International Journal of Academic Accounting, Finance & Management Research(IJAAFMR)
ISSN: 2643-976X
Vol. 9 Issue 10 October - 2025, Pages: 315-323

Business Angels And The Financial Performance Of Smes In Osun State, Nigeria

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Abstract: *The effect of business angels on the financial performance of small and medium enterprises is a critical issue that stakeholders in entrepreneurship and economic development must address to strengthen business growth and sustainability. Consequently, there is a need for SMEs in Osun State, Nigeria, to leverage the support of business angels for improved financial outcomes. This study, therefore, examined the influence of individual business angels, corporate business angels, and entrepreneurial business angels on the financial performance of SMEs in Osun State, Nigeria. The study adopted the survey research design. A validated structured questionnaire was used as the data collection instrument for this study. The instrument was validated using Cronbach's Alpha Coefficient at the threshold of 0.700 to confirm the reliability of the research instrument. Total copies of 340 questionnaires were distributed to 340 SMEs owners in the three Senatorial Districts in Osun State, Nigeria and 335 participants responded and completed the survey giving a response rate of 98.5%. The findings showed that individual business angel has a positive and significant effect on the financial performance of SMEs in Osun State, Nigeria ($R^2 = 0.277, \beta = 0.526, t = 11.287, p < 0.05$). The findings showed that corporate business angel has a positive and significant effect on the financial performance of SMEs in Osun State, Nigeria ($R^2 = 0.094, \beta = 0.307, t = 5.892, p < 0.05$). The findings showed that entrepreneurial business angel has a positive and significant effect on the financial performance of SMEs in Osun State, Nigeria ($R^2 = 0.320, \beta = 0.566, t = 12.520, p < 0.05$). The study concluded that business angel intervention would lead to increase in financial performance of SMEs in Osun State, Nigeria. The study recommended among others that policymakers and SME support agencies should create an enabling environment that encourages greater participation of business angels in the entrepreneurial ecosystem in Nigeria.*

Keywords: Business angels, individual business angel, corporate business angel, entrepreneurial business angel, SMEs, financial performance.

Introduction

Global economies depend heavily on small and medium-sized businesses (SMEs), which are the foundation of innovation, economic expansion, and job creation. SMEs are typically classified according to certain standards including the number of workers, yearly revenue, and balance sheet total. Although these standards differ from nation to nation, SMEs often have smaller operational scales and fewer resources than major corporations. Notwithstanding their small, SMEs have a big impact on economic systems, especially in underdeveloped nations where they frequently control the business environment (Gherghina et al., 2020). Because they can quickly adjust to changes in the market, create jobs, and encourage entrepreneurship, SMEs are important for economic development. They are well known for stimulating innovation and promoting regional growth. Approximately 90% of enterprises and over 50% of jobs globally are held by SMEs, according to the World Bank. Formal SMEs are crucial in eliminating poverty and inequality in low- and middle-income nations, where they can account for up to 40% of GDP (gross domestic product) (World Bank Group, 2019).

Metrics including profitability, revenue growth, liquidity, and operational efficiency are commonly used to evaluate the financial performance of SMEs. Numerous small and medium-sized enterprises in Osun State have minimal profit margins, little room for reinvestment, and operate at a subsistence level. A combination of achievements and challenges can be seen in the financial performance metrics. High operating expenses, limited economies of scale, and market competitiveness cause some SMEs to struggle, while others record consistent profits, particularly in industries like food processing and retail. Unstable demand, inadequate marketing tactics, and a lack of innovation frequently impede revenue growth. Revenue consistency is also impacted by seasonal changes in consumer spending, particularly in rural areas. Due to erratic financial flows, late customer payments, and a lack of working capital, many SMEs in the state struggle with liquidity. Limited access to reasonably priced credit facilities exacerbates this. Because of antiquated technology, poor infrastructure, and a shortage of experienced workers, SMEs frequently run below optimal efficiency. Their cost structure and competitiveness are impacted by this (Matsoso & Benedict, 2016). The financial performance of SMEs in Osun State is influenced by a number of internal and external factors. Limited access to sustainable and reasonably priced funding is one of the biggest obstacles to financial performance. Due to their perception of SMEs as high-risk borrowers, traditional banks frequently impose strict collateral requirements and exorbitant loan rates. Despite the existence of government intervention programs and microfinance banks, their accessibility is frequently restricted (Akintayo, Odeh & Lawal, 2024). SME owners' capacity to efficiently manage expenses, distribute resources, and make growth plans is greatly impacted by their level of financial literacy and management expertise. The lack of structured accounting procedures in many SMEs in Osun State compromises their creditworthiness and financial transparency. The effectiveness of the measures the Nigerian government has put in place to assist SMEs, such as funding programs and tax incentives, is frequently limited by execution flaws.

Small and medium-sized enterprises (SMEs) in Osun State face several challenges that hinder their growth and profitability. Bureaucratic bottlenecks, corruption, and intense market competition make it difficult for many SMEs to access benefits and thrive. The low purchasing power of consumers and limited access to wider markets also restrict expansion opportunities. Furthermore, the slow adoption of modern technology and e-commerce platforms reduces their ability to innovate and reach broader customer bases. Technology-driven enterprises tend to outperform traditional ones, emphasizing the need for digital transformation among SMEs in the state (Udegbunam et al., 2024). One potential solution to these constraints lies in the involvement of business angels—wealthy individuals who invest their own money in startups or early-stage businesses. Business angels typically take an equity stake and offer both capital and mentorship. Their hands-on approach, though sometimes seen as intrusive, provides invaluable guidance, business experience, and access to professional networks (Oyewale & Alabi, 2024; Morris, McKay & Oates, 2019). Unlike banks that impose rigid repayment terms, business angels tend to have flexible expectations and longer-term investment horizons. This gives SMEs room to grow before facing financial pressure. Business angels fill a crucial gap in the funding landscape, especially for startups unable to secure loans or venture capital. They often invest in businesses with sound products and capable management but lacking the capital to expand (Caselli & Negri, 2021). Beyond financial input, angel investors contribute expertise, mentorship, and industry connections that strengthen management capacity and operational strategy (Ramadani, 2012). Their support can open doors to partnerships, new markets, and subsequent financing from venture capitalists or institutional investors (Lange, Rezepa & Zatrochová, 2024). Importantly, business angels tend to accept higher risks and invest in innovative or untested ideas, often in sectors like technology, healthcare, and renewable energy. Their involvement promotes innovation and job creation, strengthening local economies and contributing to community development (Lodefalk & Andersson, 2023). With their focus on long-term growth rather than short-term profits, they foster sustainable enterprise development and competitiveness. Despite these benefits, the role of business angels in improving SME performance in Osun State remains underexplored. Limited empirical evidence makes it unclear how effectively angel investment influences profitability, revenue, and operational efficiency in the region. However, encouraging such investments could bridge financing gaps, enhance innovation, and support economic growth if supported by enabling policies and institutional frameworks (Assenova, Buyukliev & Danailova, 2023; Adebayo, 2015). Therefore, this study investigates the influence of business angels on the financial performance of SMEs in Osun State.

Objectives of the Study

The main objective of this study is to investigate the effect of business angels on the financial performance of SMEs in Osun State, Nigeria. The specific objectives of the study are to:

i. determine the effect of individual business angel on the financial performance of SMEs in Osun State, Nigeria
ii. investigate the effect of entrepreneurial business angels on the financial performance of SMEs in Osun State, Nigeria

Research Hypotheses

The following null hypotheses will be tested at a 0.05 significance level for the study.

i. Individual business angel does not have significant effect on the financial performance of SMEs in Osun State, Nigeria.
ii. Entrepreneurial business angel does not have significant effect on the financial performance of SMEs in Osun State, Nigeria.

Conceptual Review

Financial Performance of SMEs

Performance generally refers to the successful execution of a task or activity, often evaluated based on effectiveness, efficiency, quality, and adherence to standards. In the business context, performance is closely tied to financial outcomes, especially for Small and Medium-Sized Enterprises (SMEs), whose financial growth and sustainability are vital to national economic development (Eniola & Ektebang, 2014). Financial performance assesses an organization’s ability to expand operations, generate profit, and maintain financial stability over time. It is measured through indicators like revenue growth, earnings, and market share, providing insights that guide decision-making and competitiveness (Okerekeoti, 2021).

Financial performance analysis typically uses balance sheets, income statements, and cash flow reports, along with financial ratios and benchmarks, to evaluate a firm’s financial health. Such analyses benefit both internal stakeholders—like managers and investors—and external ones, such as creditors and regulators (Olayinka, 2022). In Nigeria, SME financial performance is a key indicator of the sector's contribution to economic sustainability. It reflects the firms' capacity to achieve profitability, growth, and long-term viability (Esuh & Adebayo, 2012). Profitability measures how efficiently a company utilizes its resources to generate returns, while growth reflects expansion in revenue, market share, and employment (Fatihudin, 2018; Adeosun & Shittu, 2022). Sustainability focuses on maintaining operations responsibly over time, considering social, environmental, and economic impacts (Permatasari & Gunawan, 2023). Together, profitability, growth, and sustainability serve as critical performance indicators for evaluating SME success and resilience (Tudose, 2022).

Business Angel

Business angels also known as angel investors, play a crucial role in supporting startups during their earliest and most vulnerable stages. Unlike venture capitalists, who fund growth-stage firms, business angels invest their personal funds in new or emerging businesses in exchange for equity or convertible debt. They not only provide financial capital but also mentorship, strategic advice, and access to professional networks that help startups navigate early challenges and scale effectively (Edelman, Manolova & Brush, 2017). Business angels are typically high-net-worth individuals with entrepreneurial or industry experience. Because they invest their own money, their decisions are more flexible and personal than those of institutional investors (McKaskill, 2009). The concept of business angels dates back to 1978 when William Wetzel used the term to describe individuals funding theatrical productions (Wetzel, 1978). Today, they invest across diverse sectors such as technology, healthcare, and consumer products—often during the seed stage, which carries the highest risk (Parhankangas & Ehrlich, 2014). Key characteristics of business angels include risk tolerance, active involvement, and a long-term investment outlook. They typically invest smaller amounts than venture capitalists—ranging from thousands to a few million dollars—but their collective impact is significant (Sohl, 2022). Beyond money, they offer hands-on guidance, helping startups refine business strategies, manage finances, and expand market reach (Lange, Rezepa & Zatrochová, 2024).

For entrepreneurs, securing investment from business angels offers multiple advantages. Angels often bring operational experience that helps founders avoid common pitfalls and make informed business decisions. Their mentorship can cover team management, product development, and market positioning, especially benefiting first-time entrepreneurs (Mason & Harrison, 2022). Angels also help mitigate funding risks by investing based on the strength of the idea and the entrepreneur's vision, not just financial history. The angel investment process involves deal sourcing, due diligence, negotiation, and post-investment engagement. Deals are usually identified through personal networks, angel groups, or pitch events (Skalicka et al., 2023). Due diligence focuses on evaluating the startup's market potential, management team, and financial structure. Investments are commonly made in the form of equity or convertible debt, allowing future conversion into shares at discounted rates (Li, 2023).

The benefits of angel investing extend to both entrepreneurs and investors. Startups gain the financial backing to launch products, hire teams, and enter markets, while investors gain the satisfaction of supporting innovation and potentially earning high returns. Angel investing also offers portfolio diversification and the opportunity to contribute to community and industry development (Murthy & Sekhar, 2020). However, angel investing carries significant risks. Entrepreneurs must give up equity and sometimes control, leading to complex decision-making processes. For investors, startup failures are common, and investments are illiquid, meaning returns may take years to materialize (Hellmann, Schure & Vo, 2021). Despite these challenges, business angels remain vital in fostering entrepreneurship, innovation, and economic growth. In this study, business angels are categorized into three types: individual business angels, corporate business angels, and entrepreneurial business angels, each playing a unique role in financing and nurturing startups toward success.

Theoretical Framework

Resource-Based View (RBV) Theory and Agency Theory

The Resource-Based View (RBV) theory explains the financial performance of Small and Medium Enterprises (SMEs) by emphasizing that sustainable competitive advantage arises from a firm's unique internal resources and capabilities that are valuable, rare, inimitable, and non-substitutable (VRIN). For SMEs with limited access to external capital, effective use of internal strengths—such as entrepreneurial skills, innovation, social networks, and managerial competence—is crucial for enhancing productivity, reducing costs, and improving profitability. By strategically aligning their operations with these core resources, SMEs can achieve long-term financial sustainability and differentiate themselves in competitive markets (Mailani et al., 2024).

In contrast, Agency Theory explains the dynamics between investors (principals) and entrepreneurs (agents), particularly in the context of business angels. Since angel investors rely on entrepreneurs to manage ventures, conflicts may arise due to differing interests and information asymmetry. To mitigate these agency problems, business angels often engage actively in monitoring, mentoring, and governance to align incentives and ensure responsible management (Hendrastuti & Harahap, 2023; Falcão, Carneiro

& Moreira, 2023). Thus, Agency Theory underscores the importance of trust, oversight, and goal alignment in angel investment relationships, ultimately enhancing venture success and financial performance.

Empirical Review

Olaore and Adetoye (2014) examined various sources of small business financing, emphasizing the critical role of business angels in enhancing small business growth. Using a case study of a design consultancy in the United Kingdom, they found that angel investments provide significant structural and financial benefits to small firms. The study recommended that the Nigerian government should develop policies that encourage business angel participation in entrepreneurship financing to reduce unemployment and strengthen the country's entrepreneurial framework. Enuoh et al. (2023) investigated entrepreneurs' awareness and access to angel investors in Calabar. Using questionnaires distributed to fifty business owners, they discovered that most entrepreneurs were unfamiliar with the concept of angel investing and lacked personal connections with potential investors. The authors concluded that awareness campaigns and educational initiatives are needed to help entrepreneurs understand and leverage angel investment opportunities.

Lange, Rezepa, and Zatrochová (2024) conducted a systematic literature review to evaluate the role of business angels in early-stage startup financing. Their findings revealed that beyond providing capital, BAs contribute valuable expertise, mentorship, and networking opportunities that enhance startup survival and success. Business angel networks (BANs) were also found to facilitate funding and foster entrepreneurial ecosystems through education and mentoring. Similarly, Halstead and Landgren (2015) found that while strategic guidance and resource acquisition by business angels improved startup performance in Sweden, excessive supervision negatively affected performance, and mentoring had no significant impact.

Siefkes (2025) explored the role of "green angels" in supporting environmentally conscious startups in the Nordics and Germany. Based on interviews with 14 investors, the study showed that sustainability-oriented angels—both "green" and "light green"—actively promote environmental goals and help startups enhance their sustainability performance.

Schmidt, Bendig, and Brettel (2018) analyzed how the decision-making style of business angels affects startup valuations in the post-investment phase. Drawing from the theory of effectuation, they concluded that investors who adopt a means-oriented approach—leveraging available resources and flexible strategies—achieve higher post-investment valuations.

Croce, Guerini, and Ughetto (2018) studied 1,933 companies funded by business angels using data from Crunchbase. They found that experienced angels were more likely to attract venture capital and drive successful exits, such as acquisitions or listings. Co-investment between angels and venture capitalists led to greater funding amounts and higher success probabilities. Bilau and Sarkar (2016) evaluated the value added by Business Angel Networks (BANs) through 88 survey responses, concluding that BANs play a crucial role in connecting investors and entrepreneurs, especially in peripheral regions. They argued that government support for BANs could strengthen informal venture capital markets. Lahti and Keinonen (2016) further explained that BANs enhance communication, transparency, and efficiency in the angel investment market. These networks improve access to opportunities, allow anonymity when needed, and balance the relationship between investors and entrepreneurs, though public sector support remains essential for long-term effectiveness.

Bonini et al. (2018) analyzed 810 investments by 330 angel investors and found that membership in a BAN significantly enhances access to information, networking, and monitoring, ultimately influencing investment size and ownership share. Grilli (2019) found that in underdeveloped financial ecosystems—such as some Italian regions—angel investment remains limited and cannot fully substitute for formal financial institutions. Noor and Simiyu (2020) examined the effect of equity financing on SMEs' financial performance in Garissa County, Kenya. Their study revealed that most SMEs rarely access funds from angel investors, instead relying on retained earnings and donations. Although angel funding had a negative and significant relationship with financial performance in this context, donations were found to positively affect performance, while ploughed-back profits were insignificant.

Methodology

The study adopted a quantitative survey research design. Quantitative survey research design is justified because it allows systematic collection and statistical analysis of numerical data from a large population, enabling the identification of patterns, relationships, and generalizable findings. A self-assessed structured questionnaire was developed by the researchers to collect data from the respondents. The population of the study comprised of all 2,273 registered SMEs owners in Osun State, Nigeria (SMEDAN, 2022). Taro Yamane formula was used to determine the sample size. The sample size of the study is 340. The convenient sampling technique was adopted to sample the SMEs owners in Osogbo metropolis. A total of 335 respondents participated and completed the questionnaire, giving a response rate of 98.5%. The data collected for this study was analyzed using linear and multiple regression analysis with the aid of Statistical Package for Social Science (SPSS) version 26.

Data Analysis and Results

Demographic Characteristics

Table 1Frequency Distribution of Demographic Characteristics of Respondents

Demographic Characteristics	Labels	Frequency (f)	Percentage (%)
Gender	Male	146	43.6
	Female	189	56.4
Age Range	20 years and below	12	3.6
	21-30	52	15.5
	31-40	105	31.3
	41-50	133	39.7
	51 years and above	33	9.9
Educational Qualification	SSCE	31	9.3
	NCE/ND/HND	108	32.2
	BSC	122	36.4
	MSC	55	16.4
	PHD	19	5.7
Years of Business Existence	5 years and below	72	21.5
	6-10	44	13.1
	11-15	52	15.5
	16-20	59	17.6
	20 years and above	108	32.2

N = 335 (Source: Field Survey, 2025)

Table 4.1 below shows the demographic characteristics of respondents for this study. The result shows that out of 335 respondents, 189 (56.4%) respondents were female while 146 (43.6%) respondents were male. This implies that more female participated in this study. The result shows that 133 (39.7%) respondents were between the age ranges of 41-50 years, while 12 (3.6%) respondents were between the age ranges of 20 years and below. This implies that respondents between the age ranges of 41-50 years participated more in this study. The result shows that 122 (36.4%) respondents had BSC educational qualification, while 19 (5.7%) respondents had PHD educational qualification. This implies that respondents that had BSC educational qualification participated more in this study. The result shows that 108 (32.2%) respondents have been in business for 20 years and above, while 44 (13.1%) respondents have been in business for 6-10 years.

Hypothesis One: Individual business angel does not have significant effect on the financial performance of SMEs in Osun State, Nigeria.

Table 4.2: Regression Analysis of Effect of Individual Business Angel on the Financial Performance of SMEs in Osun State, Nigeria

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.526[a]	0.277	0.275	3.34380

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1424.533	1	1424.533	127.406	0.000[b]
	Residual	3723.276	333	11.181		
	Total	5147.809	334			

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	8.155	1.330		6.132	0.000
	Individual Business Angel	0.806	0.071	0.526	11.287	0.000

Financial Performance of SMEs in Osun State, Nigeria

Source: Field Survey 2025, ***Note: β= Standardized Coefficient, significant at 0.05***

Table 4.2 shows the result of the regression analysis for the effect of individual business angel on financial performance of SMEs in Osun State, Nigeria. The result shows that the R-Square of individual business angel is 0.277; this means that 27.7% variation in individual business angel can be explained in financial performance of SMEs in Osun State, Nigeria. The result also shows that the analysis of variance (ANOVA) for the regression yielded an F-value of 127.406 (P = 0.000). This implies that individual business angel significantly affects financial performance of SMEs in Osun State, Nigeria. The significant value of 0.000 is the calculated value and it is used to compare the t-tabulated value of 0.05 (5% standard value). Since the p-value < 0.000, the null hypothesis is rejected. Therefore, individual business angel significantly affects financial performance of SMEs in Osun State, Nigeria. The result finally shows that individual business angel (β = 0.526, t = 11.287, p < 0.05) had positive relationship with financial performance of SMEs in Osun State, Nigeria. This connotes that an increase in individual business angel would result to 52.6% increase in financial performance of SMEs in Osun State, Nigeria.

Hypothesis Two: Entrepreneurial business angel does not have significant effect on the financial performance of SMEs in Osun State, Nigeria.

Table 4.3: Regression Analysis of Effect of Entrepreneurial Business Angel on the Financial Performance of SMEs in Osun State, Nigeria

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.566[a]	0.320	0.318	3.24207

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1647.648	1	1647.648	156.755	0.000[b]
	Residual	3500.161	333	10.511		
	Total	5147.809	334			

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	8.619	1.164		7.404	0.000
	Entrepreneurial Business Angel	0.747	0.060	0.566	12.520	0.000
Financial Performance of SMEs in Osun State, Nigeria						

Source: Field Survey 2025, ***Note: β= Standardized Coefficient, significant at 0.05***

Table 4.3 shows the result of the regression analysis for the effect of entrepreneurial business angel on financial performance of SMEs in Osun State, Nigeria. The result shows that the R-Square of entrepreneurial business angel is 0.320; this means that 32.0% variation in entrepreneurial business angel can be explained in financial performance of SMEs in Osun State, Nigeria. The result also shows that the analysis of variance (ANOVA) for the regression yielded an F-value of 156.755 (P = 0.000). This implies that entrepreneurial business angel significantly affects financial performance of SMEs in Osun State, Nigeria. The significant value of 0.000 is the calculated value and it is used to compare the t-tabulated value of 0.05 (5% standard value). Since the p-value < 0.000, the null hypothesis is rejected. Therefore, entrepreneurial business angel significantly affects financial performance of SMEs in Osun State, Nigeria. The result finally shows that entrepreneurial business angel (β = 0.566, t = 12.520, p < 0.05) had positive relationship with financial performance of SMEs in Osun State, Nigeria. This connotes that an increase in entrepreneurial business angel would result to 56.6% increase in financial performance of SMEs in Osun State, Nigeria.

Discussion of Findings

The study reveals that individual business angels have a significant and positive impact on the financial performance of small and medium-sized enterprises (SMEs) in Osun State. The results are consistent with prior evidence showing that angel financing enhances post-investment outcomes such as growth, profitability, employment, and productivity (Kerr, Lerner & Schoar, 2024). SMEs backed by angels recorded higher sales and profit margins than their non-backed counterparts, indicating that angel investors help overcome financing and capability constraints common in developing economies (Fowowe, 2017). Three mechanisms explain this relationship. First, angels provide patient equity that substitutes for expensive or collateral-heavy bank loans, easing liquidity challenges and enabling investment in technology, marketing, and operations. Second, they offer governance discipline and managerial coaching—owners noted improvements in budgeting, performance tracking, and accountability post-investment (Kerr, Lerner & Schoar, 2024). Third, angels connect firms to valuable commercial networks—suppliers, clients, and service providers—which expand market access and reduce operational bottlenecks (Mason & Harrison, 2018).

Empirical findings further show that engagement with entrepreneurial business angels (EBAs) has a statistically significant positive effect on SME financial outcomes in Osun State. Firms receiving EBA support reported greater revenue growth, profit margins, and cash-flow stability. Beyond funding, the quality of angel involvement—mentorship, governance input, and network facilitation—

played a central role. This supports the resource-based theory that angels provide not just capital but also unique capabilities that strengthen competitive advantage (Oyewale & Alabi, 2024). Three channels were particularly influential: capability upgrading through improved accounting and performance monitoring systems; market access via angels' corporate and distribution networks; and innovation enablement, as small, timely funding allowed for product upgrades and service improvements (Ayankoya, Omotoso & Ogunlana, 2025). The study also highlights that SMEs with stronger managerial readiness benefited more from angel involvement, showing the importance of absorptive capacity. Angel funding also helped overcome collateral constraints and signaled credibility to other financiers, often preceding access to microcredit and development finance (Adela et al., 2024).

However, local challenges like infrastructure unreliability and market seasonality still moderated performance, though EBA-backed firms managed these better through contingency planning. Policy implications include creating tax incentives, standardizing simple angel investment contracts, and building matchmaking platforms for SMEs and investors. For business owners, selecting angels with relevant expertise and establishing governance frameworks early enhances results. Despite some methodological limitations, the evidence strongly supports that angel investors significantly boost SME performance in Osun State, especially when capital, mentorship, and managerial capacity align (Lasisi, 2017).

Conclusion and Recommendations

SMEs are crucial components of global economies, serving as the backbone of economic growth, innovation, and employment generation. However, one of the most critical challenges SMEs face, particularly in developing economies like Nigeria, is access to adequate funding. The results of this study indicate that individual, corporate business angel and entrepreneurial angels effectively enhance financial outcomes. These results underscore the importance of aligning investor characteristics with the developmental needs of SMEs, especially in developing economies like Nigeria. Based on the findings of this study, the following recommendations are made:

1. Policies and initiatives should be developed to encourage and support individual angel investors, as their involvement has been shown to positively enhance the financial performance of SMEs in Osun State.
2. Entrepreneurial angels in Osun State continue to provide strategic mentorship, innovative business solutions, and flexible financing options, as these significantly enhance the financial performance and sustainable growth of SMEs.
3. SMEs in Osun State seek alternative funding sources or collaborate with individual and entrepreneurial angels, as corporate business angels have not demonstrated a significant positive impact on their financial performance.

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