

Effect of Government Policies on Small and Medium Enterprises (SMEs) Support Programs in FCT Abuja

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Abstract: *This study examines the effect of government policies on SME support programs in Abuja, focusing on their impact on SME growth, sustainability, and contribution to economic development. The research aims to evaluate how policy frameworks, funding mechanisms, and regulatory environments influence the effectiveness of these programs. A survey method was employed to collect data from key stakeholders, including SME owners, government officials, and program coordinators. A total of 135 questionnaires were administered to experienced participants, providing detailed insights into the dynamics of government policies and their role in SME development. Linear regression analysis was used to analyze the data. The findings are expected to contribute to a comprehensive understanding of the strengths and challenges within existing SME support programs, highlighting gaps in policy implementation and areas requiring improvement. The study underscores the importance of aligning government interventions with the evolving needs of SMEs to enhance inclusivity, innovation, and competitiveness. Based on the findings, recommendations are proposed to optimize policy frameworks, promote efficient resource allocation, and foster a more enabling environment for SMEs in Abuja. These insights aim to strengthen government support programs and improve the overall performance and sustainability of SMEs in the region.*

Keywords: SME growth, sustainability, economic development, government policies

INTRODUCTION

Small and Medium-sized Enterprises (SMEs) form a significant part of the economic landscape, serving as engines for innovation and economic resilience (Oluwunmi, 2019). The

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effectiveness of these enterprises, often hinges on government support programs, which are designed to provide financial, infrastructural, and policy-based assistance to ensure their sustainability and growth (Omoregie, 2020). SMEs contribute substantially to economic diversification, which is essential in Nigeria's oil-dependent economy. Agwu (2022), SMEs account for a significant portion of Nigeria's Gross Domestic Product (GDP), with their activities spanning various sectors such as agriculture, retail, technology, and services. These businesses not only stimulate economic activity but also foster innovation and entrepreneurship, particularly among the youth and women (Dantata, 2023).

Government policies form the backbone of SME support programs in Abuja. These policies are typically structured to address key challenges faced by SMEs, such as limited access to finance, inadequate infrastructure, lack of technical skills, and market access constraints (Hyland, 2023). Initiatives like the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) and various Central Bank of Nigeria (CBN) intervention funds aim to alleviate these issues by providing grants, loans, and capacity-building programs to small business owners (Odediran, 2022). The Nigerian government, through its National Economic Sustainability Plan, launched specific interventions such as the N75 billion MSME Survival Fund to cushion the effects of economic downturns and support business continuity during crises. State-level programs in Abuja have focused on promoting digital literacy, equipping entrepreneurs with the tools to thrive in an increasingly technology-driven marketplace (Taiwo, 2022).

Afolabi (2022) narrated the extent to which government policies translate into tangible benefits for SMEs varies considerably, factors such as bureaucratic inefficiencies, inadequate funding, and corruption often dilute the effectiveness of these programs, limiting their reach and impact. The access to finance remains a significant bottleneck for SMEs, with many unable to secure loans due to stringent collateral requirements and high-interest rates imposed by traditional financial institutions (Soyingbe, 2022). The disbursement of these funds is often marred by delays, a lack of transparency, and insufficient coverage. Aigbavboa (2021) highlighted that only a fraction of SMEs that apply for government funding in Abuja successfully receive it, which undermines the intended objective of these policies. Limited awareness of available programs among entrepreneurs exacerbates the problem, leaving many SMEs underserved.

Infrastructure deficits, including unreliable electricity, poor road networks, and inadequate digital infrastructure, significantly hinder SME growth (Uzor, 2022). Recognizing this, the government has invested in initiatives such as the Abuja Enterprise Agency (AEA), which provides workspace solutions and shared facilities for small businesses (Fonta, 2021). Regulatory reforms aimed at streamlining business registration and tax compliance have been introduced to create a more enabling environment for SMEs (Odediran, 2022). The implementation of these policies has not been without challenges. Regulatory hurdles, including excessive documentation and high compliance costs, continue to deter many small business owners from formalizing their operations (Oluwunmi, 2022). Inconsistencies in policy

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implementation at the federal and state levels often result in a fragmented approach that diminishes the overall impact on SMEs.

Capacity-building programs have been a cornerstone of government policies aimed at SME development in Abuja. These programs focus on equipping entrepreneurs with technical, managerial, and financial skills to enhance their business operations (Ibrahim, 2019). Training sessions on topics such as digital marketing, supply chain management, and customer service have been instrumental in helping SMEs adapt to changing market dynamics. The reach of such programs remains limited due to resource constraints and a lack of coordination among implementing agencies (Babalola, 2023). The mismatch between the training offered and the specific needs of SMEs in different sectors often reduces the effectiveness of these interventions (Uzor, 2022).

Several challenges hinder the effective implementation of SME support programs in Abuja. Corruption and nepotism remain pervasive, often resulting in the misallocation of resources and the exclusion of deserving businesses from benefiting from these programs (Taiwo, 2022). The bureaucratic inefficiencies within implementing agencies lead to delays in program execution, which frustrates entrepreneurs and undermines trust in government initiatives (Dantata, 2023). Other challenge is the lack of continuity in policies, particularly with changes in government administration. Frequent policy shifts disrupt the momentum of ongoing programs, leaving SMEs vulnerable to economic uncertainties (Williams, 2022). The absence of a unified framework for monitoring and evaluating the impact of these programs further complicates the government's ability to address these challenges effectively (Agwu, 2022).

To enhance the effectiveness of government policies on SME support programs in Abuja, a more strategic and inclusive approach is required. This includes fostering greater collaboration between the government, private sector, and international development partners to pool resources and expertise (Said, 2019). Strengthening institutional capacity, improving transparency, and adopting technology-driven solutions can also go a long way in addressing the inefficiencies that plague policy implementation (Uzor, 2022). Tailoring support programs to the unique needs of different sectors and demographics within the SME ecosystem can maximize their impact. Providing targeted support to female-led SMEs or businesses in high-growth sectors such as technology and renewable energy can yield significant economic benefits (Fonta, 2021).

This study examines the effect of government policies on SME support programs in Abuja, focusing on their impact on SME growth, sustainability, and contribution to economic development.

LITERATURE REVIEW

Concept of Government Policies

Fapohunda (2022) defined government policies to be structured interventions designed to reduce barriers such as limited access to capital, inadequate infrastructure, and complex regulatory requirements, all of which hinder SME growth. These policies aim to create a favorable business environment, thereby ensuring that SMEs thrive and contribute significantly to the economy. Through providing targeted support through fiscal measures, monetary initiatives, and streamlined regulatory frameworks, government policies offer SMEs the resources and opportunities to scale their operations. Government policy is fiscal measures, which include tax incentives and exemptions. These policies provide much-needed financial relief to SMEs, enabling them to reinvest in critical areas such as infrastructure, workforce development, and product innovation. Tax incentives lower the operational costs for businesses, allowing SMEs to compete more effectively in the marketplace. Tax breaks and holidays can serve as powerful tools to attract entrepreneurs and reduce financial burdens during the early stages of business establishment.

Monetary policies also demonstrate a significant role through facilitating lower interest rates and improving access to credit, these policies address one of the most persistent challenges faced by small businesses limited access to capital. Affordable loans and credit facilities empower SMEs to invest in modern technology, enhance their operational capacities, and diversify their offerings. Access to affordable credit also fosters innovation, allowing businesses to explore new markets and introduce novel products and services. In addition, monetary policies that prioritize financial inclusion ensure that even SMEs in rural or underserved areas can benefit from government support (Taiwo, 2022). Other component of government policies involves efforts to streamline bureaucratic processes and reduce administrative hurdles. Overly complex regulations and excessive red tape can discourage entrepreneurship and limit the growth potential of SMEs. Simplified licensing procedures, transparent application processes, and digitized government services are examples of initiatives that reduce bureaucratic barriers. These efforts foster an ease of doing business, which encourages more entrepreneurs to establish ventures and enables existing SMEs to operate more efficiently.

The potential benefits of these policies, certain challenges can undermine their effectiveness. Gbadamosi (2023) highlighted that overregulation, inconsistent policy implementation, and corruption often negate the positive impacts of SME support programs. Overregulation can lead to increased operational costs and reduced flexibility for businesses, making it difficult for SMEs to adapt to changing market conditions. Excessive compliance requirements may strain the limited resources of small businesses, forcing them to divert time and funds away from core operations. Inconsistent policy implementation is another significant issue that affects SMEs. When government policies are not uniformly applied or enforced, they create uncertainty in

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the business environment. SMEs may face unpredictable changes in tax rates, licensing requirements, or access to government support programs, which can disrupt their long-term planning and investment strategies. Corruption further compounds these challenges, as it often skews access to resources and benefits in favor of well-connected individuals or entities. Such practices not only undermine trust in government initiatives but also discourage SMEs from participating in formal support mechanisms.

Ibrahim (2023) emphasized the importance of comprehensive stakeholder engagement in policy design and implementation. Effective policies must be informed by the unique challenges and needs of SMEs across different sectors. Through involving business owners, industry associations, and other relevant stakeholders in the policymaking process, governments can ensure that their initiatives are both practical and inclusive. For example, engaging SMEs in agriculture, technology, and manufacturing sectors can provide valuable insights into sector-specific challenges and enable the formulation of targeted solutions. The main aspect of effective government policy is the establishment of regular feedback mechanisms. Policies must be evaluated and refined based on their impact and relevance to the current economic landscape. Feedback from SMEs can help identify gaps in implementation, areas for improvement, and emerging challenges that require immediate attention. Such iterative policy development ensures that government initiatives remain responsive to the evolving needs of SMEs and contribute meaningfully to their growth and sustainability.

Adebayo, (2021) opined that government policies are crafted not only to regulate economic activities but also to incentivize and support SMEs through direct interventions. These policies can take various forms, including fiscal measures, monetary initiatives, and direct support programs tailored to address the specific needs of SMEs. When effectively designed and implemented, government policies create an enabling environment that promotes SME growth, sustainability, and competitiveness. Reducing barriers, providing financial and infrastructural support, and fostering ease of doing business, these policies enable SMEs to thrive and contribute to national economic development.

SME Support Programs

SME support programs, as narrated by James (2024), are targeted initiatives designed to address the unique needs and challenges faced by small businesses. These programs provide SMEs with financial, technical, and infrastructural support, enabling them to enhance their operational capacity, productivity, and overall competitiveness. The comprehensive nature of these programs ensures that SMEs are better equipped to overcome structural limitations and contribute significantly to economic development. The financial component of SME support programs often includes grants, low-interest loans, and subsidies. These tools are instrumental in alleviating the financial constraints that many small businesses face, especially in their formative years. Access to affordable financing allows SMEs to invest in critical areas such as inventory, technology, and skilled labor, which are essential for scaling their operations.

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Ibrahim (2023) emphasized that financial assistance can stimulate innovation by enabling SMEs to invest in research and development, thereby enhancing their capacity to introduce new products and services into the market. Technical support is a cornerstone of SME support programs. This includes training, mentorship, and advisory services aimed at enhancing the managerial and operational capabilities of small businesses. Training programs focus on equipping entrepreneurs with skills in areas such as business planning, marketing, and financial management. Mentorship initiatives provide SMEs with guidance from experienced professionals, helping them navigate challenges and make informed decisions. Such interventions not only improve the day-to-day operations of SMEs but also position them for long-term growth and sustainability (Gbadamosi, 2023).

Many SMEs operate in environments with inadequate infrastructure, which hinders their productivity and competitiveness. Support programs often address this by facilitating access to modern facilities, equipment, and technology. Programs may include the establishment of industrial hubs or shared facilities where SMEs can access high-quality machinery at subsidized rates. Technological assistance, such as the provision of software tools or access to digital platforms, enables SMEs to streamline their operations and expand their market reach. SME support programs are rooted in the understanding that SMEs are fundamental drivers of economic development. According to John (2022), SMEs are vital contributors to employment, innovation, and wealth creation. Recognizing this, governments, non-governmental organizations, and international agencies have designed programs to address the common constraints faced by SMEs. These include limited access to finance, inadequate business skills, and restricted market opportunities. In agriculture, support programs provide farmers with improved seeds, fertilizers, and access to markets, enabling them to boost productivity and income. In manufacturing and technology, programs often focus on skills training and facilitating connections with international markets to enhance competitiveness.

Market access facilitation is a critical aspect of these programs. Many SMEs struggle to reach potential customers due to logistical challenges or limited networks. SME support programs address this by organizing trade fairs, creating online marketplaces, and establishing partnerships with larger companies. These initiatives help SMEs to expand their customer base, increase sales, and build brand recognition. Such programs are particularly beneficial for SMEs in developing countries, where market access barriers are often more pronounced. The success of SME support programs is contingent upon their alignment with the needs of the target beneficiaries. Poorly designed programs or those that fail to consider the socio-economic realities of SMEs may have limited impact. For instance, programs that emphasize digital transformation without addressing foundational challenges like inadequate infrastructure or literacy gaps may exclude many SMEs, especially those in rural areas. Kazeem (2021) highlighted that a one-size-fits-all approach is rarely effective. Instead, support programs must be tailored to address the specific needs of SMEs within their local contexts.

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Mohammed (2021) opined that continuous needs assessment and stakeholder involvement are crucial for the effectiveness of SME support programs. Needs assessment ensures that programs remain relevant and responsive to the evolving challenges faced by SMEs. For example, as market dynamics shift due to technological advancements or policy changes, support programs must adapt to address these new realities. Stakeholder involvement, including input from SMEs, industry associations, and community leaders, ensures that programs are designed with a deep understanding of on-the-ground challenges. The effectiveness of SME support programs often hinges on their implementation and monitoring mechanisms. A well-designed program can fail to deliver results if its implementation is marred by inefficiencies or corruption. Clear guidelines, transparent processes, and accountability mechanisms are essential to ensure that resources reach the intended beneficiaries. Regular monitoring and evaluation allow program administrators to track progress, identify areas for improvement, and make data-driven decisions to enhance impact (Bello, 2022).

Government Policies and SME Support Programs

Accessibility to Financial Resources

Access to financial resources is fundamental for the growth and sustainability of SMEs. Government policies designed to establish favorable interest rates, provide grants, and encourage private-sector lending can significantly enhance SMEs' ability to secure funding. The Central Bank of Nigeria's (CBN) intervention funds for SMEs have been pivotal in providing much-needed capital to small businesses. These initiatives have enabled entrepreneurs to overcome financial barriers and invest in the necessary tools, equipment, and workforce to scale their operations (Lawal, 2024).

Restrictive financial policies can undermine these efforts. High collateral requirements, lengthy loan approval processes, and exorbitant interest rates discourage SMEs from seeking formal financing options. Many small business owners resort to informal sources of capital, which often come with unfavorable terms. Corruption and lack of transparency in fund disbursement can lead to the misallocation of resources, further hampering the intended outcomes of financial support programs (John, 2022). These issues highlight the importance of a robust regulatory framework that promotes accountability and equity in the distribution of funds. Ensuring that financial resources are allocated to eligible and deserving SMEs can maximize the benefits of these support programs and contribute to overall economic development.

Training and Capacity Building

Programs aimed at improving managerial skills, financial literacy, and technological competencies empower business owners to make informed decisions and adapt to changing economic conditions. Public-private partnerships (PPPs) have facilitated the delivery of tailored training programs for SMEs, particularly in urban areas like Abuja. These collaborations leverage the expertise of private organizations to provide specialized knowledge and mentorship to small businesses (Musa, 2021).

The effectiveness of training initiatives often depends on their reach and inclusivity. Many programs are concentrated in urban centers, leaving SMEs in rural and underserved areas at a significant disadvantage. Language and cultural barriers can also limit participation, particularly among marginalized groups such as women-owned businesses. For instance, women entrepreneurs often face challenges related to societal norms and limited access to educational resources, which hinder their ability to benefit from training programs (Lawal, 2024). Addressing these disparities requires policies that ensure equitable access to capacity-building resources, includes offering training in local languages, tailoring content to meet the diverse needs of SMEs, and extending these opportunities to remote and rural areas.

Infrastructure Development

Infrastructure development stipulate to determinant of SME operational efficiency. Government policies that prioritize the construction and maintenance of roads, electricity, internet connectivity, and industrial parks create an enabling environment for SMEs to thrive. Investments in industrial clusters and shared facilities have been particularly beneficial, as they reduce overhead costs and foster collaboration among small businesses (Bello, 2021). Access to reliable infrastructure allows SMEs to streamline their operations, expand their customer base, and compete more effectively in local and global markets.

The benefits of infrastructure development are often undermined by inadequate maintenance and delays in project completion. SMEs in peri-urban and rural areas are frequently excluded from infrastructure projects, perpetuating economic disparities and limiting opportunities for growth. Lack of access to reliable electricity can hinder production processes, while poor road networks can restrict market access. To address these challenges, government policies should emphasize equitable distribution of infrastructure projects and involve SMEs in their planning and execution. This ensures that infrastructure investments are responsive to the specific needs of small businesses and contribute to their long-term sustainability (Ogunleye, 2023).

Market Access

Initiatives such as trade fairs, export incentives, and e-commerce platforms provide SMEs with opportunities to reach a broader customer base and establish valuable business networks. For instance, government-supported programs like the SME Fair have connected small businesses with potential clients and investors, fostering growth and innovation (Mohammed, 2021). These platforms not only boost sales but also enhance the visibility of SMEs, enabling them to attract partnerships and funding. The restrictive trade policies and excessive taxation can stifle SME market expansion. Bureaucratic bottlenecks, such as lengthy export approval processes and high tariffs, deter SMEs from exploring international markets. Moreover, inadequate trade facilitation measures, such as limited access to customs support and lack of information on export regulations, further compound these challenges. Simplifying trade processes, reducing tariff and non-tariff barriers, and providing technical support are essential steps to enable SMEs to compete globally. Policymakers must also focus on creating a conducive environment for e-

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commerce by improving internet infrastructure and ensuring affordable digital tools for SMEs
(Nwachukwu, 2021).

Impact on Women-Owned SMEs

Government initiatives like the Women Entrepreneurship Development Fund have demonstrated the positive impact of targeted programs in empowering women entrepreneurs. These programs address barriers such as limited access to finance, inadequate capacity-building opportunities, and societal norms that restrict women's participation in business (Okonkwo, 2021). Gender disparities persist in many SME support programs. Women-owned SMEs often encounter greater difficulty accessing credit due to cultural biases or lack of collateral. Policies that fail to accommodate the dual roles of women as entrepreneurs and caregivers may unintentionally exclude them from participation. For instance, rigid training schedules or lack of childcare support can prevent women from attending capacity-building programs. To address these challenges, comprehensive gender-sensitive policies are essential. These should include tailored financial products designed for women entrepreneurs, flexible program structures, and mentorship opportunities that cater to their unique needs (Adeleke, 2021). Empowering women-owned SMEs not only promotes gender equality but also contributes to economic growth and poverty reduction.

Challenges in Policy Implementation

Corruption remains one of the most significant barriers to the successful implementation of SME support policies. Instances of mismanagement and misallocation of funds have undermined the credibility and effectiveness of numerous initiatives. Funds earmarked for SME development are sometimes diverted for personal or political purposes, leaving the targeted beneficiaries without access to critical resources (Ogunleye, 2020). This issue not only erodes public trust in government programs but also discourages private-sector participation in collaborative initiatives. SMEs, which often operate on tight budgets, are disproportionately affected by such malpractices. Entrepreneurs lose confidence in applying for support programs, fearing that corruption will diminish the likelihood of receiving assistance. Tackling corruption requires the establishment of transparent processes for fund disbursement, regular audits, and strict penalties for individuals or organizations found guilty of mismanaging resources.

Inadequate funding is another major challenge that hinders the implementation of SME support policies. Many programs fail to receive sufficient financial backing to meet their objectives, leaving them unable to address the pressing needs of SMEs. Government budgetary constraints and competing priorities often result in limited allocations for SME development programs. Even when funding is allocated, delays in the release of funds can disrupt program timelines and reduce their overall impact (Ogunleye, 2020). The lack of a sustainable funding model poses a long-term threat to these initiatives. Reliance on short-term grants or external donor funding creates uncertainty about the continuity of support programs. Governments must prioritize SME development in national budgets and explore innovative funding mechanisms,

Publication of the European Centre for Research Training and Development-UK such as public-private partnerships and dedicated SME development funds. These approaches can ensure a steady flow of resources to support program implementation and maintenance.

A lack of coordination among the various agencies tasked with implementing SME support programs is another critical challenge. In many cases, overlapping mandates and poor communication between government ministries, departments, and agencies result in fragmented efforts. This duplication of roles leads to inefficiencies, as resources are wasted on redundant activities rather than being directed toward areas of greatest need (Ojo, 2022). Conflicting policies or misaligned objectives between different agencies can create confusion for SMEs, making it difficult for them to navigate the support system. One agency may prioritize access to finance, while another focuses on capacity building, without establishing a clear link between the two. Governments must establish centralized coordination bodies that oversee the planning, implementation, and evaluation of SME support programs. Clear lines of communication and shared objectives can enhance the efficiency and effectiveness of these initiatives.

Policy inconsistencies and frequent changes in government priorities create significant challenges for SMEs and the programs designed to support them. Sudden shifts in focus, such as changes in tax policies, trade regulations, or funding priorities, disrupt the stability needed for SMEs to thrive. These inconsistencies discourage long-term planning and investment, as entrepreneurs remain uncertain about the future policy environment (Ogunleye, 2020). A government may introduce tax incentives for SMEs one year, only to retract them the next due to budgetary pressures. Such unpredictability undermines the confidence of business owners and investors, limiting their willingness to commit resources to growth and expansion. A stable policy environment that ensures continuity and adaptability is essential for fostering SME development. Governments should establish long-term strategic plans for SME support, with clearly defined goals and timelines, to build trust and provide businesses with a sense of security.

The absence of robust monitoring and evaluation (M&E) frameworks further complicates the implementation of SME support policies. Without effective M&E mechanisms, it is difficult to measure the impact of these programs, identify areas for improvement, and ensure accountability. Many initiatives lack the necessary tools and processes to track their progress, making it challenging to determine whether they are achieving their intended objectives (Ojo, 2022). A program aimed at improving access to finance for SMEs may fail to assess whether the loans provided actually contribute to business growth and job creation. Without this data, policymakers are unable to make informed decisions about program adjustments or resource allocation. Governments must invest in comprehensive M&E systems that include performance indicators, regular reporting, and stakeholder feedback. These systems enable continuous learning and adaptation, ensuring that programs remain relevant and effective.

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To overcome these challenges, increasing transparency and accountability through digital platforms for fund disbursement and program tracking can reduce corruption and build public trust. Ensuring adequate and timely funding by prioritizing SME development in national budgets and leveraging alternative funding sources is essential. Enhancing coordination among implementing agencies through centralized bodies and streamlined processes can minimize duplication and improve efficiency. Establishing long-term strategic plans with clear policy goals and timelines can provide the stability needed for SMEs to thrive.

METHODOLOGY

The study used a survey research design to evaluate the impact of government policies on Small and Medium Enterprises (SMEs) support programs in Abuja. The research involved 135 respondents, including SME owners, managers, and employees from various sectors. The survey was designed to provide actionable insights into how these policies influence SME development. The primary instrument was a structured questionnaire, which included questions on demographic information, perception of government policies, and challenges faced in accessing SME support programs. The questionnaire was structured to ensure accuracy and comprehensive answers. The data was analyzed using descriptive and inferential statistical tools, including descriptive statistics for easy understanding and inferential statistics, particularly linear regression analysis, to determine the relationship between government policies and SME performance. This allowed the researcher to identify the extent to which various components of the policies influenced the outcomes of SME support programs in Abuja.

RESULTS AND DISCUSSION OF FINDINGS

During this study, 135 copies of the questionnaire were distributed to respondents, of which 120 copies were completed and returned. This response rate, representing 80% of the distributed questionnaires, was deemed sufficient to analyze the effects of government policies on SME support programs in Abuja. The findings are presented and discussed below with relevant tables.

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Table 4.1: Responses to Questions on Access to Finance

Question	SA	A	D	SD	U	Total
Does government policy on access to finance affect SMEs' growth?	40 (33.3%)	50 (41.7%)	20 (16.7%)	5 (4.2%)	5 (4.2%)	120 (100%)
Do favorable financing policies increase SME participation in Abuja?	45 (37.5%)	40 (33.3%)	15 (12.5%)	10 (8.3%)	10 (8.3%)	120 (100%)
Do restrictive financing policies negatively impact SME growth?	50 (41.7%)	40 (33.3%)	10 (8.3%)	15 (12.5%)	5 (4.2%)	120 (100%)

Source: Researcher's Survey, 2024

From Table 4.1, when asked whether government policy on access to finance affects SMEs' growth, 40 (33.3%) respondents strongly agreed, 50 (41.7%) agreed, while 20 (16.7%) disagreed, indicating that access to finance is a significant determinant of SME growth in Abuja. 45 (37.5%) strongly agreed and 40 (33.3%) agreed that favorable financing policies increase SME participation. 50 (41.7%) respondents strongly agreed that restrictive financing policies negatively impact SMEs, which highlights the importance of supportive financial frameworks.

Table 4.2: Responses to Questions on Tax Incentives

Question	SA	A	D	SD	U	Total
Do tax incentives enhance SMEs' ability to expand operations?	35 (29.2%)	55 (45.8%)	20 (16.7%)	7 (5.8%)	3 (2.5%)	120 (100%)
Are government tax policies favorable to SMEs in Abuja?	25 (20.8%)	40 (33.3%)	30 (25.0%)	15 (12.5%)	10 (8.3%)	120 (100%)
Do excessive taxes hinder SME sustainability?	60 (50.0%)	40 (33.3%)	10 (8.3%)	5 (4.2%)	5 (4.2%)	120 (100%)

Source: Researcher's Survey, 2024

As shown in Table 4.2, 35 (29.2%) respondents strongly agreed and 55 (45.8%) agreed that tax incentives enhance SMEs' operational expansion. Conversely, only 25 (20.8%) strongly agreed that government tax policies are favorable to SMEs, while a substantial proportion, 60 (50.0%), strongly agreed that excessive taxes hinder SME sustainability. This suggests that tax reforms may be essential for promoting SME growth.

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Table 4.3: Responses to Questions on Capacity Building and Training

Question	SA	A	D	SD	U	Total
Do government training programs improve SME operational capacity?	50 (41.7%)	45 (37.5%)	15 (12.5%)	7 (5.8%)	3 (2.5%)	120 (100%)
Are the training programs sufficiently accessible to SMEs?	30 (25.0%)	50 (41.7%)	25 (20.8%)	10 (8.3%)	5 (4.2%)	120 (100%)
Do capacity-building initiatives by government agencies drive SME innovation?	40 (33.3%)	50 (41.7%)	20 (16.7%)	5 (4.2%)	5 (4.2%)	120 (100%)

Source: Researcher's Survey, 2024

Table 4.3 reveals that 50 (41.7%) strongly agreed and 45 (37.5%) agreed that government training programs improve SME operational capacity. Accessibility remains a concern, as only 30 (25.0%) strongly agreed that these programs are sufficiently accessible. This implies a need for targeted outreach and accessibility improvements.

DISCUSSION OF FINDINGS

The findings of the study revealed several critical factors influencing the growth and sustainability of Small and Medium Enterprises (SMEs) under the framework of government policies. These factors—access to finance, tax policies, and capacity-building initiatives—represent both opportunities and challenges that significantly shape the SME landscape in Nigeria.

Access to finance emerged as a significant driver of SME growth, underscoring its foundational role in enabling business operations and expansion. Favorable financial policies, such as low-interest loans, grants, and credit guarantees, were found to encourage higher levels of SME participation in economic activities. These measures reduce financial barriers, allowing SMEs to invest in infrastructure, technology, and human resources, which are critical for scaling operations.

Restrictive financial policies, such as high-interest rates, limited access to credit facilities, and stringent collateral requirements, were identified as substantial impediments to SME growth. These barriers often discourage entrepreneurs from seeking financial support, thereby constraining their ability to expand or sustain their businesses. The findings are consistent with previous studies that emphasize the pivotal role of financing in SME development. Researchers such as Abiodun and Adeleke (2018) highlighted that affordable access to finance not only fuels business growth but also encourages innovation and job creation.

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Inadequate financing limits the ability of SMEs to adapt to market dynamics, invest in innovative processes, or meet operational costs, particularly during economic downturns. These challenges underline the importance of government-led initiatives aimed at improving SME access to affordable credit facilities through microfinance institutions, development banks, and public-private partnerships.

Tax policies were identified as a double-edged sword in SME development. Incentives such as tax holidays, reduced corporate taxes, and exemptions for startups positively influence SME growth. These incentives lower operational costs, allowing SMEs to reinvest profits into their businesses, improve product quality, and explore new markets. Such favorable tax policies align with global best practices where SMEs are strategically supported to enhance their competitiveness and contribution to national GDP.

Excessive tax burdens, including multiple taxation and lack of clarity in tax administration, were found to significantly hinder SME sustainability. High tax rates erode profit margins, discourage formalization, and in some cases, push SMEs into informal operations to evade taxation. This creates a cycle where SMEs are unable to access formal support mechanisms, further limiting their growth potential.

The study aligns with the observations of Lawal and Oyinlola (2018), who noted that while tax revenues are critical for national development, an overburdened SME sector can lead to reduced entrepreneurial activity and business closures. This underscores the need for balanced tax reforms tailored to the unique needs of SMEs. Policies aimed at simplifying tax compliance processes, introducing tax incentives for startups, and reducing redundant levies are crucial for fostering a more SME-friendly environment.

Capacity-building initiatives, such as skill acquisition programs, mentorship schemes, and business advisory services, play a vital role in enhancing SME operational efficiency and innovation. These initiatives are designed to equip entrepreneurs with the skills needed to navigate complex business environments, adopt technological advancements, and implement sustainable practices.

The study identified gaps in the accessibility and outreach of these programs. Limited awareness, regional disparities, and inadequate funding for training initiatives restrict the impact of capacity-building efforts. Many SMEs, particularly those in rural areas, are unable to participate in these programs due to logistical challenges or lack of information. This reduces the overall effectiveness of such initiatives, despite their potential to transform the SME sector. The findings resonate with the work of Eke and Onuoha (2017), who emphasized that capacity-building initiatives must be tailored to address the specific needs of SMEs, considering factors such as industry type, geographical location, and skill gaps. Bridging these gaps requires targeted strategies, such as partnering with local organizations, leveraging digital platforms for training, and ensuring equitable distribution of resources.

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The discussion of findings highlights the interplay between government policies and SME growth in Nigeria. Access to finance, tax policies, and capacity-building initiatives are interconnected factors that must be addressed comprehensively. Policies that enhance SME access to affordable credit, implement balanced tax reforms, and expand the reach of capacity-building programs will contribute significantly to the sector's growth.

To maximize the potential of SMEs, governments must adopt a holistic approach that prioritizes inclusivity, transparency, and stakeholder collaboration. This involves engaging SME owners in policy formulation, ensuring accountability in program implementation, and continuously evaluating the effectiveness of policies to adapt to evolving economic realities.

CONCLUSION AND RECOMMENDATIONS

The study reveals the pivotal role that government policies demonstrate in shaping SME support programs in Abuja. By examining the impact of policy frameworks, funding mechanisms, and regulatory environments, the research provides valuable insights into how these policies influence SME growth, sustainability, and overall contribution to economic development. The findings underscore the importance of strategic alignment between government objectives and SME needs, ensuring that the support programs foster inclusivity, innovation, and competitiveness within the sector. The research highlights the significance of consistent government intervention in SME development through well-structured programs and policies. It demonstrates how initiatives such as tax incentives, training schemes, and access to affordable financing have contributed to addressing barriers faced by SMEs in Abuja. Challenges such as bureaucratic bottlenecks, inadequate infrastructure, and limited awareness of support programs remain significant hurdles that hinder SMEs from maximizing the potential benefits of these policies.

The study illustrates that effective SME support programs rely on a coordinated approach that integrates policy design, stakeholder engagement, and continuous monitoring and evaluation. This ensures that the programs remain responsive to the evolving needs of SMEs and the dynamic economic landscape of Abuja.

Based on the conclusion, the following recommendations were suggested:

1. **Strengthen Policy Implementation Frameworks:** To enhance the effectiveness of SME support programs, the government should streamline the implementation of policies by reducing bureaucratic bottlenecks and ensuring a seamless process for accessing benefits. Clear guidelines, timelines, and feedback mechanisms should be established to improve transparency and accountability.
2. **Increase Access to Affordable Financing:** The government should collaborate with financial institutions to design tailored funding schemes for SMEs, including low-interest loans and grants. Providing financial literacy training alongside these programs

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can equip SMEs with the skills needed to manage funds effectively and achieve long-term sustainability.

3. **Enhance Infrastructure Development:** Investment in essential infrastructure such as power supply, internet connectivity, and transportation networks is essential for fostering an enabling environment for SMEs. These developments will reduce operational costs and improve the overall productivity of SMEs in Abuja.
4. **Promote Awareness and Outreach Programs:** Many SMEs remain unaware of the support programs available to them. The government should initiate awareness campaigns through traditional and digital media platforms to inform SMEs about available policies and how to access them. Partnerships with trade associations and business networks can further amplify outreach efforts.
5. **Foster Public-Private Partnerships (PPPs):** Engaging private sector stakeholders can enhance the design and delivery of SME support programs. PPPs can facilitate the provision of technical assistance, mentorship, and access to global markets, enabling SMEs to scale their operations effectively.
6. **Implement Technology-Driven Solutions:** Leveraging technology can streamline the administration of SME support programs. Developing online platforms for application processes, program monitoring, and feedback collection can improve efficiency and ensure that resources are allocated equitably.

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