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GOVERNMENT SUPPORT AND GROWTH OF SMES IN AKWA IBOM STATE.

[1]**Nsemeke Ndanyongmong Ukem**
Department of Business Administration, Faculty of Management Sciences, Akwa Ibom State University, Obio Akpa Campus, Nigeria.

[2 3]**Christabel Brownson, PhD**
Department of Business Administration, Faculty of Management Sciences, Akwa Ibom State University, Obio Akpa Campus, Nigeria.

[3]**Aaron Akpan, PhD**
Department of Business Administration, Faculty of Management Sciences, Akwa Ibom State University, Obio Akpa Campus, Nigeria.

Abstract

This study examined the relationship between government support and the growth of Small and Medium Enterprises (SMEs) in Akwa Ibom State, Nigeria. A quantitative research design was adopted, and data were collected from 300 SME owners and managers using structured questionnaires. The study focused on five dimensions of government support: financial support, and regulatory reforms, market facilitation, capacity building and infrastructure development. Pearson correlation analysis revealed significant positive relationships between each dimension and SME growth. These findings indicated that comprehensive government interventions played a crucial role in enhancing SME performance, expansion, and sustainability. The findings suggest that government interventions significantly contribute to SME performance, expansion, and sustainability. The researcher recommends that government agencies should offer accessible financial assistance, and implement SME-friendly regulatory frameworks, prioritize and strengthen policies that enhance market access, provide relevant training and mentorship, improve infrastructure. This research contributes to empirical knowledge by highlighting the multidimensional impact of government support on SME development within a sub-national Nigerian context.

Keyword: Government support, growth, Small and Medium Enterprises (SMEs), financial support and regulatory reforms

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1. INTRODUCTION

Small and Medium Enterprises (SMEs) are essential drivers of economic growth, innovation, and job creation, especially in developing economies like Nigeria. Defined as businesses with a limited scale in terms of employees and financial turnover, SMEs generally employ fewer than 250 people and have a turnover not exceeding 50 million euros, or an equivalent balance sheet total (Ebri, 2021). In Nigeria, the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) defines SMEs as businesses with fewer than 200 employees and an asset base of less than 500 million Naira, excluding land and buildings (SMEDAN, 2021). These enterprises play a critical role in economic development by fostering entrepreneurship, promoting industrialization, and contributing significantly to the GDP. However, despite their importance, SMEs often struggle to achieve sustainable growth, particularly in regions like Akwa Ibom State, where various systemic challenges persist.

Government support, in this context, refers to the range of interventions, policies, and programs that a government implements to create an enabling environment for SMEs to thrive. These interventions are designed to address the inherent challenges faced by SMEs, such as limited access to finance, inadequate infrastructure, and a complex regulatory environment. Government support can take various forms, including financial assistance, infrastructure development, regulatory reforms, capacity building, and market facilitation. One of the most significant forms of government support for SMEs is financial assistance, which includes grants, subsidies, and loans. These financial instruments are intended to provide SMEs with the capital needed to start, expand, or sustain their operations. Government-backed loans and credit guarantees are often provided to reduce the risk for financial institutions lending to SMEs, thereby improving access to finance for these businesses (Audu, 2023). Also, governments play a crucial role in developing the physical and digital infrastructure that SMEs need to operate efficiently. This includes building and maintaining transportation networks, providing reliable electricity and water supply, and ensuring access to high-speed internet. In regions like Akwa Ibom State, where infrastructure challenges are prevalent, government intervention is vital to reducing operational costs and enabling SMEs to compete more effectively (Chukwudi, 2024).

In Nigeria, efforts to streamline business regulations and improve the ease of doing business are ongoing, but challenges remain, particularly at the state level (Adamu, 2020). Moreover, government support also includes programs aimed at building the capacity of SME owners and their employees (Uwa *et al*. 2018). These programs typically offer training in areas such as financial management, marketing, and business strategy. By equipping entrepreneurs with the necessary skills and knowledge, governments can help SMEs become more resilient and capable of adapting to changing market conditions (Adebayo, 2021). Furthermore, facilitating access to markets is another crucial aspect of government support for SMEs. This includes initiatives to help SMEs participate in public procurement, export their products, and connect with larger markets. In Akwa Ibom State, government efforts to promote SME access to local and international markets are essential for driving growth and competitiveness (Udoinyang, 2024).

Government support for SMEs in Akwa Ibom State exists, there is a pressing need for more effective and coordinated interventions (Akpaetor, 2022). Addressing the gaps in existing support mechanisms will require a comprehensive approach that takes into account the specific needs of SMEs in the region. This study seeks to explore the extent to which

government support influences the growth of SMEs in Akwa Ibom State and to identify strategies for enhancing the effectiveness of this support.

1.2 Statement of the problem

Small and Medium Enterprises (SMEs) are pivotal to the economic development of Akwa Ibom State, contributing significantly to job creation, poverty alleviation, and the overall economic growth of the region. Despite their recognized importance, SMEs in Akwa Ibom State face numerous challenges that impede their growth and sustainability. Among these challenges, the lack of adequate government support stands out as a critical barrier. Government support is intended to provide SMEs with the necessary resources, infrastructure, and an enabling environment to thrive. However, in Akwa Ibom State, the effectiveness of such support is often questioned. Many SMEs struggle to access the financial resources required for expansion due to stringent loan requirements, high-interest rates, and limited availability of government-backed credit facilities. The Central Bank of Nigeria (CBN) and other financial institutions have introduced various initiatives aimed at improving access to finance for SMEs, but the impact of these initiatives in Akwa Ibom State remains limited. Many SMEs either do not meet the eligibility criteria or are unaware of the available support, leading to a persistent financing gap that hinders their growth (Mutunga, 2020). In addition to financial challenges, the infrastructure in Akwa Ibom State is often inadequate to support the needs of SMEs. Poor road networks, unreliable electricity supply, and limited digital connectivity are common issues that increase the cost of doing business and reduce the competitiveness of SMEs. The government's efforts to improve infrastructure in the state have been insufficient, particularly in rural areas where many SMEs operate under extremely challenging conditions. This lack of adequate infrastructure limits the ability of SMEs to expand, innovate, and compete in the broader market.

The regulatory environment in Akwa Ibom State also poses significant challenges for SMEs. Complex and often cumbersome regulatory procedures, high taxation, and bureaucratic inefficiencies create a hostile environment for business growth. For instance, the process of registering a business and obtaining necessary licenses is often time-consuming and costly, deterring many potential entrepreneurs from formalizing their businesses. Moreover, the inconsistent enforcement of regulations creates uncertainty and increases the risk for SMEs, further hampering their development. Capacity building and training are crucial for equipping SME owners and their employees with the skills and knowledge necessary for effective business management. However, in Akwa Ibom State, there is a noticeable gap in the availability of government-led capacity-building programs tailored to the specific needs of SMEs. Many SME owners lack the managerial expertise to navigate the complexities of running a business, particularly in a challenging economic environment. This gap in skills and knowledge undermines the ability of SMEs to grow and adapt to changing market conditions.

Despite the various government policies and programs aimed at supporting SMEs, the growth of these enterprises in Akwa Ibom State remains slow and uneven. This raises critical questions about the adequacy, accessibility, and effectiveness of government support mechanisms in fostering SME development. The persistent challenges faced by SMEs in the state suggest that existing government interventions may not be sufficiently aligned with the realities on the ground, or that there are significant gaps in their implementation. Given the vital role that SMEs play in the economic development of Akwa Ibom State, it is imperative to investigate the nature and impact of government support on their growth. Understanding the specific challenges that hinder the effectiveness of government interventions will provide

valuable insights for policymakers and stakeholders, enabling them to design and implement more targeted and effective strategies to support SME growth (Udoinyang, 2024).

This study seeks to address these concerns by examining the extent to which government support influences the growth of SMEs in Akwa Ibom State, identifying the key challenges faced by SMEs, and proposing actionable recommendations for enhancing the impact of government interventions.

1.3 Objectives of the Study

This study was undertaken to find the relationship between government support and growth of SMEs in Akwa Ibom State. However, the specific objectives were to:

1. To examine the relationship between financial support and growth of SMEs in Akwa Ibom State.
2. To investigate the relationship between regulatory reforms and growth of SMEs in Akwa Ibom State.

1.4 Research Questions

1. What is the relationship between financial support and growth of SMEs in Akwa Ibom State?
2. What is the relationship between regulatory reforms and growth of SMEs in Akwa Ibom State?

1.5 Research hypotheses

The following null hypotheses will be formulated for this study;

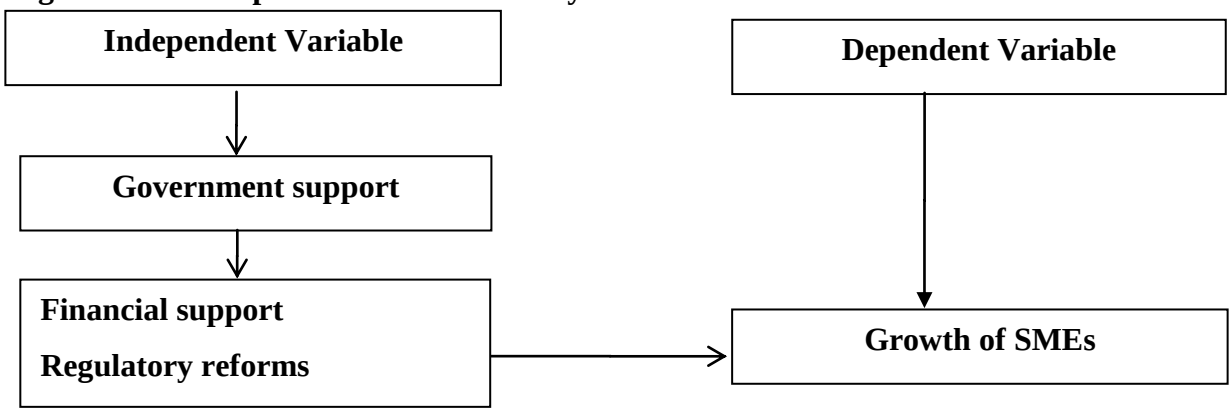
H_{01}: There is no significant relationship between financial support and growth of SMEs in Akwa Ibom State.

H_{02}: There is no significant relationship between regulatory reforms and growth of SMEs in Akwa Ibom State.

2. REVIEW OF RELATED LITERATURE

2.1 Conceptual framework

Figure 2.1: Conceptual model of the study



Source: Researcher (2025)

2.1.1 Government support

Government support plays a vital role in the economic development of nations by facilitating the growth of businesses, particularly Small and Medium Enterprises (SMEs), which are recognized as engines of economic growth and innovation. Government support encompasses a broad range of policies, programs, and interventions designed to create a conducive environment for businesses to thrive, thereby contributing to job creation, poverty reduction, and overall economic stability (Adebayo, 2021).

The concept of government support can be defined in various ways depending on the context and the specific needs it aims to address. At its core, government support refers to the initiatives and resources provided by the state to stimulate economic activities and support businesses in overcoming challenges. According to Frank (2023), government support involves "interventions that improve the business environment, provide financial assistance, and enhance the capabilities of businesses to operate successfully." This broad definition highlights the multifaceted nature of government support, which can include financial, regulatory, and developmental components. Similarly, Purwanto, (2020) defines government support as "the actions taken by the government to reduce market failures, provide a supportive business environment, and ensure that businesses, especially SMEs, have access to necessary resources." This definition underscores the role of government in addressing market imperfections and ensuring that businesses can access critical resources such as finance, infrastructure, and information. According to the Johnson, (2020), government support is defined as "the set of policies and programs that governments implement to enhance the performance and competitiveness of businesses, particularly small and medium-sized enterprises." This definition emphasizes the role of government in boosting the competitiveness of businesses, which is essential for their growth and sustainability in a globalized economy.

Government support can be categorized into several types, each addressing different aspects of business needs (Ekanem *et al.* 2023). These types include financial support, infrastructure development, regulatory support, capacity building, and market facilitation. Each type plays a unique role in fostering an environment conducive to business growth. Financial support is one of the most critical forms of government assistance for businesses, particularly SMEs. As noted by Beck *et al.*, (2025), financial constraints are a major impediment to the growth of SMEs, and government interventions are necessary to alleviate these constraints and promote business growth. Also, regulatory support which refers to the efforts made by the government to create a favorable regulatory environment for businesses. According to Kamau, (2020), complex and burdensome regulations can stifle business activities, and government support in the form of regulatory reforms is necessary to promote a conducive business environment. Furthermore, market facilitation - the efforts made by the government to help businesses access and compete in markets. According to Ogujiuba *et al.*, (2023), market facilitation is essential for the growth of businesses, as it provides them with opportunities to reach new markets and expand their operations.

2.1.2 Dimensions of government support

Each of these dimensions' influences business sustainability, productivity, and competitiveness in different ways.

2.1.2.1 Financial support

Financial support refers to the monetary assistance provided by the government to businesses, especially SMEs, to help them overcome financial constraints and access the

capital needed for growth. Financial support can come in various forms, including grants, loans, subsidies, and credit guarantees. This type of support is essential because access to finance is often cited as one of the most significant barriers to the growth of SMEs (Ogujiuba, 2023). Governments provide grants and subsidies to businesses to encourage investment in specific sectors or activities. For instance, subsidies for technological innovation, environmental sustainability, or export activities can help businesses reduce costs and improve competitiveness (Imagha *et al.* 2021).

Government-backed loans and credit guarantees are designed to reduce the risks for financial institutions, encouraging them to lend to SMEs. These instruments help SMEs access financing that they might otherwise be unable to obtain due to high perceived risks or lack of collateral (Bassey & ogaji, 2024).Tax breaks, deductions, and incentives are another form of financial support. By reducing the tax burden on businesses, especially start-ups and SMEs, governments can enhance profitability and encourage reinvestment of earnings into business expansion (Balogun, 2024).

Financial support has a significant impact on the growth and development of businesses. By providing access to capital, it enables businesses to invest in new technologies, expand their operations, hire more employees, and enter new markets. Financial support can also help businesses weather economic downturns by providing a financial safety net (Frank, 2023).

2.1.2.2 Regulatory reforms

Regulatory reforms involve the process of reviewing and revising existing regulations to make them more business-friendly. The goal of regulatory reforms is to simplify the legal and administrative processes that businesses must navigate, reduce bureaucratic red tape, and create a transparent and predictable regulatory environment (Akpaetor, 2022) A supportive regulatory environment is crucial for reducing the cost of doing business and encouraging entrepreneurship (Whajah & Adenutsi, 2025).

Simplifying the procedures for business registration and licensing is a common focus of regulatory reforms. By reducing the time and cost associated with these processes, governments can encourage the formalization of businesses and promote entrepreneurship (Whajah & Adenutsi, 2025). Reforms in labor regulations can help balance the rights of employees with the flexibility needs of employers. Streamlining labor laws can reduce compliance costs for businesses and encourage hiring, thereby supporting job creation and economic growth (Whajah & Adenutsi, 2025).

Tax reforms aim to create a fair and efficient tax system that encourages compliance while minimizing the tax burden on businesses. Simplified tax codes, lower tax rates, and improved tax administration can enhance the competitiveness of businesses and attract investment (Whajah & Adenutsi, 2025). Effective regulatory reforms can significantly enhance the ease of doing business, making it easier for businesses to start, operate, and grow. By reducing bureaucratic hurdles and creating a predictable regulatory environment, governments can attract both domestic and foreign investment, stimulate entrepreneurship, and promote economic development (Whajah & Adenutsi, 2025).

2.1.3 The growth of small and medium enterprises (SMEs)

Small and Medium Enterprises (SMEs) play a pivotal role in Nigeria's economic development, contributing significantly to employment generation, poverty alleviation, and innovation. According to a study by Adebayo (2024), SMEs constitute about 96% of

businesses in Nigeria and account for approximately 48% of the national GDP. Their widespread presence across various sectors underscores their importance in driving economic diversification and resilience.

Government interventions have been implemented to support SMEs, such as the establishment of the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) and the provision of funding through the Development Bank of Nigeria (DBN). Nonetheless, the effectiveness of these initiatives has been mixed. Research by Olawale and & Garwe (2023) indicates that while financial support mechanisms exist, issues like bureaucratic bottlenecks and policy inconsistencies often hinder their impact. Furthermore, a study by Ibrahim and Ibrahim (2022) highlights that many SMEs lack the necessary managerial skills and access to market information, further limiting their growth prospects. Addressing these challenges requires a holistic approach that combines financial assistance with capacity building, infrastructure development, and policy reforms to create an enabling environment for SMEs to thrive.

2.1.4 Government support and growth of SMEs

Small and Medium Enterprises (SMEs) are the backbone of many economies worldwide, contributing significantly to employment, GDP, and innovation. The growth and sustainability of SMEs are crucial for economic development, particularly in developing countries where they play a vital role in poverty reduction and economic diversification. Government support is a critical factor that can influence the growth and success of SMEs. Government support refers to the various policies, programs, and initiatives implemented by the government to assist SMEs. This support can take multiple forms, including market facilitation and capacity building. Government support aims to create a conducive environment for the growth and development of SMEs by addressing the specific challenges they face (Jalali, 2025).

Governments can support SME growth by providing training programs, mentorship, and advisory services that enhance business management, technical skills, and innovation capacity. Capacity building initiatives help SMEs improve their operational efficiency, adapt to market changes, and innovate (Davis & Lima, 2020). Studies from Prasannath et al., (2024) have shown that government-sponsored training and capacity-building programs positively impact SME performance by enhancing managerial skills, improving productivity, and fostering innovation. SMEs that participate in such programs are more likely to experience growth and long-term success.

2.1.4.1 Financial support and growth of SMEs

Small and Medium Enterprises (SMEs) are critical drivers of economic growth, innovation, and employment across the globe. However, one of the most significant challenges faced by SMEs is access to adequate financing. Financial support is crucial for the growth and sustainability of these enterprises, enabling them to expand operations, invest in new technologies, hire more employees, and enhance their market competitiveness. Financial support refers to the range of financial products and services provided by governments, financial institutions, and private entities to help SMEs access capital. This support can take various forms, including loans, grants, equity financing, subsidies, and credit guarantees. Financial support aims to bridge the financing gap that many SMEs face, enabling them to pursue growth opportunities and overcome financial constraints (Olawale & Garwe, 2023).

According to Richard (2022) financial support enables SMEs to invest in modernizing their operations, improving productivity, and reducing costs. By accessing funding, SMEs

can purchase new equipment, upgrade technology, and implement efficient processes. Increased productivity and efficiency not only lower production costs but also improve the business's ability to meet customer demand and deliver high-quality products and services. Studies show that financial support positively impacts productivity and efficiency among SMEs. Access to capital allows firms to adopt new technologies and improve operational processes, leading to higher output and profitability. SMEs that invest in productivity-enhancing technologies are more likely to achieve sustainable growth and competitive advantage. Also, the growth of SMEs has a direct impact on job creation and economic development.

2.1.4.2 Regulatory reforms and growth of SMEs

Small and Medium Enterprises (SMEs) are the engine of economic growth, innovation, and employment creation. However, regulatory environments often present significant challenges for SMEs, affecting their ability to start, operate, and expand their businesses. Regulatory reforms, aimed at simplifying and improving the regulatory framework, can have a profound impact on the growth and sustainability of SMEs. According to Allen and Griffeth (2021) regulatory reforms refer to the process of reviewing, revising, and simplifying existing regulations to improve the business environment. These reforms aim to reduce unnecessary regulatory burdens, streamline procedures, enhance transparency, and create a more favorable climate for businesses, particularly SMEs. Regulatory reforms are essential for ensuring that regulations are effective, efficient, and supportive of economic growth and development (Whajah & Adenutsi, 2025).

2.2 Theoretical framework

2.2.1 Public goods theory (Samuelson 1954)

Public Goods Theory is a fundamental concept in economics and public policy that deals with the characteristics and provision of goods that are non-excludable and non-rivalrous. The theory was significantly advanced by economist Paul A. Samuelson in 1954 through his influential work, "The Pure Theory of Public Expenditure" (Samuelson, 1954). Public Goods Theory highlights the challenges associated with the provision and funding of goods that benefit all members of society, regardless of whether individuals contribute to their production or maintenance.

Public Goods Theory provides a valuable framework for understanding the role of government in supporting the growth of SMEs. By recognizing the unique characteristics of public goods non-excludability and non-rivalrous consumption Public Goods Theory highlights the importance of government intervention in providing the necessary infrastructure, education, research and development, regulatory framework, and market access that SMEs need to thrive. Government support in the form of public goods addresses market failures, creates an enabling environment for business operations, and enhances the growth prospects of SMEs. Policymakers should continue to invest in public goods that promote SME growth, as these investments benefit society as a whole by driving economic development and improving living standards.

2.3 Empirical review

Whajah and Adenutsi (2025) investigated the impact of government financial support, regulatory reforms, market access, and skills development on the sustainability and export performance of SMEs in Ghana. The study analyzed responses from 4,764 SME owners and

managers using confirmatory factor analysis and structural equation modeling (SEM). Findings indicated that government support, regulatory reforms, and access to finance significantly contribute to SME sustainability, while market access and skills development positively influence export performance. Interestingly, access to finance did not mediate the relationship between government support and SME sustainability. The study provides important implications for policymakers and development agencies, suggesting that targeted interventions in regulatory reforms, financial access, and capacity building are crucial for promoting both sustainability and international competitiveness of SMEs.

Ranasinghe et al. (2025) investigated the relationship between SMEs' participation in global value chains (GVCs) and their adoption of environmental management practices, with a focus on the moderating role of trade facilitation policies. Drawing on data from the World Bank's Enterprise Surveys and the OECD Trade Facilitation Indicator, the study analyzed 1,462 SMEs across 18 countries using regression analysis with bootstrapping techniques. Findings revealed that SMEs are more likely to adopt environmental practices when entering GVCs but often abandon these practices after exiting. Importantly, the study identified a non-linear role of trade facilitation policies in mitigating this drop-off in sustainable practices. The research underscores the significance of government interventions in sustaining environmental commitments among SMEs within international trade networks and contributes to understanding how deglobalization may affect SME sustainability behavior.

Purwanto (2025) examined the role of Corporate Social Responsibility (CSR) programs in enhancing the financial capacity of SMEs in Indonesia, with particular focus on the effects of financial literacy and collaboration capacity on financial performance. The study involved 142 SMEs that partnered with a state-owned enterprise's CSR program, utilizing qualitative data collected through interviews with owner-managers. Structural Equation Modeling (SEM) was applied to analyze the relationships. Findings revealed that financial literacy significantly influences SME financial performance, both directly and indirectly through collaboration capacity. Notably, the indirect effect—mediated by collaboration—was stronger than the direct effect, highlighting the importance of cooperative networks and partnerships. The study recommends that CSR and SME empowerment programs should not only offer short-term training and credit support but also prioritize long-term strategies that enhance literacy and collaboration competencies, particularly in today's knowledge-driven economy.

Udodiugwu et al., (2025) investigated the relationship between microcredit financing and SMEs in Nigeria, focusing on its potential to alleviate poverty. The research utilized a cross-sectional survey design to collect data from entrepreneurs in the Onitsha main market, specifically examining their engagement with microcredit from nearby financial institutions. The study is based on the life cycle theory, which outlines the dynamics between microcredit lenders and SMEs. A total of six hundred entrepreneurs operating shop outlets in the Onitsha main market were surveyed. The findings indicate a strong association between revolving credit and installment credit facilities and the success of SMEs. Based on these results, the study recommends the establishment of an enabling environment for SMEs, emphasizing the need to sensitize entrepreneurs and improve access to credit facilities to support the sustainability and growth of these enterprises.

3. METHODOLOGY

The survey research design was employed in this study by the researcher to create a better understanding of individual or group viewpoints concerning a specific concept or issue of interest. The population of the study comprised of one thousand five hundred and fifty-two

(1552) SMEs duly registered with the Corporate Affairs Commission (CAC) in Akwa Ibom State. The sample size of the study was statistically determined using the Taro Yamane formula. Since, the population is known the Taro Yamane's was used. The study depended entirely on primary data.

In order to empirically examine the relationship between government support and the growth of SMEs in Akwa Ibom State, this study adopts the Pearson Product-Moment Correlation Coefficient (r) as the statistical technique. The Pearson correlation coefficient is suitable for measuring the strength and direction of the linear relationship between two continuous variables.

4.1 Data analysis

This section discusses the frequency of respondents' responses to each of the questions classified according to the research variables together with their specific percentage. This was done as follows: -

Table 4.1a: Analysis of responses on financial support

Financial support	**Strongly agreed**	**Agreed**	**Undecided**	**Disagreed**	**Strongly disagreed**	**Total**	**Mean**	**Standard deviation**
Government-backed financial programs meet the financial needs of my SME.	96 32%	186 62%	14 5%	0 0.0%	4 1%	300 100%	4.37	0.639
The government provides easy access to low-interest loans for SMEs	138 46%	154 51%	6 2%	0 0.0%	2 1%	300 100%	4.35	0.708
Government grants have significantly contributed to my business growth.	122 41%	166 55%	10 3%	0 0.0%	2 1%	300 100%	4.33	0.643
Tax incentives offered by the government encourage SME expansion.	151 50%	121 40%	24 8%	0 0.0%	4 2%	300 100%	4.31	0.635
Average							**4.36**	**0.678**

Source: Field survey (2025)

Table 4.1a showed the respondents opinion on financial support. The responses states that 96 respondents portraying 32% strongly agreed that government-backed financial programs meet the financial needs of my SME, 186 respondents portraying 62% agreed, 14 respondents portraying 5% were undecided while 0 respondent portraying 0.0% disagreed 4 respondents representing 1% strongly disagreed. On average the respondents agreed that government-backed financial programs meet the financial needs of my SME.

Responses to the second question shows that 138 respondents portraying 46% strongly agreed that the government provides easy access to low-interest loans for SMEs, 154 respondents portraying 51% agreed, 6 respondents portraying 2% were undecided, 0 respondents portraying 0.0% disagreed while 2 respondents portraying 1%. On average, respondents agreed that the government provides easy access to low-interest loans for SMEs.

Also, 122 respondents portraying 41% strongly agreed that government grants have significantly contributed to their business growth166 respondents portraying 55% agreed, 10 respondents portraying 3% were undecided while 0 respondents portraying 0.0% disagreed. 2 respondents portraying 1% strongly disagreed. On average, the respondents rated and strongly agreed that government grants have significantly contributed to their business growth.

Moreover, 104 respondents portraying 52% strongly agreed that tax incentives offered by the government encourage SME expansion, 72 respondents portraying 36% agreed, 20 respondents portraying 10% were undecided, 0 respondents portraying 0.0% disagreed while 4 respondents portraying 2% strongly disagreed. On average, the respondents agreed that tax incentives offered by the government encourage SME expansion.

The average score on financial support was 4.36while the standard deviation was 0.678indicating that there is a significant relationship between financial support and growth of SMEs.

Table 4.1b: Analysis of responses on regulatory reforms

Regulatory reforms	**Strongly agreed**	**Agreed**	**Undecided**	**Disagreed**	**Strongly disagreed**	**Total**	**Mean**	**Standard deviation**
Government policies create a business-friendly environment for SMEs.	142 47%	154 51%	4 2%	0 0.0%	0 0.0%	300 100%	4.45	0.508
Business registration processes have been simplified by the government.	125 42%	165 55%	10 3%	0 0.0%	0 0.0%	300 100%	4.35	0.540
Tax regulations imposed by the government are favorable to SMEs.	126 42%	166 55%	6 2%	0 0.0%	2 1%	300 100%	4.31	0.600
Government regulatory reforms have reduced unnecessary fees for SMEs.	124 41%	166 55%	8 3%	0 0.0%	2 1%	300 100%	4.32	0.561
Average							**4.42**	**0.518**

Source: Field survey (2025)

The analysis in table 4.1b shows that a total of 142respondents portraying 47% strongly agreed that government policies and regulations create a business-friendly environment for SMEs.154% respondents portraying 51% agreed, 4 respondents portraying 2% were undecided while 0 respondents portraying 0.0 % strongly disagreed 0 respondent 0.0% disagreed. On average the respondents agreed that government policies and regulations create a business-friendly environment for SMEs. (Mean = 4.45, Standard Deviation = 0.51).

The second question indicated that 125 respondents portraying 42% strongly agreed that business registration processes have been simplified by the government, 165 respondents portraying 55% agreed, 10respondents portraying 3% were undecided, 0 respondents portraying 0% disagreed and 0 respondent representing 0.0% strongly disagreed. On average the respondents agreed that business registration processes have been simplified by the government, (Mean = 4.35, Standard Deviation = 0.54).

Further, 126 respondents portraying 42% strongly agreed that tax regulations imposed by the government are fair and favorable to SMEs. 166 respondents portraying 55% agreed, 6respondents portraying 2% were undecided while 0 respondents representing 0.0% disagreed, while 2 respondents represent 1%. On average, respondents agreed that tax regulations imposed by the government are fair and favorable to SMEs (Mean = 4.31, Standard Deviation = 0.60).

In addition, 124 respondents portraying 41% strongly agreed that collaboration with stakeholders promotes organizational growth and sustainability, 166 respondents portraying 55% agreed, 8 respondents representing 3% were undecided while 0 respondents representing 0.0% disagreed, 2 respondents representing 1%. On average the respondents agreed that collaboration with stakeholders promotes organizational growth and sustainability. (Mean = 4.32, Standard Deviation = 0.56).

The average score on regulatory reforms was 4.42while the standard deviation was 0.518indicating that regulatory reforms have significant relationship on growth of SMEs.
funded industrial parks and business hubs support SME operations. (Mean = 4.32, Standard Deviation = 0.56).

4.2 Test of Hypotheses

This section of the study test and interpret the null hypotheses that were formulated in chapter one of this study.

Table 4.2a: Correlation Matrix

Variables	Financial Support	Regulatory Reforms	SME Growth
Financial Support	1		0.620 (p = 0.000)
Regulatory Reforms	0.627 (p = 0.000)	1	0.578 (p = 0.000)
SME Growth	0.620 (p = 0.000)	0.578 (p = 0.000)	1

Source: Researcher's computation (2025) using SPSS 25.0

The correlation coefficients (r) are presented alongside their significance levels (p-values) in parentheses, with significance determined at $p < 0.01$ (2-tailed). The analysis was conducted on a sample size of 300. The hypotheses and corresponding results based on the Pearson correlation analysis are as follows:

H_{01}: There is no significant relationship between Financial Support and Growth of SMEs in Akwa Ibom State.

Result: The correlation coefficient between Financial Support and SME Growth is 0.620with a significance level of p = 0.000. Since $p < 0.01$, this indicates a statistically significant

positive relationship.

Therefore, the null hypothesis was rejected and the alternative hypothesis emerged, which states that there is a significant positive relationship between Financial Support and Growth of SMEs in Akwa Ibom State.

H_{02}: There is no significant relationship between Regulatory Reforms and Growth of SMEs in Akwa Ibom State.

Result: The correlation coefficient between Regulatory Reforms and SME Growth is 0.578 with a significance level of p = 0.000. Since $p < 0.01$, this indicates a statistically significant positive relationship.

Therefore, the null hypothesis was rejected and the alternative hypothesis emerged, which states that there is a significant positive relationship between Regulatory Reforms and Growth of SMEs in Akwa Ibom State.

4.3 Discussion of findings

a. Financial Support and SME Growth

The study revealed a strong positive correlation between financial support and SME growth ($r = 0.620$, $p < 0.01$). This suggests that when SMEs in Akwa Ibom State have access to government-backed grants, subsidized loans, tax incentives, and credit guarantee schemes, they are better positioned to scale operations, increase production, and hire more workers. Financial support acts as a catalyst for addressing common challenges such as inadequate working capital, procurement of equipment, and inventory financing.

This finding is strongly supported by Eze and Nwosu (2024), who observed that financial interventions significantly improved SME resilience and profitability in Enugu Metropolis. Similarly, Bassey and Ogaji (2024) emphasized that non-traditional financing mechanisms such as crowd funding, incubators, and accelerators—substantially contributed to the success of SMEs in Akwa Ibom State. These findings collectively confirm that financial empowerment plays a foundational role in enhancing SME competitiveness and sustainability.

Moreover, the implication is that policy makers must not only sustain existing financial support programs but also expand them to reach underserved SMEs in remote and peri-urban areas. Access to finance must be accompanied by financial literacy programs to ensure that entrepreneurs make informed investment and spending decisions.

b. Regulatory Reforms and SME Growth

The significant positive correlation between regulatory reforms and SME growth ($r = 0.578$, $p < 0.01$) shows that when regulatory environments are streamlined, businesses find it easier to start, operate, and thrive. Specifically, simplified licensing processes, digitalized tax filing systems, and the removal of multiple taxations create a more conducive business climate. These reforms enhance transparency, reduce informal business practices, and increase the number of formal enterprises in the economy.

Nwosu (2024) confirmed similar trends, noting that deregulation and ease of doing business reforms in Enugu enabled more SMEs to register formally and expand their services.

Doraki (2023) found that countries implementing business registration reforms experienced a surge in new firm creation, especially among youth and female entrepreneurs.

This finding highlights the importance of continued administrative reform and institutional strengthening. Government agencies responsible for SME regulation must embrace digitization, inter-agency collaboration, and feedback systems to reduce bottlenecks and improve service delivery. Legal frameworks that protect businesses from corruption, harassment, and policy inconsistency are essential for sustained SME growth.

5. Conclusion

This study concludes that government support in the forms of financial support and regulatory reforms are essential to the growth of SMEs in Akwa Ibom State. Effective market access strategies, entrepreneurial skill-building, quality infrastructure, accessible funding, and business-friendly regulations all contribute to the operational success and expansion of small and medium enterprises. Therefore, sustained and integrated government interventions across these areas are necessary to empower SMEs, stimulate economic growth, and reduce unemployment within Akwa Ibom State.

6. Recommendations

1. **Increase Access to Financial Support:** There should be more inclusive financial programs such as soft loans, grants, credit guarantees, and tax incentives specifically targeted at SMEs. Simplifying application processes and ensuring transparency will encourage wider participation.
2. **Strengthen Regulatory Reforms:** Policymakers should continue to reform and simplify business registration and licensing procedures, reduce bureaucracy, and enforce consistent, SME-friendly regulations to enhance ease of doing business

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