



EMPIRICAL INVESTIGATION OF THE FACTORS AFFECTING SMALL AND MEDIUM ENTERPRISES IN NORTH-CENTRAL NIGERIA

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ABSTRACT

The study was conducted in three (3) States of the North-Central Nigeria to investigate the factors hindering the performance of SMEs in the area. The survey covered a period of five (5) months from March to July, 2019. The study employed the case study design whereby descriptive and explanatory data were captured by the study. A multi-stage sampling technique was employed to select 720 respondents from 18 Council Wards across the three States of North-Central Nigeria. Qualitative and quantitative data were collected through well-structured questionnaire and in-depth interview. The results of the inferential statistics revealed that SMEs performance were influenced by internal and external factors such as entrepreneurial characteristics, marketing skills, access to external financing and other environmental factors. The regression results showed that the most significant factors affecting the performance of SMEs in the study area were: demographic characteristics (age and educational level of SMEs owners and managers), capital structure (source of initial capital and capital size) and marketing strategy (advertisement). The study further found that capital size has the highest significant impact at $t = 28.22$; and $P < 0.000$ on SMEs performance compared to other factors implying that those SMEs owners who invested large amount of money get higher income compared to those who invested little. The study concluded that government should tailor its policies to enhance SMEs performance by providing adequate training to SMEs owners and managers so that SMEs can grow and prosper in building the economy of the States. The study recommended that government should improve SMEs access to finance by deepening the reform of the banking system such as reform on interest rate and collateral requirements for effective performance of SMEs in the study area.

Keywords: Economic growth, North-Central Nigeria, Performance, Regression model, SMEs.