



## **Government Support and the Small-Scale Business Performance in Gusau Metropolis of Zamfara State.**

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### **ABSTRACT**

This study investigates government support effect on the small-scale business performance in Gusau metropolis of Zamfara State, Nigeria. The population of this study is made up of small-scale businesses owners in Gusau metropolis of Zamfara state. There are 211 businesses chosen via random sampling as the sample size. A 5-point Likert scale is used in the questionnaire used to collect the data. This study used SPSS 16 for analysis. This study found positive influence of low-interest financing and easy credit facilities on the performance of small-scale businesses. But there is insignificant effect of government grant on the performance of small-scale businesses. The study concludes low-interest financing has a meaningful effect on small-scale firm performance, indicating the critical role that low-interest financing plays in the performance of small-scale businesses. This study recommends that stakeholders should take steps to increase small-scale businesses' access to low-interest funding so they can do even better.

Keywords: Easy Credit Facility, Grants, Low interest financing, Performance

### **1. INTRODUCTION**

The performance of small enterprises is a crucial measure of the economic health and progress of local communities in the ever-changing landscape of commercial operations. Small companies are essential to the creation of jobs, the reduction of poverty, and the growth of the economy (Kabiru, 2018). However, some obstacles frequently impede their performance, making government assistance necessary to improve their growth and sustainability.

Small-scale business performance is complex and encompasses multiple characteristics, including growth, profitability, productivity, and competitiveness (Owolabi, 2017). Good business practices guarantee the existence and prosperity of businesses, which promotes economic stability and prosperity at the local level. However, there are a lot of obstacles that small firms in Gusau metropolis, Zamfara State, have to overcome to function well, like hard competition, poor infrastructure, and restricted access to funding.

For small firms to invest in growth, technology adoption, and innovation and subsequently improve their performance, they must have access to inexpensive finance (Ibrahim, 2019). Government-provided low-interest funding options can help small firms in Gusau metropolis overcome their financial obstacles. The government can enable entrepreneurs to undertake strategic investments that boost their competitiveness and productivity by providing loans at affordable interest rates.

Grants are a crucial source of funding that, along with low-interest loans, can encourage the expansion and success of small enterprises (Adeyemi, 2020). Grants offer non-repayable financial assistance to companies so they can modernize their facilities, conduct R&D, and look into new markets. Small-scale business owners in Gusau metropolitan can benefit from government-sponsored award programs that foster innovation, job development, and general economic growth.

To overcome liquidity constraints and pursue growth prospects, small firms must have easier access to credit facilities (Nasiru, 2018). The Gusau metropolis government can speed the distribution of funding to worthy businesses by intervening in the credit application process to make it more streamlined and straightforward. Easy lending facilities can enable entrepreneurs to make investments in their companies and boost performance by cutting down on bureaucratic red tape and collateral restrictions.

Moreover, domain expertise is crucial in molding the perspective and competencies of small-business proprietors (Oluwafemi, 2016). Government-sponsored seminars and training sessions on financial literacy, marketing tactics, and business management can provide Gusau metropolis's entrepreneurs with the skills they need to operate better. Motivational speeches encourage resiliency, inventiveness, and persistence in business owners, creating an atmosphere that is favorable for development and achievement.

In the Gusau metropolis, Zamfara State, government support initiatives for small-scale businesses include grants, low-interest financing, and easy credit facilities. However, there is still a lack of underutilization of these initiatives and how that affects business performance. To enhance overall economic

outcomes and guide policy actions, the reasons for these support systems' limited ability to improve the performance of small-scale firms in the region must be investigated. This study responds to the following:

- i To what extent do low-interest rates affect the performance of small-scale businesses in the Gusau metropolis, Zamfara state, Nigeria?
- ii In what way is the performance of small-scale businesses in the Gusau metropolis, Zamfara state, Nigeria affected by government grants?
- iii What is the effect of easy credit facilities on the performance of small-scale businesses in the Gusau metropolis, Zamfara state, Nigeria?

The specific objective of this study is to:

- i determine the effect of low interest rates on the performance of small-scale businesses in the Gusau metropolis.
- ii evaluate the effect of government grants on the performance of small-scale businesses in the Gusau metropolis.
- iii investigate the effect of easy credit facilities on the performance of small-scale businesses in the Gusau metropolis.

Because it provides empirical insights into the effect of government support on small-scale business success, this study is important for scholars. Guidance on utilizing support mechanisms to enhance competitiveness can be advantageous for practitioners. Evidence-based policies can be developed by policymakers to promote job creation, economic growth, and poverty reduction. In general, the research provides information to interested parties about how to improve the viability and expansion of small-scale businesses in Gusau metropolis, Zamfara State, Nigeria.

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## 2. LITERATURE REVIEW AND DEVELOPMENT OF HYPOTHESES

The ability of small enterprises to accomplish their aims and objectives successfully and efficiently in a competitive market setting is referred to as small-scale company performance (Owolabi, 2017). It includes some factors, including growth, profitability, productivity, market share, and competitiveness. Financial measures like revenue, profit margins, and return on investment are examples of performance indicators. Non-financial elements like customer happiness, innovation, and market penetration are also examples of performance indicators.

Finance small firms with interest rates lower than the going rates in the market is known as low-interest finance (Ibrahim, 2019). By lowering the cost of borrowing, this type of assistance helps entrepreneurs invest in innovation, technology adoption, and business growth. Governmental bodies, financial institutions, and development organizations may provide low-interest funding programs to promote entrepreneurship and economic growth (Nasiru, 2018).

Grants are non-repayable financial contributions made to small enterprises by public, nonprofit, and private sectors to promote particular initiatives or operations (Adeyemi, 2020). Grants do not have interest rates or repayment obligations like loans do. They can be distributed for some objectives, including capacity building, infrastructure development, and research and development. The objectives of grants are to support sustainable growth, increase competitiveness, and foster innovation in small firms.

Easy credit facilities, which are usually provided by financial institutions or government-backed initiatives, are streamlined procedures for small enterprises to obtain credit (Nasiru, 2018). These facilities aim to reduce bureaucratic hurdles, collateral requirements, and documentation burdens, making it easier for entrepreneurs to obtain financing for their ventures. Accessible credit facilities enable small enterprises to allocate resources towards growth, working capital, and capital expenditures, thereby improving their overall performance and competitiveness.

Ibrahim (2019) found a strong correlation between small company success and low-interest financing after doing research in Katsina metropolis, Katsina State. According to the study, small firms that had access to low-interest loans outperformed those that did not in terms of growth, productivity, and profitability.

Although the study offers insightful information about the connection between small-scale business performance and low-interest financing, its focus on a single geographic area (Katsina metropolis, Katsina State) may provide limitations. Furthermore, it's possible that the study overlooked additional elements that affect company performance, like competitive landscapes, industry dynamics, and entrepreneurial traits. As a result, this study expands to include the state of Zamfara's Gusau metropolis.

Adeyemi (2020) investigated how government incentives affected the expansion of small businesses in Ekiti State. According to the research, compared to small enterprises that did not receive funding, those who did showed greater levels of innovation, competitiveness, and market penetration. Even though this study shows how government funds may improve the performance of small businesses, selection bias may have occurred if the grant-receiving companies were already more inventive or competitive. Furthermore, the study's dependence on grant recipients' self-reported data raises the possibility of response bias and compromises the validity of the results.

In Kano, Kano State, Nasiru (2018) investigated the effects of easy credit facilities on the performance of small businesses. According to the study, small businesses with simple access to credit exhibited greater levels of investment, employment creation, and revenue development than those with credit access challenges. Even if the results of this study point to a favorable correlation between the performance of small businesses and accessible credit facilities, their generalizability may be limited if they are limited to the circumstances of Kano State's metropolis. Furthermore, it's possible that the study did not sufficiently account for other variables affecting company performance, like laws, the state of the economy, and industry norms.

This study therefore hypothesizes that:

- i The low interest financing has no significant effect on the performance of small-scale businesses in the Gusau metropolis of Zamfara state, Nigeria.
- ii The performance of small-scale businesses in the Gusau metropolis of Zamfara state, Nigeria is not significantly affected by government grants.
- iii The easy credit facilities have no significant effect on the performance of small-scale businesses in the Gusau metropolis of Zamfara state, Nigeria.

### 3. Methodology

In Gusau metropolis, Zamfara State, this study uses a quantitative research approach to investigate the relationship between small-scale business performance and government support. The local population is made up of small company owners in Gusau metropolis of Zamfara state. There are 211 businesses chosen via random sampling as the sample size. A 5-point Likert scale is used in the questionnaire used to collect the data. This study used SPSS 16 for analysis, including regression analysis, and descriptive statistics to investigate the association between government support characteristics and performance indicators of small businesses.

### 4. Result and Discussions

This part of the paper presents the results and discussions.

Table1

*Frequency*

Demographic	Option	Frequency	Percent
Age	18-24	34	16.1
	25-35	56	26.5
	36-45	66	31.3
	46-50	30	14.2
	51-above	25	11.8
	Total	211	100.0
Gender	Male	153	72.5
	Female	58	27.5
	Total	211	100.0
Marital status	Married	131	62.1
	Single	67	31.8
	Widowed	8	3.8
	Divorced	5	2.4
	Total	211	100.0
Level of education	Masters	16	7.6
	Bachelors	94	44.5
	Diploma	69	32.7
	Certificate	26	12.3
	Others	6	2.8
	Total	211	100.0
Is your Business Registered?	yes	144	68.2
	No	67	31.8

	Total	211	100.0
Years business been in operation	Less than 5 years	57	27.0
	5 - 9 years	86	40.8
	10years and above	68	32.2
	Total	211	100.0
Size of your business in terms of the number of employees	5 - 9	121	57.3
	10-14	70	33.2
	15 and above	20	9.5
	Total	211	100.0

Source: SPSS 16 Output 2024

Table shows that the age range of most respondents is 36–45 years old representing 31.3%, and 26.5% for those who are 25–35 years. This implies that the majority of the study's participants are working-age people who are actively engaged in small-scale business ventures within the Gusau Metropolis. The distribution shows a progressive fall with age, meaning that there are comparatively fewer respondents in the age group of 46 and above. With 72.5% of respondents identifying as male and 27.5% as female, the sample is predominately male. This gender gap might reflect the gender distribution of small-business owners in the research area, where men are overrepresented in entrepreneurial pursuits relative to women.

Married respondents make up the majority (62.1%), with single respondents coming in second (31.8%). The proportion of respondents who are widowed (3.8%) or divorced (2.4%) is lower. The varied marital statuses of the small business owners taking part in the study are reflected in this distribution. In addition, the respondents' levels of education vary, with bachelor's degrees (44.5%) and diplomas (32.7%) being the most common. Master's degrees (7.6%), certificates (12.3%), and other qualifications (2.8%) are held by smaller percentages. This shows that Gusau Metropolis's small-business owners have comparatively varied educational backgrounds. Furthermore, 68.2% of respondents, or most of the firms included in the sample, are registered. Nonetheless, a sizable percentage (31.8%) state that their companies are not registered. This demonstrates the existence of both formal and informal enterprises in the research area's small-scale sector.

With 27.0% of enterprises running for less than five years, 40.8% functioning for five to nine years, and 32.2% operating for ten years and beyond, the distribution of years in operation reveals an even spread. This implies that the sample contains a mix of recently founded and more established companies. Additionally, small-scale businesses with five to nine employees make up most sample businesses 57.3% of respondents. Only 9.5% of enterprises have 15 employees or more, compared to a lesser percentage (33.2%) of businesses with 10–14 employees. The distribution illustrates the research area's preponderance of micro and small businesses.

**Table 2: Correlations Matrix**

S/No.		1	2	4	5
1	Performance of small-scale business	1			
2	Low Interest Financing	.597**	1		
4	Grants	.507**	.713**	1	
5	Easy Credit Facilities	.584**	.745**	.706**	1

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Source: SPSS 16 Output, 2024

There is a positive correlation between the performance of small firms and every other indicator in the Table 2. There are significant positive connections between low interest financing ( $r = 0.597$ ,  $p < 0.01$ ), grants ( $r = 0.507$ ,  $p < 0.01$ ), and easy credit facilities ( $r = 0.685$ ,  $p < 0.01$ ) and small-scale business performance. These connections suggest that improved small-scale business performance is linked to higher levels of low interest financing, grants and easy credit facilities. Furthermore, there is little internal correlation among the independent variables.

**Table 3: Regression Model Summary**

Model	Coefficients (B)	t	Sig.
(Constant)	1.182	5.776	.000
Low interest financing	.351	3.842	.000
Grants	.068	0.760	.448
Easy credit facilities	.335	3.328	.001
R Square			.402
Adjusted R Square			.393
Sig. F Change			.000
F Change			46.360
Durbin-Watson			1.750

a. Dependent Variable: Performance of small-scale business

Source: SPSS 16 Output, 2024

The R-Square value in Table 3 is 0.402, meaning that the independent variables in the model account for around 40.2% of the variance in small-scale businesses' performance. The overall statistical significance of the regression model is demonstrated by the F-Change statistic of 46.360 and a p-value less than 0.05. Furthermore, the Durbin-Watson statistic of 1.750 suggests that the model's residuals most likely do not exhibit any significant autocorrelation.

The coefficient for low-interest financing in this table is 0.351, meaning that there is an estimated rise in the small-scale business performance of 0.351 units for every unit increase in low-interest financing. This study rejects the first hypothesis that low-interest financing has no significant effect on the performance of small-scale businesses in the Gusau metropolis of Zamfara state, Nigeria.

Grants, however, have a p-value higher than 0.05, indicating that there is no statistically significant correlation between grants and small-scale firm performance at the 5% level. This study therefore accepts the null hypothesis that the performance of small-scale businesses in the Gusau metropolis of Zamfara state, Nigeria is not significantly affected by government grants.

With p-values less than 0.05 in Table 3 regarded as statistically significant at a 5% significance level—easy credit facilities are significantly correlated with small-scale business performance. This study rejects the hypothesis that the performance of small-scale businesses in the Gusau metropolis of Zamfara state, Nigeria is not significantly affected by government grants.

## 5. Conclusion and Recommendations

This study concludes that:

- i With a positive influence, indicates that the study rejects the premise that low-interest financing has no meaningful effect on small-scale firm performance. Indicating the critical role that low-interest financing plays in the performance of small-scale businesses.
- ii Hypothesis two is accepted since grants do not significantly affect the performance of small-scale businesses in Gusau, as seen by their non-significant correlation with small-scale firm performance.
- iii The performance of small businesses is significantly correlated with easy credit facilities, indicating the critical role that these facilities play in promoting the expansion and advancement of businesses.

This study therefore recommends that:

- i Stakeholders should take steps to increase small-scale businesses' access to low-interest funding so they can do even better.
- ii Strategies for allocating grants should be reevaluated to make sure small-scale businesses' needs are adequately met.
- iii Continue advocating for programs that help small-scale business owners obtain simple loan facilities to promote their expansion and long-term viability.

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