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## **Effect of Public Policies on Small, and Medium Enterprises Development in North Central Nigeria**

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### **Abstract**

The study examined the effect of public policies, specifically tax reform, on the growth of Small and Medium Enterprises (SMEs) in North Central Nigeria. The study adopted the Institutional Theory as its theoretical framework, which posits that economic growth is generated internally through factors like innovation and investment in human capital, influenced by policy. The research utilized both survey and documentary research designs to gather comprehensive data. The population of the study comprised all registered SMEs in the six states of North Central Nigeria and the FCT, totaling 15,800 enterprises. A sample of 390 SME owners and managers was selected using the Taro Yamane formula for sample size determination. Both primary and secondary methods were used to collect data for the study; primary data was gathered through structured questionnaires, while secondary data was sourced from publications by the National Bureau of Statistics (NBS) and the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN). A quantitative statistical technique, specifically hierarchical multiple regression analysis, was used to analyze the data and test the formulated hypotheses. The major findings revealed that fiscal incentives do not have a statistically significant effect on the profitability of SMEs. It was also revealed that access to credit schemes, as currently implemented, has no significant impact on the market share growth of these enterprises. It further revealed that the entrepreneurial training programs provided by government agencies do not significantly influence the level of innovation within SMEs. The study concluded that despite the existence of various public policies aimed at fostering SME development, there is a significant disconnect between policy intent and actual outcomes, suggesting that the current policy mechanisms are ineffective in driving SME growth in the region. The study recommended, among others, a fundamental redesign of policy implementation and monitoring frameworks to ensure they are targeted, performance-based, and address the specific, on-the-ground challenges faced by SMEs.

**Keywords:** credit policy, tax policy, licensing policy, growth of SMEs, North Central Nigeria

## Introduction

The rapid growth and recognition of Small and Medium Enterprises (SMEs) as catalysts for economic diversification, job creation, and poverty alleviation has made their development a central theme in global economic discourse. Globally, efforts were made to foster a conducive environment for SMEs through a variety of public policies, including financial interventions, tax incentives, and regulatory reforms, yet recent studies by Srivastava and Mukherjee (2025) have shown that the effectiveness of these policies is often contingent on institutional quality and the state's capacity for consistent implementation, with many initiatives failing to reach their intended beneficiaries due to bureaucratic bottlenecks. In Africa, efforts were made by various governments and regional bodies to replicate these global models by establishing development banks, enterprise promotion agencies, and special intervention funds to support the SME sector; however, recent studies (Nkontwana & Stam, 2023) has shown that copying entrepreneurial ecosystem models from high-income contexts like Silicon Valley is not suitable for African economies, especially low-income ones. These imported models do not align well with local conditions or development goals. In Nigeria, efforts were made through the establishment of agencies like the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN), the Bank of Industry (BOI), and the introduction of numerous Central Bank of Nigeria (CBN) intervention funds, to provide a robust support system for enterprise growth. Despite these measures, recent studies by Joseph et al. (2021) has shown that a significant gap persists between policy formulation and tangible outcomes, with many SMEs remaining unaware of or unable to access these government support mechanisms due to complex application processes, collateral requirements, and a lack of transparency. Recent statistics also from the National Bureau of Statistics (2019) has shown that while MSMEs contribute about 48% to the national GDP and account for over 80% of employment, their growth remains stunted, with a high mortality rate within the first five years of operation, suggesting that existing policies may not be effectively addressing their most critical challenges. This study becomes imperative because the outcome of the assessment or evaluation of these public policies on SME

development in a specific geopolitical zone like North Central Nigeria would provide practical implication as well as assist the relevance stakeholder's future decision making by highlighting regional peculiarities and policy implementation gaps. This study, therefore seeks to examine the effect of public policies on small, and medium enterprises development in North Central Nigeria.

### **Statement of the Problem**

The objective of this study is to examine the effect of public policies on Small and Medium Enterprises (SMEs) development in North Central Nigeria. Prior to this time, there were challenges of inadequate funding, poor infrastructure, inconsistent government policies, multiple taxation, and a harsh business environment that significantly hindered the growth and sustainability of SMEs in the region (Hasyim & Bakri, [2023](#)). Statistics have also shown that despite constituting over 90% of businesses in Nigeria and contributing significantly to employment, about 80% of SMEs fail within the first five years of their existence due to these persistent challenges (Small and Medium Enterprises Development Agency of Nigeria [SMEDAN], [2022](#)). Recent empirical studies have further substantiated these issues. For instance, a study by Anthony et al. ([2023](#)) revealed that access to finance remains a critical bottleneck for SMEs, with commercial bank lending rates being prohibitively high. Similarly, Ezeudu and Fadeyi ([2024](#)) found a significant positive correlation between infrastructure deficits and economic activities, while also highlighting negative associations with education outcomes and healthcare access. Another study explored the importance of financial compliance for SMEs, the common obstacles they encounter, and effective strategies to overcome these hurdles. SMEs often struggle with the complexity of regulatory requirements, limited resources, and the high cost of compliance (Bello et al., [2024](#)). In response to these problems, successive governments have introduced various public policies and intervention programs, such as the National Enterprise Development Programme (NEDEP), the establishment of the Development Bank of Nigeria (DBN) to provide wholesale funding, tax incentives for pioneer industries, and the creation of industrial clusters. Despite all these efforts and significant financial commitments, the performance of SMEs in North Central Nigeria remains suboptimal, and their contribution to the region's Gross Domestic Product (GDP) has not met expectations. No empirical

study, to the knowledge of this researcher, has been conducted to comprehensively evaluate the collective impact of these specific public policies fiscal incentives, access to credit, entrepreneurial training, infrastructural support, and regulatory frameworks on the multifaceted development of SMEs, measured by their profitability, market share growth, innovation, employment generation, and overall sustainability in the region. A significant gap, therefore, exists in understanding the precise mechanisms through which these policies transmit effects and why they have not yielded the desired outcomes. It is in view of this reason this study becomes imperative to fill this knowledge gap and provide practical, evidence-based recommendations to policymakers, development agencies, and other stakeholders. Therefore, the statement of the problem for this study is to ascertain the extent to which government public policies have an effect on the development of Small and Medium Enterprises in North Central Nigeria.

The broad objective of this study is to examine the effect of public policies on Small and Medium Enterprises development in North Central Nigeria. The specific objectives are to:

- Ascertain the extent to which fiscal incentives have enhanced the profitability of SMEs.
- Examine the effect of access to credit schemes on the market share growth of SMEs.
- Assess the effect of entrepreneurial training programs on the level of innovation in SMEs.
- Evaluate the effect of infrastructural support on employment generation by SMEs.
- Determine the impact of regulatory frameworks on the sustainability of SMEs.

The study seeks to answer the following research questions:

- To what extent have fiscal incentives enhanced the profitability of SMEs in North Central Nigeria?
- What is the effect of access to credit schemes on the market share growth of SMEs in North Central Nigeria?

- How have entrepreneurial training programs affected the level of innovation in SMEs in North Central Nigeria?
- What is the effect of infrastructural support on employment generation by SMEs in North Central Nigeria?
- What is the impact of regulatory frameworks on the sustainability of SMEs in North Central Nigeria?

The following null hypotheses were formulated to guide the study: H<sub>0</sub>1: Fiscal incentives do not have a significant effect on the profitability of SMEs in North Central Nigeria. H<sub>0</sub>2: Access to credit schemes has no significant effect on the market share growth of SMEs in North Central Nigeria. H<sub>0</sub>3: Entrepreneurial training programs do not have a significant effect on the level of innovation in SMEs in North Central Nigeria.

### **Theoretical Framework**

The study adopted Institutional Theory as its theoretical framework. The theory, while having roots in earlier sociological thought, was significantly developed in its modern form by scholars such as Paul J. DiMaggio and Walter W. Powell in the late 20th century. The justification for this choice was the fact that the theory provides a comprehensive lens through which to understand how the actions and structures of organizations, such as Small and Medium Enterprises (SMEs), are shaped by their surrounding environment, which is composed of rules, norms, and beliefs. Public policies are a core component of this environment, acting as formal institutional rules that prescribe and proscribe certain behaviors, directly influencing the developmental path of SMEs. Therefore, Institutional Theory offered an appropriate foundation for investigating the effects of government-mandated rules on the SME sector in North Central Nigeria.

This theory believed that organizational structures and practices are often the result of social pressures to conform to accepted norms and expectations, rather than a pure pursuit of technical efficiency (Scott, 2008). According to this perspective, organizations operate within an "institutional field" where they are subject to three distinct types of pressures, often referred to as the three pillars of institutions. The regulative pillar encompasses explicit rules, laws, and sanctions, which are directly analogous to the public policies being studied. The normative

pillar relates to social norms, values, and standards of acceptable conduct, while the cognitive-cultural pillar involves shared beliefs and cultural frames that individuals take for granted. An SME's response to a public policy was thus seen not just as a reaction to a law, but as an action embedded within a web of social values and shared understandings about how businesses ought to operate.

Basic assumptions of this theory are that organizations strive for social legitimacy and survival, which often compels them to adopt structures and procedures that are deemed legitimate by their external environment, even if they are not the most efficient; that organizations within a specific field tend to become more similar to one another over time through a process called isomorphism; and that this isomorphism is driven by coercive (e.g., public policy mandates), mimetic (imitating successful peers), and normative (professional standards) pressures (DiMaggio & Powell, 1983). These assumptions guided the inquiry by suggesting that SMEs in North Central Nigeria likely adapted their business models, registration status, and operational strategies not only based on the direct economic incentives or penalties of policies but also to align with what was perceived as the "correct" or "legitimate" way to do business in that context.

Despite its explanatory power, the theory was criticized for being overly deterministic and for potentially downplaying the role of managerial agency and strategic choice (Oliver, 1991). Critics argued that the theory could portray organizations as passive entities that merely conform to external pressures, thereby underestimating their capacity to resist, manipulate, or strategically respond to their institutional environments. For instance, some SMEs might actively find loopholes in a tax policy or innovate in ways not anticipated by regulators, demonstrating active agency rather than passive conformity. This critique was acknowledged in the study by considering the varied and sometimes strategic responses of different SMEs to the same set of public policies.

Ultimately, the theory is relevant to the study because it provided a powerful analytical tool to explain *how* and *why* public policies exerted an influence on SME development in North Central Nigeria. It allowed the research to investigate beyond the stated objectives of the policies to understand their real-world impact as filtered through the institutional context. The framework facilitated an analysis of whether government policies on taxation, access to credit, and business registration were

effectively institutionalized, and how the quest for legitimacy and resources compelled SMEs to comply with, ignore, or creatively adapt to these governmental directives. It helped in framing the central argument that the success or failure of public policies depended significantly on their alignment with the broader institutional environment in which the SMEs operated.

### Literature Review

A study by Jusril et al. (2020) assessed the contribution of a digital health platform on real-time monitoring of a national immunisation campaign in Indonesia. The study adopted a large-scale effectiveness evaluation design with both quantitative and qualitative components. The population comprised health facilities (6,462) across 28 provinces and 395 districts and key informants including vaccinators and programme managers. Data were collected using a digital health platform for daily reporting by health workers, routine immunisation data, and qualitative interviews with 106 key informants. Data were analysed using Kaplan-Meier survival analysis, Cox and linear regression for quantitative outcomes after adjusting for district risk profiles, and thematic analysis for qualitative interviews. The study revealed that higher utilisation of the digital health platform was associated with higher immunisation coverage, a shorter time to achieve full coverage, and high acceptability, ease of use and satisfaction among users. The study recommended that digital health platforms for real-time monitoring should be utilised to support national immunisation campaigns to improve programme performance and problem-solving, especially in areas affected by challenges such as vaccine hesitancy.

Aiga et al. (2024) investigated the impact of a community-based intervention package on maternal health service utilization in rural Ghana. The study used a quasi-experimental cross-sectional, pre-, and post-intervention study design, employing difference-in-differences analysis to estimate the intervention's effect. The population consisted of four groups of women in the Suhum Municipal area, including intervention and control groups at both the baseline and the follow-up. Data was collected using a cross-sectional household survey, which was conducted in May 2022, to determine the utilization of key services for maternal health (at least four antenatal care (ANC) visits, facility-based delivery, and postpartum care). Data were analyzed using crude and adjusted difference-in-differences (DID) estimates to compare changes between the

intervention and control groups. Findings indicated that only the proportion of women utilizing at least four ANC services significantly increased in the intervention group compared with that in the control group, while increases in facility-based delivery and postpartum care were not statistically significant. The study concluded that national scale-up of the community-based intervention package could facilitate a gradual transition to the updated maternal services guidelines (including the increase in recommended ANC visits), thereby improving maternal service utilization.

Similarly, a study by A research by Nalianya (2017) examined the effect of monitoring and evaluation systems on non-governmental based maternal health projects performance in Bungoma South Sub-County, Kenya. The research adopted a descriptive survey and correlational research design. The population comprised a total of 101 respondents who were involved in the implementation of maternal health projects in 3 non-governmental organizations (AMREF Africa, Save the Children and CREADIS). The data was collected using structured questionnaires. The data was analyzed through descriptive statistics, correlation analysis and regression analysis. The research revealed that monitoring and evaluation plans, human resource capacity and nature of information systems had a positive and fairly strong relationship with project performance whereas stakeholder participation indicated a negative relationship. The research recommended that non-governmental organizations should align the staff job description with the monitoring and evaluation plans, increase the training of M&E, carry out routine data quality assessment, invest in information and communication technologies, manage stakeholders' involvement in monitoring and evaluation effectively so as to improve on the quality of data and project performance overall. Furthermore, a study conducted by Rasila (2018) examined the challenges of failing to link monitoring and evaluation (M&E) findings with development interventions in Limpopo Province, South Africa. The study adopted a qualitative research design. The population comprised of officials and stakeholders involved in monitoring, evaluation, and development planning within the Limpopo Provincial Government, particularly in the Department of Education and related structures. Data were collected using interviews and document analysis. Data were analyzed using thematic content analysis. The study revealed that there was weak utilization of M&E findings in planning and implementing development interventions

due to poor coordination, limited capacity, political interference, and inadequate feedback mechanisms. The study recommended that government departments should strengthen institutional frameworks, improve technical capacity, and ensure that M&E findings are systematically integrated into development planning and decision-making processes. Finally, a study by A study conducted by Brenner et al. (2021) evaluated the impact of a performance-based financing (PBF) scheme on the quality of care of non-incentivized health services in Malawi. The design is a mixed-methods health systems evaluation, integrating quantitative and qualitative methods. The setting is health facilities, health workers, and users of services involved in the Malawian PBF pilot intervention. The data are routine health service data, facility assessments, and qualitative interviews with stakeholders. The analysis is based on quantitative statistical analyses of data on service quality indicators and thematic analysis of data from qualitative interviews. The key finding of the study is that while the PBF improved the quality of incentivized maternal health services, negative and positive externalities on the quality, utilization, and resourcing of non-incentivized services were observed. The study's implication is that performance-based financing schemes should be designed to take into account spillover effects by ensuring the balance of incentives in such a way that non-incentivized services do not get neglected.

### Identified Gaps in Literature

While the above studies provide valuable insights, they differ significantly from the current study on the “Effect of Public Policies on Small, and Medium Enterprises Development in North Central Nigeria.” For instance, the study by A study by Jusril et al. (2020) assessed the contribution of a digital health platform on real-time monitoring of a national immunisation campaign in Indonesia. The work by investigated the impact of a community-based intervention package on maternal health service utilization in rural Ghana. The study used a quasi-experimental cross-sectional, pre-, and post-intervention study design, employing difference-in-differences analysis to estimate the intervention's effect. Likewise, the studies by Nalianya (2017), Rasila, (2018), and Brenner et al. (2021) all centered on the operational aspects of M&E within healthcare systems in India, South Africa, and Malawi, respectively, employing designs like descriptive surveys, qualitative exploration, and

case studies. These studies differ significantly from the current study in several fundamental aspects. Firstly, the studied area is different; the reviewed literature focuses on health systems in various African and Asian countries, whereas the current study is geographically focused on the economic landscape of North Central Nigeria. Secondly, the methods and techniques of analysis differ from those of this current study. The empirical literature employed a range of designs, including quasi-experimental, mixed-methods, and qualitative approaches, with analytical techniques suited for health outcomes. This current study, however, is positioned as a quantitative impact evaluation study, likely to adopt a survey research design and employ econometric or multiple regression analysis to test the causal relationships between specific policy variables and SME performance indicators. Most importantly, the proxies of the current study as identified in the objectives, are entirely distinct. The M&E literature deals with dependent variables such as vaccination coverage, antenatal care utilization, and quality of clinical care. In stark contrast, the current study investigates the impact of independent variables (fiscal incentives, access to credit, entrepreneurial training, infrastructural support, and regulatory frameworks) on a set of dependent variables rooted in business and economic development (profitability, market share growth, innovation, employment generation, and sustainability). Therefore, a clear contextual, methodological, and conceptual gap exists, which this current research is designed to fill.

### **Methodology**

The research utilized both survey and documentary research designs to gather comprehensive data. The population of the study comprised all registered SMEs in the six states of North Central Nigeria and the FCT, totaling 15,843 enterprises. A sample of 400 SME owners and managers was selected using the Taro Yamane formula for sample size determination. Both primary and secondary methods were used to collect data for the study; primary data was gathered through structured questionnaires, while secondary data was sourced from publications by the National Bureau of Statistics (NBS) and the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN). A quantitative statistical technique, specifically hierarchical multiple regression analysis, was used to analyze the data and test the formulated hypotheses. The study utilized registered small and medium enterprise (SME) owners, managers,

and governmental body employees, whose work is connected to the support of SMEs, and SME associations representatives in North Central Nigeria as the target population. The information used to compute the total population of the country- 15,843 registered small businesses was obtained in the database of the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN).

The sample size was determined using Taro Yamane's formula.:

$$n = \frac{N}{1 + N(e)^2}$$

Where:

$n$  = sample size

$N$  = population size (403)

$e$  = margin of error (5% or 0.05)

Substituting the values:

$$n = \frac{15,843}{1 + 15,843 (0.05)^2}$$

$$n = \frac{15,843}{1 + 15,843 (0.0025)^2}$$

$$n = \frac{15,843}{1 + 64.5825}$$

$$n = \frac{15,843}{39.60}$$

$$n = 400 \text{ Sample size}$$

Descriptive statistics, including frequency tables and percentages, were used to summarize and present quantitative data. These analyses were conducted using the Statistical Package for the Social Sciences (SPSS) version 27.0. Inferential statistics, specifically multiple linear regression analysis, were employed to examine the relationship between public policies and SME development indicators. The regression analysis was calculated at a 5% level of significance to determine the predictive influence of various policy factors on SME performance.

Multiple Linear Regression model was:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \dots + \beta_n X_n + \varepsilon$$

Where:

$YY$  = SME Development (measured by revenue, employment, and expansion).

$X_1, X_2, \dots, X_n$  = Policy variables (Nigeria Lending Reform, Government taxation policy and Government Business permits policy).

$\beta_0$  = Intercept,  $\beta_1 \dots \beta_n$  = Coefficients,  $\varepsilon$  = Error term.

The analysis was conducted at a 5% significance level using SPSS 27.0. A Cronbach's Alpha test was conducted, yielding a reliability coefficient of 0.87, indicating high internal consistency.

## Result

The following table presents the results of a hierarchical multiple regression analysis conducted to test the hypotheses regarding the effect of various public policies on the development of Small and Medium Enterprises (SMEs) in North Central Nigeria. The analysis controls for key firm-level characteristics: Firm Age, Firm Size (number of employees), and Owner's Education Level.

**Table 1**

*Regression Results Predicting SME Development Outcomes*

Predictor Variables	Model 1 (Fiscal Incentives → Profitability)	Model 2 (Access to Credit → Market Share Growth)	Model 3 (Entrepreneurial Training → Innovation)	Model 4 (Infrastructural Support → Employment Generation)
Constant	2.145 (1.012)	1.876 (0.987)	1.543 (0.881)	1.233 (0.765)
Firm Age	0.112 (0.045)   $\beta=.185,$ $t=2.48, p=.014$	0.098 (0.051)   $\beta=.155,$ $t=1.92, p=.056$	0.105 (0.048)   $\beta=.171,$ $t=2.18, p=.030$	0.124 (0.041)   $\beta=.210, t=3.02,$ $p=.003$
Firm Size	0.201 (0.067)   $\beta=.250,$ $t=3.00, p=.003$	0.234 (0.071)   $\beta=.280,$ $t=3.29, p=.001$	0.188 (0.065)   $\beta=.245,$ $t=2.89, p=.004$	0.256 (0.059)   $\beta=.315, t=4.33,$ $p<.001$
Owner's Education	0.088 (0.050)   $\beta=.130,$ $t=1.76, p=.080$	0.102 (0.053)   $\beta=.145,$ $t=1.92, p=.057$	0.150 (0.051)   $\beta=.210,$ $t=2.94, p=.004$	0.115 (0.048)   $\beta=.180, t=2.39,$ $p=.018$
Fiscal Incentives		0.075 (0.052)	  $\beta=.115, t=1.44, p=.152$	

Access to Credit	0.066 (0.053)   $\beta=.099, t=1.25, p=.210$			
Entrepreneurial Training	0.091 (0.055)   $\beta=.132, t=1.66, p=.098$			
Infrastructural Support	0.310 (0.068)   $\beta=.350, t=4.55, p<.001$			
$R^2$	.185	.201	.224	.351
Adj. $R^2$	.171	.187	.211	.339
$F$ -statistic	11.45, $p<.001$	12.87, $p<.001$	14.98, $p<.001$	28.76, $p<.001$

**Note.** Unstandardized coefficients (B) are reported with standard errors (SE) in parentheses.

The regression models provide insights into the formulated hypotheses: Ho1: Fiscal incentives do not have a significant effect on the profitability of SMEs.

In Model 1, the main predictor variable, Fiscal Incentives, has a  $p$ -value of .152, which is greater than the conventional alpha level of 0.05. This indicates that there is no statistically significant relationship between fiscal incentives and the profitability of SMEs after controlling for firm age, size, and owner's education. Therefore, we fail to reject the null hypothesis (Ho1). The overall model was statistically significant ( $F = 11.45, p < .001$ ) and explained approximately 17.1% (Adj.  $R^2$ ) of the variance in profitability.

Ho2: Access to credit schemes has no significant effect on the market share growth of SMEs. In Model 2, the variable for Access to Credit shows a  $p$ -value of .210. As this value is well above 0.05, it suggests that access to credit does not have a significant predictive effect on the market share growth of SMEs in this model. Consequently, we fail to reject the null hypothesis (Ho2). The model was significant ( $F = 12.87, p < .001$ ) and accounted for about 18.7% (Adj.  $R^2$ ) of the variance in market share growth.

Ho3: Entrepreneurial training programs do not have a significant effect on the level of innovation in SMEs. In Model 3, the  $p$ -value for Entrepreneurial Training is .098. While this approaches significance, it is still above the 0.05 threshold. This means that the effect of entrepreneurial training on innovation is not statistically significant in this context. Thus, we fail to reject the null hypothesis (Ho3). The overall model was significant ( $F = 14.98, p < .001$ ), explaining 21.1% (Adj.  $R^2$ ) of the variance in innovation.

For comparative purposes, Model 4 shows a scenario where a null hypothesis would be rejected. The variable for Infrastructural Support has a  $p$ -value of  $<.001$ , indicating a strong, positive, and statistically significant effect on Employment Generation.

### **Conclusion**

The study concluded that the existing public policy framework, particularly concerning tax reforms and related incentives, has failed to significantly enhance the growth of Small and Medium Enterprises in North Central Nigeria. Specifically, the study concluded that fiscal incentives, in their current form, are not potent enough to spur a significant increase in the profitability of SMEs. This suggests that these incentives may be poorly designed, difficult to access, or insufficient to offset the myriads of other operational costs and challenges that SMEs face, such as poor infrastructure and inflation. It also concluded that government-backed access to credit schemes is not effectively translating into tangible market share growth for SMEs. This points towards potential flaws in the credit delivery mechanism, prohibitive interest rates, cumbersome application processes, or a lack of adequate monitoring to ensure funds are used for expansionary purposes. It further concluded that the entrepreneurial training programs offered are not achieving their objective of fostering innovation. This indicates a probable mismatch between the curriculum content of these programs and the dynamic, real-world skills required by modern enterprises to innovate and compete, such as digital literacy, advanced financial management, and adaptation to new technologies. Overall, the research concludes that there is a critical implementation and impact gap in the government's approach to SME development in the region, where policies exist on paper but do not produce the desired empirical results.

### **Recommendations**

- The study recommends fundamental redesign of policy implementation and monitoring frameworks to ensure they are targeted, performance-based, and address the specific, on-the-ground challenges faced by SMEs, a performance-based incentive system should be implemented. For instance, tax credits could be directly tied to the number of new jobs created, the percentage increase in annual revenue, or the volume of goods exported.

- The study recommends a comprehensive review of the entire value chain of government-backed credit schemes. To improve accessibility, the government should partner more effectively with microfinance banks and financial technology (FinTech) companies that have deeper reach into grassroots business communities than traditional commercial banks.
- The study recommends that government agencies, in collaboration with business schools and industry experts, should completely redesign the curricula for SME training programs. The focus should shift from theoretical business concepts to practical, sector-specific, and future-oriented skills.

### **Policy Implications**

The findings of this study have significant policy implications for the federal and state governments in Nigeria. The primary implication is that the current "supply-side" approach to SME policy, which focuses on providing resources like tax breaks and loans, is fundamentally flawed without a corresponding focus on the quality of implementation, monitoring, and the actual needs of the businesses. The lack of significant impact implies that public funds allocated to these programs may be yielding a very low return on investment, suggesting a need for a critical review of resource allocation within the national budget. The study implies that a "one-size-fits-all" policy framework is inappropriate for a diverse SME sector. Policymakers must develop more nuanced, sector-specific, and region-specific strategies that recognize the unique challenges and opportunities in different industries and geographical locations. The results challenge the assumption that policy existence equals policy effectiveness, compelling a shift in focus from policy formulation to rigorous, data-driven impact assessment and continuous improvement.

#### **Author Contribution**

**Ibrahim Mohammed Gaddafi:** writing-original article. **Oboromeni Weinoh:** methodology. **Mavis B. Madu:** formal analysis. **Aminat A. Abdulrasheed:** writing-review & editing.

#### **Conflict of Interest**

The authors of the manuscript have no financial or non-financial conflict of interest in the subject matter or materials discussed in this manuscript.

### Data Availability Statement

Data supporting the findings of this study will be made available by the corresponding author upon request.

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The authors did not use any type of generative artificial intelligence software for this research.

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