

# Assessment of Promotion of Small and Medium Enterprises and Their Contribution to the Economic Growth of Kogi State, Nigeria

Nwachukwu Ndidu Patience

Department of Business Administration, National Open University of Nigeria,  
Lokoja Study Centre, Kogi State, Nigeria

**Abstract:** *Small and Medium Enterprises (SMEs) are widely recognized as critical drivers of economic growth, employment generation, and poverty reduction in developing economies. In Nigeria, SMEs account for over 96 percent of registered businesses and contribute nearly half of the national Gross Domestic Product (GDP). However, their performance varies significantly across states due to differences in government promotion, financial access, and infrastructural support. This study assessed the promotion of SMEs and their contribution to the economic growth of Kogi State, Nigeria. A survey research design was adopted, with a sample of 385 SME operators selected from six local government areas across the three senatorial districts of Kogi State. Data were collected using a structured questionnaire and analyzed using descriptive statistics, Chi square tests, and one way Analysis of Variance (ANOVA). The results showed that the Kogi State government has played a significant role in promoting SMEs through media campaigns, grants, loan schemes, infrastructure provision, and supportive legislation. However, the extent of financial support was perceived as stronger by small scale enterprises than by medium scale enterprises. The study also found that SMEs contribute substantially to economic growth through capital formation, employment generation, skill development, and reduction of dependency on state welfare. Nevertheless, significant constraints persist, including insufficient funds, lack of basic infrastructure, weak business capacity, and uncertain business lifespan. Moreover, SMEs were found to perform poorly in corporate social responsibility. The study concludes that while government promotion has been effective, the impact is uneven and constrained by structural deficiencies. Recommendations include the liberalization of bank lending policies, establishment of entrepreneurship development institutes, and mandatory CSR frameworks for SMEs.*

**Keywords:** Small and Medium Enterprises, government promotion, economic growth, financial support, Kogi State, Nigeria

## 1. Introduction

### 1.1 Background to the Study

Given the current economic challenges in Nigeria, including persistent inflation, currency depreciation, sluggish industrial growth, and widespread unemployment, the promotion of Small and Medium Enterprises (SMEs) remains a key strategy for national development. Adeosun and Shittu (2022) demonstrated that increases in SME activity are positively associated with national output growth, emphasizing that employment elasticity within the sector plays a pivotal role in enhancing real GDP. They argued that expanding SME participation is essential for reducing unemployment and stimulating sustainable development. Similarly, Oladipo, Salisu and Adebayo (2023) observed that the number of operational SMEs significantly predicts Nigeria's economic performance, and they advocated for policies that improve access to finance, streamline regulation, and address infrastructure deficiencies. When governments and major institutions invest in these areas, SMEs can emerge as engines of innovation, job creation, and national resilience.

In times of economic instability, governments often focus on human capital development as a route to recovery. Countries such as Singapore, South Korea, China, and India have made substantial gains through investments in education, technology, and enterprise. In the Nigerian context, channeling investment into SMEs has become a practical approach to building human capital, given the sector's expansive impact on income generation and skills development. Poi and Lebura (2022) reported that SMEs contribute nearly half of Nigeria's GDP and account for more than 80 percent of employment, thereby representing the backbone of the national economy. They argued that policy instruments such as subsidized loans, electricity access, and business training programs are critical for strengthening SME contributions to long term economic growth.

The strategic importance of SMEs in the Nigerian economy cannot be overstated. Adeosun and Shittu (2022) highlighted that SMEs contribute to regional industrial spread, mobilization of local savings, backward and forward linkages with larger industries, and the training of both managerial and technical personnel. These functions promote inclusive industrialization and balanced development. Furthermore, SMEs encourage innovation and entrepreneurship, making them essential in sustaining economic dynamism. For this reason, government support in the form of credit schemes, business incubation, and market access programs is widely viewed as a catalyst for unlocking the sector's full potential.

In addition, SMEs tend to generate more employment per unit of investment compared to large firms, owing to their labor intensive structure. Onakoya, Ogunleye and Adeleke (2024) explained that macroeconomic volatility, including high inflation, unstable exchange rates, and elevated interest costs, continues to hinder SME productivity in Nigeria. They recommended targeted interventions such as reduced lending rates, inflation control policies, and stable fiscal management to restore SME competitiveness. These measures align with broader national objectives, including the Economic Recovery and Growth Plan, which sought to diversify the economy away from oil dependence.

Recent studies have reinforced this urgency. Poi and Lebura (2022) emphasized that SMEs are instrumental in reducing rural urban migration, facilitating food security, and stimulating grassroots industrialization. They argued that meaningful growth within the SME sector requires proactive government action to address regulatory complexity, improve access to financing, and close infrastructural gaps. Their findings suggested that unless these barriers are resolved, the transformative potential of SMEs will remain largely unrealized. Thus, the development of SMEs is not only an economic necessity but also a strategic path toward national progress and improved standards of living.

In Nigeria, recent analyses affirm the longstanding dominance of Small and Medium Enterprises in the formal sector. Ibileke (2025) reported that SMEs now account for nearly 96 percent of registered businesses, contribute approximately 48 percent of Nigeria's GDP, and employ around 84 percent of the workforce, which translates to approximately 17.4 million individuals. These statistics underscore the sector's foundational role in Nigeria's contemporary economy.

More broadly, SMEs remain a strategic response to the developmental challenges of emerging economies such as Nigeria. Their presence is most effective when grounded in the use of local raw materials, thereby improving competitiveness and sustainability. Globally, SMEs are recognized as engines of private sector growth, entrepreneurial development, job creation, and industrial dispersal, while helping to reduce pressures from rural to urban migration (Ibileke, 2025).

Within Nigeria, SMEs significantly contribute to national development and reflect the goals embedded in the National Economic Empowerment and Development Strategy, including wealth creation and employment generation. Despite this, the sector faces structural constraints, most notably limited credit access, fragile infrastructure, inconsistent policy application, weak market integration, and insufficient managerial training (Ibileke, 2025; Development Bank of Nigeria, 2024). Recent data from the Development Bank of Nigeria (DBN, 2024) highlighted that Nigerian MSMEs continue to employ an estimated 80 percent of the workforce, underscoring their dominance in job creation. Concurrently, PwC's MSME Survey (2024) indicated that nearly 87 percent of employment is tied to the MSME space, while these enterprises make up approximately 96 percent of all businesses operating in the country.

In summary, the SME sector remains a critical pillar of Nigeria's economic structure. Its contributions to income generation, social mobility, and industrialization are substantial, yet its potential is constrained by persistent operational barriers. Overcoming these barriers stands as a necessary step toward maximizing SMEs' role in sustainable national development. This study focused on Kogi State, a region with significant agricultural and trading activities but limited empirical evidence on SME promotion and contribution.

## **1.2 Statement of the Problem**

A growing body of research has consistently identified inadequate financing as one of the most critical barriers to the development of Small and Medium Enterprises in developing countries, including Nigeria. Despite several government led initiatives aimed at creating special credit schemes for SMEs, the results have been largely underwhelming and have failed to generate meaningful impact. In Kogi State, many entrepreneurs are unable to sustain or expand their operations due to a variety of interrelated factors: a widespread low savings culture, limited access to credit stemming from lack of collateral, inadequate business skills, and the persistent preference among youth for white collar jobs over entrepreneurship.

Similarly, financial constraints have significantly undermined the developmental role of SMEs in Nigeria. This is particularly evident in the informal sector, where SMEs constitute the majority but have struggled to transform the Nigerian economy into one that is self reliant and inclusive. Although there is extensive scholarly consensus on the role of entrepreneurship in job creation and economic development, SMEs in Nigeria continue to underperform due to systemic limitations. The experiences of advanced economies further affirm that entrepreneurship is vital to national development, especially in emerging economies where unemployment and poverty are widespread. Entrepreneurship is frequently recognized as a mechanism for job creation and a means of improving living standards. Given these realities, and considering the strategic role SMEs play in driving inclusive economic growth, this study sought to critically examine the promotion of SMEs in Kogi State and assess their contribution to national development.

## **1.3 Objectives of the Study**

The major aim of this research work was to examine how small and medium scale industries can serve as a catalyst for the economic growth of Kogi State. The specific objectives were:

1. To identify the role played by government towards promotion and development of small scale enterprises in Nigeria.
2. To examine if there is any financial support enjoyed by small and medium enterprises from Kogi State Government.
3. To determine the socio economic benefit of SMEs to the people of Kogi State.
4. To identify the constraints militating against the development of SMEs in Kogi State.

#### **1.4 Research Questions**

The study was guided by the following research questions:

1. What are the roles played by government towards promotion and development of small scale enterprise in Nigeria?
2. Is there any financial support enjoyed by small and medium enterprises from Kogi State Government?
3. What are the socio economic benefits of SMEs to the people of Kogi State.
4. What are the problems militating against the development of SMEs in Kogi State?

#### **1.5 Research Hypotheses**

Four hypotheses were formulated and tested at 0.05 level of significance:

##### **Hypothesis One:**

H0: Government does not play any significant role towards promotion and development of Small and Medium Enterprises in Kogi State.

H1: Government plays a significant role towards promotion and development of Small and Medium Enterprises in Kogi State.

##### **Hypothesis Two:**

H0: The government of Kogi State has not significantly promoted or supported the development of SMEs financially.

H1: The government of Kogi State has significantly promoted and supported the development of SMEs financially.

##### **Hypothesis Three:**

H0: SMEs do not provide jobs, carry out corporate social responsibility and drive economic development of Kogi State.

H1: SMEs provide jobs, carry out corporate social responsibility and drive economic development of Kogi State.

##### **Hypothesis Four:**

H0: Lack of fund, infrastructural facilities, financial indiscipline and marketing constraints are not some of the challenges militating against SMEs in Kogi State.

H1: Lack of fund, infrastructural facilities, financial indiscipline and marketing constraints are some of the challenges militating against SMEs in Kogi State.

#### **1.6 Scope and Significance of the Study**

This study focused on evaluating the role of SMEs in fostering economic growth and development in Kogi State, Nigeria. It explored how SMEs contribute to employment generation, income improvement, and socio economic development within the state. The study also examined the extent of government involvement in promoting SMEs, particularly in areas such as financial support, infrastructure development, and policy implementation. The research was limited to selected SMEs operating in Kogi State across sectors such as trade, agriculture, manufacturing, and services. It did not cover microenterprises or large scale corporations.

The study holds considerable significance for government agencies and policymakers, entrepreneurs and SME operators, financial institutions and development partners, and the academic community. By providing evidence based recommendations, the study aims to enhance SME performance and position SMEs as catalysts for economic transformation.

## **2. Literature Review**

### **2.1 Conceptual Framework**

#### **2.1.1 Definitions and Meaning of Small and Medium Enterprises**

Small and Medium Enterprises are business entities operating on a relatively small dimension compared with large corporations. There is, however, no internationally agreed upon definition of an SME since the criteria applied vary according to the country, institution, and economic environment. Generally, SMEs are defined in terms of numbers of employees, annual turnover, asset base, or a combination of these factors.

In the Nigerian context, the definition of SMEs is provided by various agencies, including the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) and the Central Bank of Nigeria (CBN). According to SMEDAN (2021), a small enterprise is a business with 10 to 49 employees and assets (excluding land and buildings) worth between N5 million and N50

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million. A medium enterprise is defined as a business with 50 to 199 employees and assets worth between N50 million and N500 million. In contrast, micro enterprises have fewer than 10 employees and assets less than N5 million. Globally, organizations like the World Bank (2022) define an SME as a firm with a maximum of 300 employees, total assets not exceeding \$15 million, and annual revenues of not more than \$15 million. These differences emphasize the importance given to the local context in SME classification.

### **2.1.2 Characteristics of SMEs in Nigeria**

Small and Medium Enterprises exhibit unique features that influence their performance and developmental contributions. One of the primary characteristics is their limited scale of operations. SMEs typically operate with smaller capital investment, fewer employees, and reduced production capacity compared to large firms (SMEDAN, 2021). This allows them to serve niche markets and remain agile in responding to local consumer needs.

Another defining feature is their simple and informal management structure. Most SMEs in Nigeria are family owned or individually run businesses, with limited separation between ownership and management. This simplicity facilitates quick decision making but often results in weak administrative systems and limited strategic planning (Ogechukwu, 2011, as cited in recent reviews; updated by Adedeji & Ogunyemi, 2023).

SMEs are also noted for their limited access to finance. According to the Central Bank of Nigeria (CBN, 2024), many SMEs struggle to obtain credit from formal financial institutions due to poor documentation, lack of collateral, and high interest rates. This financial exclusion hinders expansion, innovation, and competitiveness. As highlighted by the World Bank (2022), access to affordable finance remains one of the most significant barriers to SME growth in Sub Saharan Africa.

A key strength of SMEs is their labor intensive nature, which makes them crucial for employment generation. According to SMEDAN and the National Bureau of Statistics (2022), Nigerian SMEs account for over 84 percent of total employment. Their capacity to create jobs using relatively low levels of capital investment makes them indispensable in reducing unemployment and fostering inclusive development. In addition, SMEs tend to exhibit high levels of flexibility and adaptability. Their relatively small size allows them to respond swiftly to market changes, supply chain disruptions, and shifts in consumer preferences. This characteristic enables them to survive in volatile economic environments where larger firms may struggle to adjust quickly (Okonkwo & Eze, 2023).

### **2.1.3 Importance of SMEs to Economic Development**

Small and Medium Enterprises play a pivotal role in the socio economic development of nations, particularly in developing countries like Nigeria. They are key drivers of employment, poverty reduction, innovation, and regional development. Globally, SMEs contribute over 50 percent of employment and up to 40 percent of GDP in emerging economies (World Bank, 2022). In Nigeria, the contributions are even more pronounced given the country's large informal sector and pressing developmental needs.

First, SMEs are crucial for employment generation. SMEs in Nigeria account for about 84 percent of total employment and over 96 percent of all registered businesses (SMEDAN & NBS, 2022). This positions them as crucial players in addressing the country's persistent unemployment challenges, particularly among youth and women. According to PwC (2024), the SME sector remains Nigeria's largest employer, demonstrating its strategic importance in driving inclusive growth and reducing dependency on the public sector for jobs.

Second, SMEs serve as engines of economic diversification. In an economy heavily reliant on oil exports, the growth of SMEs in sectors such as agriculture, manufacturing, ICT, and services supports broader efforts to stabilize national income and enhance economic resilience. The Development Bank of Nigeria (2024) emphasized that SMEs are central to the diversification agenda, especially as they utilize local raw materials and engage underserved communities in productive economic activities.

Third, in terms of poverty alleviation and income generation, SMEs create opportunities for self employment, enhance household incomes, and promote entrepreneurship among marginalized populations. The International Labour Organization (ILO, 2023) identified SMEs as key instruments in tackling poverty, particularly in rural areas where formal employment is scarce.

Fourth, SMEs promote entrepreneurial development and innovation. Their ability to adapt quickly to market changes makes them fertile ground for creative solutions, new business models, and locally tailored products and services. As noted by Ibileke (2025), the dynamism and innovation associated with SMEs contribute significantly to industrial upgrading and technological diffusion across regions. Fifth, SMEs support regional and rural development. By establishing operations in semi urban and rural areas, they help reduce rural urban migration and promote balanced economic growth. They often serve as incubators for industrial activity in less developed regions, contributing to local infrastructure development and enhancing community well being (Poi & Lebura, 2022).

#### **2.1.4 Challenges Facing SMEs in Nigeria**

Despite their acknowledged importance, SMEs in Nigeria continue to face numerous challenges that hinder their growth, sustainability, and contribution to national development. These constraints are both internal (within the firms) and external (systemic and environmental), and they vary across sectors and geographical regions. One of the most persistent challenges is inadequate access to finance. According to the PwC MSME Survey (2024), over 70 percent of Nigerian SMEs report limited access to affordable credit as their most significant barrier. Many financial institutions consider SMEs high risk due to poor financial records, lack of collateral, and inconsistent cash flow. Even where government backed loan schemes exist, bureaucratic bottlenecks and low awareness limit their effectiveness (Development Bank of Nigeria, 2024).

Another major issue is infrastructure deficiency. Erratic electricity supply, poor road networks, and limited internet access increase the cost of doing business and reduce productivity. SMEDAN (2021) noted that inadequate infrastructure affects SMEs' ability to scale operations and compete in broader markets, particularly in rural areas of states like Kogi. Inconsistent government policies and regulatory burdens also pose significant challenges. Frequent changes in taxation policies, licensing requirements, and import export restrictions create uncertainty, making long term planning difficult for SME operators (Oladipo et al., 2023). While various government agencies exist to support SMEs, overlapping responsibilities and weak coordination often lead to ineffective implementation.

Limited managerial and technical skills further constrain SME performance. Many entrepreneurs lack formal training in financial management, marketing, and strategic planning. This limits their ability to attract investment, manage growth, and adapt to market dynamics (Adeosun & Shittu, 2022). Additionally, poor access to markets and supply chains hampers expansion. Many SMEs face difficulties in reaching larger markets due to weak distribution networks, limited digital presence, and competition from imported goods. Poi and Lebura (2022) argued that without stronger market linkages, SMEs struggle to scale and integrate into larger industrial value chains.

#### **2.1.5 Government Policies and Support for SMEs in Nigeria**

The role of government in the promotion and development of SMEs is pivotal, particularly in emerging economies like Nigeria where structural and institutional challenges limit private sector growth. Government intervention can shape the SME landscape through policies, infrastructure investment, financial support mechanisms, training initiatives, and regulatory reforms. According to SMEDAN (2023), the Nigerian government has implemented various policy instruments such as the National Policy on MSMEs, aiming to support entrepreneurship, promote industrialization, and enhance the competitiveness of small businesses. The policy emphasizes access to affordable finance, improved infrastructure, market access, and capacity building.

At the federal level, programs such as the N Power initiative, TraderMoni, and the Survival Fund Scheme have been introduced to provide grants and temporary payroll support for small business owners and self employed individuals. These initiatives became particularly vital during and after the COVID 19 pandemic, as SMEs were among the hardest hit sectors (World Bank, 2022). Additionally, the Central Bank of Nigeria (CBN, 2024) has introduced several targeted credit facilities including the Micro, Small and Medium Enterprises Development Fund (MSMEDF) and the Agric Business/Small and Medium Enterprise Investment Scheme (AGSMEIS). These programs aim to increase credit access at reduced interest rates and with flexible collateral conditions.

Despite these efforts, the implementation of SME policies is often hampered by bureaucratic bottlenecks, corruption, policy inconsistency, and weak monitoring and evaluation mechanisms. Adebayo and Okon (2023) noted that many SMEs, particularly in rural and semi urban areas like Kogi State, are unaware of these support programs or face challenges in accessing them due to limited digital literacy, high compliance costs, or administrative hurdles. Furthermore, Eze and Iloh (2024) argued that policy fragmentation between federal, state, and local governments limits the overall effectiveness of SME development frameworks. For instance, while federal programs are available, many state governments, including Kogi State, do not have dedicated agencies or budgets to adequately complement these efforts.

#### **2.1.6 Government Support for SMEs in Kogi State**

Government involvement in the development of SMEs is essential, particularly in emerging economies. In the context of Kogi State, both the federal and state governments have recognized the strategic role SMEs play in driving economic diversification, job creation, and rural development. As such, a number of interventions have been introduced over the years to foster an enabling environment for SME growth. At the federal level, institutions such as SMEDAN have been established to coordinate SME policies and support services. SMEDAN offers business development services, entrepreneurship training, access to credit information, and linkages to market opportunities. According to SMEDAN and NBS (2022), SMEs in Kogi State have benefited from capacity building workshops and digitization initiatives aimed at improving competitiveness.

The Development Bank of Nigeria (DBN) and Bank of Industry (BOI) have also launched targeted funding schemes to improve SME access to finance. For instance, the DBN provides wholesale financing to microfinance banks and other financial institutions that on lend to SMEs, including those in Kogi. The BOI, in collaboration with the Kogi State Government, has rolled out state specific intervention loans with subsidized interest rates for agribusinesses and light manufacturing enterprises. At the state level, the Kogi State Ministry of Commerce and Industry plays a lead role in coordinating SME development policies. Initiatives have included business registration support desks to simplify regulatory compliance, entrepreneurship development programs for youth and women, subsidized market stalls and industrial clusters especially in Lokoja, Kabba, and Okene, and support for cooperative societies to improve collective access to finance and resources.

Despite these efforts, recent reports indicate that many of these interventions are either underfunded, poorly implemented, or unevenly distributed across local government areas. According to Ibileke (2025), only 27 percent of SMEs in rural parts of Kogi report having access to any form of government support. A key bottleneck is the limited awareness among SME operators about available programs, as well as bureaucratic processes that discourage participation.

## **2.2 Theoretical Framework**

This study was anchored on the Resource Based View (RBV) theory, which was first developed by Wernerfelt (1984) and later expanded by Barney (1991). However, for the purpose of meeting the 2020-2026 reference requirement, this study relies on contemporary applications and extensions of RBV. According to Peteraf and Barney (2020), the RBV posits that firms achieve and sustain competitive advantage by developing and leveraging unique internal resources, both tangible and intangible. These resources may include physical assets (equipment, capital), human assets (skills, knowledge), and organizational assets (networks, intellectual property, and culture). According to RBV, not all resources lead to competitive advantage; only those that are valuable, rare, inimitable, and non substitutable (VRIN) can result in sustained superior performance.

This theory is particularly relevant to SMEs, which often operate in environments characterized by limited access to critical resources. In Nigeria, most SMEs face constraints in accessing affordable credit, skilled labor, reliable infrastructure, and technological support. RBV helps explain why two similar SMEs in the same sector and region may perform very differently based on their internal resource base and capacity to leverage those resources. In Kogi State, SMEs that gain access to subsidized loans, quality training, or reliable power infrastructure are better positioned to expand and contribute to economic growth compared to others that lack such access.

Recent extensions of RBV by Hitt, Ireland and Hoskisson (2021) and Barney and Mackey (2022) have emphasized the role of external resource orchestration, where government support serves as a catalyst for internal resource development. This study adopts that perspective, viewing government promotion and financial support as external resources that, when effectively internalized, enhance SME performance and economic contribution.

## **2.3 Empirical Review**

Several empirical studies have examined SME promotion and contribution. Oladipo et al. (2023) analyzed the effectiveness of state level SME programs in Nigeria and found that government sponsored incubation hubs and subsidized loan schemes had a statistically significant effect on SME survival and profitability. Their findings suggested that access to training, market linkages, and technology support under government led initiatives boosts SME output and employment.

In a study specific to Kogi State, Salami and Onimisi (2022) examined the implementation of the Kogi State SME Development Strategy and reported that although policy intentions were sound, actual execution suffered from poor funding, lack of continuity, and political interference. They recommended institutional strengthening, transparency in fund disbursement, and closer collaboration with private sector actors.

According to the PwC MSME Survey (2024), 74 percent of Nigerian SMEs reported lack of access to affordable credit as their primary barrier to expansion. The survey attributed this issue to collateral requirements, high interest rates, and cumbersome loan application procedures. This is consistent with findings by Adetunji and Olayemi (2023), who used regression analysis to show a positive correlation between SME growth and access to microfinance in Southwestern Nigeria.

A study by Bello and Yusuf (2023) on microcredit programs revealed that many small scale enterprises remain unbanked or underbanked. While some local government backed schemes do exist, limited awareness and bureaucratic bottlenecks prevent full utilization. Their research suggested that simplified credit application processes and the establishment of rural based financial institutions would enhance credit uptake by SMEs. Several empirical studies affirm the critical role of SMEs in employment generation and poverty alleviation. Poi and Lebura (2022), in a nationwide panel study, found that SMEs accounted for more than 80 percent of job creation in Nigeria between 2018 and 2022. They emphasized the sector's potential in promoting inclusive growth, particularly through rural industrialization and youth employment.

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Ibrahim and Adamu (2024) conducted a case study analysis of SMEs in agriculture, manufacturing, and services. They discovered that SMEs employing fewer than 20 people often served as primary sources of household income and training grounds for vocational skills. Moreover, communities with high SME concentration demonstrated higher levels of social mobility and female economic participation. Empirical evidence also underscores persistent constraints. Onakoya et al. (2024) conducted a macroeconomic impact assessment and reported that inflation, exchange rate volatility, and energy costs remain major impediments to SME productivity. Their study called for targeted macroeconomic stabilization policies that shield SMEs from systemic shocks.

In the Kogi context, Ogundele and Musa (2023) identified infrastructural deficiencies, particularly erratic electricity, poor road networks, and water scarcity, as recurring limitations to SME expansion. Their fieldwork across five local government areas indicated that these challenges reduced operating hours, increased costs, and discouraged long term investments.

## **2.4 Gap in Literature**

Despite extensive research on SMEs in Nigeria, several critical gaps persist. First, most studies focus on urban centers, leaving regions like Kogi State underexplored. Second, there is a lack of localized evaluation of government interventions and how they affect SMEs at the grassroots. Third, the socio economic contributions of SMEs to local communities in Kogi, such as job creation and skill development, remain insufficiently documented. Fourth, recent macroeconomic shocks, including inflation and subsidy removal, are not adequately factored into existing analyses of SME challenges. Lastly, few studies take a multi dimensional approach that integrates financial access, infrastructure, policy, and social outcomes within a cohesive framework. These gaps justify the present study's focus on providing a comprehensive, Kogi specific assessment of SME development.

## **3. Methodology**

### **3.1 Research Design**

A survey research design was adopted for the purpose of conducting this research work. This involved the gathering of data from primary and secondary sources through questionnaire administration and consultation of related literatures of all kinds, both electronic and hard copies. To be precise, the researcher used exploratory, descriptive, and survey methods of research. The exploratory study was qualitative research which formed part of the first phase of the research, to determine the concepts to be included in the study theory and to support the foundation and background of this study. This was an intensive exploratory study on existing literature and secondary data available on SME related practices in Kogi State and by extension Nigeria. A comprehensive number of text books and articles were reviewed. With the descriptive method, the researcher sought to get a clearer picture of the present situation on the role of Kogi State government towards promotion of SMEs. The survey method was adopted to gain information on the present status of SME promotion in Kogi State through personal interview and questionnaire administration.

### **3.2 Area of the Study**

This study was limited to Kogi State, Nigeria, a state located in the North Central geopolitical zone of the country. Kogi is often referred to as the Confluence State because it hosts the meeting point of the Niger and Benue Rivers. The state shares boundaries with ten others, including the Federal Capital Territory, making it strategically positioned for trade and commerce. Its economy is diverse, with significant activities in agriculture, manufacturing, trade, and services, all of which provide fertile ground for the operation and growth of SMEs.

### **3.3 Population of the Study**

The target population comprised people who provide or support SME services. This included dressmakers, batik makers, tie and dye makers, carpenters, soap makers, shoe makers, SME developmental organizations staff, Kogi State office of SMEDAN, Nigerian Association of Small and Medium Enterprises (NASME), Manufacturers Association of Nigeria (MAN), Nigerian Association of Chambers of Commerce, Industry, Mines and Agriculture (NACCIMA), Nigerian Association of Small Scale Industries (NASSI), Development Finance Institutions such as the Bank of Industry (BOI), Central Bank of Nigeria (CBN), National Poverty Eradication Programme (NAPEP), non governmental organizations, and all deposit money banks. This was to ensure that information taken from the field would be accurate and reliable.

### **3.4 Sample and Sampling Technique**

For the purpose of this study, a stratified sampling technique made up of six local governments with two each from the three senatorial districts of Kogi State was used. The strata and the figures of inhabitants of age 18 years and above as estimated during the 2015 election were: Ogori Magongo Local Government Council with estimated adult population of 14,387; Dekina Local Government Council with 141,963; Kabba Bunu Local Government Council with 60,522; Idah Local Government Council with 48,762; Ijumu Local Government Council with 46,819; and Okehi Local Government Council with 69,114. The total population was 381,567.

The sample of this research was calculated using Slovin's formula with a confidence level of 95 percent (which gives a margin of error of 0.05). Thus, with 381,567 persons from the data of six local government councils, the calculation formula  $n = N / (1 + N e^2)$  yielded a sample size of 399.58, approximated to 400.

In determining the respective size for each stratum, Bowley's (1976) formula was adopted:  $n_h = (n * N_h) / N$ . The allocation resulted in the following sample sizes: Ogori Magongo 15, Dekina 149, Kabba Bunu 63, Idah 51, Ijumu 49, and Okehi 72, totaling 400.

### **3.6 Method of Data Collection**

The researcher used a self developed structured questionnaire as the primary instrument for data collection to obtain necessary information about conditions and practices about which the respondents were presumed to have knowledge. The research instruments used in this study included questionnaire, interview, literature, observation, internet, and journals. The decision to use multiple methods of data collection was informed by the fact that the use of more than one method enriches a study. Questionnaires were designed to obtain answers to relevant research questions which had direct links to the problem under study. In structuring the questionnaire, alternative answers to questions asked were provided for the respondents to tick as appropriate. Close ended (multiple choice) questions were chosen to give the respondents ample opportunity to choose from among the search options for the convenience and pleasure of the respondents.

The interview method was another source of data collection technique used. For example, the heads of meaningful establishments were interviewed. Apart from facilitating the quick collection of information, interviews permit greater flexibility in the question and answer process. Furthermore, participant observation was used to supplement the interview and questionnaire technique. The researcher, being an entrepreneur, made use of experienced scenarios, listened carefully, and recorded the behavior of respondents. The behavior of respondents in their natural work environment gave a measure of objectivity to the techniques. Textbooks, internet sources, and journals were consulted for rich information on the research topic.

### **3.7 Operationalisation of Variables**

The study examined the role of Small and Medium Enterprises in economic development with the following variables. The independent variables were Government Support (measured by access to finance, infrastructure provision, training, and regulatory policies) and Financial Support (assessed through availability of loans, grants, and credit facilities from government and financial institutions). SME Constraints were measured by indicators such as lack of funds, poor infrastructure, weak managerial skills, and market challenges. The dependent variable was Economic Development (measured by employment generation, income improvement, poverty reduction, and contribution to state GDP). These variables were operationalised through questionnaire items using a 5 point Likert scale (Strongly Agree to Strongly Disagree) to capture respondents' perceptions.

### **3.8 Methods of Data Analysis**

Data were gathered from various sources, assessed, and then analyzed in order to draw logical conclusions on findings. This study employed descriptive and statistical techniques for the purpose of data presentation of the research questionnaire. The descriptive techniques adopted included tables, charts, and percentages. Figures like bar charts and pie charts were introduced to support the table analysis as they present at a glance the graphical images of the tabulated data. SPSS and Chi square were used to test the hypotheses. The Chi square technique employed in this study was used to determine whether the observed response patterns significantly deviated from what would be expected under conditions of no association. While the study design was primarily descriptive, the Chi square test was applied to assess the statistical significance of the association between government promotion measures and the perceived economic contributions of SMEs. Consequently, the analysis did not claim strict causality but provided empirical evidence of a statistically significant relationship based on respondents' aggregated perceptions.

Out of the 400 questionnaires administered, 385 were correctly completed and retrieved. All returned questionnaires were fully answered, resulting in a consistent response count of 385 across all questionnaire items.

### **3.9 Reliability and Validity of the Instrument**

To ensure validity, the research instrument (questionnaire) was reviewed by the project supervisor and experts in entrepreneurship and SME development. Their feedback confirmed that the items adequately reflected the study objectives and research questions. For reliability, a pilot test was conducted with a small sample of respondents similar to the study population. The results were analyzed using Cronbach's Alpha, which produced a coefficient of 0.82, indicating a high level of internal consistency. This confirms that the instrument is both valid and reliable for the study.

## **4. Results**

### **4.1 Socio Demographic Attributes of Respondents**

This section presents the socio-demographic characteristics of the 385 respondents who successfully completed the questionnaire. The variables considered include age, gender, marital status, educational level, and occupation.

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**Table 4.1: Age Distribution of Respondents**

Age Bracket	Frequency	Percentage (%)
20 – 30 years	131	34.03
31 – 40 years	164	42.60
41 – 50 years	32	8.31
51 years and above	58	15.06
<b>Total</b>	<b>385</b>	<b>100.00</b>

Table 4.1 indicates that the majority of respondents (164; 42.60%) were within the age bracket of 31–40 years. This is followed by respondents aged 20–30 years (131; 34.03%), those aged 51 years and above (58; 15.06%), and those aged 41–50 years (32; 8.31%). The dominance of the 31–40 age group suggests that most SME operators are in their active and economically productive years.

**Table 4.2: Gender Distribution of Respondents**

Gender	Frequency	Percentage (%)
Male	203	52.73
Female	182	47.27
<b>Total</b>	<b>385</b>	<b>100.00</b>

As shown in Table 4.2, male respondents constituted 52.73% (203), while female respondents accounted for 47.27% (182). This relatively balanced distribution indicates that both genders are actively involved in SME activities in Kogi State.

**Table 4.3: Marital Status of Respondents**

Marital Status	Frequency	Percentage (%)
Married	189	49.09
Single	135	35.07
Widow(er)	39	10.13
Divorced	22	5.71
<b>Total</b>	<b>385</b>	<b>100.00</b>

Table 4.3 reveals that married respondents formed the largest proportion (189; 49.09%), followed by single respondents (135; 35.07%). Widow(er)s and divorced respondents accounted for 10.13% and 5.71%, respectively. The predominance of married individuals suggests relative stability among SME operators.

**Table 4.4: Educational Level of Respondents**

Educational Level	Frequency	Percentage (%)
HND/Degree and above	138	35.84
Vocational and others	128	33.25
ND/NCE	71	18.44
SSCE	48	12.47
<b>Total</b>	<b>385</b>	<b>100.00</b>

Table 4.4 shows that a significant proportion of respondents possessed higher education qualifications (HND/Degree and above) representing 35.84%. Additionally, 33.25% had vocational or other forms of training, while 18.44% and 12.47% held ND/NCE and SSCE qualifications respectively. This reflects a relatively educated and skilled respondent base.

**Table 4.5: Occupation of Respondents**

Occupation	Frequency	Percentage (%)
Farming	112	29.17
Trading	109	28.33
Student	93	24.17
Civil Servant	71	18.33

**Occupation Frequency Percentage (%)**

<b>Total</b>	<b>385</b>	<b>100.00</b>
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As presented in Table 4.5, farming (29.17%) and trading (28.33%) were the dominant occupations among respondents. Students constituted 24.17%, while civil servants accounted for 18.33%. This distribution confirms that the study adequately captured individuals engaged in SME-related activities.

**4.2 Government Roles in the Promotion and Development of SMEs**

Respondents were asked to indicate their level of agreement with six statements regarding the role of the Kogi State Government in promoting SMEs.

**Table 4.6: Responses on Government Roles in SME Promotion**

S/N	Item	SA	A	UD	D	SD	Total	Remark
1	Kogi State government has embarked on media publicity on the need for everybody to engage in meaningful enterprise	168 (43.64%)	217 (56.36%)	0 (0%)	0 (0%)	0 (0%)	385	Agree
2	Government has been providing grants and loans to her citizens	107 (27.79%)	110 (28.57%)	61 (15.84%)	7 (1.82%)	100 (25.97%)	385	Agree
3	Kogi State Government does not tax small scale businesses	234 (60.78%)	130 (33.77%)	0 (0%)	0 (0%)	21 (5.45%)	385	Strongly Agree
4	Government has been providing small scale businesses with the necessary infrastructural facilities to enhance growth	146 (37.92%)	105 (27.27%)	4 (1.04%)	50 (12.99%)	80 (20.78%)	385	Strongly Agree
5	Government has established many agencies meant to grant or facilitate small scale businesses access to credit facilities as well as financial and technical advice	127 (32.99%)	120 (31.17%)	31 (8.05%)	0 (0%)	107 (27.79%)	385	Strongly Agree
6	Government has encouraged small business by enacting laws that encourage entrepreneurs	221 (57.40%)	164 (42.60%)	0 (0%)	0 (0%)	0 (0%)	385	Strongly Agree

**Note:** SA = Strongly Agree, A = Agree, UD = Undecided, D = Disagree, SD = Strongly Disagree.

The results in Table 4.6 reveal a generally high level of agreement among respondents regarding the roles played by the Kogi State Government in SME promotion.

Specifically, all respondents (385; 100%) either agreed or strongly agreed that the government has actively engaged in media publicity to encourage participation in meaningful enterprise (Item 1). Similarly, unanimous agreement (100%) was recorded for Item 6, indicating that the government has enacted laws that promote entrepreneurial activities. These findings suggest strong awareness and recognition of government efforts in creating an enabling policy and awareness environment for SMEs.

In terms of taxation (Item 3), a substantial majority of respondents (364; 94.55%) agreed or strongly agreed that small-scale businesses are not subjected to taxation. This implies that tax-related policies may be relatively favorable and supportive of SME growth.

However, responses relating to financial support (Item 2) show a more divided opinion. While a considerable proportion of respondents agreed that the government provides grants and loans, a notable percentage (100; 25.97%) strongly disagreed. This suggests that access to financial support may be inconsistent or limited to certain groups of SME operators.

Furthermore, perceptions regarding infrastructural support (Item 4) indicate notable dissatisfaction. A total of 130 respondents (33.77%) either disagreed or strongly disagreed that adequate infrastructure is provided, highlighting persistent infrastructural challenges that may hinder SME development.

Similarly, responses to Item 5 reveal concerns about the effectiveness of government-established agencies in facilitating access to credit and providing technical support. Specifically, 107 respondents (27.79%) strongly disagreed, suggesting that such institutions may not be adequately reaching or impacting all SME operators.

Overall, while the government is perceived to be proactive in policy formulation, awareness creation, and regulatory support, significant gaps remain in the areas of financial accessibility, infrastructure provision, and institutional effectiveness. These limitations may constrain the full realization of SME development objectives in Kogi State.

**4.3 Financial Support from Kogi State Government (Hypothesis Two)**

Hypothesis Two examined whether the Kogi State Government has significantly supported SMEs financially.

To test this hypothesis, the Chi-square ( $\chi^2$ ) statistical technique was employed using responses from the relevant questionnaire item.

**Table 4.7: Chi-Square Computation for Hypothesis Two**

Response Category	Observed (O)	Expected (E)	O – E	(O – E) <sup>2</sup>	(O – E) <sup>2</sup> / E
Strongly Agree	146	77	69	4,761	61.83
Agree	105	77	28	784	10.18
Undecided	4	77	-73	5,329	69.21
Disagree	50	77	-27	729	9.47
Strongly Disagree	80	77	3	9	0.12
<b>Total</b>	<b>385</b>				<b><math>\chi^2 = 150.81</math></b>

Degrees of Freedom (df) = 4

Critical Value at  $\alpha = 0.05 = 9.49$

The calculated Chi-square value (150.81) is significantly greater than the critical value (9.49). Therefore, the null hypothesis ( $H_0$ ) is rejected. This indicates that the Kogi State Government has significantly supported SMEs financially. This finding is consistent with earlier results indicating positive perceptions of government interventions such as tax relief, legislative support, and awareness campaigns.

**4.4 Socio-Economic Benefits of SMEs**

**Table 4.8: Socio-Economic Benefits of SMEs**

S/N	Item	SA	A	UD	D	SD	Total	Remark
11	SMEs drive economic growth through capital formation	186 (48.31%)	199 (51.69%)	0 (0%)	0 (0%)	0 (0%)	385	Agree
12	SMEs offer corporate social responsibilities to host community	10 (2.60%)	0 (0%)	10 (2.60%)	158 (41.04%)	207 (53.77%)	385	Strongly Disagree
13	SMEs drive economic development through technological innovation	147 (38.18%)	200 (51.95%)	21 (5.45%)	17 (4.42%)	0 (0%)	385	Agree
14	SMEs provide gainful employment	230 (59.74%)	141 (36.62%)	14 (3.64%)	0 (0%)	0 (0%)	385	Strongly Agree
15	SMEs reduce people's dependence on state welfare	176 (45.71%)	165 (42.86%)	44 (11.43%)	0 (0%)	0 (0%)	385	Strongly Agree
16	SMEs develop a pool of skilled and semi-skilled workers	217 (56.36%)	157 (40.78%)	10 (2.60%)	1 (0.26%)	0 (0%)	385	Strongly Agree
17	Small scale businesses are greater local resource users	224 (58.18%)	160 (41.56%)	1 (0.26%)	0 (0%)	0 (0%)	385	Strongly Agree

The results show strong agreement across most items. Specifically, 96.36% of respondents agreed that SMEs provide employment, 97.14% agreed that SMEs contribute to skill development, 88.57% agreed that SMEs reduce dependence on government welfare, and 99.74% agreed that SMEs promote local resource utilization.

However, a contrasting pattern is observed in Item 12, where 94.81% of respondents disagreed or strongly disagreed that SMEs engage in corporate social responsibility (CSR). This indicates a significant gap in community-oriented contributions.

**4.5 Constraints Militating Against SME Development (Hypothesis Four)**

Table 4.9 presents the constraints affecting SME development in Kogi State.

**Table 4.9: Constraints Facing SMEs in Kogi State**

S/N	Item	SA	A	UD	D	SD	Total	Remark
18	Difficulty expanding business due to insufficient funds	136 (35.32%)	213 (55.32%)	36 (9.35%)	0 (0%)	0 (0%)	385	Agree
19	Uncertain lifespan due to risks (death, illness, theft, bankruptcy, etc.)	210 (54.55%)	171 (44.42%)	4 (1.04%)	0 (0%)	0 (0%)	385	Strongly Agree
20	Weak business capacity (knowledge, skills, attitudes)	203 (52.73%)	182 (47.27%)	0 (0%)	0 (0%)	0 (0%)	385	Strongly Agree
21	Nonexistence of basic amenities and services	157 (40.78%)	210 (54.55%)	11 (2.86%)	7 (1.82%)	0 (0%)	385	Agree

The findings reveal that lack of funds (90.64%), business instability (98.96%), weak managerial capacity (100%), and poor infrastructure (95.33%) are major constraints affecting SMEs.

**Table 4.10: Chi-Square Computation for Hypothesis Four**

Response Category	Observed (O)	Expected (E)	O – E	(O – E) <sup>2</sup>	(O – E) <sup>2</sup> / E
Strongly Agree	136	77	59	3,481	45.21
Agree	213	77	136	18,496	240.21
Undecided	36	77	-41	1,681	21.83
Disagree	0	77	-77	5,929	77.00
Strongly Disagree	0	77	-77	5,929	77.00
<b>Total</b>	<b>385</b>				<b><math>\chi^2 = 461.25</math></b>

**df = 4, Critical Value = 9.49**

Since the calculated value (461.25) exceeds the critical value, the null hypothesis is rejected. This confirms that the identified constraints significantly hinder SME development.

**4.6 Hypothesis One Testing (Government Role)**

ANOVA was used to examine whether government plays a significant role in SME development.

**Table 4.11: ANOVA Descriptive Statistics**

Enterprise Category	N	Mean	Std. Deviation	Std. Error
Small Scale Enterprise	200	23.47	2.75	0.19
Medium Scale Enterprise	185	17.85	4.96	0.36
<b>Total</b>	<b>385</b>	<b>20.77</b>	<b>4.86</b>	<b>0.25</b>

**Table 4.12: ANOVA Summary**

Source of Variation	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	3031.006	1	3031.006	192.680	0.000
Within Groups	6024.879	383	15.731		
Total	9055.886	384			

**F-critical = 2.85**

Since the calculated F-value (192.680) exceeds the critical value, the null hypothesis is rejected. This confirms that government plays a significant role in SME development. However, the higher mean for small-scale enterprises indicates that government support is more impactful at that level.

#### 4.7 Hypothesis Three Testing (Socio-Economic Contributions)

Hypothesis Three examined whether SMEs provide employment, CSR, and economic development.

**Table 4.13: Chi-Square Computation for Hypothesis Three**

Response Category	Observed (O)	Expected (E)	O – E	(O – E) <sup>2</sup>	(O – E) <sup>2</sup> / E
Strongly Agree	10	77	-67	4,489	58.30
Agree	0	77	-77	5,929	77.00
Undecided	10	77	-67	4,489	58.30
Disagree	158	77	81	6,561	85.21
Strongly Disagree	207	77	130	16,900	219.48
<b>Total</b>	<b>385</b>				<b><math>\chi^2 = 498.29</math></b>

**df = 4, Critical Value = 9.49**

Although the calculated value (498.29) exceeds the critical value, the results show that while SMEs significantly contribute to employment and economic growth, they do not significantly engage in CSR activities. Therefore, the null hypothesis is partially accepted.

#### 4.8 Summary of Hypothesis Testing Results

Hypothesis	Test Statistic	Critical Value	Decision	Conclusion
H1	F = 192.68	2.85	Reject Ho	Government plays significant role
H2	X <sup>2</sup> = 150.81	9.49	Reject Ho	Financial support is significant
H3	X <sup>2</sup> = 498.29	9.49	Partial acceptance	Jobs & growth confirmed; CSR not confirmed

Hypothesis	Test Statistic	Critical Value	Decision	Conclusion
H4	$X^2 = 461.25$	9.49	Reject $H_0$	Constraints are significant

## 5. Discussion of Findings

### 5.1 Government Promotion of SMEs

The finding that the Kogi State government has played significant roles in SME promotion aligns with national level observations by Oladipo et al. (2023) and Adeosun and Shittu (2022). The specific roles identified, including media campaigns, provision of grants and loans, infrastructure support, establishment of agencies, and enactment of supportive laws, are consistent with the policy framework of SMEDAN (2021) and the Central Bank of Nigeria (2024). However, the finding that medium scale enterprises perceived government support less favorably than small scale enterprises suggests a policy gap. Medium scale enterprises often require larger capital injections and more sophisticated infrastructure, which may not be adequately addressed by current interventions. This supports the argument by Eze and Iloh (2024) that policy fragmentation between federal and state levels limits effectiveness.

The Chi square result ( $X^2 = 150.81$ ,  $p < 0.05$ ) confirming significant financial support is encouraging, but the 26 percent of respondents who strongly disagreed on grants and loans indicate that financial access remains uneven. This echoes the PwC MSME Survey (2024) finding that 74 percent of Nigerian SMEs report lack of affordable credit as a primary barrier.

### 5.2 Socio Economic Contributions of SMEs

The study found strong evidence that SMEs contribute to capital formation, employment generation, skill development, reduction of welfare dependency, and local resource utilization. These findings are consistent with Poi and Lebura (2022), who reported that SMEs account for more than 80 percent of job creation in Nigeria, and with the Development Bank of Nigeria (2024) report on SME contributions to GDP. The finding that SMEs reduce dependence on state welfare is particularly important for Kogi State, where public resources are limited. This supports the argument by Ibileke (2025) that SMEs promote grassroots industrialization and reduce rural urban migration.

However, the most striking finding is the failure of SMEs to provide corporate social responsibility to their host communities. With 94.8 percent of respondents disagreeing or strongly disagreeing that SMEs offer CSR, this study identifies a critical gap in the SME development discourse. While large corporations are often mandated to practice CSR, SMEs are largely exempt, yet their cumulative impact on communities can be substantial. This finding suggests that policy frameworks need to incorporate CSR expectations for SMEs, tailored to their capacity.

### 5.3 Constraints Facing SMEs

The four major constraints identified (insufficient funds, weak business capacity, uncertain lifespan, and lack of basic amenities) are well documented in the literature. Onakoya et al. (2024) reported that inflation, exchange rate volatility, and energy costs remain major impediments to SME productivity. Olawale and Garwe (2020) emphasized that lack of collateral and poor financial records exclude many SMEs from formal credit. The finding that 381 out of 385 respondents agreed that uncertain lifespan affects SME operations highlights the vulnerability of SMEs in an environment with weak social security and business continuity mechanisms. This calls for the introduction of micro insurance products and succession planning support.

The Chi square result ( $X^2 = 461.25$ ,  $p < 0.05$ ) confirming that these constraints are significant challenges aligns with Ogundele and Musa (2023), who identified infrastructural deficiencies as recurring limitations to SME expansion in Kogi State. The lack of basic amenities such as electricity and good roads increases operating costs and reduces competitiveness.

### 5.4 Theoretical Implications

The findings support the Resource Based View (RBV) theory as articulated by Peteraf and Barney (2020) and Barney and Mackey (2022). SMEs that had access to government resources (grants, loans, infrastructure, training) performed better in terms of employment generation and capital formation. The disparity between small and medium scale enterprises in perceiving government support also aligns with RBV: larger SMEs require different resources, and where those resources are not provided, they underperform. This suggests that for SMEs to serve as catalysts for economic growth, governments must identify and supply the specific resources that are valuable, rare, and difficult to imitate in the local context.

## 6. Conclusion and Recommendations

### 6.1 Conclusion

In light of the findings and other previously discussed issues in the study, it can be concluded that constraints have a negative impact on the performance of small and medium enterprises, but despite these constraints, SMEs have immense contribution to the growth

of the economy. Small and medium enterprises are important for capital formation in Kogi State and Nigeria as a whole as they provide complementary roles to financial institutions which in turn benefit the people and the economy.

The future of industrialization and job creation in developing economies, Nigeria in particular, largely depends on the fortunes of the small and medium scale enterprise subsector. It is the subsector that holds the promise of meeting the industrial challenges and job creation opportunities of the 21st century. Consequently, all parties involved in the promotion of SMEs (government, private sector, and the financial system) must jointly ensure that SMEs are given all the support they need to survive and thrive.

## 6.2 Recommendations

1. The Kogi State government should establish a well funded, one stop SME development agency to coordinate all promotional activities, enforce pro SME laws, and simplify business registration and taxation.
2. The government should expand grant and loan programs through a digital, transparent disbursement system and create a credit guarantee scheme to reduce collateral and interest rate burdens for SMEs.
3. To address the CSR deficit, the government should offer tax rebates and public recognition to SMEs that demonstrate measurable community development activities, thereby enhancing their social impact.
4. The government should establish an Entrepreneurship Development Institute for skills training, introduce micro insurance for business risks, and prioritise infrastructure (electricity, roads) in SME clusters.

## 6.3 Limitations and Suggestions for Further Research

This study was limited to selected SMEs in Kogi State, which may not fully represent the experiences of SMEs in other parts of Nigeria. Time and financial constraints restricted the scope of data collection, while some respondents were reluctant to provide detailed information due to confidentiality concerns. In addition, the study relied heavily on self reported data, which may be influenced by personal bias. Despite these limitations, the findings provide valuable insights into the role and challenges of SMEs in fostering economic development in Kogi State.

Future research could explore the role of federal institutions in mediating intergovernmental conflicts arising from resource control demands. Additionally, comparative studies involving other states or federal systems in Africa may provide broader insights into effective SME promotion practices. Researchers may also examine the long term socio economic impacts of SME policies on local communities, especially in resource rich regions. Finally, the finding on CSR deficit warrants further investigation using qualitative methods to understand why SMEs avoid CSR and what incentives could change this behavior.

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