Effect of Investment Readiness On Growth Outcomes Among Selected Small and Medium Enterprises in Abuja

Catherine Niyi-Afolabi, Nasamu Gambo, Ochedomi David Ekele, Jeremiah Onyekachi Ugota, Oladimeji Ganiyu Ojo
Department of Business Administration, Nile University of Nigeria Abuja

doi: https://doi.org/10.37745/ijsber.2013/vol14n46176 Published August 25, 2026

Citation: Niyi-Afolabi C., Gambo N., Ekele O.D.D., Ugota J.O., Ojo O.G. (2026) Effect of Investment Readiness On Growth Outcomes Among Selected Small and Medium Enterprises in Abuja, *International Journal of Small Business and Entrepreneurship Research,*14, (4),61-76

Abstract: *This study assesses the effect of investment readiness on SME market expansion in Abuja, Nigeria, where many firms find it demanding to grow outside their immediate environment not only because of inadequate access to financing opportunities but also because they are not fully organized to draw and control investment. Based on this the study concentrates on three key dimensions: financial transparency, investor communication, and governance systems that hinders investor confidence and make it difficult for SMEs to expand. The main objective is to assess how financial transparency, investor communication, and ownership and governance readiness influences SME growth in terms of market expansion. A quantitative cross-sectional descriptive survey design was adopted. The study focused on selected SME owners and Chief Executive Officers (CEOs) in Abuja who possessed adequate knowledge of their firms' investment readiness practices. Using purposive sampling, 45 SMEs were approached via an online survey administered through Google Forms, and 35 valid responses were obtained and analysed, representing an 87.5% response rate. Data were collected using a structured questionnaire designed on a five-point Likert scale measuring investment readiness dimensions and market expansion as the proxy for growth outcomes. Data were analysed using descriptive statistics and multiple regression analysis via SPSS. Findings show that financial transparency ($t = 3.21$), governance readiness ($t = 2.89$), and investor communication ($t = 3.67$) all have significant positive effects on SME market expansion at the 5% significance level. The study concludes that investment readiness significantly drives SME growth and competitiveness. It recommends improved financial reporting systems, stronger governance structures, and enhanced investor communication to support sustainable SME expansion.*

Keywords: investment readiness, financial transparency, governance readiness, investor communication, Small and Medium-Sized Enterprises Growth.

INTRODUCTION

In the contemporary business setting, investment readiness is beginning to get more recognition as an essential factor of growth among small and medium-sized enterprises (SMEs) in Nigeria, especially in emerging economies where there are constraints in accessing external capital and investor confidence varies. Within the small and medium-size enterprise setting, investment readiness signifies the extent to which companies reveal their financial transparency, effective investor communication, and sound governance outlines which are essential for attracting and sustaining investment (Ng & Gul, 2026; OECD, 2022; Nwani et al., 2020). The Empirical facts shows that small and medium-sized enterprises with clear financial reports, well-structured ownership measures, and well-articulated value plans are more successful in acquiring funding and expanding into new markets (World Bank, 2023; Nguyen et al., 2024).

On the other hand, poor disclosure practices, weak governance, and ineffective investor communication usually erode investor certainty, curbing the inflows of capital and impeding growth and competitive position (Bayong et al., 2026; Gao & Zhang, 2022). In swiftly growing commercial settings such as Abuja, where small and medium-sized enterprises play a crucial function in economic development, investment readiness is essential for finding enterprises potential of transitioning from subsistence-level activities to ascendable, sustainable businesses with market expansion. Despite the recognised importance of investment readiness, many small and medium-sized enterprises in Nigeria persist to struggle to interpret funding prospects into visible growth.

Based on the above several financial backing programmes exist, a substantial proportion of small and medium-sized enterprises struggle to attract or successfully utilise investment fund because of the restricted financial transparency, inadequate investor communication, and weak governance outlines (Nwani et al., 2020; World Bank, 2023). The research shows that several organisations lack the core systems required to fulfil investor prospects, which resulted in limited investor commitment and restricted growth beyond their initial markets (Ng & Gul, 2026). This issue is particularly severe in Abuja, where numerous small and medium-sized enterprises activate in a swiftly growing yet extremely competitive business atmosphere but face obstacles in scaling due to structural and informational barriers.

While majority of the existing studies have evaluated access to finance and overall business performance, there remains a lack of empirical fact on how restricted parts of investment readiness impact market growth. The above forms both a conceptual and a procedural opening, particularly in recognising financial transparency, investor communication, possession and governance willingness as important features that encouragement small and medium-sized enterprises growth results. This investigation attends to explore the influence of investment readiness on the market expansion of small and medium-sized enterprises in Abuja, focusing on key factors that affect investor attractiveness and growth results. Particularly, the study seeks to evaluate how financial transparency, investor communication, and preparedness in ownership and governance impact small and medium-sized enterprises capability to expand their market reach. The objectives of this study include evaluating the impact of financial transparency on small and medium-sized enterprises market expansion in Abuja, assessing the role of investor communication in this process, and shaping the impact of ownership and governance preparedness on small and medium-sized enterprises market growth in the region. Therefore, the research aims to address the following research questions: What is the impact of financial transparency on small and medium-sized enterprises market expansion in Abuja? How does investor communication affect small and medium-sized enterprises market expansion in Abuja? What is the influence of ownership and governance preparedness on small and medium-sized enterprises market expansion in Abuja?

LITERATURE REVIEW

In the small and medium-sized enterprises and entrepreneurial investment literature review, investment readiness is defined as "the extent to which a firm is prepared to appeal, ensure, and effectively utilise external investment resources" (OECD, 2022). It encompasses financial, managerial, and structural traits that signal legitimacy and moderate identified investment risk. Market expansion is one of the major indicators of small and medium-sized enterprises expansion, and it's reflecting a firm's capability to explore new geographic markets, increase its customer base, and improve its competitive position (Porfírio et al., 2026; Nguyen et al., 2024). Unlike the narrow financial system of measurement, market expansion depicts small and medium-sized enterprises external growth path, making it a significant dependent variable in research on firm growth.

The financial transparency is the level to which firms prepare accurate, timely, and accessible financial information to their stakeholders (Pratiwi et al., 2024). Financial transparency includes approaches such as sustaining exact accounting records, arising financial statements, and guaranteeing consistency in financial discoveries. The experimental studies show that financial openness advances investor trust by lowering uncertainty and beckoning organisational sincerity (Gao & Zhang, 2022). The investor communication is the planned exchange of information connecting small and medium-sized enterprises and potential shareholders, which involves business planning, financial forecasting, and operational updates. The effective communication improves investor relationships, builds trust, and increases the possibility of obtaining investment (Kumar & Rao, 2023). The ownership and governance readiness imply the existence of clear ownership outlines, decision-making techniques, and governance devices that progress responsibility and support management behaviour with stakeholder prospects (OECD, 2022).

According to Rundh (2022) "market expansion is a broad result of small and medium-sized enterprises growth, involving geographic divergence, customer asset, and expanded market share". Moreso, Nguyen et al., (2024) study "shows that small and medium-sized enterprises with access to external financing are better placed to invest in marketing, distribution, and production capabilities, thereby enabling market entry". In this setting, investment willingness acts as a intentional enabler, interpreting financial access into visible growth results.

CONCEPTUAL CLARIFICATION

Investment Readiness

According to Gogas et al (2025) "investment readiness is the firm's financial, structural, and strategic capacity to attract and secure external investment". The Organisation for Economic Co-operation and Development (OECD) characterise it as companies' preparedness to meet investor prospects through reliable financial recording, strong governance, and effective communication (OECD, 2022). This study classified investment readiness along three dimensions: financial transparency, investor communication, and ownership and governance readiness, which together capture the crucial qualities small and medium-sized enterprises in Abuja require to acquire capital and attain growth.

Financial Transparency

According to Mobara et al., (2025) "financial transparency refers to the extent to which organisations preserve accurate, consistent, and readily accessible financial records". Based on their findings, it cut down information asymmetry and consolidates investor confidence, thereby increasing access to capital (Gao & Zhang, 2022; Bayong et al., 2026). This study intends to evaluate small and medium-sized enterprises capability to provide dependable financial information to potential shareholders.

Investor Communication

According to Sabri et al., (2024), they concluded that the investor communication concerns on how effectively an organisation convey their significance proposition, financial needs, and growth objectives to shareholders. Further to the above observations, Kumar & Rao (2023); Nguyen et al., (2024), sees investor communication as a clear, transparent communication which improves investor understanding and increases funding openings. This displays small and medium-sized enterprises ability in attracting shareholders through structured, strategic communication.

Ownership and Governance Readiness

Sabri et al., (2024), "ownership and governance readiness signify the presence of defined ownership structures, formal governance methods, and accountability procedures. Effective governance improves credibility and aligns corporate practices with investor prospects (Sudarmaji et al., 2025; Bayong et al., 2026). This emphasizes the organisational maturity of small and medium-sized enterprises in Abuja.

Market Expansion

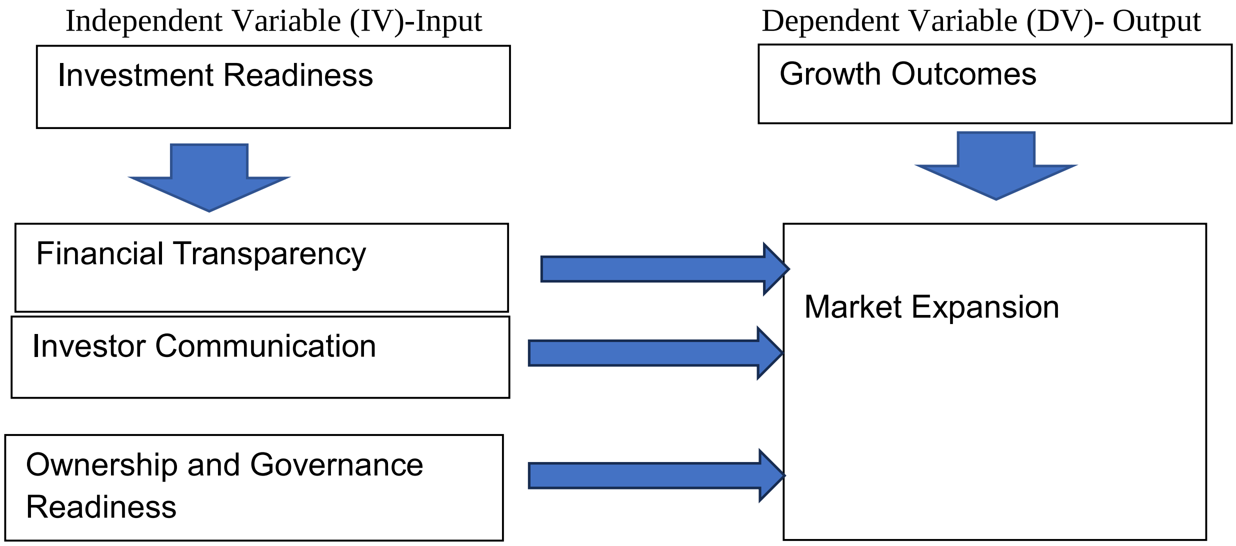
Market expansion refers to a firm's capability to widen its geographic scope, customer base, and market authority (Nguyen et al., 2024; Rundh, 2022). It is a key indicator of growth potential for small and medium-sized enterprises. The findings from the study recommend that financial transparency creäte trust, effective investor communication maintains investor interest, and governance readiness ensures the efficient use of resources (Pratiwi et al., 2024). Together, these factors increase access to investment, thereby supporting the growth of the SME sector.

Print ISSN: 2053-5821(Print)

Online ISSN: 2053-583X (Online)

Website: https://www.eajournals.org/

Publication of the European Centre for Research Training and Development-UK



Source: Author's Compilation, (2026)

Figure 1: Conceptual Framework

Theoretical Review

This study is based on significant theoretical frameworks that elucidate how investment readiness influences small and medium-sized enterprises market growth, majorly within the small and medium-sized enterprises. The theories most suitable for this study is the Information Asymmetry Theory due to its strong relevance in explaining on how investment readiness influences small and medium-sized enterprises market growth.

In 1970, Information Asymmetry Theory was introduced by George Akerlof, it explains how unequal access to information between parties in a transaction creates inefficiencies and uncertainty. The assumption suggests that one organisation, in general the firm, takes more comprehensive and precise information than external shareholders, which can lead to risky choice and decreased investment activity. This setting is significant to small and medium-sized enterprises in Abuja, as it gives emphasis to the role of financial transparency and active stakeholder communication in lowering information gaps between businesses and capability shareholders. According to Ahmad et al., (2023), "they thought that financial transparency assumes confirmable data, clear shareholder communication confirms strong articulation of firm operation and prospects". Gao and Zhang (2022) "they explore that lowering information asymmetry develops shareholder confidence and advances the likelihood of securing external financing necessary for market expansion".

Agency Theory was developed by Michael C. Jensen and William Meckling in 1976, the founders of the theory investigated the correlation between the principals (shareholders) and the agents (managers), the findings highlighted that conflicts developed from different interests. The theory views that executives may act in directions that serve their own objectives rather than the shareholders goals, which resulted in agency costs. In this study, ownership and governance willingness are essential for

Print ISSN: 2053-5821(Print)

Online ISSN: 2053-583X (Online)

Website: https://www.eajournals.org/

Publication of the European Centre for Research Training and Development-UK

adopting these disagreements in small and medium-sized enterprises. A well-defined ownership formation influenced governance backgrounds, and accountability techniques which help to support management behaviour with shareholder opportunities (Sabri et al., 2024). According to OECD (2022), "effective governance lowers agency consequences, boosts transparency, and fosters shareholders trust, in so doing increasing access to financing and supporting small and medium-sized growth".

Signalling Theory was developed in 1973 by Michael Spence, the theory explains how organisations communicate their value and capability to external stakeholders in a business environments characterised by information asymmetry. The theory holds that organisations transmit signals to differentiate themselves from the less dependable rivals and to appeal for investment. Within this outline, financial transparency and investor communication are substantial factors of corporate value, consistency, and growth capability. Small and medium-sized enterprises that sustain clear financial discoveries and dependable, strategic communication efficiently carry positive signals to shareholders, thereby improving their attractiveness and increasing their probabilities of acquiring the finances needed for the market development (Mobara et al., 2025).

Empirical Review

Empirical studies have increasingly examined the role of investment readiness and growth within the small and medium-sized enterprises. Jiang et al., (2026),in their recent studies show that firms with operative core structures, including financial transparency, governance backgrounds, and effective investor communication, are more likely to attract reliable external capital and engage in market expansion. Bayong et al. (2026), in a board study of four hundred and twenty-six (426) selected small and medium-sized enterprises in West Africa adopting dynamic GMM and IV-2SLS, the study revealed that governance value, board diversity, and financial savvy significantly advance accountability and disclosure practices, thereby improving stakeholder confidence and firm sustainability. Also, Nguyen et al. (2024) established that small and medium-sized enterprises with an improved financial disclosure and effective reporting, accomplished significant access to capital and developed their market existence in developing economies.

Gao and Zhang (2022) "assessed the effect of financial transparency on small and medium-sized enterprises financing. Results from their study showed that "firms with standardised financial reports and audited statements were more likely to secure external investment because information asymmetry was reduced". This finding is in supports with the work of Kumar and Rao (2023), they emphasised the significance of strong stakeholder communication, especially the clear articulation of business models and financial requirements, which expressively boosted shareholder decision-making and capital distribution. Moreso, Sudarmaji et al. (2025) they carried-out a multidimensional study on investment willingness among digital residents, showing that structured communication, financial mastery, and planning competences mutually enhanced investment alertness. Their regression analysis shown strong internal consistency (Cronbach's $\alpha = 0.91$) and it is statistically significant predictive as per the relationships.

In the Nigerian perspective, emerging empirical facts champions these connections. Nwani et al. (2020) they discovered that small and medium-sized enterprises with strong governance structures and financial discipline experienced superior growth and advanced access to financing. Therefore, recent World Bank (2023) reports identified inadequate financial reporting and weak governance as persistent barriers to SME financing in Sub-Saharan Africa, restricting firms' capability to expand beyond local markets. Furthermore, research on African small and medium-sized enterprises depicted that organisations with a well-clearly defined ownership structures and advisory boards were more likely to attract institutional shareholders and attain efficient functioning growth (OECD, 2022). Further to the empirical fact, it highlights the facilitating role of communication and governance in interpreting investment readiness into visible growth results. The recent study by Halouani (2025) discovered that small and medium-sized enterprises involving in regular investor communication via informs and transparent disclosures achieved greater financing connection and successfully increased into new markets. Therefore, research by Fayyad and Al-Sinnawi (2024), supported that robust governance structures substantially developed firm legitimacy and decreased perceived investment risks, thereby assisting improved access to capital. These conclusions further align with the research findings of Kimani et al. (2022), they found out that structured governance and communication practices contributed to higher existence rates and increased growth potential among small and medium-sized enterprises in developing economies.

Although the positive impacts correlated with investment willingness, continuing challenges stay on extensively accepted. Extraordinary compliance costs, ineffective financial mastery, and weak institutional settings continue to hinder small and medium-sized enterprises capability to implement effective transparency and governance procedures (Islam et al., 2026; World Bank, 2023). Furthermore, the lack of experienced stakeholder communication skills among small and medium-sized enterprises holders often weakens their ability to present investment prospects effectively, thereby reducing financing prospects (Kumar & Rao, 2023). It is vital in tackling these issues as it requires targeted involvements, including financial education programmes, governance capacity building, and structured mentorship initiatives intended at enhancing small and medium-sized enterprises investment willingness (Padi et al., 2026; Otokiti et al., 2022). Several sector-specific and case-based assessments have confirmed the visible growth influences of investment willingness. For example, small and medium-sized enterprises transitioning from informal to formal governance activities experiential substantial gains in market penetration and customer base growth, driven by increased shareholder assurance and capital inflows (Nguyen et al., 2024).

Therefore, firms that adopt a well-structured financial reporting systems gained from improved strategic decision-making and operational scalability, which facilitated entry into new geographic markets. Collectively, these conclusions point out the significance of incorporating the financial transparency, governance alertness, and stakeholder communication as interconnected factors that synergistically contribute to small and medium-sized enterprises growth. The observed literature review implies that investment willingness significantly advances small and medium-sized enterprises market growth by developing access to capital, strengthening stakeholder confidence, and supporting strategic growth initiatives. The reviewed studies increasingly show that financial transparency decreases information asymmetry, effective stakeholder communication boosts engagement and funding prospects, and governance awareness ensures accountability and efficient resource management. Therefore, any small and medium-sized enterprises that effectively integrate these components are better positioned to expand their market presence and achieve sustainable growth.

Literature Gap

Based on the above review of existing literature, the following gaps were identified.
First, studies such as Desmond Bayong et al. (2026) and the World Bank (2023) establish that financial transparency and governance structures advance access to finance. However, most of these studies are based on data derived from multiple countries or regions. While this assists in making general assumptions, it does not always exhibit what happens in specific locations like Abuja, where the business environment and institutional experiences can be quite distinct. Second point is how investment readiness has been managed in earlier studies. Even though it is largely seen as having different components, many researchers combine these elements into a single measure. In doing so, it becomes difficult to tell which aspects, such as financial transparency, communication with shareholders, or governance practices, are more important in influencing business growth. This makes it harder to draw clear conclusions about what really drives expansion.

Furthermore, a lot of the existing studies focus mainly on access to financing or general indicators like profit and revenue. There is less attention given to market expansion as a separate outcome. For instance, Nguyen et al. (2024) linked investment preparedness to firm growth, but did not go further to examine how it affects expansion into new markets, increase in customer base, or market reach, especially in developing countries. There are also some issues with the methods used in previous research. Many studies rely heavily on secondary data, which may not fully reflect the real experiences of small and medium-sized enterprises owners. This makes it difficult to understand how internal business practices impact outcomes. Also, only a few studies look at different aspects of investment preparedness together in a single model. Finally, in the Nigerian background, there is inadequate empirical evidence on the investment readiness on growth outcomes within the Nigerian small and medium-sized businesses. This study contributes to the existing literature by supplying context-specific fac, with focus on selected small and medium-sized businesses in Abuja.

METHODOLOGY

This study adopted a quantitative cross-sectional descriptive survey design to examine the effect of investment readiness on growth outcomes among selected SMEs in Abuja. The design is considered appropriate as it enabled the collection of quantitative data at a single point in time and enabled statistical assessment of the relationships among the variables. The study focused on selected SME owners and Chief Executive Officers (CEOs) in Abuja who possessed adequate knowledge of their firms' investment readiness practices and growth activities. Using a purposive sampling technique, 40 SMEs were selected and invited to participate in the study. Data were collected through a structured online questionnaire administered via Google Forms, of which 35 valid responses were received and used for analysis, representing a response rate of 87.5%. The questionnaire was designed using a five-point Likert scale and measured the dimensions of investment readiness, namely Financial Transparency, Investor Communication, and Ownership and Governance Readiness, as well as Market

Expansion as the proxy for growth outcomes. Data were analyzed using descriptive and inferential statistics to determine the effect of investment readiness on SME growth outcomes.

Model Specification

In line with the above literature review, a regression model is mostly adopted in indicating the relationships between independent and dependent variables. The model was embraced from the work of Mwangi and Arani (2021) among other empirical studies that carried out studies between investment readiness and growth outcomes. The model for this study is adapted from the below:

The original conceptual model proposed by Sudarmaji et al. (2025) is:

$IR_i=\beta_0+\beta_1FL_i+\beta_2MO_i+\beta_3RA_i+\beta_4BC_i+\beta_5PG_i+\beta_6DL_i+\varepsilon_i$ …………………………………..(1)

Where: IR = Investment Readiness, FL = Financial Literacy, MO = Motivation, RA = Risk Awareness, BC = Behavioural Control, PG = Planning and Goal Setting, DL = Digital Literacy, β_0 = Constant term, ε = Error term

Sudarmaji et al. (2025) focused on individual-level investment readiness, while this study adapts the framework to a suite firm-level SME context by replacing behavioural variables with institutional and strategic preparation factors that applies to corporate investment decisions. Drawing on Bayong et al. (2026), who link governance to disclosure and sustainability, and Gao & Zhang (2022), who associate transparency with investment efficiency, this study adapted model is formulated as follows:

$ME_i = \beta_0 + \beta_1 FT_i + \beta_2 IC_i + \beta_3 GR_i + \varepsilon_i$………………………………………..(2)

Where: ME = Market Expansion (serving as a proxy for SME growth), FT = Financial Transparency, IC = Investor Communication, GR = Ownership and Governance Readiness, β_0 = Constant term, ε = Error term

RESULTS AND DISCUSSION

Following the outcomes of the survey administered to selected SME owners and Chief Executive Officers (CEOs) in Abuja, Federal Capital Territory. The study examined the influence of investment preparedness, comprising financial transparency, governance readiness, and investor communication, on the growth performance of SMEs, as evidenced by indicators of market expansion. A total of forty questionnaires were distributed to SME owners and CEOs across designated area councils in Abuja. Of these, thirty-five were returned and deemed valid for analysis, yielding a response rate of 87.5%. The collected data were analysed using descriptive statistics, including frequency and percentage distributions, with results presented in tabular form for ease of interpretation.

Demographic Characteristics of Respondents

Table 1: Demographic Distribution of Respondents

Variable	Category	Frequency	Percentage (%)
Gender	Male	22	62.86
	Female	13	37.14
Age Range	18–25 years	3	8.57
	26–35 years	12	34.29
	36–45 years	14	40.00
	46 years and above	6	17.14
Educational Level	Secondary	5	14.29
	Tertiary (HND/B.Sc.)	20	57.14
	Postgraduate	10	28.57

Source: Researchers Compilation (2026).

As shown in Table 1, the majority of respondents were male (62.86%), with females representing 37.14%, this implies a moderate level of gender diversity among the SME owners that participated in the survey. The largest age group was 36–45 years (40%), this suggest that a significant number of the participants are in an active phase of entrepreneurship and business management. Additionally, a significant proportion of respondents (57.14%) held tertiary qualifications, reflecting a relatively well-educated SME cohort with the capacity to engage effectively with investment-related processes.

Effect of Financial Transparency on SMEs Market Expansion

Table 2: Financial Transparency and Investment Readiness

Response Category	Frequency	Percentage (%)
Strongly Agree	18	51.43
Agree	10	28.57
Neutral	3	8.57
Disagree	2	5.71
Strongly Disagree	2	5.71

Source: Researchers Compilation, (2026).

As presented in the above Table 2, 80% of respondents either agreed or strongly agreed that financial transparency enhances their access to investment opportunities and funding support. This suggests that SMEs maintaining well-structured financial records are more likely to attract investors and financial institutions.

International Journal of Small Business and Entrepreneurship Research,14, (4),61-76, 2026

Print ISSN: 2053-5821(Print)

Online ISSN: 2053-583X (Online)

Website: https://www.eajournals.org/

Publication of the European Centre for Research Training and Development-UK

Effect of Governance Readiness on SMEs Market Expansion

Table 3: Ownership and Governance Readiness and Investment Uptake

Response Category	Frequency	Percentage (%)
Strongly Agree	16	45.71
Agree	12	34.29
Neutral	4	11.43
Disagree	2	5.71
Strongly Disagree	1	2.86

Source: Researchers Compilation (2026).

Table 3 shows that 80% of participants agreed that governance mechanisms, such as formal registration, board composition, and compliance practices, enhance investment readiness. This suggests that SMEs with robust governance frameworks are more attractive to investors and funding bodies.

Effect of Investor Communication on SMEs Market Expansion

Table 4: Investor Communication and Market Expansion

Response Category	Frequency	Percentage (%)
Strongly Agree	20	57.14
Agree	9	25.71
Neutral	3	8.57
Disagree	2	5.71
Strongly Disagree	1	2.86

Source: *Researchers Compilation, (2026)*

Table 4 shows that 82.85% of respondents agreed that effective communication with investors improves access to finance and market expansion opportunities. This underscores the importance of clarity, responsiveness, and engagement in investor interactions.

Hypothesis Testing

A multiple regression analysis was conducted to test the hypotheses at a 5% significance level (α = 0.05).

Table 5: Summary of Hypothesis Testing Results

Hypothesis	**Observed Value (t-stat)**	**Critical Value (df = 31, α = 0.05)**	**Decision**	**Conclusion**
$H0_1$: Financial transparency has no significant effect on SME growth	3.21	2.04	Reject H01	Financial transparency significantly affects SME growth
$H0_2$: Ownership and Governance readiness has no significant effect on SME growth	2.89	2.04	Reject H02	Governance readiness significantly affects SME growth
$H0_3$: Investor communication has no significant effect on SME growth	3.67	2.04	Reject H03	Investor communication significantly affects SME growth

Source: Researchers Compilation, (2026).

The results of the hypothesis testing demonstrate that all null hypotheses were rejected. This indicates that financial transparency, governance readiness, and investor communication each have statistically significant effects on SME growth, particularly in market expansion. These findings underscore the critical role of investment preparedness in shaping SME performance in Abuja.

DISCUSSION OF FINDINGS

The findings of this study indicate that investment readiness is an important factor in explaining the growth outcomes of SMEs in Abuja. The results show that firms that demonstrate higher levels of financial transparency, stronger governance arrangements, and better communication with investors tend to report greater market expansion and improved access to investment opportunities. In particular, financial transparency emerged as a significant driver of growth, suggesting that SMEs that maintain proper financial records and provide clear financial information are more likely to gain investor confidence and attract external funding. This finding lends support to the argument of financial signalling theory that credible disclosure helps reduce information asymmetry between firms and potential investors. The study also found that ownership and governance readiness contributes positively to SME growth. SMEs with more formal governance arrangements, including clearly defined decision-making structures and advisory mechanisms, appear better positioned to gain investor trust and strengthen organisational accountability. This outcome is consistent with stakeholder theory, which emphasises the importance of governance structures in enhancing organisational legitimacy and access to valuable resources.

Similarly, investor communication was found to have a significant effect on market expansion. SMEs that communicate effectively with investors through regular updates, clear business information, and proactive engagement are more likely to attract investment and identify growth opportunities. This finding suggests that communication is not merely a support function but a strategic capability that can contribute directly to business expansion. At the same time, the responses reveal that several SMEs still struggle with weak financial record-keeping, informal governance systems, and limited engagement with investors. While many business owners recognise the importance of these practices, implementation remains inconsistent. Taken together, the findings suggest that investment readiness matters for SME growth, but its benefits are more likely to be realised when transparency, governance, and investor communication are embedded in the day-to-day operations of the business.

CONCLUSION AND RECOMMENDATIONS

This study demonstrates that investment preparedness substantially contributes to the growth outcomes of SMEs in Abuja. Financial transparency enhances organisational reputation and facilitates access to capital by reducing information asymmetry between SMEs and investors. Preparedness in ownership and governance, particularly through the establishment of advisory or formal boards, improves accountability, strengthens decision-making, and increases investor confidence. Effective investor communication fosters trust, reduces uncertainty, and expands access to investment opportunities. Collectively, these factors suggest that SMEs with higher levels of investment readiness are better positioned for market expansion and sustainable growth.

Based on these findings, the following recommendations are proposed for SMEs:

i. Small, and Medium Enterprises (SMEs) should improve financial transparency by adopting systematic accounting frameworks and ensuring the accuracy and timeliness of their financial records. This will enhance their credibility with investors and financial institutions, reduce information asymmetry, and strengthen their ability to secure external capital for growth.

ii. SMEs need to strengthen their ownership and governance readiness by formalising their organisational structures through appropriate registration and by establishing advisory boards or formal boards of directors, depending on their operational scope. These governance mechanisms will increase accountability, enhance decision-making quality, and reinforce investor trust. Additionally, government agencies and SME support organisations should facilitate regulatory compliance and promote awareness of effective governance frameworks suitable for small and medium enterprises.

iii. Furthermore, SMEs should strengthen investor communication by ensuring clear, consistent, and timely engagement through well-prepared business proposals, regular performance reporting, and digital communication channels. These practices will build trust, mitigate investment risks, and improve access to financing. Moreover, targeted capacity-building programmes focused on investor relations should be implemented to enhance SME owners' skills in engaging with the investment community.

Suggestions for Further Research

Future studies could broaden the scope of this investigation by examining the impact of investment preparedness on the growth outcomes of SMEs across a wider geographical area beyond Abuja, including multiple states or geopolitical zones within Nigeria. Such expansion would improve the generalisability of the findings and provide a more comprehensive understanding of SME investment behaviours across diverse economic settings. Additionally, subsequent research might incorporate further dimensions of investment readiness, such as digital readiness, innovation capacity, and entrepreneurial orientation, to provide a more holistic assessment of the determinants of SME growth. This approach would help identify emerging factors that influence investor attraction in a rapidly evolving business environment. Furthermore, future research could adopt a longitudinal design to assess how temporal changes in investment preparedness affect the growth performance of SMEs. This design would provide deeper insights into causal relationships and the long-term impacts of governance, transparency, and communication strategies on corporate sustainability and development.

REFERENCES

Ahmad, M. M., Hunjra, A. I., & Taskin, D. (2023). Do asymmetric information and leverage affect investment decisions? *The Quarterly Review of Economics and Finance, 87*, 337–345. https://doi.org/10.1016/j.qref.2021.05.001

Akerlof, G. A. (1970). The market for "lemons": Quality uncertainty and the market mechanism. *The Quarterly Journal of Economics, 84*(3), 488–500. https://doi.org/10.2307/1879431

Alhassan, A. L., & Agyapong, D. (2022). The effect of communication clarity on financial inclusion in rural communities. *Journal of African Business, 23*(4), 567–585. https://doi.org/10.1080/15228916.2021.1992134

Audretsch, D. B., Belitski, M., & Desai, S. (2022). Entrepreneurship and economic development: The role of SMEs. *Small Business Economics, 59*(3), 789–805. https://doi.org/10.1007/s11187-021-00545-5

Bayong, D., Alagidede, I. P., & Salakpi, A. (2026). Corporate governance and accountability in SMEs: Enhancing disclosure practices for sustainable development in West Africa. *Sustainable Development*, 1–22. https://doi.org/10.1002/sd.70886

Creswell, J. W., & Creswell, J. D. (2018). *Research design: Qualitative, quantitative, and mixed methods approaches* (5th ed.). SAGE Publications.

Cumming, D., & Vismara, S. (2023). Public equity financing for entrepreneurial firms. *Journal of Corporate Finance, 78*, 102346. https://doi.org/10.1016/j.jcorpfin.2022.102346

Gao, R., & Zhang, J. (2022). Financial transparency, investor confidence, and SME performance: Evidence from emerging markets. *Journal of Small Business Management, 60*(4), 845–870. https://doi.org/10.1080/00472778.2021.1888390

Gogas, P., Papadimitriou, T., Goumenidis, P., Kontos, A., & Giannakis, N. (2025). Identification of investment-ready SMEs: A machine learning framework to enhance equity access and economic growth. *Forecasting, 7*(3), 51. https://doi.org/10.3390/forecast7030051

Islam, M. S., Rahman, M. M., & Azad, M. A. K. (2026). Streamlining of investment promotion agencies for attracting FDI in Bangladesh. *Discover Global Society*. https://doi.org/10.1007/s44282-025-00330-1

Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics, 3*(4), 305–360. https://doi.org/10.1016/0304-405X(76)90026-X

Jiang, J., Xu, Q., & Xu, M. (2026). Management's commitment to integrity and corporate financial risk. *Finance Research Letters*. https://doi.org/10.1016/j.frl.2026.109729

Khan, A., Chen, L., & Hussain, J. (2023). Financial reporting quality and firm growth: Evidence from emerging markets. *Emerging Markets Review, 55*, 100927. https://doi.org/10.1016/j.ememar.2023.100927

Kumar, S., & Rao, P. (2023). Investor communication and financing outcomes in SMEs: Evidence from developing economies. *International Small Business Journal, 41*(2), 123–145. https://doi.org/10.1177/02662426221112345

Mobara, S. G., Far, A. R., Molabagheri, A., & Mohamadi, D. (2025). The role of financial transparency and auditing in enhancing efficiency and reducing corruption in municipal financial performance. *Advanced Journal of Management, Humanity and Social Science, 1*(9), 596–604. https://doi.org/10.5281/zenodo.17544303

Ng, A. C., & Gul, F. A. (2026). Impression management in financially distressed firms: Evidence from integrated reporting in Australia. *Journal of Contemporary Accounting and Economics*. https://doi.org/10.1016/j.jcae.2026.100542

Nguyen, T. H., Tran, Q. T., & Le, H. A. (2024). Governance structures and SME growth: Evidence from Southeast Asia. *Small Business Economics, 62*(1), 1–20. https://doi.org/10.1007/s11187-023-00789-2

Nkundabanyanga, S. K., Nalukenge, I., & Ntayi, J. M. (2022). Corporate governance, accounting practices, and SME performance. *Journal of Accounting in Emerging Economies, 12*(3), 456–475. https://doi.org/10.1108/JAEE-10-2020-0284

Nwani, S., Abiola-Adams, O., Otokiti, B. O., & Ogeawuchi, J. C. (2020). Building operational readiness assessment models for micro, small, and medium enterprises seeking government-backed financing. *Journal of Frontiers in Multidisciplinary Research, 1*(1), 38–43. https://doi.org/10.54660/.IJFMR.2020.1.1.38-43

OECD. (2022). *Financing SMEs and entrepreneurs 2022: An OECD scoreboard*. Organisation for Economic Co-operation and Development. https://www.oecd.org

OECD. (2023). *SME and entrepreneurship outlook 2023*. Organisation for Economic Co-operation and Development. https://www.oecd.org

Otokiti, B. O., Igwe, A. N., Ewim, C. P.-M., Ibeh, A. I., & Sikhakhane-Nwokediegwu, Z. (2022). A framework for developing resilient business models for Nigerian SMEs in response to economic disruptions. *International Journal of Multidisciplinary Research and Growth Evaluation, 3*(1), 647–659.

Padi, A., Musah, A., Blay, M. W., & Okyere, D. O. (2026). Financial literacy, environmental awareness and green investment readiness in renewable energy adoption by SMEs in Ghana. *Discover Sustainability*. https://doi.org/10.1007/s43621-026-02947-x

Porfírio, J. A., Rodrigues, R. M., Felício, J. A., & Carrilho, T. (2026). Determinants of women opportunity-driven entrepreneurship and business diversification in diverse contexts. *International Entrepreneurship and Management Journal*. https://doi.org/10.1007/s11365-026-01202-z

Pratiwi, R. I., Hali, A., & Kusumawati, A. (2024). The influence of transparency, governance, and financial accountability in managing financial reporting in the public sector. *International*

Journal of Educational and Life Sciences, 2(10), 1165–1180. https://doi.org/10.59890/ijels.v2i10.2571

Rundh, B. (2022). International expansion or stagnation: Market development for mature products. *Asia-Pacific Journal of Business Administration, 15*(4), 626–645. https://doi.org/10.1108/APJBA-11-2021-0560

Sabri, R., Tabash, M. I., Abousamak, A., Daniel, L. N., & AsadUllah, M. (2024). Ownership structures and corporate governance: A systematic analysis. *Journal of Governance & Regulation, 13*(1), 416–433. https://doi.org/10.22495/jgrv13i1siart15

Saunders, M., Lewis, P., & Thornhill, A. (2019). *Research methods for business students* (8th ed.). Pearson Education.

Spence, M. (1973). Job market signaling. *The Quarterly Journal of Economics, 87*(3), 355–374. https://doi.org/10.2307/1882010

Sudarmaji, E., Hendratni, T. W., Widyaningsih, M., Azizah, W., Nugroho, A., Azzahra, F., & Putri, S. M. A. (2025). Understanding investment readiness among Generation Z: A multidimensional analysis of digital natives' financial decision-making. *International Journal of Social Science and Human Research, 8*(9), 7196–7205. https://doi.org/10.47191/ijsshr/v8-i9-61

World Bank. (2022). *Small and medium enterprises (SMEs) finance: Improving access to finance for SMEs*. World Bank Group. https://www.worldbank.org

World Bank. (2023). *Enterprise surveys: Nigeria country profile*. World Bank Group. https://www.enterprisesurveys.org