

Government Grants: A Catalyst for Accelerating Women Enterprises Performance in Southwest, Nigeria

Bosede Adebisi Olu-Alonge

Bamidele Olumilua University of Education, Science and Technology, Department of Entrepreneurial Studies, School of Vocational and Entrepreneurial Studies, Ikere Ekiti, Ekiti State

Solomon Oludayo Onimole

Entrepreneurship Department, College of Management Sciences, Joseph Ayo Babalola University, Ile-Ife, Osun State

Adeyemi Busayo Adebayo

Entrepreneurship Department, College of Management Sciences, Joseph Ayo Babalola University, Ile-Ife, Osun State.

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Abstract: The unimpressive women enterprises performance as a result of inability to access capital from the conventional sources has remained a disquiet for both the governments and people in Southwest, Nigeria. This study examined the effect of government grants in accelerating women enterprises performance in Southwest, Nigeria. Primary data served as the main source of information for this research and based on the sample size of two hundred and sixty-seven women owned enterprises, the study employed mean, standard deviation and regression analysis at a 0.05 level of significance. The result indicated that, there is a significant positive correlation between government grants and performance of women owned enterprises in Southwest, Nigeria. Thus, government must encourage women enterprises by regularly offering grants that will accelerate the performance of their enterprises as well as leading to economic/enterprises growth and poverty reduction in the country.

Keywords: Government Grants, women enterprises, performance, Southwest, Nigeria.

INTRODUCTION

Over the span of years, women's enterprises have been recognized as a significant untapped basis of financial development (Egwe, 2021). Globally, women entrepreneur play a vital role in socio-economic growth (Boussa- Dibite & Anete, 2024; Muhammed et al. 2025) and economic development (Egwe, 2021) as well as the gross domestic products of an economy (Udoikah & Ndaeyo, 2021). Women enterprises performance over the year remained unimpressive as they are plagued with unsuccessful business outcome, early market exit, limited expansion, underperformance and poor investment returns caused by insufficient funding, (Okoli-Obasi & Uduji (2023); Madein, 2020). According to Egwe, (2021) Women-owned enterprises still represent a relatively small proportion despite their rate of investment. This implies that the opportunities for women enterprises in Nigeria to attain higher performance, expand and succeed are limited. The limitation being encountered by women owned enterprises could have been caused by striving to be financially included (Ukwueze, 2022), difficulty to obtain loan from the traditional method of bank loans due to lack or inadequate collateral security (Ibrahim, 2022) and inadequate financial support (Ogunsanwo & Kazeem, 2022). It has been emphasized by Ibrahim, (2022); Ismail, (2024) that financial resources serves as a major input in the production process for boosting SME performance and panacea to business success.

Enterprises without sufficient resources are bound to fail (Ibrahim, 2022). The implication of this is that women enterprises are been threatened by financial constraint and being marginalized by banks thereby discouraging their enterprise success, better performance and hence leading to business failure as well as early departure from the business world. Ibrahim, (2022) emphasized that government having acknowledged the important of adequate capital in the survival and success of an enterprise has established a range of financial assistance schemes to boost the longevity of MSMEs in Nigeria. Ogundiran et al (2023) recognised women entrepreneurs as one of the key facilitators of micro and macro-economic development of any nation. As Onoshakpor et al., (2022) argued, that in Nigeria, governments are revolving to women entrepreneurs as a manner of attaining economic fortune through the growth and development of their individual enterprises. By leeway, the sales growth and customer satisfaction of women owned enterprises as metrics of performance has been adversely affected. It confirms the concern of Ukwueze, (2022) that Women's engagement in business ventures has drawn interest from policymakers, government bodies, and international administrations. Which is owing to the fact that, women owned enterprises yields monetary, societal as well as environmental benefits (Siegrist, 2025). Aluko et al. (2023), emphasized that government intervention programmes have impacts on employment growth, turnover, and productivity, but with contradictory evidence on labour productivity and business continuity. Also, the use of government financial assistance assists in improving enterprises performance as well as opportunity to acquire other finance in the succeeding year (Xiang & Worthington, (2017).

Government have rolled out different grants as well as schemes to ease the constraints of access to finance among the underrepresented group such as women, it is therefore relevant to know the effect of government grants in order to know its influence on performance of women owned enterprises in Southwest, Nigeria. Therefore, the study investigated whether women owned enterprises that received government grant significantly improved sales growth and customer satisfaction. The study formulated a hypothesis whether there is a significant relationship between government grant and each of the enterprises performance i.e sales growth and customer satisfaction. Other sections of the study cover the literature review, methodology, results as well as conclusion and recommendations.

LITERATURE REVIEW

Theoretical issue

The study examines a theoretical approach that discourses organizational finances, this is Pecking Order Theory which explained the structure of funds and their adaptation to SMEs (Aabi, 2014). Pecking order theory propounded by Myers and Majluf (1984) argued that businesses have preference grade funding sources chosen based on the related costs of information asymmetry (Abdullazade, 2020). Oburo, (2021) observes under pecking order theory that business owners used their own funds for startup before considering debt and then equity. Thus, business owners require knowledge of sources of finance and lenders need information to weigh the feasibility of SMEs' request for funds (Oburo, 2021). According to Chita et al. (2023) pecking order theory is an expedient framework for examining whether an SME's preference for internal financing over debt and equity leads to more sustainable growth. On the other hand, the theory establishes a financing hierarchy that starts with funding sources that involve the lowest information costs and pose the least risk (Mabrouk, & Boubaker, 2019).

Description of dependent and independent variables

Government Grants: Government grants support infrastructure projects and business innovation, stimulating economic growth and creating jobs (Jones, 2020). Government grants are also essential in alleviating poverty in developing economies (Adams, 2019). Another significance of government grants is to promote innovation, advancing knowledge in various enterprises fields (Greenwood, 2020). Government grants also help to reduce regional disparities by funding underdeveloped areas, ensuring equitable access to public resources (Barnes, 2021).

Women are playing an increasingly vital role in the socio-economic development of both developed and developing countries, as they make up a large proportion of operators of small and medium enterprises (SMEs). In addition, women entrepreneurs contribute significantly to national economies through their involvement in start-ups and the expansion of small and medium-sized businesses (Akinyele et al, 2023). As viewed by Aliyu (2013), woman entrepreneur refers to a woman or a group of women who establish, manage, and operate a business venture. Women-owned businesses are closely associated with reducing poverty, particularly in rural communities

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and the informal economy. In addition, female entrepreneurs frequently serve as catalysts for social change by challenging traditional gender norms and promoting greater equality in society. (Kasumu, et al, 2024).

Women Enterprise and Access to Finance: Ayedun, (2023) had observed that Women's contributions to the socio-economic development of both developed and developing countries seems to have grown significantly over time. Notwithstanding, their level of participation in economic activities and their impact on Gross Domestic Product (GDP) remain relatively low, largely due to limited access to finance needed to strengthen business performance. Giglio (2021) reported that despite their successes, women entrepreneurs often remain at a disadvantage compared to men because of persistent challenges in accessing credit. This limited access to start-up capital is particularly concerning, considering how crucial early financing decisions are to the performance, growth, and long-term survival of new enterprises.

Empirical Appraisal

Chen (2021) studied the impacts of government grants on firm behaviors. Data was sourced from the financial information of companies. A sample size of twelve thousand and fifty (12,050) was used in the study. The variables used were innovation, government grant, firm behaviors. The study showed that receiving a grant increases the company's overall assets, short-term and long-term liabilities as well as its intangible assets thereby increasing innovation and growth in the firm. Jayeola et al. (2022) examined government financial support and financial performance of SMEs: A dual sequential mediator approach. It showed that Government financial support does not improve firms' financial outcomes. Instead, it enhances performance indirectly by enabling SMEs to acquire competitive resources which, when effectively utilized and aligned with organizational strategy, help them achieve competitive advantage and, in turn, stronger financial performance. Quang and Quang (2021) also investigated government financial support and firm productivity in Vietnam. The study revealed no direct relationship between financial support and firm productivity. However, access to finance was shown to enhance technological advancement and firm growth in size.

Feranita et al., (2020) in their study titled role of government support for innovation and performance of SMEs. The study was analyzed using path analysis. The study concluded that government support plays a key role in enhancing SME performance by encouraging innovation. Ibrahim (2022) conducted an empirical evaluation of government financial assistance on the performance of micro, small, and medium enterprises (MSMEs) in Nigeria found that loan schemes have a significant positive impact on MSME performance. Kumar & Singh, (2023) carried out an analysis of Government Support Programmes for Small Business Development and Growth. The findings suggest that such programmes can positively influence business performance, productivity, innovation, and overall resilience. Srhoj et al., (2022) posited that small public grants provided to women entrepreneurs help boost the growth of small businesses and also serve as a cost-effective policy instrument. Gochhayat et al., (2025) investigated the effect of

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government intervention on the sustainable development of women entrepreneurs, finding that government support had a significant influence on the sales of women-led firms. Kumari et al (2024) asserted that offering small loans or microfinance to women entrepreneurs starting businesses in rural and semi-urban areas is crucial. Dey et al., (2023) findings indicate that women-owned businesses play a vital role in society by generating employment, achieving financial independence, transforming demographic patterns, and inspiring the next generation of female entrepreneurs. Consequently, it was revealed through the empirical that most scholars employed productivity, innovation, resilience, profit competitive advantage as metrics of performance. However, a search in the literature on the variables used for the study showed scanty empirical research.

METHODOLOGY

Alene (2020) opined that, scholars should select the research design that finest suits the objectives of the study in order to obtain research results that have factual world practice value. On this note, the study employed a descriptive survey research design and focused on women-owned micro and small enterprises (MSEs) in Southwest Nigeria who either owned or managed frozen foods, food and beverages, point of sales (POS) operators with less than ten employees, who have operated for five years. The sample of the study consisted of two hundred and sixty- seven respondents determined using Cockran's sample size formula, $n=Z^2pq/e^2$. Where $Z= Z$ score which is 1.96 for 95%, $q=1-0.5=0.5$, $e= 0.06$ error of margin and $p= 0.5$. Purposive random sampling was employed in the selection. Specifically, the reason for choosing these location is because they have an existing high level of entrepreneurial development activities. Primary data served as the main source of information for this research while structured questionnaire was used to collect information on a five points rating Likert scale thus: Strongly Agreed (SA), Agreed (A), Moderately Agreed (MA), Strongly Disagreed (SD), Disagreed (D). The items were scrutinized in terms of relevance, language coverage of the scope of the study and suitability. Reliability of the instrument was determined using Cronbach's Alpha, which yielded a coefficient of 0.89, indicating strong internal consistency. The collected data were analyzed using quantitative techniques, specifically mean and standard deviation. Hypotheses were tested through regression analysis at a 0.05 level of significance.

RESULTS

Table 1: Descriptive statistics for both the independent and dependent variables of the study.

S/N	Government Grants	SA	A	MA	D	SD	MEAN	STDEV.
1	Government grant influenced the efficiency of my enterprise	84 (16.9)	202 (40.6)	58 (11.6)	100 (20.1)	54 (10.8)	3.33	1.270
2	I have received and utilized government grant for my business	96 (19.3)	102 (20.5)	118 (23.7)	130 (26.1)	52 (10.4)	3.12	1.282
3	I received government grant in a timely manner that meet my enterprise's needs and objectives.	102 (20.5)	122 (24.5)	85 (17.1)	131 (26.3)	58 (11.6)	3.16	1.331
4	Government grant has led to expansion of my enterprise market reach	74 (14.9)	126 (25.3)	109 (21.9)	137 (27.5)	52 (10.4)	3.07	1.241
5	Government grant has impacted my enterprises positively	44 (8.8)	102 (20.5)	84 (16.9)	236 (47.4)	32 (6.4)	2.78	1.115

Criterion mean = 3.00

Source: Field Survey, 2025

Table 1 presented five questions given to the respondents. Item 1 revealed ($M=3.33$, $S.D= 1.270$), Item 2 revealed ($M=3.12$, $S.D= 1.282$), Item 3 revealed ($M= 3.16$, $S.D= 1.331$), Item 4 revealed ($M=3.07$, $S.D= 1.241$), Item 5 revealed ($M=2.78$, $S.D= 1.115$). Using the mean benchmark cut-off of 3.00 for the rating scale, all the items had mean scores above the cut-off point except item 5. This implies that the effect of government grants on the performance of women owned enterprises in the study area is positive.

Table 2: Linear Regression Analysis

Model	Unstandardized Coefficients		Beta (β)	T	Sig.
	B	Std. Error			
(Constant)	30.582	.370		82.651	.000
Government grants	.253	.023	.447	11.130	.000
Multiple R= 0.447, Multiple R ² = 0.200, Adjusted R ² = 0.198, F _{1,496} = 123.875					

*p<0.05

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The following regression can be derived from Table 2.

$$Y = a + bX$$

Where

- Y = Performance of women owned enterprises
- X = Government grants
- b = Regression Weight Coefficients
- a = Constant (Other variables other than X)

The relationship between the dependent and independent variables can therefore be given as follow:

$$Y = 30.582 + 0.253X$$

Table 2 shows that government grants have significant effect on non-financial performance of women owned enterprises in the study area ($F_{1,496} = 123.875$, $p < 0.05$). The null hypothesis is rejected. The table shows that there is significant positive correlation between government grants and performance of women owned enterprises ($R=0.447$, $p < 0.05$). This implies that Government grants is a factor that can exert influence on the performance of women owned enterprises.

DISCUSSION

The findings of the study on the effect of government grants on non-financing performance of women owned enterprises in the study area. Using the mean benchmark cut-off of 3.00 for the rating scale, all the items had mean scores above the cut-off point except item 5. This implies that the effect of government grants on non-financing performance of women owned enterprises in the study area is positive. This study aligned with the work of Ogunsanwo and Kazeem (2022) that revealed a positive relationship between the availability, accessibility, and adequacy of government grants and the growth of SMEs in Nigeria. Also the findings was buttressed by Jayeola, et al (2022) which indicated that enterprises receiving government assistance tend to achieve success in developing countries, highlighting that government financial support (GFS) is a key factor for small and medium enterprises (SMEs) to remain competitive and improve their performance. Government financial assistance also helps SMEs obtain non-government funding in the upcoming (Danladi, 2021). The findings is corroborated by the position of Aluko et al, (2023) where results indicated that government intervention programmes had positive effect on business employment generation, sales/turnover, and productivity.

CONCLUSION AND RECOMMENDATIONS

The paper investigated the effects of government grants on the performance of women owned enterprises in Southwest, Nigeria. Theoretical and empirical reviews were used to support the influence between government grants and women owned enterprises performance. The results indicated that access and use of government grants improved women enterprises sales growth as

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well as customer satisfaction. Government must encourage women enterprises by regularly offering grants that will accelerate the performance of their enterprises as well as lead to economic growth and poverty reduction in the country. The findings have important implications for enterprises growth and sustainability.

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