

Impact of Government Incentives on the Development of Small and Medium Scale Enterprises in Nigeria

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Abstract

In creating employment opportunities and enhancing economic development in any given economy, it is not in doubt that small and medium scale enterprises (SME's) make an enormous contribution in those regards this study aims to examine the impacts of government incentives on SMEs' development in Yola, Adamawa State, Nigeria. The study specifically applies the structural equation model as the main methodology for this research while adopting confirmatory factor analysis (CFA), for easier comprehension and emphasis. The study applied two manifest variables of human capacity building, financial incentives. From these overall manifest variables, the study applied 12-dimensional variables from which the study's questionnaires emanate from. The questionnaire developed was administered by way of a questionnaire survey method to ascertain relevant data from the study area and population. The purposive sampling method was used to selected 260 participants of the study. From the study, the following findings were made of the dimensional variables: levels of participation in human capacity building are rated highest. The recommendations, amongst other things that adequate steps be taken to provide incentives in human capacity building and financial incentives, bring about development for SMEs. The investigation will aid in evaluating the workability and operations of SMEs in Yola, Adamawa State.

Keywords: *Impacts, Government, Incentives, Structural Equation, SMEs Development*



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INTRODUCTION

In creating employment opportunities and enhancing economic development in any given economy, it is not in doubt that small and medium scale enterprises (SMEs) make an enormous contribution in those regards. Ojokuku and Sajuyigbe (2014) opined that across the globe, it is trending that the fulcrum or engine necessitating a sustainable economic development and growth is the SMEs. Through sub-sector of industry, the economies of several nations of the world, including that of China, Taiwan, Malaysia to mention but few have witnessed tremendous transformation through embracing entrepreneurship. It is not an overstatement to say that an entrepreneur is a bedrock on which the development of a nation's economy rest and SMEs as a concept is vital and core for initiating and sustaining the economy's growth and development. Gana (2001), a nation with the entrepreneurial deficiency will find it difficult to industrialize and grow economically.

It is observed that the prevailing incessant governments' inability to meet up with the States' responsibilities to create employment opportunities have led to the anomaly of normalizing the motif that "government alone cannot provide jobs for everybody, and that people should learn to be self-employed". As self-reliance of a person, people or nation, guarantees its continued existence and development. Dependency, whether total or partial, is detrimental and its consequences are glaring. Though no entity, be it an individual, community, business organization

or nation can be independent in today's world, self-sustainability is important to a large extent. To remedy the issues of negative economic development or development that comes in slow pace, especially amongst developing economies of the world; SMEs must be involved (Ofoegbu, Akanbi & Joseph, 2013). Also, Palmarudi and Agussalim, (2013) observed that if the chronologies accorded by history are to be valued as true, then SMEs have been a core component or element in the local economic activities in any society-it provides employment and as well offers various households opportunity to earn income.

Therefore, it has become imperative to boost SMEs because it has a great role in generating employment in any society but holistic economic growth and development. It is observed that various researchers have developed and nurture interests in the sector since it has been recognized as one of the major sources of economic growth and a vital component in enhancing development and growth of the economy by not just governments at singular and multilateral levels but also by experts in economic development (Somoye, 2013; Kadiri, 2012; Bouri et al., 2011)

Government's quest to create an enabling environment that will allow the people to harness various opportunities and become self-employed has never been more profound than it is now. This is owing to the fact that a minimum of 60% of the graduates churned out by the higher institutions in Nigeria usually fail to gain employment; leading many of the graduates and teaming others to seek other ways of earning living relying on the government. Steps have been taken across boards by the government to initiate programs and policies which will aid the people especially the young graduates to access needed resources and in some cases skills which will be utilized in establishing individual businesses.

Good examples of government's policies and programs geared towards enhancing SMEs in the country are not limited to the following: The National Directorate of Employment (NDE), Open Apprenticeship Program, Structural Adjustment Program, National Poverty Eradication Programs, and National Economic Empowerment and Development Strategy (NEEDS) etc. However, it is observed that a good number of these programs and policies were not able to live to attain the goals for which they were introduced; reasons being that some of them suffered poor implementation strategies and processes coupled with issues to unprepared changes in the policies and programs as well as inconsistency and poorly planned entrepreneurial ventures in the country. Agreeably, there are specific policies introduced which were good but were not able to attain the goals because of prevailing internal and external environmental forces; examples of which are not limited to poor electricity and water supply, poor road network, limited or no access to loans, grants, and credit facilities, poor tax incentives, etc.

These challenges have affected the contribution and promotion of SME's to the Nigeria industrial output, in particular, leading to low productivity, decrease in GDP and no improvement on the quality of product to be produced which have hindered them the ability to compete in the international market.

Parts of the embodiments of the popular vision 2020 aimed by the Nigerian government were to create a business setting wherein SMEs would be able to make a meaningful contribution to the GDP and as well be able to create over 60% of employment in the country while attaining sustainable growth and eliminating cases of low mortality rate for various SMEs.

In spite the effort by government and the derived by Nigerians to own business, there is a serious limiting factors which are poor rate of requisite professionalism or use of unqualified personnel, little or no access to loans, credit facilities, or grants. Failing to provide SMEs with these supports or incentives can bring about the poor investment rate or underutilization of the sector in the long run.

The city of Yola in Adamawa state is also a part of Nigeria where the governments' efforts have been registered with respect to SMEs. While some have argued worriedly that all the efforts being put in place by the government in forms of policies, programs and supports towards enhancing SMEs in Nigeria have not been able to yield the much-desired outcome; it is imperative not to conclude hastily. Therefore, this study aims at examining the impacts of the government's

incentives on SMEs development in Yola, Adamawa State. with the objectives to: Examine the relationship between human capacity building programs by government and SMEs' development and to also Ascertain the impacts of the government's financial incentives on SMEs' promotion and development in Yola, Adamawa State.

To achieve the objectives of the problem statement, the researcher seeks to provide answers to the following questions:

1. What relationship exists between the provision of human capacity building programs by government and SMEs' development in Yola, Adamawa State?
2. What impact does financial support by the government have on the development of SMEs in Yola of Adamawa State?

The significance of this study need not overemphasized. The investigations done in this study will aid in evaluating the workability and operations of the SMEs in Yola, Adamawa State. Notably, SMEs have arguably been assessed as a sector capable of creating employment opportunities on a large scale and enhancing the sustainable growth and development of the economy of the society. With the study, one would be able to justify these rationales about SMEs as it concerns Yola, Adamawa State. Also, stakeholders, government and other interested persons may utilize the study's information to carry out a policy critique or guidelines in the formulation of policies. The study's investigations also form part of the body of literature that can be relied on for academic purposes.

This study is done and presented in a 5-chapter format consisting of an introduction, literature review, methodology, findings and discussion of results, and conclusion. The study's introduction is done in the first chapter, while the literature reviews are contained in the second chapter of the study. Chapter 3 discusses the research methodology and applicable approach which the researcher will apply to answer the research questions. Chapter 4 brings out the finding and then proceeds to make discussion therefrom, and finally, chapter five is the conclusion.

LITERATURE REVIEW

Conceptual Reviews

There are distinct definitions which may be attributed to the concept of SMEs from geographical area to another. One can say that the definitions of the concept may be depending on certain socio-economic indicators and circumstances in a given country. According to Kurfi (2016), determining factors that are prerequisites in any definition to be attributed to SMEs. Accordingly, these factors are capital investment, annual gross turnover, output, and employment.

The interpretation given in respect of SMEs in the USA represents an operation owned independently, which has 5 million US dollars as its capital. Olayiwola & Adeleye (2013) observed that for some major countries in Asia-China, Hong Kong, Taiwan, and South Korea. An estimated annual turnover determines if a business is SMEs; the turnover may be below but not above 3 million US dollars per annum. The UK case did not just place the benchmark for the annual turnover at a maximum of 2 million UK pounds; it also provides that the number of employees being paid must not exceed 200 persons at any given time. Under Indonesia's policies and practices, once the business operates with ten or less than that in the number of her staff employed on a full-time basis, such business in Indonesia is rated as SMEs. The case is different in Japan and the US, where the number of workers under the business's employment scale falls between 300 and 500. In some other countries like India, the Philippines, there are no fixed factors to distinguish SMEs. SMEs in Nigeria is any business venture that its net asset does not exceed 50 million naira. The net asset considered for the definition above does not include land and working capital; also, Nigeria's concept does not have flooring or ceiling for the number of staff (SMEEIS, 2015). The number of

employees in a given industry in the manufacturing sector in Nigeria is less than 100, such industry or business is considered small (SMEDAN (2009)). Researchers and experts have taken tolls to debate on the exact definitions that should be ascribed to SMEs. However, there is no consensus in the definitions. Just like many subject matters and concepts in the social sciences, SMEs have been a concept in the tunnel of distinct definitions with no one being generally acceptable.

The Role of Government in Sustaining (SMEs)

There are expected roles which SMEs are meant to serve in any society; for these roles to be met by the SMEs, certain provisions and protection must be offered to them (Kondaiah, 2010). There is a definite picture of the government's responsibilities or obligations on the development of SMEs ought to be around the globe. Thus, the government is meant to make available a business- friendly environment, enact policies convenient for the growth of the businesses, initiate programs that are not contradictory to the business goals and objectives, introduce essential incentives, etc. (Desai, 2010).

In the past, it is not out of place to suggest that Nigeria rarely initiates or holds interactions with the SMEs in their scales; as most of the interactions are done at the collective scale as cooperatives or groups officially recognized in that capacity. Thus, it is common for the government to argue that numerous numbers of SMEs are scattered all over Nigeria. It was only from around 1983-1988 that the Nigerian government 'took the bull by the horn' to enhance and offer support to the development of SMEs in Nigeria. From that period onwards, there have been several programs and initiatives introduced in support of SMEs by the Nigerian government to reduce extreme poverty, combatting unemployment, etc. Majority of the policies and initiatives made available by the government have been variant forms of creating more accesses to finances, capacity development, among other things (SMEDAN, 2012).

Problems of Small and Medium Scale Enterprises in Nigeria

The bitter truth is that SMEs in Nigeria have not lived up to the desired expectation, notwithstanding the incentives and supports in schemes, favorable policies, etc. On this note, it is observed that challenges are barricading the progression of SMEs in Nigeria. Examples of the challenges are not limited to issues of (Aftab & Rahim, 1989; Ekpeyong, 1983; Onugu, 2005; Ogechukwu, 2006):

- Poor planning and implementation processes
- Frequencies of changes to policies/regulations,
- Inherent unfavorable nature of the policies et regulations,
- Poor and non-tested marketing styles and strategies,
- Poor technical knowledge, and
- Inadequate funding and capital, etc.

Financial problems

While there are a handful of arguments that finance is a major constraint to SMEs' growth, empirical investigations reveal that finance issues only make up less than 26 per cent of determinants of success or failure for SMEs (Ogujuiba et al. 2004). It is on that note that the efforts of Nigerian Governments have not solely concentrated on finance alone. However, it is observed that there are

outstanding numbers of SMEs in Nigeria that has gone into extinction due to not meeting with the requisite financial efficiency needed to remain active as a going concern. The worst of the cases is that most SMEs embattled in such circumstances cannot get many financial interventions in forms of loans, credit facilities, grants, etc.

The foregoing is statistically covered in a report made by the World Bank in the year 2001 regarding cases of financial constraints in industries and businesses in Nigeria. The report averred that in the business enterprises in Nigeria, only 25% of the businesses facing financial crisis or constraints belong to the large-scale industries, about 37% are medium-scale, 39% small scale and the rest are micro-scale business enterprises (World Bank, 2001). This may be interpreted to me that there is a high probability that the SMEs in Nigeria are discriminated against in areas of accessing financial aids and support. Another reason may be the fact that banks usually issue stringent terms, conditions and warranties (High rates of interests, short term for repayment, collateral, etc.) to their loan and credit facilities; and most of the SMEs in Nigeria do not use the withal or structure to meet up with the conditions and thus unable to access the much-needed funds while the large scale firms scoop the entire available funds to the detriments of the SMEs.

The foregoing had brought about an on-going debate between the banks and the SMEs investors and operators. While the banks have stated in their case that the operators and investors in SMEs usually come up with projects that are not viable or feasible; the SMEs investors/operators hold that the banks are sentimentally issuing conditions and terms which they already know that it will be incredible for them to meet up so as not grant their financial requests. This issue has generated heated debate between the SMEs operator and the Banks.

In a study by Ogujuiba et al. (2004), it is observed that about 20% of the SMEs investigated reported suffering constraints in their business as a result of not being offered long term loans by the banks. The implications among other things are that the business owners are compelled to restrict the business ventures and enterprise to the limit to which their finances can reach, which makes the businesses vulnerable and more susceptible to failures as a result of the low capital base. Onugu (2006) postulates that there is need to have a known and stable taxation policies which will prompt the SMEs to make decisions with clear considerations of tax environment in the country; thus, a harmonized, uniform and gazette tax systems and regimes will be a welcome idea for the development of SMEs in the country.

Internal characteristics and Problem of SMEs

It is not enough to put in perspective the external problems without paying due attention to issues of internal problems in relation to SMEs in Nigeria. Reasons being that there are good numbers of SMEs in Nigeria currently engulfed with heightened internal problems. The examples of internal problems being faced by the SMEs include but not limited to the dearth of entrepreneurial skills, poor management practice, poor strategic planning/process, poor accounting standards, shortage of workforce, unknown or invalid succession plan, financial indiscipline and corruption, etc. These internal problems simply infer that it will be incredible for the SMEs to circumvent the business environment in Nigeria unless actions are taken to solve and eradicate the internal problems or ameliorate its impeding effects (Omolola; 2008). It is on the note the aforesaid that Omolola posits

The dearth of such skills in most SMEs due to inadequate educational professional and technical background on the part of the owners and employee of SMEs has plunged SMEs into further crisis. It is the characteristics of small and medium scale enterprises to ignore basic

management procedure and thus run business as a family affair by undermining proper bookkeeping and accounting and managerial practices. Because of how the business management and accountability measures are ignored, reckless financial administration, wrong investment decision, and corruption become the order of the day (Omolola; 2008:17).

Government Agencies Responsible for Small Enterprises Development and Promotion (SMEDAN)

Having known the outcome of a workable and viable economy with well-supported SMEs, the Federal Government of Nigeria has prompted some previously existing government agencies with the primal role of aiding the promotion of SMEs in the country. Some of these agencies are outlined below:

- a) The Federal Ministry of Finance
- b) The National Association of Small-Scale Industries
- c) The Bank of Industry
- d) The Indigenous Fabricators and Manufacturer of Machinery
- e) The Development Bank for Small and Medium Scale Industries
- f) The Manufacturer Association of Nigeria
- g) The Agricultural Research Institutes
- h) The National Planning Commission
- i) The Federal Ministry of Commerce and Industry

Contingency Theory

Fred Edward Fiedlerin introduced the contingency theory in 1964. Resource-based views of the theory hold that there are resources and facilities owned and managed by the business firms (SMEs) capable of bringing about a competitive advantage favoring the firms (SMEs). The views inherent in this theory are that SMEs like every other business entity operate in diverse circumstances. Each of the circumstances requires a distinct approach to resolve it and in extension, requires a distinct government policy. It need not be stressed that the SMEs' performance level is dependable to a certain extent on the forms of policies and schemes initiated by the government. And in most cases, it appears that the government's policies are often in favor of the large-scale firms than they are for the SMEs.

Note that this study aims to understudy the impacts of government's incentives on SMEs development, which will lead the researcher to understudy the influence policies and schemes issued and initiated by the government have on the viability and performances of the SMEs in Nigeria. In respect to the later, the researcher has developed the proposition below.

Parts of the major concerns being addressed by the RBV is to understand the reasons that make a firm different from another and the way and approaches applicable by the firms in allocating their limited and the circumstances therein, thereby attaining and sustaining competitive advantage in the business environment.

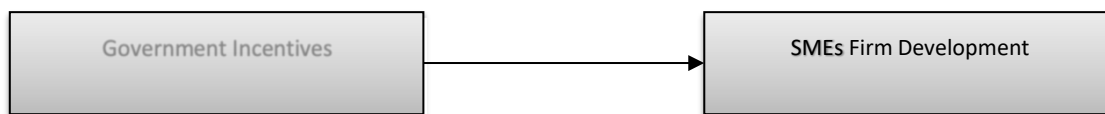


Figure 1. Research Framework

RESEARCH METHOD

The study applies Structural Equation Modelling (SEM) which is an approach used to make a statistical analysis of causal model in processing of data in any research with complicated and multiple variances. Most of the empirical studies reviewed make use of OLS as the method of data analysis. Thus, any linear model (e.g regression) used in social sciences seems to be slightly worse as compared to SEM, not only to the commission of correction in the measurement error but also because of the fact that it is possible to ignore the indirect effect. Unquestionably, SEM is a significant and indispensable tool for empirical research. As Fornell (1983) argued SEM reflects the second generation of statistical techniques that can be used to test the extent to which the respective research meets the recognized standard for high quality statistical analysis. Cook and Campbell (1979). therefore, in this research, structural equation modeling was used to serve as the method of data analysis. SEM was known as the second-generation method because based on the literature reviewed it shows that regression analysis was the most used method.

Data were sourced from 250 officially recognized small scale enterprises which are located in Yola Adamawa that are categorized as: one-man business, partnership and family business, who are responsible for the daily business activities and are therefore capable of providing the required information, from this, the sample size will be drawn. The Purposive Sampling method is used to selected 260 participants of the study, out of which only 258 were retrieved, 8 were invalid, and only 250 were used for this study.

The main aim in conducting this Study was to develop and test a prospective multicausal model of the impact of government incentives on the development of SMEs in Yola, Adamawa State, which was adequately captured via ascertaining the relationship between human capacity building by government and SMEs development, relationship between financial incentives by government and SMEs development.

Research design for this work will be use of questionnaires design which is a multi-stage process that requires attention to many details at once. The questionnaire survey questions are used to examine the impact of government funding on the promotion of SMEs development in Yola area of Adamawa State, the reason for this is to make for easier acceptance, the evaluation assessment and comment of respondents.

FINDINGS AND DISCUSSION

Data was collected from two hundred and fifty (250) entrepreneurs. The questionnaire was formulated using a Likert scale ranging from Strongly Agree (5) to Strongly Disagree (1) to provide information on human capacity building by government and SMEs development, relationship between financial incentives by government and SMEs development in Yola, Adamawa State.

From the Table 1,

1. **Gender:** there are more male participants whose questionnaires were retrieved and valid than their counterparts. The male is 155 in number with a percentage of 62% as against female's participant with frequency of 35 and percentage of 38% persons.

Table 1. Characteristics of Entrepreneurs

Variable	Frequency (n=250)	Percentage(%)
Gender		
Male	155	62%
Female	95	38%
Occupation		
Barbing/Hairdressing	52	20.8%,
Tailoring/seamstress	61	24.4%
carpentry	38	15.2%,
Computer Services	73	29.2%,
Shoemaking	26	10.4%
Age		
16-24	38	15.2%,
25-35	127	50.8%,
36-45	67	26.8%,
46 and above	18	7.2%.

- SMEs Sectors:** There are about five distinct SMEs sectors or occupation from which the respondents are pooled from Computer Services which stands as the majority with about 73 at 29.2%, Tailoring consists of 61 persons summing 24.4% of the overall number of respondents, Barbing/Hairdressing 52 at 20.8%, Carpentering has about 38 respondents at 15.2%, Shoe Making has the lowest number of persons measuring at frequency 26 making 10.4% of the total respondents.
- Age:** Majority of the entrepreneurs (50.8%) were between 25-35 years of age followed by 26.8% who were between 36 -45 years; 15.2% were in the middle age group (16-24 years), 7.2% were 46years and above which are the list age group population.

From the Table 2, the entrepreneurs were asked about that level of relationship between human capacity building programs by government and the development of SMEs. Analysis of their responses showed positive and high means for all the factors listed ranging from 3.83 to 1.29 with a standard deviation ranging from 1.57 to 0.71. Levels of participation in Human Capacity Building (3.83), Influences of human capacity building on decision making (3.78), Applications of lessons learnt from the capacity building in business (3.74), Advances made in business following novel knowledge from the capacity building (3.59), Observed enhancement in business following the applications (1.40) and Frequency of human capacity building by government (1.29) recorded with the least means.

Table 2. The Relationship Between Human Capacity Building Programs by Government and the Development of SMEs in Yola, Adamawa State.

Variables	Mean	SD
1. Levels of participation in Human Capacity Building	3.83	.71
2. Frequency of human capacity building by government	1.29	1.57

3. Advances made in business following novel knowledge from the capacity building	3.59	.85
4. Influences of human capacity building on decision making	3.78	.81
5. Applications of lessons learnt from the capacity building in business	3.74	.86
6. Observed enhancement in business following the applications	1.40	.85

From the Table 3, the entrepreneurs were asked about the level of Impacts of financial incentives by government to the promotion and development of SMEs in Yola, Adamawa State and the analysis of their responses showed positive and high means for all the factors listed ranging from 3.64 to 1.00 with a standard deviation ranging from 0.98 to 0.54. stringent conditions to access the financial incentives (3.64) Limited access to financial incentives (3.20), Adequacy of the incentives received (1.00), Observed Improvements in businesses as a result of the incentives (2.70), Frequency of the incentives (1.79), and Adequacy of the incentives received (1.00) recorded with the least means.

Table 3. Impacts of Financial Incentives by Government to the Promotion and Development of SMEs in Yola, Adamawa State.

Variables	Mean	SD
1. Limited access to financial incentives	3.20	.84
2. Frequency of the incentives	1.79	.93
3. Failures due to absence of Incentives	3.08	.86
4. Adequacy of the incentives received	1.00	.98
5. Observed Improvements in businesses as a result of the incentives	2.70	.85
6. Stringent conditions to access the financial incentives	3.64	.54

Confirmatory Factor Analysis

In confirmatory factor analysis the researcher proof that the items are in fact loaded up on to the construct under it, therefore here, the study applies the statistical software AMOS20.0 to carry out the CFA. Based on the objectives of the research as well as the adopted Structural equation model, this were the validity, and the reliability of the study is being addressed. The acceptance Value Should Be Greater Than 0.5 for AVE and 0.7 for composite reliability. Human Capacity Building programs by government has a reliability of 0.77 and which is greater than the acceptable value and the validity of 0.59 which is positive. Financial Incentives provision by government has a reliability of 0.81 and the validity of 0.57 respectfully which represent an acceptable and positive reliability and validity of this manifest observed variables. The study applies the statistical software AMOS20.0 to carry out the CFA. Based on the objectives of the research as well as the adopted Structural equation model.

Findings

The overall number of dimensional variables in the study is 12 in number covering the manifest variables (MV) of human capacity building with 6 of the dimensional variables, financial incentives which has 6 of the dimensional variables. In a whole, dimensional fit test is carried out and properly modified through PE and OET to carry out MFT on the whole of the MV.

A. The Standard P-Values for the Two Manifest Observed Variables

1. Human Capacity Building Programs

Levels of participation in human capacity building (.70), Influences of human capacity building on decision making (.63), Applications of lessons learnt from the capacity building in business (.51), Advances made in business following novel knowledge from

the capacity building (.60), Observed enhancement in business following the applications (.67), and Frequency of human capacity building by government is at the lowest (-.17).

2. Financial Incentive

Limited access to financial incentives (.60), stringent conditions to access the financial incentives (.65), The frequency of the incentives (.27), Adequacy of the incentives received (.26), Failures due to absence of Incentives (.60), Observed Improvements in businesses as a result of the incentives (.49).

B. Confirmatory Factor Analysis (CFA)

The validity and the reability of the data were tested using the confirmatory factor analysis Composite Reliability and Average Variance Extracted of the Manifest Variables are as follows:

1. Human Capacity Building: (.77 and .59)
2. Financial Incentives: (.81 and .57)

The above reveals positive convergence validity.

C. The analysis of the Model Fit Test of the Manifest Variables

The result in Table 4 indicating a good MFT (model fit test) of relationship between human capacity building, financial incentives on development of SMEs in the study area. The RMR index has a value of 0.025, and the root mean square error of Approximation (RMSEA) has the value of 0.08, the values of these indexes are low and therefore are good and this signifies a significant relationship and impact of human capacity building programs and SMEs development.

Table 4. Goodness of Fit Indexes

Index	Value
Chi-Square Value	171.11
Goodness of Fit Index (GFI)	0.92
Comparative Fit Index (CFI)	0.94
Adjusted Goodness of Fit Index (AGFI)	0.88
Root Mean Square Residual (RMR)	0.025
Root Mean Square Error of Proximation (RMSEA)	0.08
Parsimonious Comparative Fit Index	0.78

D. Relationship between human capacity building programs by government and the development of SMEs in Yola, Adamawa State.

In respect to the objective above, Levels of participation in human capacity building an average score of 3.83 points, Frequency of human capacity building by government of 1.29, Advances made in business following novel knowledge from the capacity building of 3.59, Influences of human capacity building on decision making of 3.78, and Applications of lessons learnt from the capacity building in business of 3.74; and finally Observed enhancement in business following the applications of 1.40. The F value is

167.81*, indicating a wholesome difference in the respondents' perceptions of the variables. Therefore, the study will carry out LSD (Least Significant Difference).

The LSD of the 6 variables, Levels of participation in human capacity building is rated highest, Level 1 followed by Influences of human capacity building on decision making at Level 2, Applications of lessons learnt from the capacity building in business is at Level 3, Advances made in business following novel knowledge from the capacity building is at level 4, Observed enhancement in business following the applications is at level 5, and Frequency of human capacity building by government is at the lowest level 6.

E. Impacts of financial incentives by government to the promotion and development of SMEs in Yola, Adamawa State.

For the objective immediately above, Limited access to financial incentives got a score of 3.20 on the average, stringent conditions to access the financial incentives of 3.64, The frequency of the incentives, 1.79, Adequacy of the incentives received 1.00, Failures due to absence of Incentives of 3.08 and Observed Improvements in businesses as a result of the incentives, 2.70. The F value is 52.57*, indicating a wholesome difference in the respondents' perceptions of the variables. Therefore, the study will carry out LSD (Least Significant Difference).

Therefore, the LSD of the 6 variables, Stringent conditions to access the financial incentives is rated highest, Level 1 followed by Limited access to financial incentives at Level 2, Failures due to absence of Incentives is at Level 3, Observed Improvements in businesses as a result of the incentives is at level 4, Frequency of the financial incentives by government is at the second to the lowest, level 5 and finally at level 6 is the adequacy of financial incentives.

Discussion

This study is the analysis of the impact of government incentives on the development of small and medium scale enterprise, the government are providing the incentives that is human capacity building and financial provision in the form of various polices and program but SMEs are not developing and this could be as a result of poor implementation process of as a result of the entrepreneurial deficiency which have affected the development of this businesses and if this incentives are implemented well and the entrepreneurs are effective and efficient, it will go a long way in promoting and developing their business. The following observations were made from the investigations and analysis done in the study:

1. There is a limited access to financial incentives by government to investors/operators of SMEs
2. There are stringent conditions usually attached to financial incentives made available
3. The absence or availability of financial incentives affects the business decision making processes
4. There is higher propensity for development of SMEs where there are financial incentives available
5. Even where the incentives are provided, they are inadequate to cater for the purposes of development activities in favour of the SMEs

6. Human capacity building is a vital tool to improve the technical know-how of investors and operators in the SMEs,
7. Knowledge gained from human capacity building programs can be applied by an entrepreneur in SMEs which have effects on the economic development of the country
8. The available government financial incentives do not get to the real SMEs investors that need as they are hijacked by corrupt officials and personnel.

The examination conducted in the study mainly placed its focal light on the impact of the policies specifically, incentives by the government on the development of SMEs using Yola, Adamawa as the case study- thus, it makes a huge contribution to the existing works of literature by carrying out a first-hand investigation. Also, stakeholders, government and other interested persons may utilize the study's information to carry out a policy critique or guidelines in the formulation of policies. The study's investigations also form part of the body of literature that can be relied on for academic purposes.

CONCLUSION

Government's quest to create enabling environment that will allow the people to harness various opportunities and become self-employed has never been more profound than it is at the moment. This is owed to the fact that a minimum of 60% of the graduates churned out by the higher institutions in Nigeria usually fail to gain employment; leading to many of the graduates and teaming others to seek other ways of earning living than relying on the government. Steps should be taken across boards by the government in order to initiate programs and policies which will aid the people especially the young graduates to access needed resources and in some cases skills which will be utilized in establishing individual businesses.

This study examines the impacts of government's incentives on development of SMEs using Yola, Adamawa state as case study. The study states that although the impacts of government's incentives on development of SMEs are not at a positive or significant level at the time of this study; however, there is significance in the relationship between human capacity building by government and development of SMEs; the impacts of financial incentives by government on development of SMEs. It follows that although the human capacity may or may not be present, but assuming but not conceding that they are present, they have the ability to develop the SMEs; same statement and positions apply in extant to the cases of financial incentives.

The study shows that when government provides human capacity building and financial support to business, this will bring about development of this sector base on this result, the study concluded that there is a relationship between human capacity building an SMEs development, provision of financial supports by government also has a significant impact on the development of this sector.

Recommendation

Government should expand the avenues to accessing financial incentives especially at some states like Adamawa state with limited socio-economic alternatives. Doing this would reduce the pressures levelled on government to cater and provide employment for millions of youths and graduates search for jobs in the country.

Government may proceed to engage in public-private partnership whereby government will act within her resources in support of the private investors who are capable of enhancing the level of financial incentives available to the operators and investors in SMEs. It is believed that the immediate step stated above will promote transparency and accountability as the private investors

will necessarily monitor the distribution and accessing of funds to ensure that her investments are credibly utilized.

It may be as observed that both the banks and government agencies with the capacities of making available to the operators the financial incentives are wary of the unverified information, means of livelihood or means of recovery the funds when they have been made available to the investors. Pool of funds can be distributed on a bulky scale to cooperatives of specific business sector operating in a specific geographical location. The funds should be made available to the cooperatives as they are much closer to the individual investors and have greater means of ensuring repayment than the government-all that the government or banks may do is to hold the leadership of the cooperatives responsible for the bulky money.

Also, instead of the short term given for repayment of loans as banks are wary of given loans for a long term; arrangement can be made for periodic payments by instalments with close prompting of the individuals. Also, it is not just enough to offer money to investors, banks and the necessary agencies should verify the level of financial knowledge and management skills which an operator has and may therefrom offer free financial advice to the party involved. Furthermore, in this era of e-banking, and use of technology to capture identification; banks or government agencies cannot use the fear of one 'fleeing without repaying loans' as an excuse, as the use of BVN, NIN, etc. has made way for easier identification.

The human capacity building should not be made a funfair, adequate and critical knowledge of business management, strategic planning and financial prudence should be introduced; knowledge gained from the information shared therein will necessarily be applied in the business and in the long run, would yield results to the economic development of the country, if not in any other area, in the area of increasing GDP and creation of employment.

The more the SMEs are enhanced, the better for the socio-economic situation in the country and in Yola, specifically. Thus, it is important that Government should make use her machineries to ensure that financial incentives are available.

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