

Effect of Government Spending on the Performance of Manufacturing Firms in Anambra State

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Abstract: *The study was prompted to find out the effect government spending on the performance of manufacturing firms in Anambra State. The study reviewed the existing literature on the implication of government spending on manufacturing firms. ANOVA method of data analysis was employed; data was generated through questionnaire distribution. Three hundred and forty-eight (348) questionnaires were distributed but only Three hundred and twenty-three (323) was filled and returned. Data were collected through the use of structured questionnaire. The study found that Commercial bank loan has no significant impact on the performance of SMEs in Nigeria. Government credit has no significant impact on the performance of SMEs in Nigeria. Interest rate has significant impact on the performance of SMEs in Nigeria. The researcher recommends amongst others that The employment potentials of the SMEs could be nurtured and sustained through honest implementation of the policy measures established to support the SMEs. SMEs need to be adequately harnessed and encouraged to fully achieve their full potentials and capacity utilization. The intervention programs put in place by the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) to ameliorate the challenges of the SMEs should be strengthened.*

Keywords: Commercial bank loan, government credit and interest rate, SMEs and *performance*

1.1 Introduction

Early development theories stressed the need for the state to create adequate physical infrastructure as well as institutions and social conditions for development. Some called for implementing large-scale public investment programmes, economic planning and the formulation of policies to accelerate economic growth and development. These must have given governments in Nigeria and other developing countries, where market failures and other socially unwarranted vices are rife, the impetus to exercise greater controls and discretion over their economies. They do this through periodic planning for the allocation of resources and productive spending in critical areas of need. (Joseph, M-epbari, Nwikiabeh & Nordum, 2019). Thus, public spending has become an important factor for self – sustaining productivity improvements and long-term growth. For instance, government expenditure can contribute to agricultural growth and the latter can indirectly, through creating rural non – farm jobs and increased wages, generate economic growth. That way public

expenditure policy has become critical, and equally so, the sectoral distribution of these expenditures (Friday, Fiddles, Udemé & Ayodele 2016).

Economic growth is fundamental although not a sufficient condition for sustainable development. Economic growth and development is mainly enhanced by the expansion of infrastructural facilities, the improvement of education and health service, the encouragement of foreign local investments, low cost housing, environmental restoration, and the strengthening of the agricultural sector. Dealing with these issues will result in a great amount of money spending by the government and certainly lead to increased public expenditure. Public expenditure is the most powerful economic agent in all modern societies (Balam., & Tonye, 2021). The size and structure of government expenditure will determine the pattern and form of growth in output of the economy. The structure of Nigerian government expenditure can be broadly categorized into capital and recurrent expenditure. Recurrent expenditure is referred to as government expenses on administration such as wages, salaries, interest on loans maintenance. Whereas expenses on capital project like roads, airports, education, telecommunication and electricity generation etc., are referred to as capital expenditures. Government expenditure in Nigeria can also be categorized into exhaustive expenditure and transfer expenditure. Exhaustive expenditure is incurred when government actually consumes and makes purchases of factor inputs while transfer expenditure does not involve purchases of factor inputs by the government.

One of the main purposes of government spending is to provide infrastructural facilities and the provision and maintenance of these facilities require a substantial amount of spending. Expenditure on infrastructural investment and productive activities (in State owned enterprises) ought to contribute positively to growth, whereas government consumption spending is anticipated to be growth retarding). While numerous studies have been conducted, no consistent evidence exists for a significance relationship between public spending and standards of living, in a positive or a negative direction. Results and evidence differ by countries; analytically, what is at stake here is how a government should allocate public spending across various sectors of an economy in order to maximize prospects of achieving its growth and development objectives.

Small and Medium scale Enterprises (SMEs) have been acknowledged as veritable drivers of sustainable development. Historical facts show that prior to the late 19th century, cottage industries, mostly small and medium scale businesses controlled the economy of Europe (Akogu, 2013). The industrial revolution changed the status quo and introduced mass production. The twin oil shocks during the 1970's undermined the mass production model, which triggered an unexpected reappraisal of the role and importance of small and medium scale Enterprises in the global economy (IFC 2011). Empirical findings over the years show that small firms and entrepreneurs play a significant role in socio-economic growth and development. The American economy of the 1970's and 1980's owed its bubble and boom to the development of SMEs (Oboh, 2013). The economic transformation and consistent growth in the Gross Domestic Product (GDP) of India in the 20th and 21st century was attributed to the success of its SMEs programme (Dewett and Verma, 2011; Oboh, 2013; APEC, 2012). In contrast, Nigeria has experienced massive unemployment and absolute poverty due to lack of recognition and proper implementation of sustainable development programmes such as the ones that encourage the growth of SMEs. The economic situation in our country breeds poverty, and the government

through its attitude of apathy and indifference helps to service the machinery that manufactures poverty (Onwukwe, 2012).

This has resulted into a situation whereby more than half of the Nigerian population has been immersed in vicious poverty followed by the shrinking of the per-capita income of the average man. Anya (1993) puts it clearly; “the per-capita income of the average Nigerian has shrunk from a figure equivalent of 1000 Dollars two decades ago to less than 300 hundred dollars today. Over 50% of our citizens live below the poverty line”. Since the mid 1960’s a new approach to SME development began to emerge due to a number of factors; first, there was a growing concern over low employment elasticity of modern large-scale production (Ekpenyong and Nyong, 1992). It was claimed that even with more optimal policies, this form of industrial organization was unable to absorb a significant proportion of the rapidly expanding labour force (Chinery et al 1974; ILO, 1973). Second, there was widespread recognition that the benefits of economic growth were not being fairly distributed, and that the use of large scale, capital- intensive techniques was partly to blame. Also the import substitution industrialization strategy turned out to have little sustainable development impact as the large industries promoted were not in tune with the relative factor of endowments of a developing economy like Nigeria. Third, empirical diagnosis showed that the causes of poverty were not confined to unemployment and that most of the poor were employed in a large variety of small-scale low-productivity activities. Thus, it was thought that one way to alleviate poverty could be to increase the productivity of those engaged in small-scale production (Afab and Rahim, 1989 in Ekpenyong & Nyong, 1992).

Nigeria desired to promote SMEs to reduce unemployment and poverty. Consequent upon this, several specialized financial institutions in charge of micro credit and policy instruments were established to enhance development of small scale enterprises. They include; Nigeria Agricultural Co-operative and Rural Development Bank (NACRDB), National Economic and Reconstruction Fund (NERFUND), and other commercial banks which are now replaced by Micro Finance Institution (MFI). Other policy oriented institutions includes; Small and Medium Enterprise Development Agency (SMEDA), Entrepreneurship Development Policy (EDP) run by the National Directorate of Employment (NDE), National Association of Small Scale Industries (NASSI), Small and Medium Enterprise Equity Investment Scheme (SMEEIS) etc. these institutions were established to offer financial and technical support to SMEs. Despite these, SMEs seem to have performed poorly in contributing effectively to sustainable development. It is the thrust of this research work to examine the impact of government expenditure on the performance of SMES in Nigeria

It is a fact that no society throughout history has ever obtained a high level of economic affluence without a government. Government is a necessary, though by no means sufficient, condition for prosperity (Vedder and Gallaway, 2018). Economic progress is limited when government is zero percent of the economy, and also when it is at or near 100 percent. Most SMEs in Nigeria die within their first five years of existence, a smaller percentage goes into extinction between the sixth and tenth year while only about five to ten percent survive, thrive and grow to maturity (Aremu & Adeyemi, 2011). Many factors have been identified contributing to this premature death of SMEs. Key among them include: insufficient capital, irregular power supply, infrastructural

inadequacies (water, roads etc.), lack of focus, inadequate market research, over-concentration on one or two markets for finished products, lack of succession plan, inexperience, lack of proper book keeping, lack of proper records or lack of any records at all, inability to separate business and family or personal finances, lack of business strategy, inability to distinguish between revenue and profit, inability to procure the right plant and machinery, inability to engage or employ the right caliber of staff, cut-throat competition.

Beckman (2013) contends that most of the problems of SMEs are external to it, among them are those related to capital shortage, taxation and regulations, product liability patent and franchising abuses. The internal problems of SMEs in Nigeria include: inadequate working capital, stiff competition from larger companies, difficulties in sourcing raw materials, low capacity utilization, lack of management strategies, poor educational background of operators, and huge financial problems while the external problems include: policy inconsistencies, multiple taxation, harsh regulatory requirements and trade groups (Osamwonyi, 2019). Lack of access to modern technology and low managerial skills (which may be due to lack of funds to acquire relevant technology and hire skilled staff) can be checked if the SMEs are properly funded. Financing of SMEs in Nigeria is therefore very critical if they are to perform the growth and developmental role in the nation's economy. Proper financing of SMEs is an essential tool for promoting and leveraging small and medium enterprises development in Nigeria. Following the financial crisis ravaging the economy, this research work seeks to evaluate the financing options in the form of the effect of government expenditure on the performance of SMEs in Nigeria.

1.2 Objectives of the study

The main objective of this study is to investigate the effect of government expenditure on the performance of SMEs in Anambra state. The specific objectives are to:

- i. To determine the extent to which commercial bank loan affects the performance of SMEs in Anambra state.
- ii. To examine the extent to which government credit affects the performance of SMEs in Anambra state.
- iii. To ascertain the extent to which interest rate affects the performance of SMEs in Anambra state

1.3 Research Hypotheses

In line with the objectives, three Null Hypotheses are formulated as follows:

H₀₁: Commercial bank loan has no significant impact on the performance of SMEs in Anambra state.

H₀₂: Government credit has no significant impact on the performance of SMEs in Anambra state.

H₀₃: Interest rate has no significant impact on the performance of SMEs in Anambra state.

REVIEW OF RELATED LITERATURE

2.1 Conceptual Framework

2.1.1 Theory of Financial Intermediation

Credit is an important aspect of financial intermediation that provides funds to those economic entities that can put them into the most productive use. Theoretical studies have established the relationship that exists between financial intermediation and economic growth. For instance, McKinnon (1973) and Shaw (1973), in their studies, strongly emphasized the role of financial intermediation in economic growth. In the same vein, Greenwood and Jovanovich (1990) observed that financial development can lead to rapid growth. In a related study, Bencivenga and Smith (1991) explained that development of banks and efficient financial intermediation contributes to economic growth by channeling savings to high productive activities and reduction of liquidity risks. They therefore concluded that financial intermediation leads to growth. Based on this assertion, this study examines the extent to which intermediation or credit to SME's sector of the economy has influenced economic growth in Nigeria. This means that a financial institution can effect economic growth by efficiently carrying out its functions, among which is the provision of credit.

2.2 Empirical Review

Chikelu and Okoro, (2016). Examines whether the low manufacturing sector's growth in Nigeria is as a result of the poor allocation to capital expenditure, also whether there is any causal relationship between capital expenditure and manufacturing sector's growth. In executing this study, the Error Correction Mechanism (ECM) is employed after Augmented Dickey Fuller (ADF) unit root test as well as Johansen Co-integration analysis have been applied to the variables in our model-Manufacturing Output in Nigeria; Capital Expenditure; Foreign Direct Investment; Interest Rate; and Exchange Rate. Granger causality test is employed to determine whether there is any causal relationship between capital expenditure and manufacturing sector's growth. The study finds that capital expenditure has significant impact on manufacturing sector's growth. It also finds that capital expenditure Granger causes manufacturing sector's growth in Nigeria. The study recommended imperative policy options which we believe that if implemented; there will be tremendous improvements in the manufacturing sector's growth in Nigeria.

Nwanne, (2015). Investigate the effect of government capital expenditure on the manufacturing sector output in Nigeria. The study used quantitative time series data and multiple regression techniques in the analysis. The result of the co-integration test indicates long run relationship between dependent and independent variables. It also reveals that capital expenditure on road infrastructure (CEXR) and telecommunication (CEXT) affects the manufacturing sector output in Nigeria significantly while government capital expenditure on power has insignificant effect on manufacturing sector in Nigeria. The implication of this is that manufacturing sector output is clearly affected by factors both exogenous and endogenous to the government capital expenditure in Nigeria. We therefore recommend that, there is need for government to reduce its budgetary allocation to recurrent expenditure on power sector and place more emphasis on the capital expenditures so as accelerate economic growth in Nigeria through manufacturing sector output

and that government should also increase spending on road infrastructure, particularly on capital budgeting. As our results showed, road infrastructure capital expenditure has the greatest impact on the long-run with manufacturing sector output in Nigeria.

Falade and Olagbaju (2015). Investigates the relationship between government expenditure and manufacturing sector output in Nigeria. Government expenditure is disaggregated into capital and recurrent with a view to analyze the relative effect of these categories of government expenditure with emphasis on the capital component. The study employed time series data from 1970 to 2013. Data on manufacturing sector output, capital and recurrent expenditure, nominal and real Gross Domestic Product (GDP), exchange rate and interest rate were collected from Statistical Bulletin and Annual Report and Statement of Accounts published by the Central Bank of Nigeria (CBN). Econometric evidence revealed stationarity of the variables of interest at their first difference while the Johansen co-integration approach also confirms the existence of one co-integrating relationship at 5 percent level of significance. In addition, error correction estimates revealed that while government capital expenditure has positive relationship with manufacturing sector output in Nigeria, recurrent expenditure exerts negative effect on manufacturing sector output. The results showed that one per cent increase in government capital expenditure resulted in an increase of 11.2 per cent in manufacturing sector output while recurrent expenditure decreases it by 26.9 per cent. This reveals that government capital expenditure has positive impact on manufacturing sector output. The study therefore suggests that larger percentage of government expenditure in the annual budget should be on capital component coupled with improved implementation of expenditure policies rather than recurrent expenditure which does not really have a significant impact on the manufacturing sector.

Ibekwe and Ibekwe (2021). Examined the effect of capital expenditure on road on small and medium scale enterprises in Nigeria; Assess the effect of capital expenditure on agriculture on small and medium scale enterprises in Nigeria; Investigate the effect of capital expenditure on education on small and medium scale enterprises in Nigeria; Determine the effect of recurrent expenditure on small and medium scale enterprises in Nigeria. Econometric techniques, including Unit Root Test, Granger Causality Test, and the Ordinary Least Square Regressions were used for the data analysis. The result of the study indicates that capital expenditure on roads, capital expenditure on agriculture, capital expenditure on education, recurrent expenditure have positive and significant effect on small and medium scale enterprises in Nigeria while government borrowing has negative and insignificant effect on small and medium scale enterprises in Nigeria. The study thus concludes that government expenditure have positive effect on small and medium scale enterprises in Nigeria and has helped to improve economic growth and development in Nigeria. Amongst the recommendations is that government should use an expansionary fiscal policy to encourage increase in investment on small and medium scale enterprises in Nigeria. Government spending should be channeled to capital projects and social overhead capital that will encourage investment, such as constant electricity supply and good road networks that will enhance the performance of small and medium scale enterprises in Nigeria.

Essien, M-epbari, Nwikiabeh and Piabari, (2016). Examined the impact of public expenditure on the output and productivity of small and medium scale enterprises in Nigeria using annual time series data for the period of 1970-2015. The experiment was conducted using the specifications of

the law as outlined in the public expenditure literature. Including others methods and models, first, we check for the time series properties of the variables used by applying the ADF, PP and the KPSS test statistics, also, the Johansen's co-integration test procedure as well as the autoregressive distributed lag (ARDL) bounds testing approach were employed. Result of the study revealed that: Generally, all the variables were found to be stationary at their first differences, except government expenditure which was stationary at level. The result also shows a long-run unidirectional causality from SMEs output and productivity to public expenditure. However, in other instances, there was bidirectional causality between SMEs output and productivity and public expenditure. Indeed, it was found that while causality runs from SMEs output and productivity to public expenditure in the long-run, short-run changes in SMEs output and productivity was caused by changes in public expenditure. The conclusion from these results is that while there is a strong support for Wagner's postulation of a long-run tendency for public expenditure to grow relative to national income in Nigeria over the period 1970-2015, public expenditure still remains a veritable short-term instrument that can be used to spur economic growth and development in Nigeria.

Onwukwe And Ifeanacho (2011). Examined the impact of government intervention on SME growth and evaluated the role of Small and Medium scale Enterprises in socio-infrastructure development in Imo State. A sample of four hundred and fifty respondents was selected using stratified random sampling. Questionnaires were completed by respondents. Other techniques used in collecting the data include oral interview, participant observation and archival research. Regression analysis and coefficient of correlation was used as methods of data analysis. The findings show that in Imo State, despite several specialized institutions in charge of micro credit and policy instruments established to enhance development of Small scale enterprises, SMEs are being inhibited by the gap between policy and policy implementation in contributing effectively to sustainable development.

Aliyu, (2013). Examined the impact of government interventions on Small Scale enterprise in Mubi North local government Area. The study has become imperative because of an increasing inability of Small Scale enterprises to live up to expected target as the engine for economic growth and development, despite government encouragement in this direction. This study focused its empirical verification on three key areas which are very fundamental to the study, viz: perception of SSEs operators about government interventions the relevance of these interventions to them, and the accessibility of these interventions. Data were collected through interviews and questionnaire. Percentage and Chi - square techniques were used to describe and analyzed the results obtained from the field. However, the available data indicates that government intervention Schemes/programmes aimed at elevating the SSEs to the expected targets in the area, lacks the awareness of the SSEs operators. Again, the available data shows that accessibility to the intervention by SSEs operators is not easy. As a result SSEs operators do not feel the relevance of these interventions. Finally, based on the findings of the study the following recommendations are made: government should embark on the sensitization/awareness creation and also reduce the conditions to be met before accessing the interventions

Abula and Ben (2016) investigated the impact of government agricultural expenditure on agricultural output in Nigeria for the period 1981 to 2014 with time series data obtained from the Statistical Bulletin and Annual Reports of the Central Bank of Nigeria, 2014. The Augmented

Dickey-Fuller test, Johansen Cointegration test, Error Correction Method (ECM) and Granger Causality test were employed as analytical tools in the course of the study. The results of the parsimonious ECM model showed that public agricultural expenditure has a significant negative impact on agricultural output while commercial bank loans to the agricultural sector and interest rate have insignificant positive impacts on agricultural output in Nigeria.

Kareem, et al (2015) examined the nexus between federal government's expenditure on agricultural sector, agricultural output and standards of living in Nigeria. The objectives are: to describe the trend of expenditure on agricultural sector over the years, determine the relationship between government expenditure and standards of living in Nigeria, determine the relationship between government expenditure and agricultural output. Secondary source of data was obtained from the Central Bank of Nigeria (CBN) statistical bulletin, 2014 edition to analyze the stated objectives. The time series data covered 35 years, ranging from 1979-2013. The results revealed that there is a fluctuating trend in government expenditure in agriculture over the years under review. The regression results show about 16% of total variation in the dependent variable has been explained by the explanatory variable while about 21% of total variation in the dependent variable (Agricultural output) has been explained by the explanatory variable. Results also revealed a negative relationship between the public sector spending on agriculture agricultural output and standards of living in Nigeria.

Al-Shatti (2014) examined the impact of public expenditure on development in Jordan between 1993 and 2013. The tool of analysis was ordinary least square multiple regression model. The study examined the contribution of each one of the capital and recurrent expenditure on education, health, economic affairs and housing and community utilities in the total expenditure; and then identifies the impact each one of them has on economic development in Jordan. Results indicated that there is a statistically significant impact of recurrent expenditure on health, economic affairs and housing and community utilities and capital expenditure on health and economic affairs on economic development. There is no statistical significant impact of recurrent expenditure on education and of the capital expenditure on education, housing and community facilities on economic development in Jordan. The joint effect of these components of (capital and current) public expenditure on economic development is statistically significant as indicated by the computed F-statistics and its probability.

Alabi, David and Aderinto (2019) evaluate the impact of government policies on business growth of small and medium enterprises that operates in six states that made up the South-west geopolitical zone of Nigeria. The study adopted descriptive ex-post facto type and involved both primary and secondary data. The researcher used stratified sampling technique for determination of exact sample population to use for the study. Structured questionnaires were used as the main tools data collection. Both the descriptive and inferential analytical techniques of the SPSS packaged were used to analyze the data obtained from the respondents. The result of this research shows that there is a significant relationship between government policy and business growth of Small and Medium Enterprises (SMEs) in South Western Nigeria. These results indicate the need for the Nigeria government to formulate and implement policies that will help ensure the optimal performance and subsequent survival of small scale businesses in the country. Furthermore, the country's monetary policies and macroeconomic indicators ought to be

modified, to become more suitable for SMEs operating in the country. It is also important for the various levels of government in the country to embark on the massive infrastructural development. The analysis proceeds from the assumption that small and medium enterprises financial performance can be explained by changes in the input variables of commercial bank credit facility in a given time frame. In as much as financial performance of small and medium enterprises as the dependent variable of the study can be affected by rate of change of some other factors, it is necessary and sufficient to denominate all those other variables as rates of change. On this strength, since the concern of the study is on commercial banks credit as a factor that exerts influence on selected output level, the researcher believes that some other variables that affect economic activity with respect to the subject of our study are included in the model.

METHODOLOGY

3.1 Research Design

The research design that will be used for the study is the cross-sectional survey research method/design. This will enable the researcher to generate data for the study and for the test of hypotheses.

3.2 Sources of Data

The sources of data for this research will be primary data and secondary data.

Primary Data

There is firsthand information specially collected for the study. They are usually collected from the field under the control and supervision of an investigator or researcher. The primary data for the study was collected through the distribution of questionnaire.

Questionnaire

For this study, the questionnaire will be divided into two sections: Section A and Section B. Section A is demographic in nature and consists of the personal data of respondents while Section B is made up of the general questions related to the research topic.

Secondary Data

The secondary data for the study will be generated through data from journals, strategic periodicals, textbooks obtained from libraries and mainly from the internet.

3.3 Population of the Study/Sample Size

Population is the totality of any group, persons, or object which is defined by unique attributes. In other words, population is any groups that have even been focused upon the researcher. The population of this researcher work will be drawn from the workers in the selected manufacturing firms.

Table 3.1: Population Distribution of the Selected Manufacturing firms

S\No	Names of Manufacturing	Number of Employees
1	Emos best industries Ltd Onitsha	170
2	Rimco Nigeria Limited, Nnewi	130
3	Jolly Industries Limited, Oraifite	75
4	Innoson Nigeria Limited Nnewi	260
6	JUHEL pharmaceutical Awka	350
7	Ibeto Group, Nnewi	225
8	CHI Ltd Onitsha	150
9	Krisoral & company LTD Onitsha	125
10	Uru Industries Limited, Nnewi	165
11	Union Autoparts Manufacturing Company Limited, Nnewi	160
	Total Population	1810

Source: Human Resource Department of the Respective Firms, (2023)

3.4 Sample size determinants

Given the nature of this study, it was difficult to cover the entire population of (1810), so a fair representative sample of the population therefore was imperative. Accordingly, the sample size for the study was determined by using the Borg & Gall (1973) formular for calculating sample size as follows

$$n = (1.960)^2 (0.05) [1,810]$$

$$n = (1.960)^2 (0.05) [1,810]$$

$$n = (3.8461) (90.5)$$

$$= 3487.640 \implies 348$$

$$n = 348$$

The sample size for this study is three hundred and forty-eight (348)

A satisfied (random) sampling will be used in this study. Using this method, stratification of the employees will be strictly based on their positions in organizational hierarchy: top, middle and lower levels management respectively. That is, manufacturing firms employees in top and middle management levels and those who are in supervisory management positions coupled with those in junior positions were randomly selected. To Varkivisser, Pathmanathan and Brownlee (1991), random sampling ensures that units of the sample are selected on the basis of chance, and all units have an equal chance to be included in the sample.

3.5 Tools for Data Analysis

For the analysis of data, percentages and tables will be used. The degree of correlation or relationships between variables was determined by the use Simple and Multi Regression Analysis. Thus, hypotheses were tested ANOVA method

PRESENTATION ANALYSIS AND INTERPRETATION OF DATA

In the previous chapter, the research methodology was handled indicating that the research design was a combination of a survey, oral interview and model modification. In this Chapter, the data presentation, analysis and model solution are to be handled. Data is a representation of facts, observations and occurrences. It is also the input of the statistical and data processing systems. Three hundred and forty-eight (348) were administered among the students of selected institution However; Three hundred and twenty-three (323) copies of questionnaire were retrieved.

Table 4.1: Respondents’ Demographic Variables

4.1.1 What is your gender

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid MALE	197	54.3	61.0	61.0
FEMALE	126	34.7	39.0	100.0
Total	323	89.0	100.0	

Source: SPSS Version 21, 2023

The above table reveals that the one hundred and ninety-seven (197) of the respondents which represents 61% were male respondents, while one hundred and twenty-six (126) respondents which represent 39% were female respondents. By implication, male respondents were more than female respondents by 22% in our selected population sample for this study. The implication of this is to enable us to know the number of female and male that successfully returned their questionnaire

4.1.2 What is your marital status?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid MARRIED	243	66.9	75.2	75.2
SINGLE	49	13.5	15.2	90.4
DIVORCED	9	2.5	2.8	93.2
WIDOWED	22	6.1	6.8	100.0
Total	323	89.0	100.0	

Source: SPSS Version 21, 2023

The above table reveals that the two hundred and forty-three (243) of the respondents which represents 75.2% were married, while forty-nine (49) respondents which represent 15.2% were single. Again, nine (9) of the respondents which represents 2.8% were divorced and lastly, twenty of the respondents which represent 6.8% were Widowed in our selected population sample for this study. The implication of this is to enable us to know the number of married, single, divorced and widowed respondents that successfully returned their questionnaire

4.1.3 Could you please tell us your age category?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 18-25	105	28.9	32.5	32.5
26-33	102	28.1	31.6	64.1
34-40	50	13.8	15.5	79.6
41-50	48	13.2	14.9	94.4
51-ABOVE	18	5.0	5.6	100.0
Total	323	89.0	100.0	

Source: SPSS Version 21, 2023

The table above shows that respondents whose age bracket falls between 18-25 yrs were one hundred and five (105) which represent 32.5 percent. This is followed by those with age bracket of 26-33 years with one hundred and two (102) which represents 31.6%. Also those within age bracket of 34-40yrs were fifty (50) which represents 15.5%. This is followed by those with age bracket of 41-50 years with forty-eight (48) which represents 14.9%. Lastly, those with age bracket of 50-above with eighteen respondents which represent 5.6%. The implication of this age distribution is to enable us to check if the questionnaire was directed to the right age group

4.1.4 What is your highest Qualification

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid DIPLOMA	52	14.3	16.1	16.1
BACHELOR	216	59.5	66.9	83.0
MASTERS DEGREE	31	8.5	9.6	92.6
DOCTORAL DEGREE	24	6.6	7.4	100.0
Total	323	89.0	100.0	

Source: SPSS Version 21, 2023

In the table above, out of the three hundred and twenty-three (323) respondents, fifty-two (52) of the respondents are diploma holders. While two hundred and sixteen (216) respondents which represent 66.9 percent are BSC holders. Thirty-one respondents (31) which represent 9.6 are MSC/MBA holders, while twenty-four (24) which represents 7.5 are PHD holders.

4.1.5 How many years have you been a manufacturing firm employee?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 0-5 YRS	39	10.7	12.1	12.1
6-10 YRS	98	27.0	30.3	42.4
11-15 YRS	66	18.2	20.4	62.8
16-20 YRS	76	20.9	23.5	86.4
21-ABOVE	44	12.1	13.6	100.0
Total	323	89.0	100.0	

Source: SPSS Version 21, 2023

The table above shows that thirty-nine (39) respondents which represent 12.1 percent have work experience below five years; ninety-eight (98) which represents 30.73 have work experience of 6-

10yrs. Again, sixty-six respondents (66) which represents 20.4% have work experience of 11-15yrs, while seventy-six respondent (76) which represents 23.5% have work experience of 16-20yrs. Lastly, forty-four respondents (44) which represent 13.6% have work experience of 21yrs-above.

4.1.6 Level of Management?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	TOP MGT	243	64.5	75.2	72.4
	MIDDLE MGT	17	4.7	5.3	77.7
	LOWER MGT	46	12.7	14.2	92.0
	OPERATIVES	17	4.7	5.3	100.0
	Total	323	89.0	100.0	

Source: SPSS Version 21, 2023

The above table reveals that the two hundred and forty-three (243) of the respondents which represents 75.2% were top management staffs, while seventeen (17) respondents which represent 5.3% were middle management staffs, Again forty-six (46) respondents which represent 14.2% were lower management staffs. Lastly, seventeen (17) respondents which represent 5.3% were operatives. By implication, senior staffs were more than other staffs levels in our selected population sample for this study. The implication of this is to enable us to know the category of the respondents that successfully returned their questionnaires.

4.2 Hypothesis Testing

The need to examine the relationship between the collected data and the stated hypothesis has called for this section. This result will be compared with the statistical criteria to see if the preconceived notion in this research work holds or not.

Hypothesis One

H₀₁: Commercial bank loan has no significant impact on the performance of SMEs in Nigeria.

ANOVA

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	3242.5981	3	1794.190	1.742	.815
Within Groups	6734.279	321	378.389		
Total	77436.800	323			

Source: SPSS Version 21, 2023

The test table reveal that wide significance value (F. sig<.05) indicate group differences. Since the F- value of 1.742 which has a significance of .015 is less than .05 (i.e .001<.05), there exist no group difference among the variables. Therefore, Commercial bank loan has no significant impact on the performance of SMEs in Nigeria.

Hypotheses Two

H₀₂: Government credit has no significant impact on the performance of SMEs in Nigeria

ANOVA

LS

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	4838.324	3	2419.162	1.233	.909
Within Groups	6598.476	321	388.146		
Total	11436.800	323			

Source: SPSS Version 21 2023

We discover that in the F-statistics column the value for colleagues stress is 1.233, while its probability is 0.909 since its probability is less than 0.05% desired level of significance, we reject the null hypothesis and accept alternative hypothesis, which states that. Government credit has no significant impact on the performance of SMEs in Nigeria

Hypotheses Three

H₀₃: Interest rate has no significant impact on the performance of SMEs in Nigeria.

ANOVA

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	2839.200	3	1419.600	2.807	.088
Within Groups	8597.600	321	505.741		
Total	11436.800	323			

Source: SPSS, Version, 2023

From the regression result, we discover that in the F-statistics column the value for Management Stress is 2.807, while its probability is 0.88 since its probability is greater than 0.05% desired level of significance, we reject the null hypothesis and accept alternative hypothesis, which states Interest rate has significant impact on the performance of SMEs in Nigeria.

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

5.1 Summary of Findings

This study examines the effect of government spending on the performance of manufacturing firms in Anambra state. Based on the objectives of the study and the analysis done on the work, the empirical result were found that the level of government expenditure in Nigeria has no significant positive effect on small and medium scale enterprises in Nigeria. The following findings were made.

- Commercial bank loan has no significant impact on the performance of SMEs in Nigeria.
- Government credit has no significant impact on the performance of SMEs in Nigeria

- Interest rate has significant impact on the performance of SMEs in Nigeria

5.2 Conclusion

The seeming inability of our government agencies to grant effective loans to SMEs translates to a low level of output or contribution of SMEs to GDP. This in turn impacts negatively on average capacity utilization. The Low-level capacity utilization in turn translates to a high level of unemployment rate; thereby escalating the already strained unemployment situation in Nigeria. This study recognizes the dearth of funds as one of the major problems of SMEs in Nigeria.

5.3 Recommendations

1. The employment potentials of the SMEs could be nurtured and sustained through honest implementation of the policy measures established to support the SMEs.
2. SMEs need to be adequately harnessed and encouraged to fully achieve their full potentials and capacity utilization.
3. The intervention programs put in place by the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) to ameliorate the challenges of the SMEs should be strengthened.

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