

## Effects of Grant Financing on SME's Working Capital and Product Development in Gombe State

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### Abstract

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This study examined the effects of grant financing on SMEs working capital and product development in Gombe State. The study used the after-only experimental design to reach to 162 beneficiaries of the federal government's YouWin program from Gombe state. The retrieved questionnaires were analyzed using Statistical Package for Social Sciences (SPSS) version 19.0. The hypotheses of the study were tested using simple linear regression. The research revealed that grant financing has no significant effect on working capital of SMEs in Gombe State. The studies also revealed that grant finance has significant effect on product development of SMEs in Gombe State. Therefore, it was recommended that entrepreneurs should ensure that future grants are utilized to boost working capitals of their businesses, and also in the development of their products and services.

**Keywords:** *Grant, Financing, SME's Products Development*

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### **Background of the Study**

Small and Medium Enterprises (SMEs) play very important role to the economic growth and development of many nations. Globally, SMEs exert significant influence on the economic development of countries as exemplified with nations such as India, Japan, Malaysia, China, and South Korea among others. In several emerging markets, SMEs are the principal driving forces for job creation, including countries in Africa where SMEs and the informal sector represent over 90% of businesses, contribute to over 50% of GDP, and account for about 63% of employment (Idam, 2014). In addition, they aid in the provision of basic goods and services; generation of export and tax revenues for national socio-economic development. Finance has been identified as one of the most important factors determining the survival and growth of small and medium enterprises (SMEs) in both developing and developed countries (Imoughele and Ismaila, 2014). This assertion was corroborated by Owenvbiugie and Igbinedion (2015) who opined that finance is the life wire of any economy whether developed or developing. However, inadequate access to financing continues to be the most significant impediment to creation, survival, and growth of SMEs in Nigeria. About 80% of small and medium enterprises are stifled because of this problem of poor financing, use of obsolete equipment and ineffective methods of production among others (Chukwuemeka, 2006).

In an effort to promote entrepreneurship, the Federal Government of Nigeria over the years have made frantic efforts through the planning of programmes, mapping of environments and the financing of several initiatives, to help intending entrepreneurs move their intentions to action. Among the most recent interventions to SMEs financing challenges is the Youth Enterprise with Innovation in Nigeria (YouWin). The YouWin is a business plan competition that seeks to identify individuals with promising ideas and the aspiration to grow innovative businesses. This government initiative is designed to help these individuals formalize their ideas through getting them to develop a detailed business plan, and then spur the development of some of these potentially high growth firms through providing financing to the winners (McKenzie, 2015). The YouWin grant was launched in late 2011 by the President of Nigeria, and in its first year attracted almost 24,000 applications aiming to start a new business or expand an existing one. The top 6,000 applications were selected for a 4-day business plan training course, and then 1,200 winners were chosen to receive awards averaging US\$50,000 each. A number of studies have tested the impact of grants on the growth of SMEs, e.g. Fafchamps, and Woodruff, (2014); Karlan, Knight and Udry, (2014). Some of these studies concentrated on micro enterprises and found that the grants generate increases in self-employment and incomes for the beneficiaries. However, there is very little evidence as to the effectiveness of these programs in contributing to the growth of SMEs in terms of meeting their working capital needs, purchase of land and building, purchased of plant and machinery, and innovations in terms of product development. Therefore, this study examines the influence of grants on the growth of SMEs in Gombe State.

### **Statement of Problem**

The government of President Goodluck Ebele Jonathan introduced the Youth Enterprise with Innovation in Nigeria (YouWIN) in 2011. According to Idam (2014) it was aimed at developing entrepreneurship in the country, through innovative business plan competition

aimed at job creation by encouraging and supporting aspiring entrepreneurial youths in Nigeria to develop and execute business ideas. Idam (2014) explained that youths between ages 18 to 45 years compete for award of N1 million to N10 million to execute their business ideas. The first competition was held in 2011, with 1,200 successful businesses. The second involved only women; while the third featured both men and women entrepreneurs in Nigeria within the age bracket. In all, there were 162 beneficiaries in Gombe State (Federal Ministry of Finance Headquarters, Abuja) who received between 1- 10 million naira each. A grant of this nature is designated for the growth of SMEs by meeting their working capital needs, purchase of land and building, product development, and purchase of plant and machinery. However, the impact of this grant on the growth of SMEs in Gombe State has not been examined and is therefore unclear; hence the need for this study.

### **Research Questions**

The research study has the following research questions:

- i) What is the effect of grant financing on working capital of SMEs in Gombe State?
- ii) What is the effect of grant financing on product development of SMEs in Gombe State?

### **Objective of the Study**

- i. To assess the effects of grant financing on working capital of SMEs in Gombe State
- ii. To examine the effects of grant financing on product development of SMEs in Gombe State

### **Research Hypotheses**

The research study has the following hypotheses:

- $H_{01}$ : Grant financing has no significant effects on working capital of SMEs in Gombe State
- $H_{02}$ : Grant financing has no significant effects on product development of SMEs in Gombe State

### **Literature Review**

#### **Small and Medium Enterprise (SMEs)**

There is no universally accepted definition of a small and medium-sized business enterprises. The definition and criteria for classification of an enterprise as small, medium or large varies from one country to another, depending on whether it is developed or developing country (Oni and Daniya, 2012). Gibson and van der Vaart (2008) bemoaned over the lack of an appropriate definition of an SME because there were varied ways of defining SMEs. SME's could be defined based on the number of employees, the value of assets held, the amount of level of turnover, or by a formula. They adopted the formula method and defined SME as "A formal enterprise with annual turnover in U.S. dollar terms, of between 10 and 1000 times of the mean per capita gross national income, at purchasing power parity, of the country in which it operates"

According to allbusiness.com (2010), the abbreviation SMEs occurs commonly in the European Union and in International Organizations such as the World Bank, the United Nations and the World Trade Organization. Also the term Small and Medium Scale

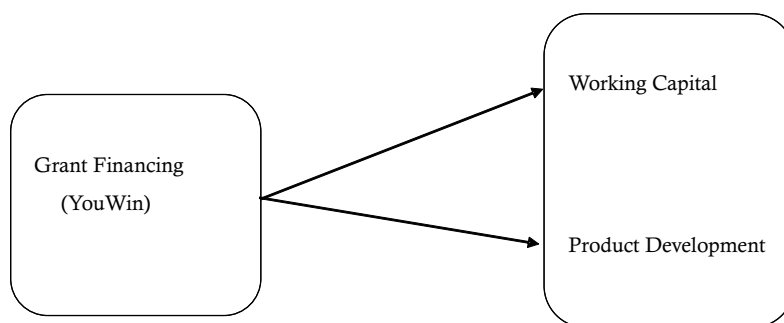
enterprises (SMEs) is predominantly used in the United States of America. The European Union states traditionally have their own definition of what constitutes SMEs. For instance, the traditional definition in Germany Limits Small and Medium Scale Enterprises to two hundred and fifty (250) employees while in Belgium, it is limited to one hundred (100) employees. Recently, the European Union has standardized the concept by categorizing enterprises with less than ten (10) employees as 'micro', those with fewer than fifty (50) employees as 'Small' and those with fewer than two hundred and fifty (250) employees as "medium". In the United States of America, any business with fewer than one hundred (100) employees is classified as "small" while medium scale business refers to a business with fewer than five hundred (500) employees (Chittenden, Hall & Hutchinson, 1996). The US Committee for Economic Development (CED) said a small scale business is one in which possesses at least one of the following four characteristics: i) management is independent, usually the managers are also the owners; ii) capital is supplied and the ownership is held by an individual or small group; iii) the area of operation is usually localized and owners live in the same community, though the market need not be localized; and iv) the relative size of the firm within its industry must be small when compared with the biggest in the industry (Gwom, Lohor, and Gumut, 2017). The Oni (2012) opined that a small enterprise is any enterprise that has an investment and working capital not exceeding ₦750,000.00 while a medium enterprise is one with ₦750,000.00 to ₦3,000,000.00.

Osei (1993) classified SMEs into four main categories; micro enterprises are those that employ less than 6 people; (ii) very small enterprises constitute those employing 6-9 workers; small enterprises are business units that employ between 10 and 29 employees while medium sized enterprises are those that employ between 29 to 50 people.

### **The Youth Enterprise with Innovation in Nigeria (YouWin)**

According to McKenzie (2015) The Youth Enterprise with Innovation in Nigeria (YouWin!) program is a business plan competition for young entrepreneurs in Nigeria. It is a collaboration between the Ministry of Finance, the Ministry of Communication Technology, and the Ministry of Youth Development with support from DFID and the World Bank. It has the stated objective of encouraging innovation and job creation through the creation of new businesses and expansion of existing businesses. It was formally launched on October 11, 2011 by President Goodluck Jonathan in a ceremony aired live over the National Television network. The program provides a four-day training course on preparation of a business plan to applicants who make it through a first stage, and then grants to the winning 1,200 submissions, with each winner eligible for an amount up to 10 million Naira (approximately US\$64,000), with the amount any winner getting varying between 1 and 10 million Naira depending on the funding needs identified in their business plan and the assessment of independent consultants of what the actual needs are. Winners also receive ongoing monitoring as the grant is paid in four tranches, coupled with some potential mentoring and two additional two-day group training events.

**Fig. 1.**



**Source:** Authors' Conceptualization

### **Theoretical Review**

The underpinning theory for this study is the market timing theory. The market timing Theory was formalized by Baker and Wurgler (2002). They observe that managers will use those financial tools that appear to be more favorable in the moment they need financing: they will issue equity following a general stock price increase (and repurchase when prices drop), and look for debt financing when interest rates are low. Firms do not actually care about choosing debt or equity, and may raise funds even if unnecessary, if conditions appear extremely favorable, as well as defer financing if none of the markets appears attractive. The important consequence of this theory is that the financial structure of a firm, in a given period of its history, will then be function of the favorable conditions which made certain sources more favorable than other in the past. In light of the foregoing, the research adopted the market timing theory believing that the entrepreneurs who applied and got the YouWin programme did so because at that time, the grant was the more favourable tool in financing their businesses. Financial assistance can help the business improve its performance thus generate more cash flows, which is a direct way of easing any financial constraints. This research assumes that the direct financial assistance may influence the working capital, the purchase of land and building, engendered innovation through product development, and/or purchase of plant and machinery.

### **Empirical Review**

Oni and Daniya (2012) examined the role of government and other financial institutions particularly micro finance institutions in the development of small and medium enterprises in Nigeria. Data were collected from secondary sources. The study discovered that financial institutions provide the necessary financial lubricant that facilitates the development of Small and Medium Scale Enterprises, but, a lot still need to be done by the government in terms of policy formulation in order to complement the efforts of financial institutions.

The availability of finance has been highlighted as a major factor in the development, growth and successfulness of SMEs (Ou and Haynes, 2006). Financing methods employed by SMEs vary from initial internal sources, such as owner–manager's personal savings and retained profits (Wu, Song, and Zeng, 2008) to informal outside sources, including financial assistance

from family and friends (Abouzeedan, 2003), trade credit, venture capital and angel financiers (He and Baker, 2007), and thence to formal external sources represented by financial intermediaries such as banks, financial institutions and securities markets (Chittenden, Hall, and Hutchinson, 1996). Nkuah, Tanyeh, and Gaeten (2013) examined the challenges and determinants of access to bank credit in Ghana by focusing on SMEs in the Wa Municipality. The study employed the quantitative approach to research in which the probability sampling criteria specifically the stratified and simple random sampling was employed to select eighty entrepreneurs from the Wa Municipality. The major findings for the study indicated that there exist significantly, positive relations between certain attributes of a firm and access to credits. There are also, some financial activities such as business registration, documentation/recording, business planning, asset ownership, and others that also impact heavily on SMEs access to bank credits.

According to the financial growth cycle paradigm proposed by Berger and Udell (1998) financial needs and the financing options available for SMEs change throughout the various phases of a firm's lifecycle. In other words, at different stages of the firm's growth cycle, different financing strategies are required. In general, because of the unique features that characterise SMEs during the start-up phase, such as informational opacity (Berger & Udell, 1998), a lack of trading history (Cassar, 2004) and the high risk of failure (Huyghebaert and Van de Gucht, 2007), SMEs in this stage depend heavily on insider funding sources. As SMEs advance through their business lifecycle, they begin to gradually adjust their capital structure (La Rocca, La Rocca, and Cariola, 2011). During subsequent growth stages as SMEs mature, they start to establish a track record in addition to the ability to provide collateral. This serves to improve the creditworthiness of the firm and thereby attracts the attention of investors willingly inject money into the business. As a consequence, firms begin substituting internal with external financing sources, including venture capitalists, trade credit and bank loans to name a few. In the more advanced stages of their growth cycle, when SMEs become more informationally transparent, they may develop access to securitised debt and publicly listed equity markets (Berger and Udell, 1998). A number of empirical studies, including Kimhi (1997) and Barton and Gordon (1987), use the lifecycle model as their chosen approach to understand the financial behaviour of SMEs. In line with these studies, La Rocca et al. (2011) found that the financial behaviour of SMEs can be, to a large extent, attributed to the lifecycle pattern which was found consistent over time and quite similar across different industries and institutional contexts. In addition, in their study of small businesses financing using a sample of 60 SMEs across three cities in China, Wu et al. (2008) found evidence supporting the business life cycle model. However, other studies critique the growth life cycle model claiming that it does not offer a complete picture of SMEs financial decisions and behaviour. For example, Berger and Udell (1998) themselves concede that the lifecycle paradigm is not applicable to all SMEs operating in different industries implying that firm size, age and information availability which are intended to constitute the backbone of this particular paradigm are not perfectly correlated. Gregory, Rutherford, Oswald and Gardine (2005) partially agreed with the model stating that SMEs financing cannot be standardized. Moreover, according to their results and contrary to the growth lifecycle model suggestion that the financial needs and options of SMEs lie on some size/age/information continuum, only firm size was found to be a significant predictor (in some, but not all cases) of capital structure decisions in SMEs.

## **Methodology**

### **Research Design**

This research study used the after-only experimental design. In an after-only design the researcher knows that a population is being, or has been, exposed to an intervention and wishes to study its impact on the population (Kumar, 2011). In this research, the study population which comprises all the beneficiaries of the YouWin grant in Gombe State have been exposed to an intervention, and therefore, the research wishes to study the impact of the grant on their businesses.

### **Research Population**

Population of the study consisted of all the beneficiaries of the YouWin programme in Gombe State. There are total of 162 beneficiaries in Gombe State. The figure was obtained from the Office of the National Coordinator of the programme, in the Federal Ministry of Finance Headquarters, Abuja. Since the total population of the study is not large, the study employed a census study whereby the entire population was studied as opposed to selecting a sample.

### **Method of Data Collection**

The study used only primary data. Primary data was collected by use of a structured questionnaire. The research adopted and modified the questionnaire developed by McKenzie (2015). The questionnaire was a Likert scale questionnaire. It contained 21 questions. The questionnaire was divided into sections. Section A contained questions relating to personal data of respondents and their enterprises, while section B consisted mostly of questions relating to the impact of grant financing on the growth of enterprises.

### **Test of Reliability and Validity**

The Cronbach's Alpha in Statistical Package for Social Science (SPSS) was used to test the reliability of the questionnaire. The questionnaire has a Cronbach's Alpha of 0.807. This means that the questionnaire is reliable because it exceeds the 0.7 level recommended by Kurtinaitiene (2005). Content and face validity were used (respectively) to examine the relevancy of our instruments to the characteristics of the variables measured through face and sampling validity. Face validity which is the subjective assessment of the appropriateness of the research instrument and incorporate the contribution of experts in the field of study before administering the questionnaire.

### **Method of Data Analysis**

According to Mugenda (2003), data must be cleaned, coded and properly analyzed in order to obtain a meaningful report. The data collected was sorted and organized before capturing the same in Statistical Packages for Social Sciences (SPSS) for analysis. After the coding the data was clean for missing values and non-responses. Simple Linear Regression analysis was used in testing the effect of grant financing on working capital, and product development in Gombe State.

## Results and Discussions

**Table 1:** Working Capital

Statements	Strongly disagree		Disagree		Neutral		Agree		Strongly agree		Total	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
The grant was used in paying salaries			6	5.6	6	5.6	38	35.2	58	53.7	108	100.0
The grant was used in buying raw materials and other consumables							38	35.2	70	64.8	108	100.0
The grant was used in the marketing of products/service					8	7.4	30	27.8	70	64.8	108	100.0
The grant was used in paying bills, rates, and other expenses	2	1.9	4	3.7	16	14.8	48	44.4	38	35.2	108	100.0

**Source:** Field Survey, 2020

Table 1 revealed that 5.6 percent of the respondents disagreed that the grant was used in paying salaries, 5.6 percent were neutral on the statement, 35.2 percent agreed, while 53.7 percent strongly agreed. This means that the grant was used in paying salaries.

Table 1 also indicates that that 35.2 percent of the respondents agreed that the grant was used in buying raw materials and other consumables, while 64.8 percent strongly agreed. This implies that the grant was used in buying raw materials and other consumables.

It can also be seen from table 2 that 27.8 percent of the respondents agreed that the grant was used in the marketing of products/service, 7.4 percent were neutral on the statement, while 64.8 percent strongly agreed. This means that the grant was used in the marketing of products and services.

Table 1 indicates that 1.9 percent of the respondents strongly disagreed that the grant was used in paying bills, rates and other expenses, 3.7 percent disagreed, 14.8 percent were neutral on the statement, 44.4 percent agreed, while 35.2 percent strongly agreed. This implies that the grant was also used in paying bills, rates and other expense



**Table 2: Product Development**

Statements	Strongly disagree		Disagree		Neutral		Agree		Strongly agree		Total	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
The grant was used in implementing new design or packaging to give a product a new or significantly changed look, or significantly changed the way you display merchandise.					4	3.7	30	27.8	74	68.5	108	100.0
The grant was to introduced a new channel for selling your goods and services, such as licensing to others, selling in a new type of place, etc.			2	1.9	34	31.5			72	66.7	108	100.0
The grant was used in introducing a new method of pricing your goods or services, such as a new type of special offer, or a new way of varying the price according to demand.			2	1.9	10	9.3	22	20.4	74	68.5	108	100.0
The grant was used in Introducing a new way of promoting or advertising your products or services.					6	5.6	32	29.6	70	64.8	108	100.0
The grant was used in changing or introducing new business processes, such as introduction of a new database, use of a new monitoring system, introduction of supply chain management or other new business practices					10	9.3	42	38.9	56	51.9	108	100.0
The grant was used in changing the way work is organized in your firm, by changing the number of levels in your hierarchy, or the way workers work together, or giving more control over certain processes to other workers in your firm.					4	3.7	46	42.6	58	52.8	108	100.0

**Source:** Field Survey, 2020

Table 2 shows that 27.8 percent of the respondents agreed that the grant was used in implementing new design or packaging to give their products a new or significantly changed the look, or significantly changed the way they display merchandise, 3.7 percent were neutral, while 68.5 percent of the respondents strongly agreed. This simply means that the grant was used in implementing new designs and packaging to give their products a new look, or significantly changed the way they display their products.

Table 2 also indicates that 1.9 percent of the respondents disagreed that the grant was to introduced a new channel for selling their goods and services such as licensing to others, selling in a new type of place, etc; 31.5 percent agreed, while 66.7 percent strongly agreed. This implies that the grant was to introduce a new channel for selling their goods and services, such as licensing to others, selling in a new type of place.

Table 2 further shows that 1.9 percent of the respondents disagreed that the grant was used in introducing a new method of pricing their goods or services, such as a new type of special offer, or a new way of varying the price according to demand, 9.3 percent were neutral, 20.4 percent agreed, while 68.5 percent strongly agreed. This means that the grant was used in introducing a new method of pricing their goods or services, such as a new type of special offer, or a new way of varying the price according to demand. It is obvious from table 5 that 5.6 percent of the respondents were neutral on the statement that the grant was used in introducing a new way of promoting or advertising their products or services, 29.6 percent agreed while, 64.8 percent strongly agreed. This implies that the grant was used in introducing a new way of promoting or advertising the respondents' products or services.

Table 2 also reveals that 9.3 percent of the respondents were neutral on the statement that the grant was used in changing or introducing new business processes, such as introduction of a new database, use of a new monitoring system, introduction of supply chain management or new business practices, 38.9 percent agreed, while 51.9 percent strongly agreed. This means that the grant was used in changing or introducing new business processes, such as introduction of new database, use of new monitoring system, introduction of supply chain management and other new business practices.

Table 2 further shows that 3.7 percent of the respondents were neutral on the statement that grant was used in changing the way work is organised in their firm, by changing the number of levels in their hierarchy, or the way workers work together, or giving more control over certain processes to other workers in their firm; 42.6 percent agreed, while 52.8 percent strongly agreed. This simply implies that the grant was used in changing the way work is organised in their firms.

### Tests of Hypotheses

The following hypotheses were tested using simple linear regression:

**H<sub>01</sub>:** Grant financing has no significant effect on working capital of SMEs in Gombe State

**H<sub>02</sub>:** Grant financing has no significant effect on product development of SMEs in Gombe State

**Table 3:** Test of Hypothesis 1

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.048 <sup>a</sup>	.002	-.017	2.22490

a. Predictors: (Constant), grntf

**ANOVA<sup>b</sup>**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.591	1	.591	.119	.731 <sup>a</sup>
	Residual	257.409	52	4.950		
	Total	258.000	53			

a. Predictors: (Constant), grntf

b. Dependent Variable: wc

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	16.427	3.598		4.565	.000
	Grntf	.071	.205	.048	.346	.731

a. Dependent Variable: wc

The regression results indicate that  $wc = 16.427 + 0.71grntf$  which means that working capital will increase on average by 0.71 percent with 1 percent change in grant financing to small and medium enterprises. The model summary shows an r value of 0.048 which means that 4.8 percent of variation in working capital can be explain by grant financing. This is quite weak. The results show a significant value of 0.731 which is greater than  $\alpha 0.05$ , thus there is no sufficient reason to reject the null hypothesis which states that grant financing has no significant impact on working capital of SMEs in Gombe State. This implies that the grant received by the entrepreneurs does not significant impact on the working capital needs of their business.

**Table 4:** Tests of hypothesis 2

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.265 <sup>a</sup>	.070	.052	7.44076

a. Predictors: (Constant), grntf

**ANOVA<sup>b</sup>**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	217.858	1	217.858	3.935	.053 <sup>a</sup>
	Residual	2878.975	106	55.365		
	Total	3096.833	107			

a. Predictors: (Constant), grntf

b. Dependent Variable: prddv

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	52.064	12.034		4.327	.000
	grntf	-1.362	.687	-.265	-1.984	.053

a. Dependent Variable: prddv

The regression analysis for test of hypothesis 2 shows that  $prddy = 52.064 - 1.362grntf$  which means that product development will decrease on average by 1.362 percent with 1 percent change in grant financing. The model summary reveals an r value of 0.265 which means that 26.5 percent of the variation in product development can be explain by grant finance.

The result also indicates a significant value of 0.05 which is equal to  $\alpha 0.05$ , hence, the null hypothesis is rejected and the alternative hypothesis which states that grant financing has significant effect on product development of SMEs in Gombe State is accepted. This means that the grants received by the beneficiaries were used in the development of product and services.

### **Discussion of Findings**

The study examined the effects of grant financing on SMEs working capital and product development in Gombe State. The test of hypothesis 1 revealed that grant financing has no significant effect on working capital of SMEs in Gombe State. Even though the respondents report that the grant was used in paying salaries, buying raw materials and other consumables; marketing of products and services, paying bills, rates and other expenses, however, the test of hypothesis shows that it was not insignificant. This implies that the grant received by the entrepreneurs does not have significant effect on the working capital needs of entrepreneurs in the state. This finding agrees with Osotimehin, Jegede, Akinlabi, and Olajide (2012) who found that despite government institutional and policies support to enhancing the capacity of small and medium scale enterprises, the enterprises have fallen short of expectations. This can be adduced to the fact that the grant provided by the government could not significantly impact on the working capital needs of the businesses.

The test of the second hypothesis revealed that grant financing has significant effect on product development of SMEs in Gombe State. This means that the grants received by the beneficiaries were used in the development of product and services. Particularly, the grant was used in implementing new designs and packaging to give their products a new look, or significantly changed the way they display their products. It was also used to introduce new channel for selling their goods and services, such as licensing to others, selling in a new type of place. Moreover, the grant was used in introducing a new method of pricing their goods or services, such as a new type of special offer, or a new way of varying the price according to demand. And it was also used in introducing a new way of promoting or advertising the respondents' products or services, including changing the way work is organised in their firms.

### **Conclusion**

Based on the findings of this study, the research concludes that the grants provided by the federal government has no significant effect on working capital needs of entrepreneurs in Gombe State. The research also concludes that grant financing has significant effect on product development of SMEs in Gombe State.

### **Recommendations**

The study advanced the following recommendations:

- i. Entrepreneurs should ensure that future grants are utilized to boost working capitals of their business. This is because, working capital is life blood of every business, whose continual survival and growth depends on it.
- ii. Entrepreneurs should also ensure that grants are used for product development

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