention funds, influenced by the complexity of application procedures and the inclusiveness of eligibility criteria.

Awareness of Intervention Programs: The level of publicity among SME owners about the availability, purpose, and details of existing government intervention funds designed to support SMEs.

Monitoring Adequacy of Intervention Funds: The effectiveness of mechanisms in place to oversee and ensure proper allocation and utilization of intervention funds, preventing misappropriation.

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Chapter Two

Literature Review

2.1 Conceptual Review

2.1.1 Small Businesses: Overview

There is no widely agreed-upon definition of a tiny entity in literature since it is subjective to categorize an organization as large-scale or small-scale. A small-scale firm is defined in terms of yearly turnover and the number of paid employees in the majority of advanced nations, including the United States of America (USA), the United Kingdom (UK), China, Japan, and Italy, among others. For instance, in the UK, a small business is defined as one that has less than 200 paid employees and an annual revenue of two million pounds or less¹. In Japan, a small-scale business is determined by the industry, the amount of paid-up capital, and the number of employees. There is no clear distinction between a completely small-scale firm and a medium-scale enterprise in developing countries like Nigeria². In Nigeria, the Central Bank of Nigeria (CBN) has through its various circulars and intervention fund programmes generally defined SMEs (curiously omitting the Micro) as entities with asset base of N5 million and not more than N500 million excluding land and buildings with employees between 11 and 200². Similar to this, the National Economic Reconstruction Fund (NERFUND) set a 10 million naira limit for small businesses. Small and medium-sized businesses (SMEs) are in fact still a crucial part of the economy because of their enormous potential to increase employment, advance local technology, diversify output, foster local entrepreneurship, and advance integration with large-scale industries. As a result, SMEs are widely regarded as essential engines for economic growth and

development³. It is noteworthy that different countries and even different industries within a country have different definitions of SMEs. Nonetheless, the number of employees, revenues, or non-current assets are the parameters that are frequently used to define SMEs. The Federal Ministry of Commerce and Industry defines SMEs as businesses with a total investment (excluding land costs but including capital) of up to 750,000 naira and up to fifty people who are employed on a paid basis⁴. Thus, the Small and Medium Businesses Development Agency of Nigeria (SMEDAN) determined what SMEs are based on the following important standards: The first definition of a small scale firm is an organization with ten to forty-nine employees and a yearly revenue of five to forty-nine million naira⁵. On the other hand, medium-sized businesses employ fifty to one hundred and ninety-nine people and make fifty to four hundred and ninety-nine million naira in revenue annually.

SMEs are organizations with at least five employees and a minimum capital of not less than 5,000,000 naira⁶. The definition of SMEs based on the frameworks of the Federal Ministry of Commerce, SMEDAN, CBN is consistent with other studies^{6,7,8}. Existing research revealed that definitions of SMEs varied by country and were based on factors such the degree of business activity in the country, economic development and growth, the size of SMEs, and particularly the issues faced by SMEs. The capital expenditure, staff count, turnover, fixed capital investment, availability of equipment and machinery, market share, and growth rate can all be used to categorize SMEs⁸. In Nigeria, characteristics including asset base (apart from land expenses), personnel count, and yearly turnover are used to describe SMEs. Hence, SMEs were considered to fit the descriptions of SMEDAN and CBN for the purposes of this study. Interestingly, as SMEs proliferated in Nigeria, it became imperative to harmonize their policies, programs, and

operations. As a result, SMEDAN was founded in 2004. (SMEDAN was established by the government for the sole aim of regulating SMEs activities).

In every sector of Nigerian business, the characteristics of small enterprises are still developing. This economic sector should expand to strengthen the country's economy⁹. The case of the gender pay gap in entrepreneurship was critical, and policymakers should work to challenge the cultural norms that pervaded Nigeria's rural communities¹⁰. When Nigeria gained its independence in 1960, its economy was mostly dependent on agriculture, with the main exports being cocoa, rubber, groundnuts, and palm oil¹⁰. Around 75% of jobs were in the agricultural sector, which also considerably boosted the country's GDP¹¹. Small firms continue to be the backbone of the majority of established and developing economies, creating a sizeable portion of the jobs in the productive sector¹⁰. Small-scale industries have contributed to Nigeria's industrial development since the 1970s and have been a valuable tool for rural development ever since¹¹. Every sector of the Nigerian economy is still developing the characteristics of small enterprises to ensure that this element of the economy keeps expanding.

Opportunity entrepreneurship generates more jobs, eradicates poverty, and advances development than MSME policy¹². Using a conceptual strategy in line with the most recent tactics of the two main streams of entrepreneurship theory, It was argued that decision makers can use their knowledge of entrepreneurship to offer solutions to socioeconomic and environmental crises relating to their day-to-day activities¹. In many African nations, including Nigeria, entrepreneurship has emerged as a crucial component of development strategy and is a means of addressing the challenge of youth unemployment. Small enterprises continue to be the backbone of Nigeria's economy, creating a sizable portion of the country's productive sector jobs. Small-scale enterprises have played an important role in Nigeria's economic history,

compensating for the lack of industrial growth and serving as a key instrument for rural development. Every sector of the Nigerian economy is still developing the characteristics of small enterprises to ensure that this element of the economy keeps expanding. The opening sentence of my problem statement is compensated for by the aforementioned facts. Small enterprises are a crucial component of emerging economies¹⁰.

Small business structures require owners to fill every position inside the company, which helps to develop abilities¹¹. Due to a lack of resources and expertise, small business owners must handle relevant job duties such as employee management, accounting, and marketing-related services themselves⁷. Small enterprises vary in their capacity for growth and expansion. The distinctive benefits are found in the independence of action¹³. The organizational structures and management philosophies of small firms vary. Similar issues arise for most small enterprises at the same developmental stages¹³. Due to shared experiences, small firms' similarities enable simple solutions. These difficulties can easily be placed inside a framework that facilitates a deeper comprehension of their nature and traits. Small enterprises adapt to social commerce rapidly, which helps them succeed⁹. The majority of small business owners use social media for marketing purposes and have access to the technology platform to effectively interact with a group of stakeholders⁹. The advantages of social commerce for small enterprises are inspired by the fact that social benefits broaden their customer base¹⁴. Social commerce facilitates online purchases and sales of goods and services and makes it simple to conduct business through social networks. Due to their distinct benefit of being small, small businesses have greater resources to spend in their digital infrastructure¹⁵. The enterprises have a distinct advantage over larger corporations when it comes to solving technological problems¹⁵.

2.1.1.1 Small and Medium Enterprises (SMEs) in Nigeria

Small and medium-sized businesses (SMEs) are a crucial part of the economy in both developed and developing countries. Data from the International Financial Corporation (IFC) that claimed 96% of Nigerian businesses were small and medium-sized enterprises¹⁶. The manufacturing and industrial sector in Nigeria is made up of 90% SMEs, which is evidence for the aforementioned viewpoint. SMEs contribute 48% to Nigeria GDP, account for 96% of businesses and 84% of employment¹⁵. We have, for instance, SME clusters in Aba leather (Abia State - East), Nnewi automobile (Anambra State - East), Otigba ICT (Lagos State, West), Abeokuta and Oshogbo tie and dye (East), Kano leather (North), and other places^{15,16}. The majority of SMEs are located in the East, West, and North regions, while those in South-Nigeria are underfunded.

Given the crucial role that SMEs play in the Nigerian economy, numerous governments since the country's independence have concentrated on a range of initiatives designed to promote SMEs' expansion. It led to the expenditure of a sizeable sum of money, with the main objective of expanding the sector¹⁷. Despite the substantial resources invested in boosting SMEs, there has been little progress because SMEs still make up a small percentage of Nigeria's GDP. Due to a number of factors, including difficulties obtaining loans from banks and other financial institutions, dire economic conditions brought on by unstable government policies, inadequate infrastructure, drastically rising operating costs, and a lack of government support for SMEs, only a small number of Nigerian SMEs are able to survive^{18,19}. Banks and other financial institutions, which are major players in every economy's financial system, have the capacity to meet the credit needs of SMEs¹⁹. However, there is still a sizable gap between the demanding needs of SMEs and the limited fund supply capabilities of banks and other financial institutions. The effectiveness of these roles played by banks and other financial institutions, particularly the

intermediation between surplus and deficit units of the economy, is greatly influenced by the financial system's level of development. Existing literature that identified inadequate funding as one of the fundamental dynamics of SMEs failure in Nigeria further supported the aforementioned viewpoint^{11,12,15,18}. As a result, it is necessary for this study to evaluate how financing levels, particularly in the South Region of Nigeria, affect the growth of SMEs.

Small enterprises are crucial to growth in emerging nations, and they considerably contribute to Nigeria's socioeconomic development¹⁹. Small enterprises are a thriving segment of the economy and make up a sizeable portion of the employment class in the nation²⁰. Since the 1970s, small enterprises have played a role in Nigeria's industrial and commercial development and have helped the country advance in these areas¹⁹. A major share of the GDP is made up of SMEs. They are robust, create jobs, and promote growth thanks to their creative concepts that put them on par with big businesses. Since gaining its independence on October 1, 1960, Nigeria has had a number of economic downturns, which have contributed to the country's ongoing poverty. When the GDP fell for more than two consecutive quarters, the nation went into recession.

At 18.7% as of January 31, 2017, the inflation rate was the highest it had been since January 2016. Nigeria's GDP reached 26.6 billion naira in the third quarter of 2016, representing 9.2% increase. These metrics have a significant impact on how long new enterprises survive. The nation's infrastructure development is currently mostly dependent on the economic situation. In the 1960s and early 1970s, agriculture was a major driver of Nigeria's economy²⁰. Agriculture accounted over 75% of employment and made a sizable contribution to the federal coffers. The primary products were cocoa, groundnut, palm produce, rubber, and cotton²⁰. Following gaining independence in 1960, industry became the focus of economic policy and activity in an effort to diversify the economy. Early in the 1970s, the Nigerian government made the oil discovery.

With the discovery, the government began to concentrate more on oil and gave industry and agriculture less attention. The change in policy turned out to be a disaster²¹. The recession in Nigeria was mostly caused by the decline in oil prices and the inadequate execution of non-oil sector policies. The federal government's support for SMEs was not properly implemented¹⁶. As farmers were forced to sell their excess produce to other nations due to a lack of markets for their goods, the period of entrepreneurship began. The economy was diversified by the successive governments after independence, leading to a number of national development plans, including the import substitution industrialization (ISI) plan²¹. The oil era began because of the ISI. By 1970, when oil accounted for more than 90% of the country's GDP, it had considerably replaced agriculture as the foundation of the economy²⁰. Due to the influx of imported goods, local industries were unable to obtain government protection, making it impossible for them to survive²⁰. The government did not build sufficient infrastructure, such as reliable power and good roads.

2.1.1.2 Role of Small and Medium Enterprises Development Agency of Nigeria

The primary organization in charge of overseeing SMEs operations and activities in Nigeria is the Small and Medium Businesses Development Agency of Nigeria (SMEDAN). The agency was created to support, oversee, and coordinate the development of MSMEs²¹. This suggests that SMEDAN is engaged in the growth and promotion of Nigerian entrepreneurs and micro, small, and medium-sized businesses. Ensuring that SMEs have enough access to economic or financial resources including capital, technology, and entrepreneurial skill necessary for their development and sustainability has been one of the main goals of SMEDAN²². It's interesting to note that SMEDAN allows SMEs to access finance through government-established programs and initiatives. These SMEDAN-piloted programs and schemes are designed to support and

encourage the growth of SMEs through grants, equity funding, and soft loans. SMEDAN, once more, does not offer credit facilities to SMEs; instead, it makes it easier for them to acquire loans from her partner financial institutions and other programs. SMEDAN performs a wide range of tasks on behalf of SMEs and in ensuring that they adhere to the requirements set forth by banks and other financial institutions²². Essentially, SMEs must be funded by schemes and programs, banks, and other financial institutions thanks to the alignment of conditions and functions among them. SMEs must have an active bank account with a recognized bank, have submitted a loan application outlining the amount and purpose of the loan, and have provided supporting documentation such as feasibility studies of business plans, company information, and financial data. Similar to this, SMEDAN established the Credit Information Portal to speed up Businesses' access to funding. The effort was created to make it simple to find information about the availability of 13 credit facilities. Furthermore, the platform provides SMEs with access to reliable data that helps them choose wisely when applying for loans and credits from banks and other financial institutions in the Nigerian cities where they conduct business.

2.1.1.3 Relevance of Entrepreneurship and Small and Medium Enterprises

The importance of entrepreneurship and SMEs describes how they contribute to societal economic, social, and environmental values. Entrepreneurship, SMEs, SME owners, and the role SMEs play in society is critical to the success and survival of the business. The connection between entrepreneurship and SMEs is explained by the relevance of entrepreneurship. Understanding their relationships, characteristics, and social roles are crucial for comprehending their relevance in both the market and society.

Industrialized countries' wealth is built on entrepreneurship²⁴. It entails creating, starting, and operating a new company to provide a good, process, or service²². Entrepreneurship and micro, small, and medium-sized businesses (MSMEs) are both acknowledged as the foundation of all economic progress on a worldwide scale²⁵. Although entrepreneurship and small business have similar definitions, the two ideas are distinct. An extensive range of skills, abilities, and talents are required for the complicated activity of entrepreneurship. It is distinguished by various performance results. As a result, it has been the subject of research in many other domains, including economics, sociology, history, management, psychology, anthropology, and even the humanities²⁵.

Several definitions of entrepreneurship have been created by economists to illustrate the variations in strategies over time²⁶. It is challenging to agree on both a definition and the nature of entrepreneurship because it is a phenomenon that crosses many scientific areas²¹. There is evidence that entrepreneurship can promote growth, personal development, and wellbeing. In contrast to the majority of regular jobs, entrepreneurs have a degree of independence and autonomy that may allow them to find fulfillment in their work. Entrepreneurs participate in meaningful activities through self-directed work and have intrinsic abilities and skills²⁷.

Small business owners and even young college students taking an entrepreneurship class are included in many definitions of the term "entrepreneur"²⁶. Some academics also take the risk of looking for the resources needed to establish an organization to meet their requirements and better lives. They produce new ideas, are an individual or a group of individuals who discover new ideas, have new demands or new approaches, and take this risk²⁶. Some people wish to operate their own business after completing their education at a university, while others desire to start a business while still enrolled in school in order to combine learning and running a

business²⁸. The entrepreneurial abilities of SME owners that have an impact on business include (a) marketing their businesses both internally and externally, (b) increasing their sales, (c) assisting them in identifying opportunities within their economy, (d) learning about customer requirements, and (e) contributing to the development of the area where the business organization resides⁶.

Training in entrepreneurship. Entrepreneurs attend training to hone some crucial entrepreneurial skills that have an advantageous effect on the performance of SME, particularly earnings and revenues. Although training may be expensive, the advantages outweigh the costs since entrepreneurship training improves SME performance, earnings, revenues, and size²⁰. For SMEs to perform sustainably, managers of small and medium-sized businesses must prioritize customer focus, human resources, social support, and staff training¹⁶. Attitudes and perceptions have a significant role in determining an entrepreneur's propensity for sustainable entrepreneurship. Entrepreneurial knowledge, which should be made available by business organisations, governments, and academic institutions, is one factor impacting how well SMEs identify sustainable prospects¹⁷.

Entrepreneurs that receive entrepreneurial training typically find it beneficial to enhance their sustainability and business operations. To increase entrepreneurship in a community, three factors are necessary: entrepreneurial education, capital, and a committed political system¹². Entrepreneurship training enhances business knowledge and has a greater impact on discovering sustainable prospects than other elements, such as environmental and social challenges, which have been predicted²⁹. Because entrepreneurs have a propensity to forget some of the things they have learnt after a while, entrepreneurship training necessitates ongoing follow-up and retraining. Results from a training program in entrepreneurship showed that self-employment decreased

over the long run, or roughly two years following the training intervention³⁰. Additional evaluations of the effects of entrepreneurship education found modest gains in sales, income, capital stock, and loan activity. These training programs have the greatest impact in terms of improving business knowledge and ethical business conduct³⁰.

The character and values of entrepreneurs. There are various variances in the objectives of businesspeople that incorporate sustainability techniques into their mission. Some businesspeople want to increase sustainability, while others want to build a brand-new, sustainable world²⁹. An economic goal distinguishes a traditional entrepreneur. In contrast, a sustainable entrepreneur has two goals. They have a social or sustainable mission in addition to their economic mission, which is connected to their values, objectives, normative identity, and desire to produce social value²⁹.

The entrepreneurial personality plays a significant role in the sustainability of the Firm. It has been demonstrated that entrepreneurial attitudes and perceptions have a crucial role in sustained entrepreneurship among SMEs in Malaysia³⁰. An entrepreneur's personality is based on either of two key phenomena: (a) the distinction between an entrepreneur's traits and those of non-entrepreneurs; or (b) the influence of an entrepreneur's traits on the success of a commercial enterprise²⁵. Compared to the overall population of non-entrepreneurs, entrepreneurs tend to be more receptive to new experiences³¹. However compared to risk-loving entrepreneurs running less inventive operations, those who run innovative businesses are significantly less likely to see their companies survive during a 3-year follow-up period³¹.

Equally significant is the entrepreneur's opinion on how they define success. As depicted in various works of extant literature on entrepreneurial success, this implies diversity in meaning rather than perceived criteria for judging success. Entrepreneurs' differing perspectives on

success are likely to have an impact on how much they value certain business development strategies. To broaden the conversation from a focus on monetary criteria alone, the majority of research employing person level criteria concentrate on a combination of monetary and non-monetary variables³⁰. Entrepreneurs usually base their financial decisions on the generation of personal wealth and revenue for both themselves and their enterprises²⁸. The study of non-monetary successes, on the other hand, defines subjective entrepreneurial success as the individual comprehension and appraisal of the achievement of criteria that are personally meaningful to the entrepreneurs. Likewise, business owners who put their own happiness first are more likely to be content with their lives, whereas those who put their firm's performance first are more likely to lead organizations with higher turnover. Yet, elements that are both monetary and non-monetary are crucial to the sustainability of SME.

2.1.1.4 Small Medium Enterprises Funding Source

Due to their lack of creditworthiness, small enterprises and startups frequently struggle to raise money. The three Cs of lending – character, capital, and capacity – are lacking in many³⁰. For this group of business owners, personal finances including savings, soft loans, gifts and grants from family and friends, as well as bootstrapping, are frequently the most immediate sources of funding. Debt and equity financing are possible additional sources. When it comes to personal money, bootstrapping is a strategy that relies on grants and resourcefulness while avoiding outside financing³¹. Given the startup's credit profile and/or history, any of the three sources of personal funding might be included in the first borrowing methods. Business owners might start thinking about debt and equity financing if these sources are unable to meet the financial demands of the startup or small firm.

Bootstrapping assists small business owners and entrepreneurs in avoiding outside finance, particularly when the company is still relatively unknown. Finding a source of funding involves innovation and creativity, which may entail the business owner selling personal belongings to earn money or applying for a grant, as well as cost-cutting and frugal living³². Spontaneous financing, which results from trade finance and obtaining longer credit terms than the company offers, is another innovative method of funding³³. The financing source is a clever technique to handle working capital. It could be possible to apply for a grant. Small company founders typically adopt bootstrapping after using up their savings and borrowing money from family and friends³³. Comparing the bootstrapping source to family, friends, and personal funds, it may be more acceptable.

The entrepreneur must explore for alternative funding sources when their own resources, those of their family, friends, and bootstrapping are insufficient to cover their expenses. They could involve loan and equity financing. Obtaining a loan through a bank or other programs insured by the Central Bank of Nigeria constitutes debt financing. Capital is raised by the sale of firm stock in equity financing³⁴. The benefits of equity fundraising include having access to funds, assistance, and experience from the new investors³⁴. The financing channel appears to be more suited than other forms of funding, such a bank loan, and offers an alternative to debt. The key benefits of equity financing are that there are no payback obligations, the firm is protected from economic downturns, performance is improved since investors are keeping an eye on it, and corporate governance is improved. The drawbacks include being required to return the loan and interest, a rise in gearing, and being pushed into liquidation if the business cannot afford to repay the loan and interest³⁴. Next, startup companies or small company entrepreneurs receive funding

from business angels. In addition to the initial financial money supplied, business angels offer cash, networking opportunities, and strategic assistance³⁵.

Venture capital is a different way of funding through equity (VC). A VC investor is a powerful source of capital for high-tech start-ups who give cash in exchange for a share in the business¹⁹. Entrepreneurs who are unable to pay their financial obligations by their own resources, those of their family, friends, or bootstrapping are supported by equity and loan finance channels. By offering a tiny portion of the capital needed to complete the project, crowdfunding (CF) platforms enable entrepreneurs and investors to collaborate on creative enterprises³¹. Despite the fact that traditionally VCs provided the majority of funding, the entrepreneurs who use social, educational, and professional traits make up a small proportion of the overall population³¹. The projects' CF funding results in the creation of jobs and a boost to the economy. CF has aided several start-ups with creative concepts all across the world, particularly those that don't match the standards of venture capitalists³². The market for initial public offerings (IPOs) is dominated by venture capitalists³³. SMEs actively contribute to the socioeconomic growth of emerging countries. In Nigeria, the idea of funding small firms through initial public offerings (IPOs) is relatively new, and the reaction of the market has been positive. The secondary market's performance has also been assisting. Due to the fact that equity capital may only be obtained through the promoters of the company, small business owners continue to rely on bank financing to cover their working capital needs³⁴. The industrial and development banks were the only institutional sources of equity and risk capital in the majority of developing countries³⁴. A sufficient flow of equity finance for small enterprises is increasingly recognized and given emphasis in global practice³⁴. Developing and developed nations have created alternative stock markets for SMEs as a result of the focus. There are separate markets for SMEs' equity finance

that run in more than 24 different countries³⁵. The exchangers participate and talk about listing expectations and standards. The Nigerian Stock Exchange (NSE) is a good example since it launched the Alternative Securities Exchange Market (ASEM), an exchange platform for SMEs and small firms to trade their stocks on the NSE. The public purchases stock in an initial public offering (IPO)³⁵. A secondary market offering is any other kind of share issue that is made public. For a variety of reasons, such as to obtain equity capital or to support both short- and long-term operations, businesses may choose to source funds on the open market³⁶. The hiring of an investment bank as an agent and advisor is the first stage in the IPO process. The amount of cash required, the type of stock to be issued, price, and the timing of going public are the most important matters on which the business and investment bank must agree³⁶. An IPO increases a company's visibility in the public and draws in top-tier clients, partners, and staff members. The IPO is a liquidity event that offers a way for investors and stockholders of the firm to pay out their capital³⁷.

A company may often raise money by going public, which it can then use to expand, pay cash to purchase another business, or trade stock. Underwriters have a propensity to presell the issue that the issuing businesses want to collect full proceeds, which might influence the sort of underwriting contract they select³⁸. Investor-backed initial public offerings (IPOs) saw minimal initial underpricing but significant market responsiveness, resulting in larger premiums. This stance was primarily intended for young venture capitalists who maintained significant initial underpricing to strengthen their standing within the sector³⁸. The top management team's (TMT) makeup, will have an impact on how IPO firms acquire companies during the post-IPO phase. TMT's involvement in acquisition activities always benefits from their experience sitting on the boards of other firms and their executive level skills³⁷. On the other hand, the length of service

and expertise of TMTs in IPOs may have a detrimental effect on the authority to make acquisitions. Investors in the main market frequently appreciate governance frameworks that restrain founder authority³⁶.

The supposition is that market valuation at its best would depend not only on the idea that a founder-CEO runs the company but would also consider the extent of interaction with other board members³⁵. The market-adjusted returns are also positively impacted by a delay in listing, a high subscription ratio, and block ownership. There aren't many female directors on corporate boards in some nations, like India, where there are significant impediments preventing women from being nominated as directors of firms. This lack of female directors creates a vacuum in the industry. To allow a research study to successfully test for significance, it is important to ensure that there is a proper gender balance. The finance mechanisms serve other purposes as well. They are known to affect sales and growth. Compared to government venture capital, which had no effect, independent venture capital (IVC) had a favorable impact on sales and staff growth. Syndication investments may have a beneficial impact on sales growth, but only if the IVC is in the driving seat. National governments are making a little effort to directly invest in high-tech businesses. The right conditions must be present for some funding choices, such as venture capitalists, to succeed³⁷. When the gaps in the knowledge have to correspond with the companies' distinctive and shifting strategic demands, the resulting impact is a useful addition to the life cycle of the organization. Some corporate owners independently generate these variances in owner competence³⁸. Future potential in the fields of corporate governance and strategy may be related, according to the value addition.

The finance of SMEs has been a contentious issue in Nigeria since money is an important source of expansion and development for companies of all sizes. SMEs' growth, development, and

performance have not yielded the highly anticipated and desired benefits. One of the causes was the lack of the relationship with insufficient funding that should have aided in the growth and development of SMEs. The informal sector (of which SMEs are a part) was not receptive to appropriate investment, backed up the aforementioned viewpoint.

It is noteworthy that the problem of proper finance is not exclusive to Nigeria alone; it is widespread even in the world's wealthier nations. Curiously, from 1992 to 2022, the information from the Central Bank of Nigeria's (CBN) statistical bulletin revealed some interesting trends in funding, notably by Nigeria's Deposit Money Banks (DMBs):

Table 2.1: Aggregate Funding for SMEs by Deposit Money Banks (DMBs) in Nigeria

Period	DMBs Loans to SMEs (N'million)	DMBs Total Credit (N'million)	DMBs Loans to SMEs as Percentage of Total Credit (%)
1992	20,400.00	75,456.30	27.04
1993	15,462.90	88,821.00	17.41
1994	20,552.50	143,516.80	14.32
1995	32,374.50	204,090.60	15.86
1996	42,302.10	254,853.10	16.60
1997	40,844.30	311,358.40	13.12
1998	42,260.70	366,544.10	11.53
1999	46,824.00	449,054.30	10.43
2000	44,542.30	587,999.90	7.58
2001	52,428.40	844,486.20	6.21
2002	82,368.40	948,464.10	8.68
2003	90,176.50	1,203,199.00	7.49

2004	54,981.20	1,519,242.70	3.62
2005	50,672.60	1,991,146.42	2.54
2006	25,713.70	2,609,289.40	0.99
2007	41,100.40	4,820,695.70	0.85
2008	13,512.20	7,799,400.11	0.17
2009	16,366.49	9,667,876.68	0.17
2010	12,550.30	9,198,173.06	0.14
2011	15,611.70	9,614,445.80	0.16
2012	13,863.46	10,440,956.33	0.13
2013	15,353.04	11,543,649.93	0.13
2014	16,069.27	13,179,598.11	0.12
2015	12,949.48	13,568,543.70	0.10
2016	10,747.89	16,500,150.26	0.07
2017	10,747.89	16,193,858.35	0.07
2018	44,822.84	15,438,603.87	0.29
2019	123,932.10	17,436,986.42	0.71
2020	62,510.00	19,818,380.00	0.32
2021	143,210.00	24,891,490.00	0.68
2022	137,390.00	21,019,478.00	0.32

Source^{34,35,36}.

In the CBN Statistical Report on SME Financing, it was noted that the funding provided by deposit money banks (DMBs) has reduced over time. The total credit of DMBs, for instance, went from N2.5 billion in 2006 to N4.8 billion in 2007 and N7.8 billion in 2008. Notwithstanding the rise, the amount of money given to SMEs substantially decreased from N25.7 billion (0.99%) in 2006 to N41.1 billion (0.85%) in 2007 to N13.5 billion (0.17%) in 2008.

In a similar vein, starting in 2009 and continuing through 2012, DMB financing for the economy increased but overall credit to SMEs continued to decline. This negative trend continued until it reached 0.13 percent and 0.07 percent, respectively, in 2017 and 2018. Nonetheless, financing for SMEs as a proportion of all DMB credits later grew, going from 0.29 to 0.71% in 2019. According to the information above, DMBs' contributions to the growth and development of SMEs in terms of credits have been uneven and small. Nonetheless, decrease later from 0.71 in 2019 to 0.32 in 2020. The aforementioned CBN figures showed that while Nigeria's financial system was active and well-capitalized, it had weak SMEs growth and development. In addition, the patterns in the growth of SMEs in Nigeria and discovered that under the Nigerian Content Act of 2010, certain possibilities that contributed to competitive advantages were only available to Local businesses³⁹. Their analysis highlighted the need for SMEs to have access to sufficient finance for the growth of their capital base. The support from financial institutions, governmental, and non-governmental organizations has never been enough despite the dominance of SMEs and their significance in the creation of jobs.

2.1.1.5 Challenges of Small Medium Enterprises (SMEs)

Risk-taking and competitive aggressiveness have negative connections, and cost-based leadership methods are more prevalent³⁹. The environment of interrelated activities and system relationships plays a role in the dangers and difficulties that small business owners in Nigeria confront. The success factor, which includes financial gains and social obligations, is a reflection of how well businesses adhere to ethical standards⁴⁰. The way small business owners approach access to capital, experience, education, and infrastructural provision is among other elements that positively affects their growth⁴⁰. The survival and expansion of SMEs in Nigeria face many challenges in the business climate. The treatment of stakeholders within a company's business

domain about sustainable business practices is crucial to business sustainability⁴⁰. Financial and non-financial restrictions are among the dangers and difficulties that Nigerian small business owners frequently confront. These restrictions have the potential to endanger the existence and expansion of small firms.

It is crucial to have accurate definitions of MSMEs and a supportive entrepreneurial climate that will support funding and other empowerment programs while examining the development, difficulties, and future possibilities of MSMEs in Nigeria. Comparing SMEs, for instance between micro, small, and medium-sized enterprises, is still challenging due to their interpretation. The findings for stakeholders appeared to be ignored which runs the danger of undervaluing the impact of knowledge management research on SMEs⁴¹. Reinforced the limitation of not classifying SMEs into micro, small, and medium. For too long, there has been a problem with the definition of all the parts that make up SMEs being incorrect. In order to remove this bottleneck, the relevant government in Nigeria must address this issue. Small firms, whether in developing or developed nations, are said to be the key forces behind economic growth⁴⁰. The small business sector makes a sizable contribution to GDP. Yet, they encounter significant hurdles, one of which is inadequate financial management, which is one of the main problems that is to blame for business failures among expanding enterprises⁴². The difficulty for small organizations is that they may not have enough personnel to support certain hiring and training initiatives⁴³. In order to deliver compliance systems that are required in the face of competition, small business owners must establish the infrastructure from the outset of the business.

The study examines the challenges and solutions related to government intervention funds for SMEs in Nigeria. Despite the government's efforts to support small businesses, many SMEs

struggle due to limited funding, weak administrative skills, and multiple taxes. The appropriateness of intervention funds, specifically regarding repayment periods and interest rates, is crucial as stringent terms can hinder SMEs' ability to grow. Additionally, accessibility issues arise from complex application procedures and restrictive eligibility criteria, preventing deserving SMEs from accessing financial support. Public awareness about these programs is also vital, as limited knowledge can hinder the reach and effectiveness of interventions. Monitoring adequacy is another concern, as inadequate mechanisms can lead to fund misallocation and reduced program effectiveness.

In Lagos State, SMEs' financial management practices significantly impact their performance. Adequate funding can help SMEs acquire necessary technologies and expand operations. Local initiatives, like the Lagos State Employment Trust Fund (LSETF), have been praised for their effective support of MSMEs⁴¹. However, the overall success of SMEs depends heavily on the managerial skills of business owners and top executives. Effective leadership and management practices are essential for navigating the dynamic business environment and ensuring organizational sustainability. Leadership styles within SMEs can profoundly affect their performance. Transformative leadership inspires employees and enhances organizational success, while abusive leadership can demotivate staff and lead to high turnover. Human capital is crucial for organizational success, making employee motivation and performance vital components of SME sustainability⁴³. Business incubators and government support programs can help SME owners and managers develop the necessary skills to manage their businesses effectively.

Finance is a major challenge for SMEs, often due to inadequate financial management and lack of access to suitable funding. Various financing options, such as supply chain financing, crowd funding, and debt financing, can help SMEs overcome financial difficulties. However, access to

electricity remains a significant barrier, impacting SMEs' ability to compete and operate efficiently^{43,44}. The government needs to ensure reliable power supply to support SME growth. Multiple taxes also pose a significant challenge, as they can reduce profitability and hinder business sustainability. Favorable tax policies, such as exemptions and incentives, can support SME performance and growth. Furthermore, access to advanced technology is crucial for SME innovation and efficiency. High costs and lack of expertise often prevent SMEs from adopting new technologies, impacting their competitiveness and market share. Corruption within government institutions further hampers SME growth and reduces public trust. Effective legal protection and enforcement are needed to combat corruption and create a supportive business environment for SMEs. Addressing these challenges through appropriate policies and support mechanisms is essential for the growth and sustainability of SMEs in Nigeria.

This study focus on Challenges of government intervention include the suitability of the intervention funds, such as the repayment terms and interest rates attached to them. Stringent repayment conditions and high-interest rates can greatly impede SMEs' ability to use these funds effectively for growth. Another challenge is accessibility, which involves evaluating the complexity of application procedures and the inclusiveness of eligibility criteria. Bureaucratic obstacles and excessively restrictive eligibility requirements can prevent eligible SMEs from obtaining essential financial support. Additionally, public awareness is measured by the level of knowledge among SME owners about the existence and details of these programs. Limited awareness can substantially hinder the reach and effectiveness of these interventions. Finally, monitoring adequacy assesses the effectiveness of current measures to oversee the allocation and use of the funds. Poor monitoring mechanisms can result in misappropriation, ultimately undermining the success of the program.

2.1.1.5.1 The Appropriateness of Intervention Funds

The role of intervention funds in supporting the growth and sustainability of small and medium-sized enterprises (SMEs) is critical, especially in developing economies like Nigeria⁴⁰. These government intervention funds are designed to provide much-needed financial support to SMEs, which are often considered the backbone of the economy^{42,44}. The primary goal of these funds is to address the financial constraints that SMEs face, enabling them to expand, innovate, and contribute to economic development. However, the appropriateness of these intervention funds is a crucial factor that can significantly influence their effectiveness.

The appropriateness of intervention funds is primarily evaluated through indices such as adequacy, repayment periods and interest rates⁴⁵. The length of time SMEs are given to repay the borrowed funds is a crucial determinant of the appropriateness of these funds. Short repayment periods can place a significant financial burden on SMEs, making it difficult for them to manage cash flow and reinvest in their operations⁴⁰. Conversely, longer repayment periods can provide SMEs with the flexibility needed to stabilize and grow their businesses. However, excessively long repayment periods might also pose risks for fund providers, necessitating a balanced approach.

Interest rates attached to intervention funds are another critical factor. High-interest rates can deter SMEs from borrowing or can lead to financial distress for those that do, as the cost of borrowing becomes prohibitively expensive⁴⁶. Lower interest rates, on the other hand, can encourage SMEs to take advantage of available funds, fostering a conducive environment for business expansion and innovation. The appropriateness of interest rates must be carefully considered to ensure they are supportive rather than punitive. The appropriateness of intervention

funds, assessed through repayment periods and interest rates, directly impacts the ability of SMEs to effectively utilize these funds for growth⁴⁶. If the terms are too stringent or the costs too high, SMEs may struggle to meet repayment obligations, leading to potential defaults and financial instability. This, in turn, can stifle growth and innovation, as SMEs may prioritize debt servicing over investment in their operations.

Stringent repayment terms and high-interest rates can impose a heavy financial burden on SMEs, limiting their capacity to invest in essential areas such as technology, human resources, and market expansion⁴⁴. Unfavorable terms increase the risk of default, which can lead to a loss of creditworthiness and future access to financial resources. Policymakers and fund providers must strike a balance between offering favorable terms to SMEs and managing the risks associated with lending. This involves careful consideration of economic conditions, the financial health of SMEs, and the goals of the intervention programs.

In Nigeria, the government and various financial institutions have launched several intervention programs aimed at supporting SMEs^{40,43}. These programs often come with varying terms, reflecting differing assessments of risk and objectives. Despite these efforts, many SMEs continue to face challenges in accessing and effectively utilizing these funds. This highlights the need for continuous evaluation and adjustment of the terms associated with intervention funds to ensure they are appropriately tailored to meet the needs of SMEs.

2.1.1.5.2 Accessibility of Government Intervention Funds

The accessibility of government intervention funds is a critical factor in determining the effectiveness of these programs in supporting SMEs³⁴. This aspect is primarily assessed by examining the complexity of application procedures and the inclusivity of eligibility criteria.

When the application process is overly complicated, it can pose significant challenges for SMEs, particularly those lacking administrative resources or expertise. Such bureaucratic hurdles can deter small business owners from applying, even if they are in dire need of financial support³⁵.

Moreover, the inclusivity of eligibility criteria plays a pivotal role in accessibility. If the criteria are too restrictive, many deserving SMEs may find themselves excluded from accessing these crucial funds. This exclusion can be particularly detrimental in regions where small businesses are a primary driver of economic activity and employment. Therefore, ensuring that eligibility requirements are reasonable and inclusive is essential for maximizing the reach and impact of government intervention programs³⁴.

Bureaucratic obstacles and stringent eligibility conditions can collectively prevent many eligible SMEs from benefiting from financial aid³⁵. This situation not only stymies the growth and sustainability of these businesses but also undermines the broader economic objectives of such government interventions. To truly support SMEs, it is vital that these programs are designed with user-friendly application processes and inclusive criteria that genuinely reflect the diverse needs of the small business sector.

2.1.1.5.3 Public Awareness

Public awareness of government intervention programs is a crucial determinant of their success and reach. This aspect is measured by evaluating the level of knowledge among SME owners regarding the availability and nature of these programs⁴². When SME owners are well-informed about the various support initiatives available to them, they are more likely to take advantage of these opportunities to bolster their business operations.

Limited public awareness can significantly impede the reach and effectiveness of intervention programs. If SME owners are unaware of the existence of such programs, or if they lack detailed information about how to access and utilize the funds, the intended benefits of these interventions are unlikely to be realized⁴². This gap in awareness can stem from inadequate communication strategies, lack of outreach efforts, or complex information dissemination processes that fail to engage the target audience effectively.

Moreover, when information about government programs does not reach the intended beneficiaries, it can create a perception that such initiatives are inaccessible or irrelevant to small businesses⁴⁵. This perception can further discourage SMEs from seeking out and applying for available support, thus perpetuating a cycle of underutilization.

To maximize the impact of government intervention programs, it is essential to implement robust awareness campaigns that clearly communicate the availability, benefits, and application processes of these initiatives. SME owners are well-informed, the government can enhance the accessibility and utilization of intervention funds, thereby fostering a more supportive environment for small business growth and sustainability⁴⁵.

2.1.1.5.4 Monitoring Adequacy

Monitoring adequacy is one of the major issues in the context of government intervention fund as after disbursement of the fund, proper monitoring and monitoring programs is critical to ensuring that allocated funds are utilized effectively and reach their intended beneficiaries³⁴. This aspect is evaluated by assessing the effectiveness of the mechanisms in place for tracking the allocation and utilization of these funds.

Effective monitoring mechanisms are essential for maintaining the integrity and impact of intervention programs⁴⁶. When funds are tracked properly, it ensures that they are used for their intended purposes, thereby maximizing the potential benefits for SMEs. This involves detailed and transparent record-keeping, regular audits, and comprehensive reporting systems that allow for the accurate tracking of how funds are disbursed and utilized.

However, inadequate monitoring mechanisms can lead to significant issues such as fund misappropriation and reduced program effectiveness. Without proper oversight, there is a risk that funds may be diverted for unauthorized uses, mismanaged, or even siphoned off through corrupt practices⁴². This not only undermines the goals of the intervention programs but also erodes trust in the institutions responsible for administering these funds.

Furthermore, the lack of effective monitoring can result in a failure to identify and address problems in fund allocation and utilization in a timely manner⁴². This can lead to inefficiencies and reduce the overall impact of the intervention programs. Therefore, robust monitoring systems are crucial to ensure accountability, transparency, and the successful achievement of program objectives. To enhance the adequacy of monitoring, it is vital to implement rigorous control measures, including regular financial audits, real-time tracking systems, and stringent compliance checks³⁴.

2.1.1.6 Critical Success Factors for Small Businesses

There is a correlation between an entrepreneur's success and a variety of talents, including accounting, particularly in the areas of bookkeeping and financial management⁵¹. By establishing the SME, the business owners create their presence. Small business owners with accounting training have a very good likelihood of being more independent and effective⁵¹. In addition to

accounting literacy, small company owners require computer literacy to address some issues. Financial difficulties, managerial abilities, and a lack of investment in information, communication, and technology are some of the unfavorable aspects (ICT). To ensure they meet their goals, small company owners want knowledge⁵². Some may emerge as a result of policyholder training, literature publication, and mentorship. The reality is that these types of businesses require support to get through their early stages. When they can manage other variables that are linked to the cost of the loan, adequate small enterprises using accrual accounting have statistically moderate rates of return⁵⁰. It could be vital to educate business owners about the supports that are essential and might enhance the worth of their enterprises, particularly in the field of credit evaluation. To offer the necessary information, policymakers must provide recorded literature⁵¹. The types of business owners mentioned above need assistance that will help them survive in the early years. The connection between entrepreneurship motivation and small business success was demonstrated⁵². The growth of small firms is impacted by entrepreneurial drive. Three factors—mix motivation related to family history, need motivation, and opportunity motivation—can be used to forecast the success of small enterprises⁵². People behave in the ways they do because of their motivation⁵². Motivation can come from a combination of family-related characteristics, including drive, opportunity, and necessary for survival. The mix motivation is the strongest of the divides. Small business owners are motivated by necessity out of interest. Due to low dependability, the motivational need element is not very important. The attitude of most top achievers is that of the opportunity motivation entrepreneur, who seizes opportunities as they arise and has the most powerful positive influence that inspires⁵². With the process of establishing policies, the effects of sluggish company growth in underdeveloped nations can be helped. Several characteristics

might help an inventive approach that can increase exemplars, affect efficiency, and reduce the riskiness of the business model⁵³. The inventive process can be fueled by eco-efficiency and eco-innovation with the application of corporate social responsibility¹³. The encouragement may enable businesses to run more effectively. Several examples of methods and fixes that can help a company model remain viable can be found in practice and review. Compared to businesses that use a defender, prospector, or analyzer approach, performance satisfaction is considerably low in companies who use the reactor strategy. This has the effect that some SMEs choose cost-based approaches to their local markets while others use techniques that will open up additional market prospects as discretionary income increases knowledge management is crucial for SMEs³³. Owners of expanding businesses must now find novel strategies to thrive and survive.

A component of entrepreneurship known as sustainability links entrepreneurial pursuits to sustainable development and management. The position of entrepreneurial concerns has shifted more toward larger companies than smaller ones. It is necessary to develop the conditions that allow SMEs to flourish in an environment that is sustainable. To thrive, SMEs require a variety of factors, including managerial abilities, ownership, personalities, motivations, business size, and financial access⁴⁴. To succeed in business in Nigeria, small company entrepreneurs must pay attention to five crucial elements⁵⁶. To guarantee that SMEs may continue to operate as businesses, governments must spread adequate knowledge and awareness. With SMEs, knowledge management is crucial. It is challenging to compare SMEs because of their many meanings, such as micro, small, and medium. The influence of the findings on stakeholders seems to have gone unaddressed, which runs the danger of undervaluing the knowledge management research on SMEs.

It has been verified that there are insights into how entrepreneurial possibilities arise⁵³. It is well known that the overall direction of the entrepreneurship study is supported by the use of inductive analytic approaches through the qualitative lens to highlight and extend the two recurring themes⁵⁴. To reduce restrictions and provide advantages that will help SMEs survive the early years, managerial abilities must be put to use. Small company owners make a substantial economic contribution, but they confront difficult obstacles due to inadequate financial management, which causes expanding firms to collapse⁵⁵. Small businesses' performance satisfaction is influenced by organizational performance, competitive strategy, strategic capabilities, and environmental uncertainty. Reactor-based businesses have been found to have lower performance satisfaction than those that use defender, prospector, or analyzer strategies⁵⁵. It follows that there are greater market potential with cost-based and disposable income programs. It is crucial to understand how commercial problems, human resources, and sustainability are related. Due to the wide-ranging interest in sustainability among businesses in the global market, they must provide a way for an entrepreneurial institution to serve as its custodian⁵⁵. Entrepreneurs must define sustainability and develop a paradigm for how to sustain the firm for more than five years if they are to effectively address the issues they confront.

2.1.1.7 Impact of Small and Medium Enterprises on Nigerian Economy

Small and medium-sized businesses foster and provide job opportunities that will boost Nigeria's economy. Small and medium-sized businesses are crucial because they advance the economy⁵³. To survive, people need access to work options. Small and medium-sized businesses are essential since they supply society's consumers with the necessities while also making sure to satisfy market demand for the betterment of the neighborhood⁴⁴. SMEs in Nigeria provide up to 75% of the country's overall employment rate and up to 48% of the country's GDP. Small and

medium-sized businesses are especially significant because they engage in CSR activities that support social welfare in the nation by encouraging education, providing access to clean water, and nurturing the skills of each person in the community.

Impact of Small And Medium Enterprises on Society.

Rural and urban communities can be empowered through small and medium-sized businesses. They enhance the quality of life for settlers in rural areas and aid in the development of the local economy⁵⁶. For SMEs to determine these implications, various factors are necessary. SME's owners' organizational structures, communication methods, and networking are important in empowering rural communities⁵⁷. If these factors are poorly controlled and have an adverse impact on the empowerment of rural communities, small and medium company owners may have trouble maintaining their operations. SMEs are crucial to the growth of urban settlement and the economy⁵⁷. SME owners in metropolitan areas often struggle to maintain their companies over the long term due to a variety of factors, including a lack of funding, subpar managerial abilities, inadequate infrastructure, and a high cost of power⁵⁶.

Economic and Social Impact

Small and medium-sized businesses (SMEs) are widely acknowledged as being a key factor in economic growth and development. The Federal Government of Nigeria and many other developing nations have stressed the significance of small and medium-sized enterprises (SMEs) in the growth of their economies throughout the years⁵⁷. The importance of SMEs and entrepreneurship as a source of dynamism, innovations, and flexibility in advanced industrialized nations as well as in emerging and developing economies is increasingly acknowledged on a global scale. Interest in SMEs has also been based on their potential to help with job creation,

income inequality reduction, the production of goods and services in the economy, as well as serving as a mechanism for backward integration and a vehicle for technological innovation and development, particularly in modifying and perfecting emerging technological breakthroughs⁵⁷.

The social and economic effects of SMEs on a society determine how much money is made, which helps to equalize income distribution and boost the GDP. By providing jobs, small and medium-sized businesses lower the rate of unemployment in society, which has a knock-on impact that lowers crime rates for a more sociable and secure society⁵⁷. Making jobs also helps people fulfill their social responsibilities to their families and improves the social fabric of the society. The majority of SMEs obtain their resources locally, which raises the overall monetary worth of things produced inside a country⁵⁶. Also, there is a chance to sell locally produced goods on the global market if there is a need for them⁵⁷. Several people buy their resources locally, which expands the market for locally produced raw materials and strengthens the economy for everyone's advantage⁴⁴. Businesses also offer products and services that the general public can use. Because of the crucial role that SMEs play in society, it is imperative that they be promoted. Also, small and medium-sized businesses provide job opportunities and boost the economy in the process. The number of people that SMEs will hire depends on how much their performance improves, hence the success of the companies is directly correlated with the number of employment possibilities the firm generates. To guarantee that the firms are well-positioned to give critically important possibilities in society, SME managers should make sure that SMEs enhance their creative capabilities and SME expertise. Innovation is the key to competitiveness, which will boost SMEs' abilities to produce high-quality items and provide services to the public, as well as provide job opportunities to boost society's economy⁴⁴.

Interest in SMEs has been based on claims made about their economic advantages and contributions to the creation of jobs, economic growth, and the reduction of poverty⁴⁵. There is a school of thinking that holds that SMEs are the answer to many developing nations' economic woes, including Nigeria. In modern Nigeria, SMEs have also received attention due to the anticipated contribution they may provide in terms of serving as a training ground for the growth and development of indigenous entrepreneurs⁵⁸.

The sector is a significant driver of economic development, national growth, the eradication of poverty, equitable income distribution, and the creation of new jobs. It can also boast of being one of the world's largest employers of labor due to its labor-intensive production process, ease of start-up and operations compared to major industries and multinational corporations. According to previous research, emerging nations with a higher proportion of SMEs employed experience faster economic growth than their peers⁴⁷.

SMEs have also helped to increase the use of local raw materials, create jobs, promote rural development, foster entrepreneurship, mobilize local savings, connect with larger industries, provide regional balance by dispersing investments more evenly, create opportunities for self-employment, and train managers and semi-skilled workers⁵⁹. To start and maintain the process of economic growth, the great majority of established and emerging nations depend on the energy, ingenuity, and risk-taking of small and medium-sized businesses. Small and medium-sized businesses play a vitally essential part in the overall growth of the economy. First and foremost, small and medium-sized businesses promote entrepreneurship and fierce rivalry, which have positive external effects on the economy's efficiency and productivity growth⁵⁸.

The central functions of SMEs represent the use of domestic savings for investment, significant contribution to Gross Domestic Product (GDP) and Gross value, exploitation of indigenous raw

materials, employment creation, alleviation of poverty, improvement of standard of living, increase in per capita financial gain, acquisition of skills, investment in technology and professional growth and diversification, restriction of rural-urban migration and resource utilization, and Naturally, in developed and emerging nations, SMEs account for between thirty and fifty percent of all industrial exports⁴⁸. Future SME roles are certain to be substantially bigger and more prevalent, with a discernible impact on the escalating global trade order, in line with the most recent advances in the global economy and the associated economic process consequences.

The transformation of agriculture-based economies into industrial ones is significantly aided by SMEs. They also contribute to the development of flexible economic systems in which small and big businesses are interconnected by absorbing productive resources (local technology and raw materials) that would otherwise be disregarded by larger enterprises at all levels of the economy⁵⁹.

2.1.1.8 Sustainable Strategies for Small and Medium Enterprises

The importance of sustainable management in SMEs has been stressed by several academics.

Utilizing environmentally friendly levels. By promptly satisfying the demands of their customers, SMEs would become sustainable with the significance of innovation and innovation management⁶⁰. When economic, social, and environmental obligations are included into the management of innovation, sustainability is a direction that is also helpful. To successfully implement sustainability, organizations need to understand what it means to them⁶⁰. Sustainability in business refers to two issues: the impact that a company has on the environment and the impact that a company has on society. A sustainable company plan should benefit both in

order to be effective. When businesses ignore sustainability, harm in some form, such as environmental deterioration, social injustice, and inequality, will occur⁶⁰. These companies must make sure that a strategic approach is a part of their overall company strategy and operational procedures⁵⁸. Sustainable development was described as an economic, environmental, and social development that satisfies current demands without endangering future generations. As a result, sustainability addresses both the present and the future in order to protect resources and satisfy both current and future requirements.

An organization can develop new business models that guarantee sustainability in the workplace⁵⁶. Businesses need to be sustainable enough to be advantageous to both business owners and society at large if these models are to succeed. In support of sustainable business models, unsustainable ones might be discouraged. To achieve sustainability, the company must change its whole business model. A business model for sustainability (BMS) will add value for many stakeholders as well as the environment. In addition to including the natural environment as a crucial component, comprehending the BMS may solve the sustainability issue from a comprehensive viewpoint⁶⁰. In order to truly sustain the organization's numerous sustainable activities, the development of sustainable business models is crucial.

A business organization's leader is responsible for deciding how to run a successful business model and influencing the organization's plans and policies. To ensure a sustainable company, the leader also oversees the process of transformation. The leadership of an organization, particularly a leader with the attitude to attain sustainable development goals, is crucial to its sustainability (SDGs).

Businesses must take the SDGs into account in order to enhance the lives of society's citizens in order to secure their sustainability⁶¹. As it is obvious that models set in place by company leaders

may be sustainable over the long term, small and medium enterprise owners should develop successful business models that will ensure success in whatever they do. By making sure that the environment is effectively safeguarded for the benefit of society as a whole, sustainability exists for the requirements of both the current generation and the generations to come. To make sure the offered business is advantageous to society, it is also crucial to link the company's aims with the SDGs⁶¹.

Corporate sustainability is a viable study topic, since it has a significant impact on company operations, society, and the environment. Small and medium-sized firms operating in Nigeria can get insight into what they can do to ensure the sustainability of their own workplaces by learning how the concept of sustainability has been utilized in other organizations in different nations and marketplaces⁶¹. Success determinants: (a) individual variables; (b) management factors; (c) business assistance; and (d) capital availability⁶². These metrics were chosen through the use of exploratory factor analysis. The study showed that SMEs have a better chance of remaining viable for more than five years if they have access to the necessary finance at the appropriate moment. The entrepreneurial traits of the founder, including their age, abilities, and personal financial requirements, are also essential to the success of SMEs.

Businesses need human, financial, and social capital to be sustainable. It is impossible to overstate the importance of human capital, as even technology and artificial intelligence require qualified employees who are familiar with company procedures⁴⁴. The organization and the host nation must have a strong commercial partnership. If positive ties with the host community are not maintained, some commercial operations may be hindered or even stopped entirely. To ensure efficient business operations and long-term survival, the business owner must maintain the satisfaction of all stakeholders⁴⁵.

Sustainability-related motives were stressed as being crucial for success²². It is crucial to remember that if somebody is going to do anything, motivation is crucial. Sustainability inspires people or businesses to take action to enhance performance. Finding motivating elements is the greatest strategy to assure sustainability in Businesses in Nigeria. The government must establish a sustainability plan that benefits society and the environment while also rewarding SME owners rather than putting pressure on them to expand their companies sustainably³⁴.

A sustainable plan should benefit the organization, society, and the environment. One that doesn't have a positive effect on the organization's bottom line is not sustainable; as a result, one that does should take the organization's profitability and bottom line into account holistically, offering economic value to inspire the company owner and organizational management³⁵. Businesses that are value- and lifestyle-driven are often more sustainable than those that are business-focused³⁶. Making Businesses prioritize individual lives and welfare rather than earnings and revenue is the greatest strategy to assure sustainability in SMEs³⁷. High-profit businesses typically go to great lengths to achieve them, and some of the methods they take may be harmful to both the environment and the lives of society's citizens⁶².

2.1.2 SMEs Survival

There is no one definition for the idea of organizational survival since it is a multidimensional concept with no universal meaning⁶³. This may be because there are so many different definitions and metrics for measuring organizational survival. If a company can achieve its objectives, it is successful¹⁶. Research from the business, management, and entrepreneurship literature established the tenuous relationship between organizational success and survival¹⁷. Success and performance are frequently used interchangeably or as synonyms. Past assessments

in the literature on entrepreneurship have utilized a variety of concepts to define organizational survival, including entrepreneurial success and the attainment of the owner's success aim, among others. An organization is regarded successful when it achieves an ideal level of performance in terms of profitability, growth, and development to the owner's satisfaction¹⁸. Also found that success may be characterized as an organization's capacity to function effectively and efficiently, to cope properly, and to be able to survive external turbulences by being adaptable and flexible to change that may lead to development. Organizational survival is the capacity of an organization to achieve sustained growth and the accomplishment of its objectives, which ultimately results in superior performance¹⁹. Similarly, believe that financial sustainability and development with adequate earnings are more important than other criteria like owner happiness, employee contentment¹⁹. Organizational survival is a multidimensional notion with no one major feature serving as its means of study¹⁹. He continued by saying that most managers and entrepreneurial books incorrectly gauge the performance of small enterprises using techniques and guidelines created for huge corporations with specific, measurable financial goals and objectives.

Financial and nonfinancial variables are the two main measures of success²⁰. Profitability, returns on capital, asset productivity, sales margins, net operating margin, etc. are some of the financial performance indicators of organizational survival. Non-financial indicators include employee satisfaction, management talent retention, customer satisfaction, owner satisfaction, and the quality of the company's products and services. On the other hand, determining the appropriate criteria is crucial for obtaining an accurate result. In order to avoid mistakes when choosing the appropriate measures, the type or nature of the organization under review, as well as various environmental factors, cultures, management styles, capital availability, technology,

and the organization's goal, should be taken into account²¹. This claim is supported by the observation that each organization has unique traits, objectives, and constituencies.

Some academics distinguish between objective (extrinsic) considerations like increased profitability and wealth and subjective (intrinsic) criteria like freedom and independence, being one's own boss, and determining one's own future. Additional factors, such as effectiveness and efficiency, might be used to gauge organizational survival³³. Only when an organization is able to satisfy its clients and adapt to its surroundings will it be able to survive. For the sake of this study, organizational survival will be defined as a company's capacity to materialize and actualize its outcomes and expectations in keeping with its mission, goals, and objectives despite the existing environmental conditions.

2.1.2.1 SMEs Profitability

In the dynamic economic landscape of Nigeria, Small and Medium-sized Enterprises (SMEs) are pivotal to the nation's growth, contributing significantly to GDP and employment. The profitability of SMEs is a key indicator of their financial health and sustainability⁶⁴. SMEs in Nigeria are recognized as the backbone of the economy. They contribute nearly 50% of the country's GDP and account for over 80% of employment. This sector is essential not only for job creation but also for poverty reduction and economic development⁶⁴. The financial success of SMEs is typically measured by several key metrics: Net Income, Revenue Growth Rate, Gross Profit Margin, and Return on Equity (ROE). These metrics reflect the efficiency of cost management, revenue growth, and utilization of shareholders' investments.

Government intervention funds are often introduced to support SMEs by providing access to financial resources for investment, expansion, and operational improvements³². However, several challenges may arise concerning SMEs' profitability in relation to these intervention funds.

One significant challenge is the appropriateness of the intervention funds, including factors such as repayment periods and interest rates. If the terms of the funds are unfavorable or overly stringent, SMEs may struggle to generate sufficient profits to cover their debt obligations, leading to financial strain and reduced profitability⁶¹.

Additionally, accessibility issues can hinder SMEs' ability to leverage government intervention funds effectively²². Complex application procedures, bureaucratic hurdles, and restrictive eligibility criteria may deter SMEs from accessing the funds, limiting their potential for growth and profitability⁵⁵. Furthermore, inadequate monitoring and oversight of fund allocation and utilization can pose challenges to SME profitability. Without proper mechanisms in place to track how the funds are allocated and utilized, there is a risk of mismanagement, fraud, or inefficient use of resources, which can undermine SME profitability in the long run⁶⁵.

The financial success of Small and Medium-sized Enterprises (SMEs) is a crucial aspect of their operations, often indicated by various metrics such as net income and revenue growth rate¹². These metrics serve as fundamental indicators of SMEs' performance and viability in the business landscape. Net income represents the actual profit generated after deducting all expenses and taxes from total revenue, providing a clear picture of the company's profitability⁶⁵. On the other hand, the revenue growth rate reflects the pace at which a company's sales or income increases over a specific period, highlighting its ability to expand and capture market opportunities. Despite their importance, Nigerian SMEs face numerous challenges that can affect their profitability, including limited access to finance, infrastructure deficits, and challenging

market conditions. However, SMEs are adopting strategies such as cost management, diversification, and innovation to enhance profitability^{60, 65}.

The profitability of SMEs in Nigeria is a complex interplay of internal management practices and external economic factors. While the challenges are significant, the opportunities for growth and success are equally compelling. With the right strategies and support, SMEs can continue to thrive and drive Nigeria's economic progress. Together, these metrics form essential components in evaluating SMEs' financial health and sustainability, guiding strategic decision-making and future growth initiatives^{62,63,65}.

2.1.2.2 SMEs Liquidity

Small and Medium-sized Enterprises (SMEs) are crucial to the Nigerian economy, accounting for a significant portion of employment and wealth creation. However, SMEs often face liquidity challenges, which can hinder their growth and sustainability⁶³. To address this, the Nigerian government has implemented intervention funds aimed at boosting the liquidity of SMEs. In the context of government intervention funds and their impact on Small and Medium-sized Enterprises (SMEs), liquidity plays a critical role in determining the financial health and operational capabilities of these businesses⁶⁵. Liquidity refers to the availability of cash or easily convertible assets that can be used to meet short-term financial obligations without causing significant disruption to business operations⁶⁵.

Government intervention funds, while designed to support SMEs, can sometimes present challenges related to liquidity. One such challenge is the adequacy of the funds allocated to SMEs. If the intervention funds are insufficient or not readily accessible, SMEs may face

liquidity constraints, limiting their ability to cover day-to-day expenses, invest in growth opportunities, or withstand unexpected financial shocks⁶⁴.

Additionally, the terms and conditions associated with government intervention funds, such as repayment periods and interest rates, can impact SMEs' liquidity positions. Stringent repayment terms or high-interest rates may increase the financial burden on SMEs, reducing their available liquidity and potentially hampering their ability to operate effectively⁵³.

Furthermore, bureaucratic processes and delays in accessing government intervention funds can exacerbate liquidity challenges for SMEs. Complex application procedures, lengthy approval timelines, and stringent eligibility criteria may result in delays in receiving funds, leaving SMEs vulnerable to cash flow shortages and liquidity problems.

While government intervention funds can provide much-needed support to SMEs, it is essential to address challenges related to liquidity to ensure that these businesses can effectively leverage the funds to sustain and grow their operations. By enhancing accessibility, streamlining processes, and offering favorable terms, policymakers can help alleviate liquidity constraints and empower SMEs to thrive in the competitive business environment⁶⁴.

2.1.3 Intervention Fund

Small and medium-sized businesses have been identified as a crucial tool for economic growth and development in both developed and developing nations. Several research have proven this. This significance was confirmed by data from Nigeria's Federal Office of Statistics, which shows that small and medium-sized enterprises (SMEs) account for approximately 97 percent of all businesses in the nation, employ an average of 50% of the labor force, and generate 50% of the nation's industrial output⁶⁵. Small and medium-sized businesses (SMEs) in Nigeria are not only a

catalyst for economic growth and development but also the backbone of the country⁶⁶. Although there had been some small business operations in Nigeria since the country gained its independence, deliberate efforts to use small and medium-sized businesses as a tool for economic and national development only began in 1970–1979, when the country adopted the policy of indigenization through its National Development Plan program. The development strategy outlined the necessity for the Nigerian economy to become self-sufficient through industrialization, entrepreneurship development, job creation, and development through increased export commerce⁶⁷. The federal government singled out small and medium-sized businesses as the primary area for action. This was based on the government's intention to encourage small businesses in the nation as a way of upholding its commitment to the development plan and indigenization strategy. The intention was that it would be a reaction against the international capitalist entrepreneur's dominance of the economy and on the grounds that reviving small and medium-sized businesses would increase the capacity of the indigenous capitalist class, as a potential player in economic growth and national development.

In its intervention effort, the government enacts several regulations with the goal of safeguarding small-scale companies. Nigeria Enterprises Promotion No.3 of 1977, Patent Right and Design Act No.6 of 1979, and customs taxes are a few of the rules (dumped and subsidized goods Act No.9 of 1959, industrial promotions Act No.40 of 1979, industrial development Tax Act No.2 of 1971 among others). In addition to the promulgated act, the government supported small and medium-sized businesses (SMEs) through enticing investment policies, institutional and fiscal policies, business law protections, and financial incentives to promote the national development and indigenization policy, which SMEs are crucial to⁶⁶. To increase the capability and development of small and medium-sized businesses, a number of microlending institutions were

founded. Such micro-credit institutions include the Nigeria Bank for Commerce and Industry (NBCI), National Economic Reconstruction Funds (NERF), People's Bank of Nigeria (PBN), Community Bank (CB), and the liberalization of the banking sector to enhance the banking institutions for effective participation in the growth and capacity building of small and medium-sized enterprises⁶⁷.

In order to increase the effectiveness and efficiency of small and medium-sized enterprises (SMEs), the government also established the Raw Materials and Research Development Council (RMRDC) of finance and research institutions in 2001. The research report of this institution is helpful to SMEs and business organizations in their decision-making regarding product selection and product development delivery strategies. The government also established certain personnel training institutes including some polytechnics and universities to support this effort. Such as the Centre for Management Studies (CMS), Administrative Staff College of Nigeria (ASCON), Industrial Training Institute (ITI), etc. A number of recommendations and findings of these institute and center were geared towards developing small and medium scale enterprises⁶⁷.

In addition, the government launched the Small and Medium Industry Equity Investment Scheme (SMIEIS) in 2001 on the suggestion of the CBN through the bankers' forum as an interventionist method. This program allowed banks to set aside 10% of their pre-tax profit to finance small and medium-sized businesses through equity participation. In 2002, the government made additional interventions to strengthen the capacity of small and medium-sized businesses (SMEs) through direct policy, including direct investment, the creation of more SMEs, promotion, institution agencies (technological development institutions, credit lending institutions, technical and management institutions, and the provision of infrastructures such as industrial estate,

nationalization of foreign firms, and the provision of incentives and subsidies for the promotion of small and medium-sized businesses⁶⁸.

The establishment of anti-corruption organizations like the Economic and Financial Crime Commission (EFCC) and Independent Corruption Practices Commission (ICPC), investments in power generation, road maintenance and construction, and the enactment of pension funds were additional efforts made to improve the small and medium-sized business sector⁶⁸. Despite the government's involvement and efforts to support the growth of small and medium-sized businesses (SMEs), manufacturing's share of GDP was just 7% in 1970. Just around 10% of the enterprises maintained by the manufacturer association of Nigeria are completely active, according to a survey done in 2004⁶⁸. Similarly, Joshua (2008) claims that around 70% of small and medium-sized firms (SMEs) in Nigeria are now operating or are about to cease operations, with the other 30% operating at low levels of capacity and perhaps facing imminent closure. The limitation was made worse in 2009 by a severe decline in manufacturing, which contributed 4.19 percent less to GDP while industrial capacity utilization fell to 48.8 percent⁶⁹. Given the catalyst for the nation's actual growth and development, this portends disaster for the Nigerian economy. The detritus of decaying manufacturing concerns around the country is the product of years of tough working circumstances⁶⁹. Despite the Small and Medium Industries Equity Investment Scheme (SMIEIS), finance posed a severe danger to small and medium scale firms (SMEs). He continued by noting that 30% of small and medium-sized businesses (SMEs) have shut down, 60% are struggling, and just 10% perform at a sustainable level.

2.1.3.1 Government Intervention Fund

The Government Intervention Fund in Nigeria refers to a variety of initiatives established by the Nigerian government to support various sectors of the economy, with the aim of promoting growth, job creation, and economic development. These intervention funds include programs such as the Agricultural Credit Guarantee Scheme Fund (ACGSF), the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN), the Bank of Industry (BOI), and the Central Bank of Nigeria (CBN) Intervention Funds, among others. These programs provide financial support to various sectors, including agriculture, manufacturing, SMEs, and more, in the form of loans, grants, and other forms of assistance. The funds are designed to help businesses overcome financial challenges and access the capital they need to grow and succeed. The government intervention funds in Nigeria are an important part of the country's efforts to promote economic development and support businesses in various sectors, helping to create jobs and improve the standard of living for Nigerians. Some the government intervention in Nigeria are:

Equity Investment Program for Small and Medium Businesses (SMEEIS)

The Bankers' Committee's optional SMEEIS program promotes small and medium-sized businesses (SMEs) as engines for quick industrialisation, long-term economic growth, the reduction of poverty, and the creation of jobs. Its funding came from a mandated 10% of bank earnings after tax that had to be put aside for loans, equity investments, or both in Nigerian Businesses. Any legal business was qualified to participate, with the exception of those engaged in trade and financial services⁷⁰. The Central Bank's Financial Supervision Department announced that as of June 2009, a total of N42,024,988,746 had been put aside for the plan, of

which N28,204,078,292.08 or 67 percent had been extended to finance 333 projects across the 36 states and the FCT⁷⁰. Early evaluations of the program a study revealed a large disparity between the cash set aside and what is actually invested in SMEs⁷⁰. This is partly because of restrictions relating to SMEs' risk profiles and strict design specifications.

Restructuring and Financing Facility for Small and Medium-Sized Businesses (SMERRF)

In order to increase access to capital and strengthen deposit money banks' financial position, the SMERF aimed to refinance and restructure banks' existing loan portfolios to manufacturers. The lending facilities had a 7% interest rate and were due quarterly for up to 15 years⁶⁹. As of the facility's closure in 2015, 604 projects in the chemical and plastics, food and beverage, engineering and construction, agro-allied, paper and allied goods, and other sectors of the Nigerian economy have been funded with up to N381.99 billion (CBN; 2017). As a result, nearly 29,000 direct employment were generated. The SMERF, although being deemed effective in attaining its goals, has failed to fully recover invested monies; as of 2017 reporting, only 100.7 billion of the total N381.99 billion invested has been returned⁷⁰.

Small and Medium Business Loan Guarantee Program (SMECGS)

In order to support the refinancing and restructuring of bank debts, the N200 billion SMECGS fund was established in 2010. The SMECGS specifically sought to boost the availability of promoters of SMEs and manufacturers to credit, offer guarantee for credit from banks to SMEs and manufacturers, and accelerate the industrialization of the Nigerian economy (CBN). To do this, it guaranteed 80% of bank loans to the SME sector. Just 88 projects totaling N4.3 billion had been insured as of the end of December 2016, six years after the program's launch, and 40 projects totaling N2.2 billion had been fully repaid⁷¹. Yet, the initiative went largely unreported

in part because commercial banks are not interested in lending to small and medium-sized businesses because they believe the 80 percent guarantee is not a sufficient incentive to do so⁶⁶.

Development Fund for Micro, Small, and Medium-Sized Businesses (MSMEDF)

The CBN established this development fund in 2013 to enhance and maximize the potential of micro, small, and medium-sized businesses for boosting productivity, creating jobs, and fostering inclusive growth. It began with a N220 billion share capital, 10% of which was designated as development components (such as administrative expenditures), and 90% as commercial components to be released to participating financial institutions at 2.0% interest rate for on-lending to SMEs at a maximum interest rate of 9%. By the end of December 2019, SMEs have received a total of N83.98 billion in funding, with N35.51 billion in repayment. Nevertheless, the MSME sector has very little access to the MSMDEF since the participating financial institutions are wary of the SMEs' high risk profile and poor lending margins⁷⁰.

System for Aggregating Paddy (PAS)

Under the Commercial Agricultural Credit Programme, the PAS is a working capital credit for integrated Rice millers (CACS). From its beginning in 2017, it has given loans with a 9.0 percent interest rate and a six-month duration, as well as a concessionary waiver of the CACS's single-obligor restriction (CBN; 2017). 26 millers have benefitted from a total financial release of N92.33 billion as of the end of December 2019. The repayment amount is listed as N43.21 billion⁷⁰. Nevertheless, as of mid-year 2020, N3.20 billion was also released for three further projects⁷². Loan default rates may be a problem for the system, as seen by a meager 46% payback rate.

CBN Creative Industry Fund Initiative (CIFI)

In order to increase employment creation in Nigeria, particularly among young people, the CBN created the N22.9 billion CIFI in 2019 in partnership with the Bankers' Committee. The primary goal of CIFI is to increase access to long-term, affordable financing for business owners in the creative and information technology subsectors. 80 projects had received a total of N653.58 million in disbursements as of the end of December 2019⁷¹. A further N1.10 billion was paid out to 160 new recipients at the halfway point of 2020⁷¹. It is too early to assess the success or failure of the CIFI given the minimum and maximum loan terms of 3 and 10 years for the Student Software, Movie Production, and Music Distribution components, respectively. Moreover, the CBN has aggressively worked to carry out its development mandate through these interventions with the goal of promoting enterprises in Nigeria's real sector to increase employment and lower unemployment. Agribusiness/Small and Medium Enterprises Investment Scheme (AGSMEIS), Export Development Facility (EDF), CBN Anchor Borrowers Program (ABP), Non-Oil Export Stimulation Facility (NESF), and, in response to the pandemic, some stimulus policy measures such as the Targeted Credit Facility (TCF), COVID19 Intervention Facility for the Manufacturing Sector (CIFMS), Health Care Sector Intervention Fund (HSIF), and Health Sector Research and Development Intervention Scheme (HSRDIS).

Government initiatives carried out through the CBN to ease financial limitations on SMEs

The Nigerian government, through the CBN, developed some financial schemes aimed at easing the credit problems of SMEs to assist in their development in Nigeria. This was done in recognition of the financial constraints faced by SMEs, the need to ensure the realization of the potential benefits of SMEs to the development of the economy, and the realization that SMEs do well under government intervention⁷². The CBN mandates that all commercial banks provide a

specific level of loans to SMEs. The CBN mandated that banks maintain a minimum lending ceiling of 10 percent for SMEs for the fiscal year 1979–1980. This was increased to 16 percent in 1980 and to 20 percent of all loans and advances in 1989. Any bank that failed to meet the percentage requirement had the deficit directly taken from the bank's deposit with the CBN and Nigerian Bank for Trade and Industry in order to guarantee compliance (NBCI). While most banks complied with the guidelines, loans for SMEs increased as a result of this policy. For instance the total credit extended to Small and Medium Enterprises (SMEs) witnessed significant growth over the years. In 1992, the credit amount stood at N23.9 billion, which increased to N41.5 billion in 1995 and further rose to N177.1 billion in 1997. These figures accounted for 45.1%, 24.2%, and 16.0% of the total loans and advances during the respective years⁷².

Rural Banking Program

In addition to addressing the issues of rural underdevelopment, this program was established in Nigeria in 1977 to address the financing issues facing SMEs in rural regions and the agricultural industry. The program required Nigerian commercial banks to open branches in rural regions. In 1989, after 12 years of the program, there were 756 rural bank branches operating in the rural region with total deposits of around N5.7 billion⁷². This breakthrough gives rural Enterprises the chance to access financial services. The plan resulted in a tremendous increase in the number of rural bank branches; the majority of these branches acted as a conduit for transferring rural funds to metropolitan regions. The rural bank branches' contribution to achieving the government policy goal of promoting rural development has, at best, been shaky⁷³. This is because banks never actually offered credits to SMEs in rural regions due to the strict loan requirements borrowers had to follow in order to acquire the loans and the unavailability of rural residents to

supply the documented proof required for loan procurements. Instead, rural deposits were transferred to metropolitan regions to fund commercial banks and other banking operations.

The Nigerian Industrial Development Bank Ltd. (NIDB)

With the intention of aiding businesses involved in the nation's industry, trade, agriculture, and resource exploitation, the NIDB was founded in 1964. According to its memorandum of association, the CBN, the Ministry of Finance, and the Ministry of Industry oversee its activities. The bank was unable to assist the government in achieving its goals of financing SMEs. The preponderance of solo and family proprietorships in many new and rising industrial enterprises, which made it difficult for a firm to continue after the death of its founder, was cited as one of the causes for the poor performance. Due to the high rate of loan defaults, there was no longer any credit available to give to SMEs. Poor infrastructure in the nation and insufficient government backing of the institution were also cited as causes of the bank's bankruptcy⁷³. The CBN (2000) blamed the bank's demise on the drying up of government money, which had been its primary source of funding, and on conflicts over federal budgetary allocations to the nation's development financial institutions (DFIs). This could be connected to the collapse of the global oil market in the late 1970s and early 1980s. This scenario made it more difficult for the bank to implement proactive market-oriented strategies and to generate a profit because the majority of the industries that were floated with the help of oil money also faced severe financial difficulties. One of the main issues with the bank was the government's inability to keep political affairs and bank affairs separate because the bank was set up to rely heavily on government funding and World Bank assistance while placing less emphasis on competition and threats to the financial system⁷³. The creation of the Bank of Industry (BOI), which resulted from the merging of the NIDB, the NERFUND (National Economic Reconstruction Fund), and the Nigerian Bank for

Trade and Industry, was caused by the NIDB's failure to meet the financial demands of the industrial sector (NBCI).

The Nigerian Bank for Trade and Industry (NBCI)

The Nigeria Bank for Commerce and Industry (NBCI) was founded in 1973 during the period of indigenization to combat the unfair treatment provided to local SMEs by non-indigenous banks. Also, it was intended to offer financial services to the local business sector, particularly SMEs. The SMIEIS World Bank loan program was managed by it, which served as the premier financial organization for SMEs. Before the bank went bankrupt in 1989, it had granted approval to 797 projects totaling N965.5 million in credit value between 1973 and 1989 and paid out N141.82 million between 1987 and 1988. In addition, it provided money for 126 projects under the World Bank loan program, some of which had to be abandoned because the project sponsor had not provided the required matching funds. It is currently a component of the recently founded Bank of Industry⁷⁴. NBCI was unable to meet its goals owing to operational and financial issues. The bank continued to operate with a significant negative position, a large percentage of long-term borrowings, and unclassified liabilities⁷⁴.

Financial Market Liberalization and Government Financial Schemes for SMEs

The liberalization of financial markets, which took the shape of a considerable easing of governmental restrictions, marked a departure from the "repressive" regimes typical in the period before the adjustment. With this change, the government no longer plays a significant role in influencing credit flows through a system of subsidies, interest rate caps, loan distribution, and direct involvement⁷⁵. The McKinnon-Shaw theory of financial liberalization and the pressure placed on governments by the decline in primary product prices in international markets are the

theoretical justifications for the liberalization of the financial markets in Nigeria and other SSA nations. These academics emphasized that increasing savings and financial intermediation would result in more effective use of savings, which would boost economic development. The detrimental impact of "financial restraint" on economic growth and development. They define financial repression as a collection of governmental legislative constraints that limit the ability of financial intermediaries in the economy to operate at their full potential⁷⁶. The claim is that policies such as caps on interest rates and credit expansion, selective credit allocation, and stringent reserve requirements have a negative impact on growth because they distort local financial markets. They said that such actions result in reduced investment ratios and harm growth. By removing interest rates and credit ceilings, doing away with selective credit distribution, and reducing bank reserve requirements, they recommended that positive real interest rates be established on deposits and loans. In other words, the McKinnon-Shaw thesis' main claim is that the indiscriminate distortions of financial pricing, such as interest rates and foreign currency values, caused by ceilings, lower the actual rate of development and the real size of the financial sector in comparison to nonfinancial magnitudes.

During economic liberalization, a typical tendency in Nigeria was for several SMEs to switch their company focus from manufacturing to retail or service. Some companies stop operating because they lack the resources to survive in the current, fiercely competitive business climate⁷⁵. Part of the reason for the new pattern may be attributed to Nigeria's government's liberal economic policy, which led to the elimination of all measures protecting SMEs from competition from well-established multinational corporations for foreign exchange and manufacturing inputs⁷⁶. In order to address the issue of SMEs' lack of access to financing, the government, through the CBN, created the following financial initiatives.

Fund for National Economic Rebuilding (NERFUND)

With the launch of the structural adjustment program (SAP) in 1986, many SMEs found it difficult to get financing for their working capital and investment needs, and the ensuing depreciation of the Naira made matters worse. In order to close the growing resource gap among SMEs, the Nigerian government established the National Economic Reconstruction Fund (NERFUND) in January 1990, with the CBN as one of the enabling institutions. The fund's goal was to offer long-term loans (5–10 years) to SMEs at low interest rates; this has somewhat improved access to long-term financing, which is one of the main obstacles to SME development in Nigeria. Between 1990 and 1998, NERFUND contributed US\$144.9 million (Foreign Exchange Component) and N681.5 million (Naira Component) to finance 218 projects. The depreciation of the Naira and its impact on recipients' ability to repay loans have limited NERFUND's ability to extend credit. Because the founding of the NERFUND had a negative impact on NBCI's activities, the institution looked to have worked against other development finance organizations due to policy contradictions⁷⁶. However in 2000, the bank joined with NBCI and NIDB to become the Bank of Industry (BOI), ensuring its continuing importance and survival⁷⁸.

SME II Loan Project with World Bank Assistance

To supplement other funding sources for the SMEs sector, the Federal Government solicited and obtained financial aid from the World Bank in 1989. The facility included a loan of US\$270 million that was made available to SMEs through partner banks that were qualified. To oversee the World Bank's lending and other related activities, the CBN created a SME apex unit in 1990. From 1990 and 1994, when project approval ceased, the unit authorized 211 projects totaling US\$132.8 million. 102 projects were established and modernized with a total payout of

US\$107.1 million as of June 1996⁷⁷. Since the CBN established the Small and Medium Industries and Equity Investment Plan, nothing has been said regarding this facility's current condition.

Nigeria's People's Bank

In order to provide loans to extremely tiny (micro) firms, such as those run by the rural and urban poor, artisans, farmers, petty dealers, car mechanics, etc., the government formed the People's Bank of Nigeria (PBN) in October 1989. All of the federation's states were included in the bank's activities as of 1993. On the basis of a determined policy based on the idea of "peer pressure," the bank gave loans to groups of entrepreneurs rather than to single entrepreneurs. When money was given to a certain group of members in installments, this policy was implemented to ensure that the loans were paid back. When a significant amount of the original loans given to the earlier set of recipients had been repaid, the following set within the group was only given their loans⁷⁹. The bank, like the NIDB, was set up as a supply-led institution and mainly relied on subsidies from the government to run. Notwithstanding the "peer pressure" strategy, the bank's loan recovery method was extremely ineffective. Decapitalization was an issue for the bank because of high expense that exceeded earnings⁷⁹. After widespread fraud and shady behavior by bank employees, the authorities shut down the bank. In order to address some of the recognized problems in credit distribution to the grassroots, a community bank was founded in 1991 to take the role of the bank.

Local Banks

In 1991, the CBN launched the Community Bank Initiative. By offering financial and banking services to areas that had enough access to them, community banks sought to support rural

development. In comparison to the rural banking scheme, the community banking plan was more suited to servicing the interests of the rural poor. Notwithstanding the issues some of these community banks were having at the time, they were more equipped to support rural development than traditional commercial banks⁸⁰. A National Board for Community Banks (NBCB) was established in 1991 with the mandate of establishing community banks throughout the nation. Before the reform that resulted in the microfinance banks, the CBN later took control of all community banks' operations⁸¹.

However, community banks also had to deal with issues like managers and directors authorizing unauthorized loans without adequate assessment, documentation, and recovery provisions; breaking rules and regulations and other operating guidelines by opening illegal cash centers in violation of section 6.1(a) of the Community Banks Decree, 1992; and insufficient monitoring and supervision of the bank's operations by NBCB. In addition, there have been several disputes between board members, court cases involving segments of the community represented by the community development organization, and liquidity issues brought on by rural residents' bad banking practices and low incomes⁸².

Microfinance Institutions

In 2005, the CBN started the process of reforming the Community Banking industry. The latter led to the licensing of Microfinance Banks (MFBs) to take the position of Community Banks, with the intention of improving MFBs' ability to provide loans to SMEs in order to grow the industry. As a result, section 33 subsection (1) (b) of the CBN Act 7 of 2007 gave private sector operators the authority to establish Microfinance Banks in Nigeria instead of Community Banks⁸⁰. Throughout the reform process that gave rise to microfinance banks, the CBN sought to turn them into engines of rural development and socioeconomic progress by giving them access

to credit. The goal was to help SMEs by offering them financial, advising, technical, and managerial support while also easing the burden of high interest rates and other financial fees that banks had previously imposed as part of routine bank financing. In a larger sense, the objective was or is still to unleash the potential of entrepreneurs so they may participate in profitable economic activity, become self-sufficient, create more job possibilities, and raise household income, including wealth development. The CBN adopted MFBs as the primary source of finance for SMEs in Nigeria, particularly those in the industrial sector, because of the substantial role anticipated of them. Manufacturing SMEs have a lengthy gestation time thus it is essential to have more readily available and inexpensive sources of financing, particularly long-term loans with low interest rates⁸³.

The Nigeria Export-Import Bank (NEXIM)

The Nigeria Export-Import Bank (NEXIM) was established in 1991 to offer financial assistance to Nigerian exporters as well as consultancy services, trade intelligence, and risk reduction for export and import transactions. The Rediscounting and Refinancing Facility for NEXIM was created to help banks support non-oil exporters by providing pre- and post-shipment financing. The program was established to discover answers to the issues with providing loans to SMEs, and it has had a fair degree of success doing so. With the incredibly poor pace of drawdown on facilities like the World Bank-assisted SME II loan and NERFUND loan facilities, the necessity for financial institutions to lower the credit risks associated with loans made to SMEs has grown. It should be highlighted that less than 50% of the total effective demand for investment loans in the manufacturing sector is presently not being satisfied, according to the technical committee on the creation of the National Credit Guarantee Plan for SMEs in Nigeria. This necessitates that the government improve the agency's funding flow⁶⁶. Yet, data available shows that non-oil export

performance since the bank's establishment has not improved or considerably increased the country's income base⁶⁶. The main export and source of income for the government continues to be crude oil. Nigeria is able to balance its import trade, which is mostly made up of machinery, heavy equipment, consumer goods, and food products, thanks to the high price of oil internationally⁶⁹.

Equity Investment Plan for Small and Medium-Sized Businesses (SMIEIS)

In order to offer loans to SMEs in Nigeria, the Banker's Committee established this program in 2000. The Committee decided that each bank should put aside 10% of its annual pre-tax profit for equity investments in SMEs. Banks are expected to find, mentor, and support the businesses that will be supported under the initiative in order to assure the program's effectiveness. Agroallied, information technology, telecommunications, manufacturing, educational institutions, services, tourism and leisure, solid minerals, and construction are among the activities targeted by the program. In August 2001, the program was formally inaugurated. The implementation of the program was anticipated to boost SME funding in order to promote economic growth. As of August 2002, 77 banks had set aside a total of N11.572 billion, of which N1.692 billion was invested in SMEs⁸⁴. According to reports, the CBN, however, punished several banks for failing to invest funds designated for SMEs credits under the SMIEIS program. Financial institutions have not been able to fill the gap in lending, savings, and other financial services needed by SMEs in Nigeria despite the CBN taking strict measures to make the program work for them⁶⁶.

Agricultural, Cooperative, and Rural Development Bank of Nigeria (NACRDB)

This is a merger of the old Peoples Bank of Nigeria (PBN), Nigerian Agricultural and Cooperative Bank (NACB), and the Family Economic Development Program (FEAP). In order to fund agricultural and Businesses, the agency was founded in October 2000. The NACRDB takes deposits and provides loans or advances, with interest rates that are graded to Nigerians and their companies based on their intended use. The bank also provides additional financial services such target savings, start-up loans, and smallholder lending programs⁶⁹.

Bank of Industry

This is a merger of the previous Nigerian Industrial Development Bank (NIDB), the Nigerian Bank for Trade and Industry (NBCI), and the National Economic Reconstruction Fund (NERFUND). It was also established in 2000 with the primary goal of supplying loans to the industrial sector, notably SMEs⁷⁰. The bank helps small, medium, and large businesses, excluding cottage industries in new or established businesses seeking expansion, modernisation, or diversification; Creditworthy promoters who will be needed to demonstrate their commitment to the project by donating at least 25% of the project's total cost, excluding land; Borrowers with unquestionable character, reputation, and financial status (including the capacity to provide collateral and a guarantee); Customers who can show they can make their loan installments; Borrowers having no history of past-due loans to other banks and former development finance institutions⁷¹.

Refinance and Rediscounting Capability.

To boost medium to long-term bank lending to the economically productive SMEs sectors, the CBN established the Refinancing and Rediscounting Facility (RRF) at preferential interest rates. The facility was created to give banks liquidity to facilitate the financing of operations in the real

industry. In order to broaden and diversify the economy's productive base, it is also important to promote medium- to long-term loans to productive sectors. This is because most banks direct their loans to general commerce and trade due to the fact that the total amount of bank deposits was short-term. The RRF also offers short-term relief to banks that may be experiencing liquidity issues after devoting the majority of their resources to long-term financing in particular productive sectors, such as agricultural production, semi-manufacturing, manufacturing, solid minerals, and information technology. Under this arrangement, banks would have access to up to 60% of eligible loans held for at least a year by the debtors⁶⁸.

2.2 Theoretical Framework

In this study, The Dynamic Capability Theory (DCT), Stakeholders Theory and Survival Base Theory were examined due to their relevance to the research aim. However, the study primarily relied on The Dynamic Capability Theory (DCT) as it provides a comprehensive framework for understanding how SMEs can develop the capabilities necessary to succeed in the face of uncertainty and change, particularly in the context of government intervention funds and SME survival in Nigeria. Although the other theories complemented the theoretical study, the DCT was deemed most suitable for the study.

2.2.1 The Dynamic Capability Theory (DCT)

The notion of dynamic capability is based David Teece and Gary Pisano first presented it in 1994 to describe how corporations function in a dynamic business environment, concentrating on the

tools that businesses use to gain an advantage over rivals⁹¹. It aims to inform managerial practices while also adding to the Resource Base Vision (RBV) by elucidating the characteristics of sustained competitive advantage. It stressed how important it is for managers to properly adapt, integrate, and reconfigure resources and competencies to reflect market changes⁹². Later, the framework was created as an extension of the RBV to handle dynamic markets; specifically, the DCT aims to explain how business firms attain and maintain competitive advantage despite an ever-changing environment. Researchers define dynamic capability as "the firm's ability to integrate, build, and reconfigure internal and external competencies to address quickly changing contexts." Sensing, seizing, and reconfiguring are the three separate processes that make up DCT and correlate to the three stages of developing dynamic capacities⁹³. Sensing describes a company's capacity to spot chances in a fast-paced, competitive market where customer wants are ever-evolving. To accomplish this, the commercial firm must continuously scan, search, and investigate new markets. The company would also need to engage in research efforts, business intelligence to monitor consumer and supplier needs, and technological possibilities. The ability of a manager to set strategic decision-making guidelines and resource allocation procedures is referred to as seizing opportunities.

In the corporate organization, this is accomplished by taking the chance of introducing novel goods, procedures, or services to the market, which necessitates investments in research and development and commercialization efforts⁹². This will require the business enterprise to develop its technological competency and complementary assets in order to obtain early access into the market as soon as the chance is ready. It has been critiqued for lacking a clear theoretical foundation which might limit "fruitful conversation," impede advancement, and prevent empirical study⁹³. Once more, the theory merely explains how learning and reconfiguration lead

to change; it does not explain why an organization does not change. In terms of its most fundamental components, such as how they are defined, it is likewise unclear. The theory has also been criticized for lacking precise definitions, quantifiable data, and other requirements that make it possible to develop and evaluate hypotheses and predictions⁹¹.

Notwithstanding the objections, the DCT has been one of the most active areas of research in the field of strategic management. More than 100 times a year, it has been published in business and management periodicals⁹². This has also made it a very active field with a broad scope. The concept has attracted a lot of interest due to the theoretical and practical significance of DCs in explaining competitive advantage in various market situations⁹². The ability to sense and shape opportunities and threats, to seize opportunities, and to maintain competitiveness through enhancing, combining, protecting, and, when necessary, reconfiguring the businesses' intangible and tangible assets is what determines whether a manufacturing business firm will succeed. The tiny business owner must consequently possess the trait of constant innovation.

Thus, The Dynamic Capability Theory (DCT) is the best theory to hinge this study on government intervention fund and SME survival in Nigeria. In the context of government intervention funds and SME survival in Nigeria, the DCT would emphasize the need for SMEs to have the capability to adapt to changes in the economic environment and take advantage of the resources provided by government intervention funds. SMEs need to be able to build and reconfigure their internal and external resources to respond to changes in the environment, such as changes in government policies or economic conditions.

Furthermore, the DCT emphasizes the importance of learning and knowledge creation in building dynamic capabilities. In the context of government intervention funds and SME survival in Nigeria, SMEs need to have the capability to learn from their experiences and adapt their

strategies accordingly to take advantage of the opportunities provided by government intervention funds.

The Dynamic Capability Theory provides a comprehensive framework for understanding how SMEs can build the capabilities they need to survive and thrive in the face of uncertainty and change, which is essential in the context of government intervention funds and SME survival in Nigeria.

2.2.2 Stakeholder Theory

Stakeholder theory, which Freedman first proposed in 1984, contends that all parties with an interest in a commercial entity are stakeholders of that entity, including managers, staff members, clients, vendors, financiers, the government, and the community. The management is guided by stakeholder theory to look out for the interests of all parties involved in the firm, not just the shareholders'. Stakeholder theory has been further refined by academics to take into account the ethics, morality, and standards of interacting with the stakeholders⁸⁶. Nonetheless, it has proven difficult to combine moral and financially sound choices that serve the interests of all parties involved without having an impact on the organization's bottom line⁸⁶.

In addition to Freedman, developed instrumental stakeholder theory to combine ethical principles, behavioral science, economic theory, and stakeholder theory⁸⁶. The incorporation of ethics into stakeholder theory was for an organization's competitive benefit⁸⁶. Several academics have also acknowledged the significance of stakeholders in an organization and how they affect organizational performance and sustainability⁸⁷.

Stakeholder theory emphasizes that organizations should account for the interests and influences of all stakeholders, not just shareholders, in their decision-making processes. In the context of

government intervention funds and SME survival in Lagos State, this theory highlights the need to understand and address the needs and expectations of various stakeholders, including SME owners, employees, customers, suppliers, government bodies, and the broader community. A critical analysis of stakeholder theory reveals its encouragement of a more holistic and inclusive approach to organizational management, fostering sustainable business practices and long-term success. However, it also presents challenges, such as balancing conflicting interests and managing the potential for stakeholder demands to exceed organizational capabilities.

One major criticism of stakeholder theory is the ambiguity in identifying stakeholders. The theory lacks clear criteria for determining who should be considered a stakeholder, leading to difficulties in deciding which groups or individuals deserve attention and which interests should be prioritized⁸⁶. This ambiguity creates a challenge for organizations as they attempt to navigate the complex landscape of stakeholder identification.

Additionally, stakeholder theory suggests that the interests of all stakeholders should be considered, but it does not provide clear guidance on how to prioritize conflicting interests. This lack of direction can lead to significant challenges in decision-making, as it is not always feasible or practical to satisfy every stakeholder equally. Organizations often find themselves in a dilemma, trying to balance competing demands without a clear framework for prioritization.

Critics also argue that by considering the interests of various stakeholders, organizations may prioritize short-term gains over long-term sustainability⁸⁷. This focus on immediate benefits can result in decisions that favor certain stakeholders in the short term but ultimately harm the organization or other stakeholders in the long run. The emphasis on short-term goals can undermine the overall strategic vision and long-term success of the organization.

Furthermore, implementing stakeholder theory in practice can be particularly challenging, especially in large organizations with numerous stakeholders and complex relationships. It requires significant resources and may not always align with traditional business practices or goals⁸⁶. The practical difficulties of integrating stakeholder theory into organizational processes can limit its effectiveness and applicability, making it difficult for companies to fully embrace and operationalize the theory.

Applying stakeholder theory to the challenges of government intervention funds and SME survival in Lagos State offers several benefits⁸⁷. Firstly, it enhances the understanding of SME needs by considering the perspectives of different stakeholders. Policymakers and financial institutions can design intervention funds that better address the specific needs of SMEs, including more favorable repayment terms, lower interest rates, and simpler application processes. Improved accessibility is another benefit, as recognizing the barriers faced by SMEs—such as bureaucratic hurdles and restrictive eligibility criteria—advocates for more inclusive and transparent funding mechanisms, leading to higher uptake and more effective utilization of intervention funds⁸⁶.

Increased public awareness is also a significant benefit. Engaging with various stakeholders, including SME associations and local communities, can significantly enhance awareness about available intervention programs⁸⁶. This ensures that more SMEs are informed about the support options available to them. Better monitoring and accountability are supported by stakeholder theory, which advocates for robust mechanisms to track fund allocation and utilization. This helps prevent misappropriation and ensures that funds are used effectively, ultimately supporting SME profitability and growth. The sustainable growth of SMEs is further supported by fostering

a collaborative environment where the interests of all stakeholders are considered. This can lead to long-term economic benefits for Lagos State and its residents.

In applying stakeholder theory to the study of government intervention funds and SME survival in Lagos State, the research will focus on identifying key stakeholders, including SME owners, employees, financial institutions, government agencies, and the local community. Understanding their interests and influences will be crucial. Assessing stakeholder needs and challenges is another focus, examining how different stakeholders perceive the challenges related to intervention funds, such as appropriateness, accessibility, public awareness, and monitoring adequacy.

The study will also develop inclusive funding mechanisms. Insights from stakeholders will inform recommendations for designing more inclusive and effective intervention funds that address the specific needs of SMEs in Lagos State. Enhancing communication and awareness is another area of focus, exploring ways to improve communication and raise awareness about government intervention programs, ensuring that more SMEs are informed and can benefit from the support available⁸⁷. Lastly, the study will implement robust monitoring systems, with recommendations made for effective monitoring and accountability mechanisms to track the use of intervention funds and ensure they contribute to SME profitability and survival.

Stakeholder theory was pertinent to this study because it is used by researchers to identify the important stakeholders in an organization and the sustainability strategies implemented by the organization's leaders, which include consideration of economic, social, and environmental values in organizational strategy. When an organization adopts a sustainability plan, it might consider the organization's impact on providing economic, social, and environmental values to its stakeholders⁸⁶.

2.2.3 Survival Base Theory

The Survival Based Theory, which contends that in order for organizations to exist, they must constantly adapt to changes in their environment⁸⁸. According to Spencer, businesses are more likely to succeed when they adapt to their surroundings. Efficiency is also essential for survival, as businesses that provide the greatest products created in the shortest amount of time and with the fewest resources are more likely to endure. Instead of concentrating on a single strategy, this theory emphasizes the significance of choosing a group of tactics that result in efficiency. The optimum approach is one that adjusts to the surroundings. Although ineffective systems are frequently the cause of issues, this notion is equally applicable to turning around failing businesses⁸⁹. Companies can adapt to their environment and increase profits through increasing efficiency⁹⁰.

According to this idea, an organization must live in its environment, therefore comprehending the environment is essential to success. It is also necessary to grasp the best survival strategy to employ, otherwise the company will perish among its rivals. To assure innovation's durability in the face of all types of uncertainties, managers must ensure it both internally and externally. To survive, it is crucial for an organization to research and comprehend how competitive its environment is. This will help the business develop a survival strategy that will ensure its sustainability. An organization must be innovative in its thinking in order to survive in the always changing business climate, which is defined by fresh thinking and new ways of doing things.

The Survival Based Theory has been criticized for failing to consider how luck and chance play a factor in an organization's success or failure. It makes the supposition that businesses can always

adapt to changes and that they have total control over their environment. Opponents claim that in some situations, external influences may be beyond an organization's control, making adaptation impossible⁹⁰.

The theory has, however, been utilized in a variety of circumstances, such as government intervention funding and SME survival. The effectiveness of government intervention funds in fostering SME growth in Kenya, the funds were only successful when they were specifically designed to address the needs of SMEs and the changing environment⁸⁸. This shows that the Survival Based Theory might be used to create government intervention programs that change to meet the changing needs of SMEs. Similar study on the survival tactics of SMEs in Bangladesh discovered that the most prosperous SMEs were those who were able to quickly adjust to environmental changes⁸⁹. This emphasizes the significance of the Survival Based Theory in assisting SMEs in surviving in cutthroat markets.

Notwithstanding its detractors, the Survival Based Theory has been successfully utilized in a number of situations, such as government intervention funding and SME survival. It underlines how crucial it is for organizations to adapt to their environment in order to survive, and it may be utilized to create successful solutions for SMEs. According to the principle, organizations must change along with their environment in order to survive. Failing to adapt could result in an organization's collapse.

2.3 Review of Empirical Studies

2.3.1 Appropriateness of Intervention Funds and the Survival of SMEs

The evaluation was carried out employing 682 firms divided into two groups, with 378 participants in the treatment group and 304 in the control group, using a combination of the

propensity score matching and difference-in-difference technique. Their investigation revealed, among other important findings, that participation in the public program (financial subsidy) had no bearing on the possibility of the beneficiary acquiring financing for their firm following the program. Yet, according to their findings, the program increased the number of employees but, depending on the model adopted, it had a mixed effect on business sales. Therefore, it is important to know whether the public program was successful in providing the recipients with the skills they need to overcome the main obstacles facing most entrepreneurship ventures, one of which is obtaining funding to operate the business. The success of a public sector-sponsored entrepreneurship training program in Italy using data from the Global Entrepreneurship Monitor 2008, which included a sample of 3,000 respondents².

The study used the logistic regression model to assess the effect of the entrepreneurship training on the participants' expectation to launch a firm after getting the training. The study's findings showed that the impact on an entrepreneur's start-up expectation differs by age and gender, and they came to the conclusion that it is more effective for a policymaker to establish target-specific entrepreneurship development programs rather than a "homogeneous whole." It is significant to highlight that the majority of developing nations have initiatives for the development of entrepreneurship in particular industries. They do not, however, target any particular gender or age range. Bad policy development breeds ineffectiveness. But, well-designed public policies that give entrepreneurs financial support to launch their enterprises continue to be the most successful because they help them get through the most difficult part of the entrepreneurial process³.

Using a descriptive survey to gather pertinent data, corruption, a lack of stakeholder consultation in program design, mismanagement, poor implementation, monitoring, and a lack of impact

assessment of interventions as obstacles to the government's MSMEs interventions in Nigeria⁴. The results are congruent with those whose prior research employed a comparable methodology⁵. Obstacles to the efficient implementation of government interventions through agricultural credit guarantee schemes funds, including the banks' low level of confidence in the government's commitment to the pledged guarantees, the difficulty in evaluating and managing state-owned credit institutions like the National Economic Reconstruction Fund (NERFUND), and the general lack of awareness of such interventions⁶.

Moreover, a study asserts that strengthening the oversight and assessment of interventions aspects of a broader regulatory environment—will improve their effectiveness¹¹. The ability of the bank to reduce the risks specific to the industry when developing interventions may have an impact on the success of the execution of CBN's interventions in the agricultural SME space¹². Notwithstanding these factors, several characteristics of SMEs also make it difficult to successfully apply interventions for development.

Impediments like "fear of risk" by both financing institutions and SMEs' "low business capacity" seem to be impeding SME development rather than a shortage of possible investment capital. Thus, they recommend creative public financing structures and public-private partnerships that integrate relevant environmental and social requirements in order to increase the entrepreneurial capability of SMEs. The dynamics of SMEs' access to finance in both established and emerging economies are well-documented in the literature. Yet in Nigeria, the emphasis has been more on the problems on the demand side, for reasons that are not too dissimilar from the widespread popularity of the national institutional underperformance story. Hence, the supply side issues impeding the implementation of the intervention programs receive less attention. As a result, in

our study, we make an effort to investigate such problems in order to provide information and spark additional interest.

This refers to a number of initiatives taken by the government in a variety of methods to promote a firm's development, survival, and full participation in an economy¹². In order to encourage people to engage in any business and boost the economy, an organization offers intervention funds in the form of loans with low interest rates. It is a plan initiative to encourage the less developed economies of the globe by providing them with low-interest loans to help them start businesses¹³. In the conceptualization of this work, an intervention fund is a fund made available by the government to assist SMEs in obtaining loans at low interest rates as low as 9% in order to enable them to grow the sector and influence the economy by increasing the gross domestic product, creating more jobs, raising per capita income, increasing the availability of goods and services, lowering unemployment, and reducing poverty. In the context of intervention funds, the term "intervention fund" refers to money given by the government, whether federal, state, or local, to support the expanding sector of the economy in the form of low-interest loans. This is coordinated by central financial institutions, which decide on the conditions before such loans are collected and made available to business owners.

2.3.2 Accessibility of Intervention Funds and Survival of SMEs

The study looked at how intervention funds affected the expansion of small and medium-sized businesses in Abuja. The degree of collateral requirements and the expansion of SMEs were used to gauge the effectiveness of the intervention fund and the creation of jobs. The study used a survey research design and administered a questionnaire to respondents who were the owners of SMEs in Abuja, FCT, as its major data gathering method. The questionnaire was created using a ve-point Likert scale. Using the Taro Yamane formula, the population of this study was

decreased to 26 000, and the sample size was 393. The 393 respondents from the six Area Councils in Abuja were chosen at random to receive the questionnaire. The study employed regression as a statistical technique and e-view as statistical software to analyze the data, and the results show that the Federal Government Intervention Fund statistically contributes to the expansion of Small and Medium Scale Enterprise in Abuja. Additional findings included the fact that the Federal Intervention Fund significantly increases the output of SMEs and that the Abuja Government Intervention Fund significantly increases the creation of jobs in Abuja. Thus, the study advised that the federal government of Nigeria strive to loosen the collateral requirements to make it easier for the SMEs in Abuja who are just starting to expand to get intervention funds as the intervention fund promotes the expansion of SMEs in Abuja²¹.

To ensure price and economic stability, the Nigerian central bank has used many unconventional monetary policy measures, such as SMEs credit intervention, with the goal of increasing credit availability in specific economic sectors. The assumption is that an increase in productive activity and investments will indirectly support price stability, which is the bank's primary goal. As a result, this study looked into the difficulties in implementing the CBN's real sector (SMEs) intervention programs from 2000 to 2020. Method: The study used a mixed technique using a descriptive survey methodology to sample 62 intervention program implementers and 400 Micro, Small and Medium Sized Businesses (SMEs). Findings: The research reveals, among other things, that Nigeria's program implementers face a number of difficulties, including significant loan default risks, program politicization, and inadequate infrastructure development. The main causes of failure among applicant SMEs were applicants' ineligibility for the programs they applied for, a weak business plan, or lack knowledge of the proposed firm. To avoid political

influence, it is recommended that additional public-private partnerships be established for program design, monitoring, and assessment²³.

Small and Medium-Sized Businesses (SMEs) are often regarded as the catalyst for economic growth and equitable development in both developed and developing economies. In Ibadan Metropolis, Oyo State, the study looked at the extent to which government measures mitigate the detrimental effects of environmental factors on SMEs' productivity. It reviewed related ideas and used PESTEL analysis as its theoretical foundation. With the distribution of a questionnaire and the conduct of an in-depth interview, the study employs a survey research design. Among the six constituencies that make up the Ibadan Metropolis, there are roughly 600 SMEs employees. To choose 60 respondents for the questionnaire, stratified and simple random selection were used. For in-depth interviews, two employees and a manager from each of the six SMEs were chosen at random. The study found that various government policies, including a government intervention fund administered by the Bank of Industry, the inclusion of entrepreneurship education in formal education, and a ban on the importation of locally produced goods, among others, have been implemented to lessen the adverse effects of environmental factors affecting the productivity of SMEs in the Ibadan Metropolis, Oyo State. The study came to the following conclusions, among others: government policies have a considerable impact on reducing the detrimental effects of environmental factors that have an impact on the productivity of SMEs in the Ibadan Metropolis, Oyo State²⁴.

Governments all across the world are developing palliatives to lessen the impact of the COVID-19 Pandemic. Previous interventions must be evaluated in terms of what works and what doesn't in Nigeria in order to inform such policies. Government Enterprises Empowerment Program (GEEP), one of the earlier tactics, has been praised for its significant contribution to promoting

financial inclusion and the performance of small and medium-sized businesses (SMEs). The goal of this study is to investigate how the Government Enterprise Empowerment Program has affected the performance of SMEs in Gombe State, Nigeria. Among SMEs in Gombe, 100 respondents were chosen at random. The statistical method utilized to examine the data was structural equation modeling (SEM). The findings demonstrate that the three null hypotheses were disproved. This implies that the performance of SMEs is significantly impacted by the three services of Trader Moni, Anchor Borrower, and Youth Entrepreneurship Assistance. The study's singular conclusion is that the R² value of 0.38% indicates the combined influence of the three independent variables on the dependent variable. In other words, the three variables account for only 38% of the performance of SMEs in Gombe state. This shows that it would take some time for such actions to have a noticeable impact on the performance of SMEs²⁵.

2.3.3 Public Awareness and Support SMEs

The business sector is known worldwide for its turbulence and massive, continuous inflow and outflow. This is due to the fact that the business environment is dynamic, turbulent, discontinuous, and highly competitive. Several small and medium-sized businesses (SMEs) use a variety of techniques to establish a competitive edge and ensure their survival. The study uses a sample of SMEs in Abuja as a case study to analyze the growth and survival strategies of small and medium-sized businesses (SMEs) in an emerging economy. The Ordinary least square (OLS) regression approach was utilized to conduct the empirical study, and the t-test statistic was used to assess each of the hypotheses. The study's findings showed that diversifying a product line has no discernible impact on SMEs' ability to grow their businesses. However, over the past few years, product branding has not significantly impacted the sales turnover of SMEs. The profit margin of SMEs has, however, been found to be significantly impacted by ideas and innovation

during the previous few years. It demonstrated how the use of contemporary methods of production had enhanced their revenue generation. The study thus suggests that identifying the kinds of items they wish to sell to the market is the most crucial technique that can be employed to reposition SMEs and other micro firms in Nigeria. This entails identifying the categories of goods in which they are uniquely qualified to produce. The technology could be transplanted and modified for usage in many industry domains with further research¹⁶.

The study looked into the connection between taking risks and the survival of small and medium-sized businesses in Port Harcourt. The approach of cross-sectional survey was chosen. Using the Taro Yamane formula, 80 people were selected as the sample size from a population of 100 workers. Data was mostly collected using a questionnaire, and SPSS was used to analyze the results. The hypotheses were examined using Spearman's rank correlation coefficient. A research showed a significant and favorable correlation between risk-taking and indicators of organizational survival. It was concluded that a firm's organizational performance and level of success may be proportionately predicted by a person's capacity for taking risks. Proposed that the government publish updated statistics to assist small and medium-scale enterprises to take measured risks due to the complacent level of risk taking found in the study. Banks will need to offer softer loans to businesses in order to encourage them to engage in more creative and entrepreneurial endeavors. Government should, as a matter of urgency, assist planned business visionaries in obtaining access to the public purse to support them. This might make it easier for them to recognize business possibilities and incur the risk of pursuing them¹⁸.

One of the most effective ways to lower unemployment and poverty while accelerating economic growth is through SMEs. As a result, in recent years, the factors that determine the survival and success of SMEs have come under closer investigation. Several nations have discovered

empirical evidence. This research investigates the internal and external factors that determine the survival and development of SMEs in the middle eastern nation of Oman, adding to the expanding body of evidence. By giving out a survey questionnaire to SME owners and potential business owners, we used a quantitative approach to gather the data. The survey was circulated throughout Oman to various industries. The results, which are based on 344 responses, demonstrate that the school system need intervention for SME survival and success. Additional intervention areas include changing the business culture in Oman, emphasizing managerial abilities, and enhancing the processes needed to start a business. These results have significant economic and SME owner consequences for Oman. The results of this study can assist decision-makers in developing the right interventions at different levels to improve SME survival and success in Oman. The report also offers advice for current and potential business owners on how to fill skill gaps and keep up with the market's constantly shifting expectations¹⁹.

Due to their potential for diversification, increased industrial production, and job creation, small and medium-sized businesses in developing nations have received a lot of attention recently. Nevertheless, despite these companies' conceivable relevance, Small Enterprises (SE) performance has been disappointing, and their death rates continue to be quite high. In light of this, this study used Shomolu LGA, one of Lagos State's clusters with the highest SE density, as a case study to examine the causes of SEs' demoralizing performance and high death (failure) rate. For the purpose of gathering data, 200 SEs that have been in operation for at least five years were given structured questionnaires to complete. The primary conclusions following the analysis of the data and discussion of the findings are as follows: the survival rate of SEs in Lagos is 42.2%, and the average time for failure for SEs in Lagos state is roughly 10 years. Manufacturing SEs, on the other hand, have the highest survival rate (53.8%) and the longest

time to fail (18 years), followed by services, with a survival rate of 40% and a failure period of 10 years, and trade, with a survival rate of 43% but the shortest time to survive. The results demonstrate that owners' savings serve as the primary source of capital for small and medium-sized enterprises (SMEs) in Lagos State, and that high production costs are their main issue. Low sales are the primary early warning indication enterprises exhibit before they fail, according to the report, and insufficient finance is the primary cause of SE demise. It was also determined that expanding access to credit facilities at reasonable rates is the top priority for the government's intervention and help the SE sub sector needs to improve their survival rate²⁰.

2.3.4 Monitoring Adequacy Intervention Funds Survival of SMEs

Similar conclusions are reached in a study of SMEs in the state of Lagos, where they discover that low information or awareness of the interventions contributes to the uneven implementation of the programs and the untapped funds of the now-defunct Small and Medium Enterprises Equity Investment Scheme (SMEEIS)⁶. Nevertheless, research which examined the direction and flow of credits to firms in Nigeria following bank consolidation using cross-sectional and time series data, reveals some supply (implementer) and demand (beneficiary) side restrictions to the SME sub-sector⁷. According to the report, loan diversion concerns and inconsistencies in government policy are the supply-side challenges. Additional variables include knowledge asymmetry problems, which have a significant impact on demand because the target beneficiaries of various government SME intervention projects are less enthusiastic about them. For instance, less than 30% of the SME operator respondents gave awareness scores for focused intervention programs including the MRRF, SMEEIS, SMECGS, CACS, and the ACGS. On the demand side, the limits are similar to those on the supply side. A study on the challenges SMEs have in obtaining government funding and determine that procedural bottlenecks are the biggest

and most statistically significant barriers standing in the way of firms obtaining cash for business formation⁷. A study draw the conclusion that the bureaucratic bottleneck and expense of assessing funding frequently prevent SMEs from expanding their businesses or taking part in intervention programs, they do so from a similar point of view⁸. This is consistent with earlier research that came to the conclusion that the State's SMEs are hindered from making a meaningful contribution to sustainable development by the gap between policy and policy implementation⁹. Hence, they blame bureaucratic bottlenecks and insufficient awareness for the programs' failure. Similarly, a study highlighted that one of the main things that prevents banks or other intervention institutions from financing to SME's is the presenting of uncoordinated business plan ideas and non-bankable initiatives¹⁰. Empirical research also indicates that an economy's level of financial system development as well as other legal and regulatory features play a role in the successful execution of interventions programs for SMEs⁵. The implementation of public credit intervention programs for SMEs, like the SMIEIS, may be affected by a stable macroeconomic climate, supportive legislative and regulatory frameworks, and a solid financial system.

This essay aims to compare and contrast the various unemployment relief initiatives put forth by the governments of Ghana and Nigeria. Reviewing and reevaluating these government-sponsored projects is necessary due to their shortcomings and subsequent failures. Interviews were used as data gathering tools in the qualitative case method research. Results showed a wealth of information supporting the perspective of entrepreneurship in these nations, which were influenced by issues including insufficient finance, a lack of the necessary training, a lack of entrepreneurship education, as well as enabling conditions. The most glaring of these issues is the total lack of state backing for the programs they promoted, which caused many employment-

relief initiatives to collapse. Under the direction of a specialist ministry, this essay urges countries to adopt precise policies (ministry for entrepreneurship). Also, students will be drawn to entrepreneurship studies if entrepreneurship is reviewed and included in the academic curriculum at all levels of the educational system. Finally, a comprehensive approach to supporting the organized private sectors in reaching a quantifiable goal of fully fledged entrepreneurs within a decade will help to reduce unemployment²². The study looked into the connection between innovation and the survival of small and medium-sized businesses (SMEs) in Port Harcourt. It was decided to conduct a cross-sectional survey. Using the Taro Yamane formula, 80 people were selected as the sample size from a population of 100 workers. The questionnaire served as the primary data collection tool, and SPSS was used to analyze the results. The hypotheses were examined using Spearman's rank correlation coefficient. The results of our study showed a significant and favorable correlation between innovativeness and survival indicators for small and medium-sized businesses. We came to the conclusion that SMEs' organizational performance and success level are considerably and proportionately predicted by innovativeness. We advised businesses to engage in more creative and entrepreneurial endeavors. Managers should urge their staff to see beyond the immediate circumstances. They should be prepared to overlook errors and commend fresh concepts that promote creativity and organizational survival. The government must urgently assist well-planned company visionaries in gaining access to the public purse to support them. This might make it possible for them to put their creative ideas into practice. Keywords: success, companies, and innovativeness¹⁷.

The effectiveness of government support programs and policies for the development of SMEs is not well documented in the literature. Several academics still have misgivings about the government's and its agencies' engagement in the development of SMEs, despite the fact that

SMEs are widely acknowledged as a crucial component of the production process. The idea that entrepreneurs boost economic growth through their commercial endeavors is rooted in the Schumpeterian school of thought¹. According to this reasoning, entrepreneurship activities encourage production, the creation of new jobs, and innovation, which quickens the pace of economic growth in a country. So, by creating policies and programs to improve entrepreneurial success, public policy makers aim to reduce these externalities. The Seed Capital Program, a public-sector initiative, and its effects on Chilean enterprises were examined².

2.4 Conceptual Model

Integrating the Dynamic Capability Theory (DCT) into the conceptual model of challenges posed by government intervention in SME financing provides a comprehensive framework for understanding how firms adapt and respond to these challenges over time. Drawing from the principles of DCT, which emphasize firms' abilities to sense, seize, and reconfigure resources in response to dynamic environments, enhances the conceptual model in various dimensions.

From a Dynamic Capability Perspective, SMEs' ability to effectively utilize intervention funds hinges on their capacity to adapt and reconfigure their resources in response to changing market conditions. Stringent repayment terms and high-interest rates may impede SMEs' adaptive capacity, limiting their ability to seize growth opportunities and innovate amidst financial constraints.

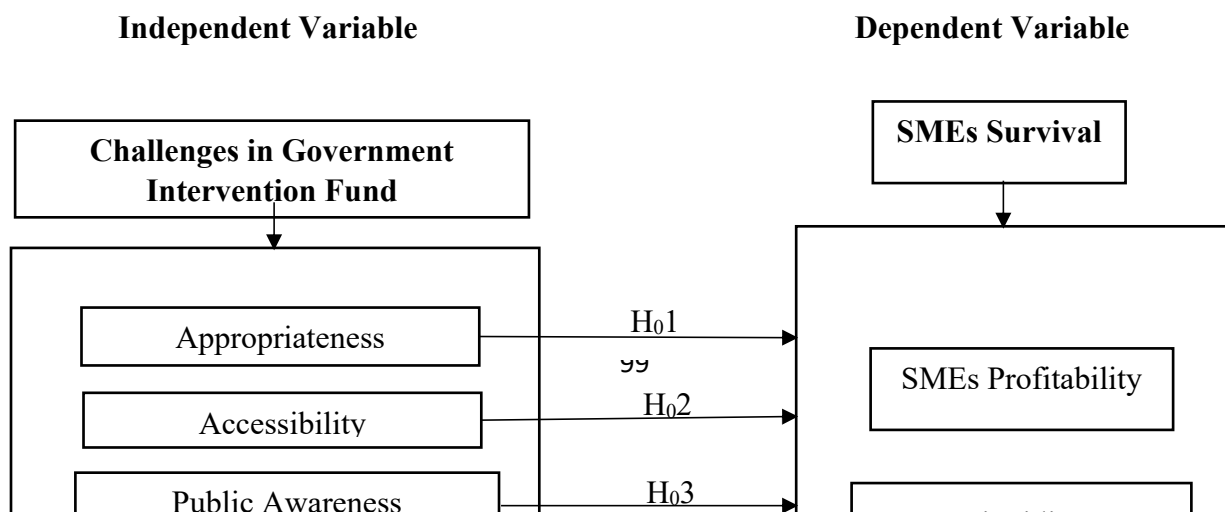
Under a Dynamic Capability Perspective, SMEs' ability to navigate bureaucratic hurdles and meet eligibility criteria reflects their capacity to sense and seize opportunities for accessing financial support. Complex application procedures and restrictive eligibility requirements may

hinder SMEs' adaptive capabilities, restricting their access to crucial intervention funds and impeding their ability to respond effectively to market dynamics.

Within a Dynamic Capability Perspective, SMEs' awareness of government intervention programs reflects their capacity to sense and interpret external information, enabling them to seize opportunities for financial support. Limited public awareness may undermine SMEs' adaptive capabilities, inhibiting their ability to access available resources and respond proactively to market opportunities.

Effective monitoring mechanisms, viewed through a Dynamic Capability Perspective, enable SMEs to reconfigure their internal processes and resources in response to changing program requirements and market conditions. Inadequate monitoring mechanisms may undermine SMEs' adaptive capabilities, increasing the risk of misappropriation and inefficiency in the allocation and utilization of intervention funds.

Conceptual Framework



Researcher, 2024

Fig. 2.1: Conceptual Model on Government intervention fund and SME Survival
Source: Researcher's Conceptual Model, 2024

2.5 Summary of the Literature Reviewed

The literature review on intervention funds and SME survival examines studies on how public initiatives affect SME growth and sustainability. Key findings show that financial subsidy programs may increase employment but not SME funding, with conflicting effects on business sales. Generalized entrepreneurship initiatives are inefficient in poor nations, since policy formulation generally ignores gender or age groups. Target-specific programs are more beneficial. Nigerian government intervention projects face corruption, poor implementation, and stakeholder consultation issues. Effective intervention requires better governance, risk mitigation, and innovative financing, including public-private partnerships. The study also shows the relevance of government initiatives in lowering adverse environmental factors affecting SME productivity, notably in Ibadan, Oyo State.

Endnotes

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Chapter Three

Methodology

In this chapter, the methodology and procedures employed to collect data that assisted in achieving both the general and specific objectives of the study was discussed. This encompassed various aspects, including research design, population, sample size, and sampling technique, as

well as a description of the research instrument. Additionally, we addressed the validity and reliability testing of the research instrument, model specification, and the methodology for data analysis.

3.1 Research Design

This study utilized a descriptive survey research design, which was well-suited to accurately describe the phenomena and methods under investigation. By collecting quantitative data, this design allowed for the investigation of the relationship between Challenges of Government intervention fund and SME survival without manipulating the "dependent" and "independent" variables. The selection of this design was based on its ability to evaluate the interactions and effects of multiple variables, including the dependent and independent variables. Additionally, a descriptive research design was necessary for this study as it enabled a description of the desired characteristics of the sample being studied, without influencing the variables under investigation. Moreover, the findings from a representative sample could be generalized to a larger target population.

3.2 Population of the Study

The research population of this study encompasses the 11,643 registered SMEs in Lagos State, Nigeria, as reported by the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) and the National Bureau of Statistics Collaborative survey in 2019. In addition, it comprises 2 coordinating officers each with responsibilities for SME activities from the seven (7) CBN Micro Finance Bank (NIRSAL) branches existing in Lagos State.

The selection of Lagos State as the focus of the study is due to its prominent status as one of Nigeria's primary economic engines. The research population will be categorized into two

distinct groups. The first group comprises SMEDAN-registered SMEs and their associated stakeholders (the demand side), while the second group encompasses implementers of government intervention programs, including individuals who have been involved in the design, planning, implementation, and evaluation of government interventions in the SME sector.

Table 3.1: Target Population

Category	Population
SMEs stakeholders	11,643
Coordinating officers of NIRSAR	14
Total	11,657

Source^{2,3}:

3.3 Sample size and Sampling Technique

The sample size for this study is 401. The size of this study is determined using Taro Yamme sampling size technique⁴. The formula is as follows:

$$n = \frac{N}{1 + N(e)^2} \dots\dots\dots(\text{formula 1})$$

Where n is the sample size, N is the population size, and e is the level of precision. The level of precision is also the level of significance which is 0.05.

The sample size will be calculated

thus:

$$\text{Sample size formula} = n = \frac{N}{1+N(e)^2}$$

n is sample size

N is total number of population (11,643)

e² is precision level (0.05)²

$$n = \frac{11,643}{1+11643 (0.05)^2} = 387.14$$

Hence, the 387 SMEs and 14 NISARL staff total 401 respondents as sample size for the study.

The researchers used a combination of purposive and accidental sampling methods to target small and medium scale firms primarily in Lagos State, with the goal of choosing 401 respondents from selected SMEs on the platform of an interactive group maintained by SMEDAN and coordinating officers of NIRSAL, while incorporating a few SMEs purposively identified to have benefited from government intervention funds. Additionally, it was noted that only two officers were designated to coordinate SMEs Intervention Fund and Credit Facilities within all NIRSAL branches. Therefore, two coordinating officers responsible for representing SMEs in credit facilities from each of the seven CBN Microfinance banks (NIRSAL) in Lagos State were purposefully selected. The decision to employ non-probability sampling to reach the target population was influenced by various variables, including the time it took to get consent from enterprises and the availability of data on SMEs, among others.

3.4 Description of the Research Instrument

The research instrument is a structured questionnaire developed to investigate the challenges faced by Small and Medium Enterprises (SMEs) in Lagos State. The questionnaire consists of two main sections:

Section A: Demographic Information: This section gathers basic demographic data from respondents, including business name, age, gender, educational background, employment status, residential area in Lagos State, duration of residence or work in Lagos State, and optional email contact for follow-up or additional information. It also includes questions related to respondents' previous access or application for government intervention funds, such as the type of funds accessed, ease of access, loan repayment status, and reasons for non-repayment.

Section B: Statement Questions: This section comprises statement questions designed to assess respondents' perceptions and experiences regarding government intervention funds and SME survival. Respondents are asked to indicate their level of agreement or disagreement with statements related to the appropriateness and accessibility of intervention funds, public awareness of program effectiveness, monitoring measures, and challenges faced by SMEs. The response options range from "Strongly Agree" to "Strongly Disagree" to capture the varying degrees of agreement or disagreement. For the sections B and C, the rating technique was based on the four-point Likert type as follows:

Strongly Agree (SA) – 4 points

Agree (A) – 3 points

Disagree (D) – 2points

Strongly Disagree (SD) – 1 point

Model Specification

To build a mathematical or econometric model for the relationship between Challenges of Government Intervention Fund and SMEs survival, we can start by defining the variables and their relationships.

Model could be specified as follows:

Model Specification

The functional model showing the relationship between government intervention issues and survival of SMEs is given as follows:

$$Y=f(X)$$

The functional relationship is estimated as:

$$Y (y_1, \& y_2) = f[(X]$$

$$X = [X_1, X_2, X_3, \& X_4];$$

Dependent Variable

Y= dependent variable – SME Survival

y₁= Profitability

y₂= Liquidity

Independent Variables

X= Challenges of Government Intervention Fund

x_1 = Appropriateness of Intervention Funds

x_2 = Accessibility of Intervention Funds

x_3 = Awareness of Intervention Programs

x_4 = Monitoring adequacy of Intervention Funds

To build a regression model, we can use the following equations:

Model Specification:

H₀₁: Relationship between Appropriateness of Intervention Funds and SME Survival

$$\text{SME Survival} = \alpha_0 + \alpha_1 \times \text{Appropriateness} + \epsilon_1$$

H₀₂: Relationship between Accessibility of Intervention Funds and SME Survival

$$\text{SME Survival} = \alpha_0 + \alpha_2 \times \text{Accessibility} + \epsilon_2$$

H₀₃: Relationship between Awareness of Intervention Programs and SME Survival

$$\text{SME Survival} = \alpha_0 + \alpha_3 \times \text{Awareness} + \epsilon_3$$

H₀₄: Relationship between Adequacy of Monitoring Measures and SME Survival

$$\text{SME Survival} = \alpha_0 + \alpha_4 \times \text{Monitoring} + \epsilon_4$$

Where:

- SME Survival: Dependent variable representing SME survival (profitability & liquidity)
- Appropriateness, Accessibility, Awareness, Monitoring: Independent variables representing government intervention factors

- α_0 : Intercept term for each equation
- α_1 to α_4 : Coefficients associated with each independent variable
- ϵ_1 to ϵ_4 : Error terms for each equation

3.5 Validity of Research Instrument

The study instrument was validated using face and content validity to evaluate the degree to which operationalization of a concept truly measures what it is supposed to measure¹. The questionnaires were shown to the supervisor and other Accounting specialists to verify the instrument's face and content validity.

The content validity was established by soliciting the opinions of professionals knowledgeable about the performance and survival of SMEs. The experts weighed in on whether the questionnaire was adequate for gauging what it was designed to capture. They mostly assessed meaningfulness, clarity / ambiguity, and offense. The opinions sort was established and tailored to the questionnaire before utilizing it in the main poll to improve content validity. Experts in SMEs and intervention funds will be drawn from the university, fellow students, and government organizations with a focus on SMEs. The performance and survival of SMEs will be discussed with 10 stakeholders picked at random from the SMEs that helped validate the instrument. Before printing the final questionnaire, all difficulties that may arise during the pilot study will be addressed under the supervision of the supervisors in order to maintain the original intention of the research instrument.

3.6 Reliability of the Research Instrument

The study employed a standard metric of reliability known as Cronbach's Alpha, which ranges from 0 to 1. Higher values indicate greater reliability, with a 0.7 threshold commonly used as a benchmark. Values below 0.7 suggest that the subcomponents of a measure may not reliably capture the intended variable. To assess the instrument's reliability, a pilot test was conducted with a separate sample of 50 randomly selected respondents, distinct from the main study participants. This isolation facilitated an objective assessment of the instrument's internal consistency. Utilizing the Cronbach's Alpha test, the pilot yielded a value of 0.816, indicating a robust level of consistency within the instrument's items. This suggests that respondents' answers demonstrate strong agreement and coherence, bolstering confidence in the instrument's reliability. This suggests that respondents' answers to the 50 items were consistent with each other, signifying strong agreement and coherence among the questions. In conclusion, the instrument demonstrated good reliability for measuring the study's construct.

3.7 Method of Data Collection

Data was collected through a questionnaire administered to SMEs on the platform of the SMEDAN interactive forum by introducing the researcher and research objectives to the forum. It was conducted online with a timeline for responses to be sent directly to the researcher. The researcher hired two research assistants to assist in the delivery of the questionnaires to the seven NIRSAR offices in Lagos State. The research assistants underwent a week of training to ensure the study's success. The researcher introduced the research assistants to the basic information pertinent to the investigation. The research assistants also directly visited the identified beneficiaries of intervention funds to deliver the questionnaires and followed up for collection

upon completion. The instrument was expected to spread within two (2) weeks of administration, and data gathered from the field was accurately scored, coded, and then subjected to data analysis.

3.8 Method of Data Analysis

The gathered data underwent statistical analysis. Biographical data was assessed using simple percentages. Descriptive statistics, including simple percentages and a decision mean of 2.5, were employed to interpret the research questions. Moreover, inferential statistics, particularly Regression Analysis, were applied to test the hypotheses because regression was suitable for checking influence, and the study looked at how challenges of Intervention funds influenced Survival of SMEs. The Statistical Package for Social Science (SPSS) version 25 was utilized to ensure the precision of the data analysis in this study.

Endnotes

1. G.E. Oyedokun. *Research Methodology for Social and Management Students*. Aaron & Hur Publishing 30, 2018.
2. Nirsal, Nirsal Microfinance Bank office branches in Lagos State, 2023 <https://www.manpower.com.ng/company/314978/state-branches/25>
3. SMEDAN, 2021 MSME Survey Report_1.cdr (smedan.gov.ng) 2021
4. Y. Taro. *Statistics, An Introductory Analysis*, 2nd Ed., New York: Harper and Row. 1967.

Chapter Four

Results and Discussion of the Findings

The Results and Discussion of Findings of the investigation are presented in this chapter. The findings were presented based on the research questions and hypotheses that were raised in accordance with the study objective.

Responses Rate

Responses	Frequency	Percentage
Valid	387	96.3

Invalid	14	3.7
	401	100.0

Source: Researcher's Field Survey, 2024

Table above presents the responses rate which revealed that Out of 401 responses, 387 (96.3%) were valid, meaning they were usable data for the survey. The remaining 14 responses (3.7%) were invalid and couldn't be used in the analysis.

4.1 Demographic Data Analysis

Table 4.1: Demographics Distribution of Respondents

Demographics Variable	Frequency	Percentage (%)
Age	387	100.00%
- 18-24	15	3.9
- 25-34	54	14
- 35-44	3	.8
- 45-54	301	77.80
- ≥55	14	3.50
Gender	387	100.00%
- Female	95	24.50
- Male	292	75.50
Academic Qualification	387	100.00%
High School or below	126	32.60
ND, NCE and below	145	37.50
Bachelor's Degree / HND	109	28.20
Postgraduate	7	1.70
Business Owner	387	100.00%
Yes	320	82.70
No	67	17.30
If you are a business owner or entrepreneur, please specify your industry or type of business	387	100.00%
Manufacturing	15	3.90
Services	84	21.70
Agriculture	22	5.70

Retail	16	4.10
Information Technology	52	13.40
Hospitality	86	22.20
Automotive	74	19.10
Electronics	38	9.80
Residential Area in Lagos State	387	100.00%
Mainland	181	46.80
Island	144	37.20
Suburb	52	13.40
Prefer not to say	10	2.60
How many years have you lived or worked in Lagos State?	387	100.00%
- Less than 1 year	62	16.00
- 1-5 years	86	22.20
- 6-10 years	157	40.60
- More than 10 years	82	21.20
Email (Optional for follow-up or additional information)	387	100.00%
Provide email	297	76.70
Prefer not to provide	90	23.30
Have you once access or apply for Any Government Intervention Fund Before	387	100.00%
Yes	270	69.80
No	117	30.20
How easy was it accessed	387	100.00%
Very Easy	28	7.20
Easy	78	20.20
Fairly Easy	113	29.20
Not Easy	168	43.4
Have you fully repaid the loan	387	100.00%
Yes	278	71.80
No	109	28.20

Source: Researcher's Field Survey, 2024

The table 4.1 above which shows the analysis of demographic variables among the 387 respondents revealed an interesting distribution across several categories. Regarding age distribution, 18-24 age group comprising 3.90% of the sample, 25-34 age group represented 14% of respondents, the 35-45 age group constitutes 0.8% of the sample, 45- 54 age group has 77.8%

of respondents while age group of 55 and above comprising 3.5% of sample. This distribution reflects a diverse age range among the respondents. In terms of gender, the sample appears to be dominated by male respondents. Thus, 75.5% of respondents identifying as male and 24.50% as female. In terms of academic qualifications, the majority of respondents hold ND/NCE. Thus, ND/NCE represented 39.66% of the sample. This is followed by respondents with high school holders and below at 32.60% and B.Sc degree /HND. holders at 28.20% while respondents with postgraduate degree, characterized 1.70% of the sample. The relatively high proportion of respondents with ND/NCE and B.Sc/HND degrees suggests a well-educated sample. Examining business owner, the data show that the majority of respondents (82.70%) claimed to be the owner of their business while 17.30% of respondents were running the business on behalf of somebody. Regarding the type of business, hospitality occupied the highest proportion of the sample with 22.20% of respondents, followed by service, automotive, information technology, electronics, agriculture, retail and manufacturing with 21.70%, 19.10%, 13.40%, 9.80%, 5.7%, 4.10% and 3.90% respectively. With respect to residential Area in Lagos State, 46.80% of respondents were residing in mainland area, 37.2% where stay at island and 13.49% of respondents live at suburb. Meanwhile, 2.60% of respondent refused to indicate their place of residence in Lagos state. When considering the years which respondents have lived or worked in Lagos, the table 4.1 revealed that 16.0% of respondent lived or worked in Lagos in less than 1 year, 22.2% of respondents have lived or worked in Lagos in 1 to 5 years, 40.60% of respondents have lived or worked in Lagos in 6-10 years while 21.2% of respondents have lived or worked in Lagos for more than 10 years. Reference to follow-up or additional information, larger number of respondents (76.70%) provided their email for follow-up and additional information while 23.30% of respondents did not provide their email for follow-up and additional information. Table

4.1 revealed that 69.8% of respondents claimed to have accessed or applied for any government intervention fund before while 30.2% of respondents claimed that they have not accessed or applied for any government intervention fund before. Regarding the easy accessibility of any government intervention fund, 7.2% of respondents agreed that government intervention fund are very easy to access, 20.20% of respondents agreed that government intervention fund are easy to access, 29.20% of respondents agreed that government intervention fund are fairly easy to access while 43.40% of respondents agreed that government intervention fund are not easy to access. Finally, analyzing the repaid the loan, 71.80%of respondents claimed to have fully repaid the loan from government intervention fund while 28.20% of respondents claimed that they have not fully repaid the loan from government intervention fund. Larger number of people who have not repaid the loan claimed that they have just collected the loan and time bound for repayment is still wide.

4.2 Analysis of Research Questions

Research Question One: How appropriate is the adequacy, repayment terms and interest rates associated with intervention funds, impact the survival of SMEs?

Table 4.2: The Appropriateness of Intervention Funds in Term of Its Impact of Adequacy, Repayment Terms and Interest Rates on the SMEs survival

Statement	Strongly Disagree	Disagree	Agree	Strongly Agree	Mean
The repayment terms for intervention funds are very unfavorable for SME survival.	152 (39.3)	111 (28.7)	64 (16.5)	60 (15.5)	2.08
The loan tenor is adequate to support the business	120 (31.0)	227 (58.7)	30 (7.80)	10 (2.60)	1.82

The amount accessible is adequate to meet the requirements of the business	24 (6.20)	176 (45.5)	102 (26.4)	85 (22.0)	2.64
The interest rates charged on intervention funds make it difficult for SMEs to break even.	118 (30.5)	115 (29.50)	48 (12.4)	106 (27.4)	2.37
Compared to other loan options, intervention funds offer slightly better repayment terms for SMEs.	169 (43.7)	82 (21.20)	68 (17.6)	68 (17.6)	2.09
The current interest rates on intervention funds are somewhat manageable for most SMEs.	32 (8.30)	256 (66.10)	62 (16.0)	37 (9.60)	2.27
Intervention funds provide repayment terms and interest rates that are highly supportive of SME survival.	103 (26.60)	125 (32.30)	49 (12.7)	110 (28.40)	2.43
Weighted Mean					2.24

Source: Researcher's Field Survey, 2024

Table 4.2 provides insights into respondents' perceptions regarding the appropriateness of intervention funds in term of its impact of adequacy, repayment terms and interest rates on the SMEs survival. The data reveals a generally negative outlook on appropriateness of intervention funds in term of its impact of adequacy, repayment terms and interest rates on the SMEs survival. For instance, 39.3% of respondents strongly disagreed and 28.7% disagreed that repayment terms for intervention funds are very unfavorable for SME survival with (\bar{x} = 2.08), 31.0% strongly disagreed and 58.70% disagreed that loan tenor is adequate to support the business with (\bar{x} = 1.82), 30.50% of respondents strongly disagreed and 29.50% disagreed that interest rates charged on intervention funds make it difficult for SMEs to break even with (\bar{x} = 2.37), 43.7% of respondents strongly disagreed and 21.2% disagreed that when compared to other loan options, intervention funds offer slightly better repayment terms for SMEs with (\bar{x} =

2.09), 8.30% of respondents strongly disagreed and 66.10% disagreed that current interest rates on intervention funds are somewhat manageable for most SMEs with ($\bar{x} = 2.27$) and 26.6% of respondents strongly disagreed and 32.3% disagreed that Intervention funds provide repayment terms and interest rates that are highly supportive of SME survival with ($\bar{x} = 2.43$). Meanwhile, 22.0% of respondents strongly agreed and 26.40% agreed that amount accessible is adequate to meet the requirements of the business with ($\bar{x} = 2.64$). The weighted mean score for all items combined was ($\bar{x} = 2.24$), suggesting that intervention funds in term of its impact of adequacy, repayment terms and interest rates on the SMEs survival is not appropriate.

Research Question Two: What is the level of accessibility of intervention funds in terms of ease of access and inclusive eligibility, and how does it influence SME survival in Lagos state?

Table 4.3: Level of Accessibility of Intervention Funds in Terms of Ease of Access And Inclusive Eligibility, and How Does it influence SME Survival in Lagos state

Statements	Strongly Disagree	Disagree	Agree	Strongly Agree	Mean
The application process for intervention funds is extremely complex and discourages SMEs from applying.	208 (53.7)	107 (27.6)	61 (15.8)	11 (2.80)	1.68

The eligibility criteria for intervention funds are very restrictive and exclude many viable SMEs.	25 (6.50)	156 (40.30)	98 (25.3)	108 (27.9)	2.75
Accessing intervention funds is somewhat challenging for most SMEs in Lagos State.	30 (7.80)	147 (38.0)	76 (19.6)	134 (34.6)	2.81
Obtaining intervention funds requires navigating a few bureaucratic hurdles, but it's achievable for some SMEs.	132 (34.1)	97 (25.1)	75 (19.4)	83 (21.4)	2.28
The application process and eligibility requirements for intervention funds are very straightforward for SMEs.	114 (29.5)	156 (40.3)	66 (17.1)	51 (13.2)	2.14
Weighted Mean					2.38

Source: Researcher's Field Survey, 2024

Table 4.3 provides insights into respondents' perceptions regarding the level of accessibility of intervention funds in terms of ease of access and inclusive eligibility, and how does it influence SME survival in Lagos state. The data reveals a generally negative outlook on level of accessibility of intervention funds in terms of ease of access and inclusive eligibility, and how does it influence SME survival in Lagos state. For instance, 53.7% of respondents strongly disagreed and 27.6% disagreed that application process for intervention funds is extremely

complex and discourages SMEs from applying with ($\bar{x} = 1.68$). 34.1% strongly disagreed and 25.1% disagreed that Obtaining intervention funds requires navigating a few bureaucratic hurdles, but it's achievable for some SMEs with ($\bar{x} = 2.28$). 30.50% of respondents strongly disagreed and 29.50% disagreed that application process and eligibility requirements for intervention funds are very straightforward for SMEs with ($\bar{x} = 2.14$). Meanwhile, 27.9% of respondents strongly agreed and 25.30% agreed that eligibility criteria for intervention funds are very restrictive and exclude many viable SMEs with ($\bar{x} = 2.75$) and 34.60% of respondents strongly agreed and 19.60% agreed that accessing intervention funds is somewhat challenging for most SMEs in Lagos State with ($\bar{x} = 2.81$). The weighted mean score for all items combined was ($\bar{x} = 2.38$), suggesting that level of accessibility of intervention funds in terms of ease of access and inclusive eligibility, and how does it influence SME survival in Lagos state was inadequate.

Research Question Three: What is the extent of awareness among SME owners regarding the availability and nature of existing government intervention programs designed to support SMEs?

Table 4.4: Extent of Public's Awareness of SMES Owners About The Availability And Nature of Existing Government Intervention Programs Designed To Support SMES

Statements	Strongly				Mean
	Disagree	Disagree	Agree	Strongly Agree	
Awareness of government intervention	86	40	108	153	2.85
funds affect your SME's profitability	(22.2)	(10.3)	(27.9)	(39.5)	

Utilizing government intervention funds					3.41
and taking advantage of awareness of	18	23	129	217	
such funds impact your SME's	(4.70)	(5.90)	(33.3)	(56.1)	
profitability					
awareness of government intervention	22	153	60	152	2.88
funds influence your SME's liquidity	(5.70)	(39.5)	(15.5)	(39.3)	
utilizing government intervention funds					2.56
and taking advantage of awareness of	66	128	104	89	
such funds affect your SME's liquidity	(17.1)	(33.1)	(26.9)	(23.0)	
There is significant is the influence of					1.94
government intervention fund awareness	193	88	42	64	
and utilization on your SME's	(49.9)	(22.7)	(10.9)	(16.5)	
profitability and liquidity					
Weighted Mean					2.73

Source: Researcher's Field Survey, 2024

Table 4.4 provides insights into respondents' perceptions regarding the extent of public's awareness of SMEs owners about the availability and nature of existing government intervention programs designed to support SMEs. The data reveals a generally positive outlook on extent of public's awareness of SMEs owners about the availability and nature of existing government intervention programs designed to support SMEs. For instance, 39.5% of respondents strongly agreed and 27.90% agreed that awareness of government intervention

funds affect your SME's profitability with ($\bar{x} = 2.85$), 56.10% of respondents strongly agreed and 33.30% agreed that Utilizing government intervention funds and taking advantage of awareness of such funds impact your SME's profitability with ($\bar{x} = 3.41$), 39.30% of respondents strongly agreed and 15.5% agreed that awareness of government intervention funds influence your SME's liquidity with ($\bar{x} = 2.88$) and 23.0% of respondents strongly agreed and 26.9% agreed that utilizing government intervention funds and taking advantage of awareness of such funds affect your SME's liquidity with ($\bar{x} = 2.56$). Meanwhile, 49.90% strongly disagreed and 22.70% disagreed that there is significant is the influence of government intervention fund awareness and utilization on your SME's profitability and liquidity with ($\bar{x} = 1.94$). The weighted mean score for all items combined was ($\bar{x} = 2.73$), suggesting that the extent of public's awareness of SMEs owners about the availability and nature of existing government intervention programs designed to support SMEs was adequate.

Research Question Four: How does the adequacy of current measures in place to monitor the allocation and utilization of intervention funds influence the survival of SMEs in Lagos State?

Table 4.5: Adequacy of Current Measures in Place to Monitor the Allocation and Utilization of Intervention Funds Influence the Survival of SMES In Lagos State

Statements	Strongly Disagree	Disagree	Agree	Strongly Agree	Mean
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The current measures in place to monitor the allocation and utilization of intervention funds are extremely inadequate.	130 (33.60)	115 (29.7)	94 (24.3)	48 (12.4)	2.16
There are significant weaknesses in the way intervention funds are monitored, potentially leading to misuse.	107 (27.6)	153 (39.5)	85 (22.0)	42 (10.9)	2.16
The monitoring of intervention funds could be improved to ensure they are allocated and used effectively.	128 (33.1)	129 (33.3)	86 (22.3)	44 (11.4)	2.12
The existing measures for monitoring intervention funds provide some level of assurance for proper allocation and utilization.	172 (44.4)	107 (27.6)	63 (16.3)	45 (11.6)	1.95
The current monitoring system for intervention funds is very effective in ensuring they are allocated and used appropriately.	193 (49.9)	85 (22.0)	64 (16.5)	45 (11.6)	1.90
Weighted Mean					2.07

Source: Researcher's Field Survey, 2024

Table 4.5 provides insights into respondents' perceptions regarding adequacy of current measures in place to monitor the allocation and utilization of intervention funds influence the survival of SMEs in Lagos State. The data reveals a generally negative outlook on adequacy of current measures in place to monitor the allocation and utilization of intervention funds influence the survival of SMEs in Lagos State. For instance, 33.60% of respondents strongly disagreed and 29.7% disagreed that current measures in place to monitor the allocation and

utilization of intervention funds are extremely inadequate with ($\bar{x} = 2.16$). 27.6% strongly disagreed and 39.5% disagreed that there are significant weaknesses in the way intervention funds are monitored, potentially leading to misuse with ($\bar{x} = 2.16$), 33.1% of respondents strongly disagreed and 33.3% disagreed that monitoring of intervention funds could be improved to ensure they are allocated and used effectively with ($\bar{x} = 2.12$), 44.4% strongly disagreed and 27.6% disagreed that existing measures for monitoring intervention funds provide some level of assurance for proper allocation and utilization with ($\bar{x} = 1.95$) and 49.9% of respondents strongly disagreed and 22.0% disagreed that current monitoring system for intervention funds is very effective in ensuring they are allocated and used with ($\bar{x} = 1.90$). The weighted mean score for all items combined was ($\bar{x} = 2.07$), suggesting that current measures in place to monitor the allocation and utilization of intervention funds influence the survival of SMEs in Lagos State was inadequate.

4.3 Testing of Hypotheses

H₀₁: There is no significant relationship between the repayment terms and interest rates of intervention funds and the survival of SMEs.

Table 4.6: Relationship between the Repayment Terms and Interest Rates of Intervention Funds And The Survival of SMEs.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.359 ^a	.129	.127	1.013

a. Predictors: (Constant), repayment terms and interest rates of intervention funds.

b. Dependent Variable: the survival of SMEs.

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	58.414	1	58.414	56.943	.000 ^b
	Residual	394.940	385	1.026		
	Total	453.354	386			

a. Dependent Variable: the survival of SMEs

b. Predictors: (Constant), repayment terms and interest rates of intervention funds.

Model		Unstandardized Coefficients		Standardized	t-test	Sig.
		B	Std. Error	Coefficients Beta		
1	(Constant)	1.303	.115		11.281	.000
	Repayment Terms And Interest Rates of Intervention Funds.	.330	.044	.359	7.546	.000

Source: Researcher's Field Survey, 2024

Table 4.3 presents the results of a regression analysis examining the relationship between the repayment terms and interest rates of intervention funds and the survival of SMEs. The model summary indicates that the predictors (repayment terms and interest rates of intervention funds) collectively explain approximately 12.9% of the variance in the survival of SMEs, as indicated by the adjusted R square value of 0.129. The standard error of the estimate is approximately 1.013. The ANOVA table demonstrates that the regression model is statistically significant ($F(1, 385) = 56.943, p < 0.001$), suggesting that the predictors significantly contribute to explaining the variance in repayment terms and interest rates of intervention funds. Examining the

coefficients, repayment terms and interest rates of intervention funds ($\beta = 0.359$, $p < 0.000$) have statistically significant positive effects on the survival of SMEs. This indicates that an increase in the repayment terms and interest rates of intervention funds is associated with the survival of SMEs. These findings suggest that the repayment terms and interest rates of intervention funds plays significant roles in the survival of SMEs.

H₀₂: The accessibility of intervention funds, in terms of ease of access and inclusive eligibility, does not significantly affect SME survival in Lagos state.

Table 4.7: Relationship Between Accessibility of Intervention Funds, in Terms of Ease of Access and Inclusive Eligibility, Does Not Significantly Affect SME Survival in Lagos state

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	
1	.729 ^a	.531	.529	.46248	
ANOVA ^a					
Model	Sum of Squares	Df	Mean Square	F	Sig.

	Regression	93.042	2	46.521	217.501	.000 ^b
1	Residual	82.134	384	.214		
	Total	175.176	386			

a. Dependent Variable: SME survival in Lagos state

b. Predictors: (Constant), Accessing intervention funds is somewhat challenging for most SMEs in Lagos State., The eligibility criteria for intervention funds are very restrictive and exclude many viable SMEs.

Model	Unstandardized Coefficients		Standardized Coefficients	T-test	Sig.
	B	Std. Error	Beta		
(Constant)	3.791	.078		48.680	.000
The eligibility criteria for intervention funds are very restrictive and exclude many viable SMEs.	-.318	.033	-.442	-9.524	.000
Accessing intervention funds is somewhat challenging for most SMEs in Lagos State.	-.240	.031	-.357	-7.702	.000

Source: Researcher's Field Survey, 2024

Table 4.7 presents the results of a regression analysis examining how the accessibility of intervention funds, in terms of ease of access and inclusive eligibility, does not significantly affect SME survival in Lagos state. The model summary indicates that the predictors (Accessing intervention funds is somewhat challenging for most SMEs in Lagos State and the eligibility criteria for intervention funds are very restrictive and exclude many viable SMEs) collectively explain approximately 53.1% of the variance in the SME survival in Lagos state, as indicated by the adjusted R square value of 0.531. The standard error of the estimate is approximately 0.46248. The ANOVA table demonstrates that the regression model is statistically significant ($F(2, 384) = 217.501, p < 0.000$), suggesting that the predictors significantly contribute to

explaining the variance in the SME survival in Lagos state. Examining the coefficients, both eligibility criteria for intervention funds are very restrictive and exclude many viable SMEs ($\beta = -0.442, p < 0.000$) and Accessing intervention funds is somewhat challenging for most SMEs in Lagos State ($\beta = -0.357, p < 0.000$) have statistically significant positive affect SME survival in Lagos state. This indicates that an increase in eligibility criteria for intervention funds are very restrictive and exclude many viable SMEs and Accessing intervention funds is somewhat challenging for most SMEs in Lagos State are associated with SME survival in Lagos state. These findings suggest that both eligibility criteria for intervention funds are very restrictive and exclude many viable SMEs and Accessing intervention funds is somewhat challenging for most SMEs in Lagos State play significant roles in the SME survival in Lagos state.

H₀₃: There is no significant association between the level of knowledge among SME owners regarding government intervention programs and the survival of SMEs.

Table 4.8: Association between the Level of Awareness Among SMEs Owners Regarding Government Intervention Programs and The Survival of SMEs.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.020 ^a	.000	-.002	.67440

ANOVA^a

Model	Sum of Squares	Df	Mean Square	F	Sig.
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1	Regression	.071	1	.071	.156	.693 ^b
	Residual	175.105	385	.455		
	Total	175.176	386			

a. Dependent Variable: survival of SMEs

b. Predictors: (Constant), knowledge among SME owners regarding government intervention programs

Model		Unstandardized Coefficients		Standardized Coefficients	t-test	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.314	.185		12.518	.000
	Level of Knowledge	-.026	.067	-.020	-.395	.693

Source: Researcher's Field Survey, 2024

Table 4.8 presents the results of a regression analysis examining the association between the level of knowledge among SME owners regarding government intervention programs and the survival of SMEs in Lagos state. The model summary indicates that the predictors (level of knowledge among SME owners regarding government intervention programs) collectively explain approximately 0.0% of the variance in the SME survival in Lagos state, as indicated by the adjusted R square value of 0.00. The standard error of the estimate is approximately 0.67440. The ANOVA table demonstrates that the regression model is statistically not significant ($F(1, 385) = .156, p < 0.693$), suggesting that the predictors did not significantly contribute to explaining the variance in the SME survival in Lagos state. Examining the coefficients, level of knowledge among SME owners regarding government intervention programs ($\beta = -0.020, p <$

0.693) have not significant affect SME survival in Lagos state. This implies that level of knowledge among SME owners regarding government intervention programs did not associated with SME survival in Lagos state.

Model		Unstandardized Coefficients		Standardized Coefficients		Sig.
		B	Std. Error	Beta	T	
1	(Constant)	2.691	.076		35.537	.000

H₀₄: The adequacy of current measures to monitor the allocation and utilization of intervention funds does not significantly impact the survival of SMEs in Lagos State.

Table 4.9: Impact of Adequacy of Current Measures to Monitor the Allocation and Utilization of Intervention Funds on the Survival of SMEs in Lagos State.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.317 ^a	.100	.098	.63980

Adequacy of Current Measures to Monitor the Allocation		-.208	.032	-.317	-6.553	.000
ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	17.578	1	17.578	42.942	.000 ^b
	Residual	157.598	385	.409		
	Total	175.176	386			

a. Dependent Variable: survival of SMEs in Lagos State

b. Predictors: (Constant), The current measures in place to monitor the allocation and utilization of intervention funds.

Source: Researcher's Field Survey, 2024

Table 4.9 presents the results of a regression analysis examining the impact of adequacy of current measures to monitor the allocation and utilization of intervention funds on the survival of SMEs in Lagos State. The model summary indicates that the predictors (current measures in place to monitor the allocation and utilization of intervention funds) collectively explain approximately 10.0% of the variance in the SME survival in Lagos state, as indicated by the adjusted R square value of 0.100. The standard error of the estimate is approximately .63980. The ANOVA table demonstrates that the regression model is statistically significant ($F(1, 385) = 42.942, p < 0.000$), suggesting that the predictors significantly contribute to explaining the variance in the SME survival in Lagos state. Examining the coefficients, current measures in place to monitor the allocation and utilization of intervention funds ($\beta = -0.317, p < 0.000$) have significant impact on SME survival in Lagos state. This implies that current measures in place to

monitor the allocation and utilization of intervention funds did impact SME survival in Lagos state.

4.4 Discussion of Findings

The research findings from objective one highlight the pivotal role played by the adequacy, terms of repayment and interest rates associated with intervention funds in determining the survival prospects of small and medium enterprises (SMEs) in Lagos State. Despite SMEs' significant contribution to job creation in Nigeria, their sustainability is challenged by the adequacy of intervention funds and the terms governing their repayment and interest rates. This observation resonates with prior investigations, shedding light on SMEs' substantial impact on job generation within the Nigerian economy¹. Furthermore, the role of government initiatives like the National Social Investment Programme (NSIP) and the Tradermonni Micro-Credit scheme in poverty alleviation, yet acknowledges persisting challenges in effectively meeting the needs of SMEs². Government policies on SME productivity echoes these challenges, indicating ongoing obstacles in addressing SME requirements comprehensively². Additionally, Financial constraints as significant barriers to SME growth, underscoring the critical importance of intervention fund terms³. Moreover, the imperative for robust financial schemes to support SME development³. Overall, these findings underscore the urgent need to address the adequacy, repayment terms, and interest rates of intervention funds to bolster the survival and prosperity of SMEs not only in Lagos State but also across the broader Nigerian landscape.

The findings from objective two suggest that the eligibility criteria for intervention funds are overly restrictive, leading to the exclusion of many viable SMEs in Lagos State. Accessing these funds poses considerable challenges for most SMEs, despite their significant roles in the survival

of businesses in Lagos. However, the accessibility of intervention funds, particularly in terms of ease of access and inclusive eligibility criteria, falls short of adequacy. This echoes concerns raised on the innovativeness and survival of SMEs in Nigeria, emphasizing the need for more flexible eligibility criteria to support SME growth⁴. Additionally, evaluation of public sector interventions in entrepreneurship development highlights the importance of accessible funding mechanisms for SMEs' sustainability⁵. The issues, challenges, and prospects facing SMEs, underscoring the critical role of intervention funds in addressing these challenges⁶. Moreover, the significance of governance and institutional quality in fostering SME growth, suggesting that more inclusive policies are needed to support SMEs effectively⁷. Corruption's impact on government assistance to small businesses further underscores the importance of addressing barriers to accessing intervention funds⁸. Sustainability strategies for Nigerian SMEs and credit programs internationally also contribute insights into the importance of accessible funding mechanisms for SMEs⁷. Overall, the findings highlight the pressing need to reform eligibility criteria, process reforms and improve the accessibility of intervention funds to enhance SME survival and growth in Lagos State and beyond.

The findings from objective three suggest that the level of knowledge and awareness among SME owners regarding government intervention programs may not be directly associated with SME survival in Lagos State. Despite this, the extent of the public's awareness of SME owners about the availability and nature of existing government intervention programs designed to support SMEs appears to be adequate. These findings raise questions about the efficacy of knowledge dissemination and awareness campaigns targeting SMEs and their owners in Lagos State. Risk-taking behavior and its impact on SME survival in Nigeria, shedding light on factors beyond knowledge awareness that influence SME outcomes⁸. Similarly, Factors affecting

success and survival of SMEs in the Middle East, suggesting that other determinants may play a more significant role in SME survival than knowledge awareness alone⁹. Determinants of 'time to fail' and survival of small-scale business enterprises in Lagos State, providing insights into various factors influencing SME sustainability¹⁰. Additionally, the impact of intervention funds on SME growth in Abuja, highlighting the importance of effective government support programs for SME development¹¹. Government-assisted programs and unemployment reduction in Nigeria and Ghana, offering perspectives on the broader socio-economic context in which SMEs operate¹². Furthermore, challenges facing the implementation of SME intervention programs in Nigeria, emphasizing the need for effective policy implementation to support SMEs¹². Government policies on SME productivity in Ibadan, providing valuable insights into the effectiveness of government interventions in supporting SME growth¹². While knowledge awareness among SME owners may not directly influence SME survival, effective government intervention programs and policy implementation remain crucial for fostering SME sustainability and growth in Lagos State and beyond.

The findings from objective four suggest that while current measures in place to monitor the allocation and utilization of intervention funds may have some impact on SME survival in Lagos State, they are ultimately inadequate. This highlights a significant gap in the effectiveness of monitoring mechanisms in ensuring the optimal allocation and utilization of intervention funds to support SMEs. The crucial role of SMEs in driving economic growth through investments and innovation, emphasizing the need for effective support mechanisms¹³. The impact of automation on employment, shedding light on the broader structural changes affecting SMEs¹⁴. Additionally, Strategies for implementing innovation in SMEs, underscoring the importance of effective monitoring and evaluation processes¹⁵. The sustainability of SMEs in Oman, offering a

conceptual framework that may inform monitoring practices¹⁴. Critical success factors for SMEs in Saudi Arabia, highlighting the importance of sustainability perspectives in assessing monitoring measures¹⁵. The findings call for a reevaluation of monitoring measures to ensure they effectively support SME survival and growth in Lagos State, drawing on insights from international experiences and conceptual frameworks to inform policy and practice.

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Chapter Five

Conclusion

5.1 Summary of the Findings

The result of findings from objective one indicated that the ANOVA table demonstrates that the regression model is statistically significant ($F(1, 385) = 56.943, p < 0.001$), suggesting that the predictors significantly contribute to explaining the variance in repayment terms and interest rates of intervention funds. The weighted mean score for all items combined was ($\bar{x} = 2.24$), suggesting that intervention funds in term of its impact of adequacy, repayment terms and interest rates on the SMEs survival is not appropriate.

The result of findings from objective two indicated that The ANOVA table demonstrates that the regression model is statistically significant ($F(2, 384) = 217.501, p < 0.000$), suggesting that the predictors significantly contribute to explaining the variance in the SME survival in Lagos state. The weighted mean score for all items combined was ($\bar{x} = 2.38$), suggesting that level of accessibility of intervention funds in terms of ease of access and inclusive eligibility, and how does it influence SME survival in Lagos state was inadequate.

The result of findings from objective three indicated that The ANOVA table demonstrates that the regression model is statistically not significant ($F(1, 385) = 0.156, p < 0.693$), suggesting that the predictors did not significantly contribute to explaining the variance in the SME survival in Lagos state. The weighted mean score for all items combined was ($\bar{x} = 2.73$), suggesting that the extent of public's awareness of SMEs owners about the availability and nature of existing government intervention programs designed to support SMEs was adequate.

The result of findings from objective four indicated that The ANOVA table demonstrates that the regression model is statistically significant ($F(1, 385) = 42.942, p < 0.000$), suggesting that the predictors significantly contribute to explaining the variance in the SME survival in Lagos state. The weighted mean score for all items combined was ($\bar{x} = 2.07$), suggesting that current measures in place to monitor the allocation and utilization of intervention funds influence the survival of SMEs in Lagos State was inadequate.

5.2 Conclusion

The findings underscore the critical importance of intervention funds and government support programs in shaping the survival prospects of small and medium enterprises (SMEs) in Lagos State, Nigeria. Objective one revealed the significant influence of repayment terms and interest rates associated with intervention funds on SME sustainability, highlighting the need for favorable financing conditions to facilitate business growth. Objective two shed light on the restrictive nature of eligibility criteria for intervention funds, limiting access for many viable SMEs and hindering their ability to thrive. Moreover, objective three suggested that while knowledge and awareness of government programs among SME owners may be important, it may not directly correlate with SME survival. Finally, objective four revealed shortcomings in

the monitoring mechanisms for intervention fund allocation and utilization, indicating a need for improved oversight to ensure effective support for SMEs. Overall, addressing these challenges and enhancing the effectiveness of intervention programs are crucial steps towards fostering a conducive environment for SME growth and economic development in Lagos State and beyond.

5.3 Recommendations

- I. Conduct regular assessments to evaluate the impact of financing conditions on SMEs, facilitating necessary policy adjustments to meet business needs effectively. Implement policies to ensure adequacy of fund, favorable repayment terms and interest rates for intervention funds based on feedback, by categorizing intervention fund by sector and scale of activities thereby enhancing SME sustainability in Lagos State.
- II. Review and revise eligibility criteria for intervention funds to promote inclusivity and accessibility for a wider range of SMEs in Lagos State. Simplify application processes and reduce bureaucratic barriers to enhance SMEs' access to intervention funds.
- III. Enhance educational campaigns and outreach programs to improve SME owners' awareness and understanding of government intervention programs. Engagement with SME organisations, association and bodies on regular basis for need assessment and effective feedback will assist in dissemination of government funding initiatives and opportunities. Provide comprehensive training and capacity-building initiatives to empower SMEs with the necessary skills and knowledge to utilize support resources effectively.
- IV. Strengthen monitoring and evaluation mechanisms for intervention fund allocation and utilization to ensure transparency and accountability. Foster collaboration among government agencies, financial institutions, and SME stakeholders to streamline

monitoring processes and address oversight gaps efficiently. The engagement of specialized organization in SME business management and consulting will go a long way in adding value to effective monitoring, evaluation and recovery of intervention funds.

5.4 Contribution to Knowledge

The study contributes to knowledge by integrating conceptual and theoretical frameworks, including the Dynamic Capability Theory (DCT), Stakeholders Theory, and Survival Base Theory, to provide a comprehensive understanding of SME sustainability in Lagos State. By applying these theories, the research elucidates the dynamic interplay between internal organizational capabilities, stakeholder relationships, and environmental factors in shaping SME survival.

Moreover, the empirical findings offer valuable insights into the practical implications of these theories in the context of intervention fund policies and SME support programs. The study highlights the significance of favorable financing conditions, inclusive eligibility criteria, and effective monitoring mechanisms in enhancing SME sustainability.

In terms of practical contributions, the study provides actionable insights for policymakers, financial institutions, and SME stakeholders to improve intervention fund policies and support programs. By identifying key challenges and issues such as restrictive eligibility criteria and inadequate monitoring mechanisms, the research offers practical recommendations to enhance the accessibility, effectiveness, and impact of interventions aimed at supporting SMEs in Lagos State. These recommendations aim to translate theoretical concepts into tangible practices that promote SME growth, resilience, and long-term sustainability in the region.

5.5 Suggestion for Further Studies

Based on the findings, here are suggestions for further studies:

- 1 Investigate the effectiveness of alternative intervention fund models that offer more flexible repayment terms and lower interest rates to support SME survival in Lagos State.
- 2 Explore the impact of expanding eligibility criteria for intervention funds to include a wider range of SMEs, particularly those operating in emerging sectors or facing unique challenges.
- 3 Conduct a comprehensive assessment of the awareness levels and information dissemination strategies regarding government intervention programs among SME owners in Lagos State.
- 4 Evaluate the implementation of enhanced monitoring and evaluation mechanisms for intervention fund allocation and utilization to ensure transparency, accountability, and efficiency in supporting SMEs.
- 5 Investigate the impact of corruption on the intervention fund activities and SME survival

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Appendix

Questionnaire

Challenges of Government Intervention Fund and SME Survival in Lagos State

Dear Sir/Madam,

I am a postgraduate student in the Department of Accounting at Lead City University, Ibadan, within the Faculty of Management and Social Sciences. I am presently engaged in research regarding the challenges of Government intervention funding on the survival of SMEs in Lagos State. This questionnaire has been designed to collect pertinent data for this study.

I kindly ask for your valuable assistance and cooperation in completing this questionnaire as objectively as possible. Please be assured that the information you provide will be treated with the utmost confidentiality and will be exclusively used for academic purposes. Your name will not be disclosed in the final research report. Your participation and cooperation are highly appreciated.

Yours faithfully,

Section A: Demographic Information

Please supply the information as requested and tick (✓) as applicable in the spaces provided

1. **Business Name:**

- Prefer not to answer
- Provide name: _____

2. **Age:**

- 18-24
- 25-34
- 35-44
- 45-54
- 55 or older
-

3. Gender:

- Male
- Female

4. Educational Background:

- High School or below
- ND,, NCE and below
- Bachelor's / HND Degree
- Post Graduate
- Professional Certification

5. Employment Status:

- Employed full-time
- Employed part-time
- Self-employed
- Retired
- Other (please specify): _____

6. Business Owner:

- Yes
- No

7. ****If you are a business owner or entrepreneur, please specify your industry or type of business:**

- Manufacturing
- Services
-
- Agriculture
- Retail
-
- Information Technology
- Hospitality
- Automotive
- Electronics
- Other : _____

8. **Residential Area in Lagos State:**

- Mainland
- Island
- Suburb
- Prefer not to say

9. **How many years have you lived or worked in Lagos State?**

- Less than 1 year
- 1-5 years

- 6-10 years
- More than 10 years

10. Email (Optional for follow-up or additional information):

- Prefer not to provide
- Provide email: _____

11. Have you once access or apply for Any Government Intervention Fund Before:

Yes (), No ()

12. If Yes what type. _____

13. How easy was it accessed: Very Easy (), Easy () Fairly Easy (), Not Easy ()

14. Have you fully repaid the loan: Yes (). No ()

15. If No Why _____

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Section B

Instruction: please indicate the extent to which you agree or disagree with the following statements by ticking (√) the appropriate cell.

Items	Strongly Agree	Agree	Disagree	Strongly Disagree
A. Appropriateness Of Intervention Funds and the SMEs Survival				
The repayment terms for intervention funds are very unfavorable for SME survival.				
The loan tenor is adequate to support the business				
The amount accessible is adequate to meet the requirements of the business				
The interest rates charged on intervention funds make it difficult for SMEs to break even.				
Compared to other loan options, intervention funds offer slightly better repayment terms for SMEs.				
The current interest rates on intervention funds are somewhat manageable for most SMEs.				
Intervention funds provide repayment terms and interest rates that are highly supportive of SME survival.				
B. Accessibility Of Intervention Funds And SMES Survival				
The application process for intervention funds is extremely complex and discourages SMEs from applying.				
The eligibility criteria for intervention funds are very restrictive and exclude many viable SMEs.				
Accessing intervention funds is somewhat challenging for most SMEs in Lagos State.				
Obtaining intervention funds requires navigating a few bureaucratic hurdles, but it's achievable for some SMEs.				
The application process and eligibility requirements for intervention funds are very straightforward for SMEs.				
C. Public Awareness for the Program effectiveness				
Awareness of government intervention funds affect your SME's profitability				

Utilizing government intervention funds and taking advantage of awareness of such funds impact your SME's profitability				
Awareness of government intervention funds influence your SME's liquidity				
Utilizing government intervention funds and taking advantage of awareness of such funds affect your SME's liquidity				
There is significant influence of government intervention fund awareness and utilization on your SME's profitability and liquidity				
D. Monitoring Measures and Survival of SMEs				
The current measures in place to monitor the allocation and utilization of intervention funds are extremely inadequate.				
There are significant weaknesses in the way intervention funds are monitored, potentially leading to misuse.				
The monitoring of intervention funds could be improved to ensure they are allocated and used effectively.				
The existing measures for monitoring intervention funds provide some level of assurance for proper allocation and utilization.				
The current monitoring system for intervention funds is very effective in ensuring they are allocated and used appropriately.				
E. Challenge of Intervention Funds and Survival of SMEs				
The repayment schedule for intervention funds puts a strain on SMEs' cash flow, hindering their ability to grow.				
Compared to business profits, the interest rates on intervention funds leave little room for reinvestment in the SME.				
The lack of flexible repayment options for intervention funds makes it difficult for SMEs to adapt to changing financial circumstances.				
The short repayment periods offered by some intervention funds limit SMEs' ability to invest in long-term projects.				
The penalties associated with late repayments on intervention funds create a significant financial burden for struggling SMEs.				

Bio-data

A. Personal Data

Full Name: Babatunde Musibau Adebayo LAWAL

Address: No 9, Akanji Ogunyemi close Aiyegbami, Giwa
Ogun State

E-mail Address: mba_law2004@yahoo.com

Phone Number: 08054667281

Date 2nd January 1964

Place of Birth: Lagos

Nationality: Nigerian

Name of Next of Kin: Adebayo-Lawal O.A.

Address of Next of Kin No 9, Akanji Ogunyemi close Aiyegbami, Giwa
Ogun State

B. Educational Background

Educational Institutions Attended with Dates and Qualification:

- i. **Primary Education: Yaba Model Primary School, Yaba Lagos**
 - Primary School Leaving Certificate 1976
- ii. **Secondary Education: Ansar Ud Deen High School, Falolu Lagos**
 - West African School Certificate 1981
- iii. **Higher Education Institution:**
 - The Polytechnic Ibadan Oyo State
Higher National Diploma (HND) Accountancy 1988
 - University of Ibadan, Ibadan Oyo State
Master in Project Development and Implementation 2014
 - Lead City University, Ibadan
Master of Science (M.Sc) Accounting In view

C. Working Experience with Dates: Razak Jaiyeola& Co (Chartered Accountants) Lagos

Lagos State 1989 -1991

BCIC Investments Limited Apapa Lagos 1991-1996

Nigerian Bottling Company Lagos 1996 -2007

GroFin Nigeria Limited Lagos 2007 -2016

D. Awards and Fellowships (if any): No

E. Membership of Academic Professional Bodies:

- Institute of Chartered Accountant of Nigeria (ICAN)
- National Institute of Management (NIM)
- Chartered Institute of Taxation of Nigeria (CITN)

F. Publication if Any

1. Thesis/Dissertation: The Effect of Central Bank of Nigeria Cashless Policy on Business Activities in Lagos State – Focus on Alaba Market Traders.

(a) Published Journals/Articles

Seminal Papers Accepted For Publication: None

Seminal Papers Presented At Conference : None

Thesis/ Dissertation: None

Books/Monographs: None

Major Conference / Workshop Attended:

Annual Accountant Conference. International Conference Centre & Sheraton, Abuja Hotel.

2022 Academic & Industry Edge, Department of Management and Accounting, Lead City University, Ibadan Oyo State.

G. Notable Scholarly or Professional Accomplishment:

- Fellow Member of Institute of Chartered Accountant of Nigeria (ACA)
- Associate Member of National Institute of Management (ANIM)

- Associate Member Chartered Institute of Taxation of Nigeria

H. Referees

- Mr Felix Aiyenuro

Office &Address: Oscar Marine Nigeria Limited, 2nd floor Coscharis Plaza 68A,
Adeola Odeku Street, Victoria Island Lagos

Position: Finance Controller

Tel: 08091799717

Email: Olusegunfelix2014@gmail.com

- Mr Idowu Akinwande

Principal Partner

Gbemi Akinwande & Co (Chartered Accountants)

Cross Town Mall, 75A Iju Road Opp MEF Petrol Station, Agege Lagos

Tel: 08023700432

Signature

Date

The University Compliance Certification

This is to certify that this thesis was carried out by **Babatunde Musibau Adebayo LAWAL** with matric number **LCU/PG/002613** in the department of Management and Accounting, Faculty of Management & Social Sciences, Lead City University, Ibadan, is in Full compliance with the approved University format and style.

Signature

Date

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