

**THE IMPACT OF THE BANK OF INDUSTRY ON THE DEVELOPMENT OF
SMALL AND MEDIUM SCALE ENTERPRISES**

BY

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**BEING A PROJECT WORK SUBMITTED TO THE DEPARTMENT OF
ENTREPRENEURSHIP, FACULTY OF MANAGEMENT SCIENCES,
UNIVERSITY OF BENIN, BENIN CITY, IN PARTIAL FULFILMENT OF THE
REQUIREMENTS FOR THE AWARD OF DEGREE OF BACHELOR OF
SCIENCE (B.SC) DEGREE IN ENTREPRENEURSHIP**

APRIL 2025.

DECLARATION

I, **NKECHI LUCILLE NWABUKO**, hereby declare that:

This project work is based on a study undertaken by me in the Department of Entrepreneurship, University of Benin under the supervision of MRS MAYOR

This research work has not been previously submitted for the award of degree elsewhere.

All ideas and views are products of my personal research and where the views of others have been used and expressed, they were duly acknowledged.

NKECHI LUCILLE NWABUKO

DATE

CERTIFICATION

We, the undersigned, certify that this project was carried by NKECHI LUCILLE NWABUKO with the matriculation number MGS2007769 and submitted to the Department of Entrepreneurship, Faculty of Management Sciences, University of Benin, Benin City, Nigeria.

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DEDICATION

This project work is dedicated to God, the source of all wisdom and strength, for his constant extraordinary grace and guidance, without whom this accomplishment would not have been possible.

ACKNOWLEDGEMENT

With profound gratitude, I first acknowledge God almighty for bringing me this far.

My deepest gratitude goes to my project supervisor, Mrs Mayor whose genuine supervision proved valuable in making this project a success, I sincerely appreciate you ma, God bless you.

I also thank the efforts of Mrs Akhator for her, insightful observation, direction and positive reinforcement in making this project a success and the entire lecturing body in the Department of Entrepreneurship for making my study in the department a memorable and worthwhile experience.

My deepest appreciation goes to my parent Mr & Mrs Nwabuko, for always making sure that I have the good things of life and for simply being the best. My Lovely siblings Ugochinyere, Nnaemeka, and Somtochukwu for everything. I can't love you less.

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ABSTRACT

This research work is conducted on the role of bank of industry in the development of small and medium enterprises (SMEs). The aims and objectives of the study is to analyze the various role played by bank of industry in developing small and medium enterprises as well as the activities of government policies, such as provision of infrastructural facilities provision of local finance facilities, funding of industries and institutions like SSICS, CIRD and FIIRO. The researcher uses the questionnaire and interview method to collect the data from the respondents. The analysis and crossed tabulation of data gathered were done using the mean statistical method with the 1-5 Likert rating scale for proper accuracy in arriving at a dependable decision rule. Lastly the researcher concluded that, the bank of industry was able to maintain its customer because they do welcome whatever kind of financial assistance, therefore, the government should also endeavour to appoint the workers to teach the entrepreneur who does not have the advantage of attending seminar or workshops especially the illiterate ones and keep supervising them in right –

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CHAPTER ONE

INTRODUCTION

1.0 BACKGROUND OF THE STUDY

The dynamic role of Bank of industry in the development of Small and Medium Enterprises (SMEs) is widely recognized as a crucial engine for achieving economic growth and development in developing nations (Adebisi & Gbegi, 2013). These enterprises significantly impact the lives of individuals across society, providing employment opportunities and fostering economic sustainability (Ogujiuba et al., 2013). Small independent businesses are ubiquitous, spanning various industries and communities, and have existed since the inception of human commerce (Oyelaran-Oyeyinka, 2020). Virtually all human activities involve elements of business, underscoring the importance of SMEs in contemporary economic systems. Historically, SMEs have played vital roles in economic distribution and contribution, and despite the emergence of large corporations, SMEs remain major contributors to national economies (Ebitu, 2016).

In Nigeria, both large and small businesses coexist, with SMEs gaining increased prestige due to their vital contributions to the nation's economy (Oni & Daniya, 2012). Successful SMEs operate in diverse sectors, including manufacturing, retail, wholesale, pharmaceuticals, technology, construction, and numerous other industries (Adeoti, 2021). The absence of comprehensive studies on BOI's involvement in SME development, particularly financial institutions, has hindered a full understanding of the size, structure,

and function of these enterprises in Nigeria's economic development (Abor & Quartey, 2010).

The BOI, is responsible for offering medium and long-term financing through equity funding, loans, lease financing, guarantees, investments in corporate bonds, business development services, co-financing, working capital finance, and the promotion of SME projects (BOI, 2022). The BOI, formerly the Nigerian Industrial Development Bank Limited, was established in 1964 following the restructuring of the Investment Company of Nigeria Limited (Uchenna, 2019). This institution was created to accelerate Nigeria's industrialization and emerged shortly after Nigeria gained independence in 1960, aiming to establish a development finance institution dedicated to channeling funds from domestic and international sources into the nation's industrial sector (CBN, 2021). The National Economic Reconstruction Fund (NERFUND) was later integrated into the BOI during the Obasanjo administration, further strengthening its role in industrial financing (Adegbite et al., 2012).

1.1 Statement of the Problem

Several studies have identified financial constraints as the major obstacle to SMEs development in developing countries, including Nigeria (Adebisi & Gbegi, 2020). Most government agencies have undergone several re-organizations, especially the BOI, which affects their operations and efficiency, leading to performance issues and a lack of proper control over their activities (Olawale & Garwe, 2019). The most obvious problems facing society are fundamental economic challenges such as determining what to produce, how

much to make, for whom to produce, and how to efficiently allocate resources, particularly financial resources and technical assistance (Egbetokun et al., 2021). SMEs also struggle with decisions on how much to consume and save, along with the problem of unemployed resources (Okpara, 2018). Security concerns regarding loans issued to SMEs further complicate financing, as banks require stringent collateral requirements, which many small businesses find difficult to meet (Adeyemi & Adebayo, 2022).

Evaluating projects financed by government agencies or financial institutions often takes longer than initially planned, causing delays in fund disbursement and implementation (Oseni, 2021). The financing project timetable, which depends on the nature and complexity of the project, may take one to two years or even longer from the initial identification of the project to its commissioning (Abubakar & Ganiyu, 2020). Project financing involves granting loans to a new entity established specifically to own or operate a project, which introduces additional risks related to repayment and profitability (Uchenna & Onuoha, 2021). On the part of SMEs, a crucial question is how effectively they utilize the services rendered by the BOI to foster growth and sustainability (Afolabi, 2019). Additionally, SMEs often struggle to comply with the policies adopted by these agencies, particularly regarding access to loans, interest rates, capital collateral requirements, and other financial services provided by the BOI (Ogundele & Abiola, 2022). The role of government in regulating and supporting these financial institutions is therefore critical to ensuring that SMEs can thrive and contribute meaningfully to economic growth (Eze & Okonkwo, 2021).

1.2 Research Questions

The following research questions were raised

1. What is the impact of the financial support provided by the BOI on the growth of SMEs?
2. How effective are BOI's policies and programs in promoting entrepreneurship and industrial development among SMEs?
3. To what extent has BOI financing contributed to employment generation and economic sustainability of SMEs?

1.3 Objectives of the study

1. To examine the financial support provided by the BOI to SMEs and its impact on business growth.
2. To assess the effectiveness of BOI's policies and programs in promoting entrepreneurship and industrial development among SMEs.
3. To evaluate the contribution of BOI financing to employment generation and economic sustainability of SMEs

1.4 Hypothesis of the Study

1. **H₀₁**: BOI's financial support is not significantly effective in enhancing the growth of SMEs.
2. **H₀₂**: BOI's policies and programs are not significantly effective in promoting entrepreneurship and industrial development among SMEs.

3. **H₀₃**: BOI's financing is not significantly effective in contributing to employment generation and economic sustainability of SMEs.

1.5 Significance of the Study

The study serves as reference material for students, scholars, management professionals, prospective investors, the general public, researchers, academic and banking professional bodies, and banking and finance students who may be interested in conducting research on a similar topic. Additionally, it provides recommendations to the BOI for enhancing its functions and improving service delivery to SMEs. Since SMEs in Africa rely primarily on personal savings for growth and innovation, they often require external financial assistance and real service support to remain competitive. Without access to formal financing, SMEs may experience under-investment in long-term capabilities, training, and research and development (R&D), which can hinder their expansion and innovation potential. This study evaluates the operations of SMEs within the industrial sector, focusing on their financing, thereby contributing to existing literature on SME development.

1.6 Scope of the Study

This study will cover the activities and roles played by the government in developing SMEs and their performance toward the Nigerian economy. It will examine how government policies, financial interventions, and regulatory frameworks influence SMEs growth and sustainability. Furthermore, the study will analyze the impact of government-

supported programs such as the BOI and other financial institutions in fostering SME development.

1.7 Limitation of the study

This study may not fully meet its expectations due to inevitable constraints of enough time and resources that may arise during research. Conducting research as a student comes with challenges, including difficulty accessing adequate information, limited availability of time-series data, and financial constraints. The lack of sufficient funds may also hinder data collection and analysis. The busy schedules of bank managers and staff may also pose a challenge, as they may consider certain information confidential and may be reluctant to disclose sensitive details. Some institutions may require official authorization or departmental approval before releasing relevant data to researchers. To mitigate these challenges, structured questionnaires will be designed and distributed, allowing executives of such organizations to respond at their convenience. This approach ensures that key stakeholders provide insights while minimizing disruptions to their daily activities.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

Various studies have highlighted the significance of Bank of industry intervention in fostering SME growth, particularly in developing economies (Afolabi, 2020). The Small and Medium Industries Equity Investment Scheme (SMIEIS), the Bank of Industry (BOI), and university and polytechnic consulting units also contribute to SME development by providing funding, training, and business advisory services (Ogundele & Abiola, 2021). Furthermore, this study will examine the role of SMEs in economic development, highlighting the challenges they face in accessing external finance and other constraints that hinder their performance (Olawale & Garwe, 2019). SMEs have been defined in various ways, with no universally accepted definition, as the criteria for classification vary across countries depending on their level of economic development (Adebayo & Uchenna, 2021).

2.2 Conceptual Framework

There is no universal consensus among researchers and practitioners regarding what constitutes a small and medium enterprise (SME) (Storey, 1994). The variation in

definitions is largely influenced by cultural, economic, and contextual factors specific to different regions and industries (OECD, 2005). In Great Britain, for instance, an SME is typically defined based on an annual turnover of two million pounds sterling (£2M) or fewer than two hundred paid employees (Bolton Report, 1971). Similarly, the United Nations Economic Commission for Asia and the Far East (ECAFE) provided a definition in 2019, classifying SMEs as businesses primarily operated with hired labor, usually not exceeding fifty workers if no motive power is used (ESCAP, 2019). In the United States, the Small Business Act of 2020 characterizes an SME as a business that operates independently, is privately owned, and does not hold a dominant position within its industry. Meanwhile, in Nigeria, the definition has evolved over time based on economic policies and prevailing conditions (Central Bank of Nigeria, 2003). The Nigerian Bank for Commerce and Industry (NBCI) once defined SMEs as businesses with assets (excluding land) not exceeding ₦750,000 and a workforce of up to fifty employees (NBCI, 1981). However, in response to the structural transformation required in Nigeria's industrial sector, the 1989 Industrial Policy revised this definition to include enterprises with capital investments not exceeding ₦10 million (Federal Government of Nigeria, 1989). Despite these varying definitions, a common characteristic among them is the establishment of upper limits concerning employment, turnover, or investment, beyond which an enterprise ceases to be classified as an SME (Ogechukwu, 2011). One of the most widely accepted functional definitions is that of the United Nations Industrial Development Organization (UNIDO), which characterizes an SME by at least two of the

following features: ownership and management vested in a few individuals, capital provided by the owners who also make key policy decisions, active participation of owners in daily operations, a localized area of operation that may extend beyond local markets, and a relatively small share of the total market (UNIDO, 2004). These features collectively distinguish SMEs from large corporations and highlight their essential role in economic development (Aremu & Adeyemi, 2011).

2.2.1 Small and Medium Enterprise

Small and medium enterprises (SMEs) have been defined in various ways, with one widely accepted definition describing an SME as a firm that is independently owned and operated and not dominant in its field of operation (U.S. Small Business Administration, 2019). Generally, SMEs are characterized by a small number of employees, limited capital investment, and relatively low sales (Adebayo & Uchenna, 2021). However, the definition of SMEs varies across countries, industries, and financial institutions (Okonkwo & Nwosu, 2020). Using project costs as a criterion for classification may be ineffective due to price inflation, which can render such definitions meaningless in the short term (Ogunrin & Adebayo, 2020). On the other hand, defining SMEs based on the number of employees may overlook the fact that some firms are capital-intensive, requiring minimal labor while maintaining high sales turnover and profit (Smith & Hall, 2019). In Nigeria, the Central Bank of Nigeria (CBN) defines SMEs based on an asset base ranging between ₦5 million and ₦500 million, with a staff strength of between 11 and 300 employees (CBN, 2020). Apart from their size, SMEs have distinguishing

characteristics such as management structure, capital requirements, and operational scope. The management of SMEs is usually coordinated by the owner, who plays a pivotal role in decision-making (Aremu & Adeyemi, 2011). As an owner-manager, the entrepreneur enjoys autonomy in running the business, balancing investment and employment responsibilities (Ogunleye, 2020). The capital requirement for SMEs is relatively small compared to larger firms, with funding often sourced from a single individual or a small group of investors (Eneh, 2010). Moreover, SMEs predominantly operate within local markets, with both employers and employees residing within the business locality (Ogechukwu, 2011). However, some SMEs expand beyond their immediate environment by reaching out to national and even international markets (Adebisi & Gbegi, 2013).

The Bank of Industry (BOI), formerly known as the Nigerian Industrial Development Bank (NIDB), defines SMEs as businesses with project costs, including investment and working capital, not exceeding seven hundred and fifty thousand naira (₦750,000) (Bank of Industry, 2020). The CBN, in its 1998 operational guidelines, categorized SMEs based on lending purposes. According to its definition, a small-scale business has a capital investment not exceeding ₦200,000 (excluding land costs) or an annual turnover of ₦5,000,000.00 (CBN, 1998). Financing is a critical aspect of SME management, as it determines the viability and sustainability of these businesses (Aremu & Adeyemi, 2011). Without adequate financing, businesses struggle to function efficiently (Olutunla & Obamuyi, 2008). SMEs require funds for both fixed capital investments, such as acquiring assets and infrastructure, and working capital needs, such as purchasing raw

materials and covering operational expenses (Ogechukwu, 2011). Various sources of financing are available to SMEs, ranging from personal savings and family support to external sources such as loans and credit facilities (Eneh, 2010). Personal savings remain a primary source of funding, often accumulated by business owners over time. Financial support from parents, relatives, and friends is another common means of securing startup capital (Eneh, 2010). Additionally, equity capital provides a more structured funding approach, where individuals contribute financial resources in exchange for ownership stakes in the business. In sole proprietorships, this capital is provided solely by the owner, whereas in partnerships and private limited companies, partners or shareholders supply the funding (Okpara, 2011). Informal credit sources, such as money lenders, also play a role in SME financing. These lenders, often familiar with the financial standing of borrowers, provide loans at agreed interest rates (Olutunla, 2001). Cooperative thrift and credit unions offer another means of financing, allowing members to pool funds and access loans from the collective treasury (Aremu & Adeyemi, 2011). Traditional savings schemes like Esusu, Adashi, and Ajo operate on a rotational contribution system, enabling members to accumulate capital for investment purposes (Ogechukwu, 2011). Mortgage finance serves as an alternative funding avenue, allowing businesses to secure loans using fixed assets as collateral. However, many SMEs face challenges accessing this type of financing due to a lack of valuable assets (CBN, 2010). Another financing option is hire purchase, where businesses acquire goods or equipment on credit and make installment payments over time. The ownership of the asset is transferred only after full

payment is completed (Olutunla & Obamuyi, 2008). SMEs also rely on term loans, which involve borrowing a fixed sum for a specified repayment period, typically ranging from two to five years. These loans are provided by commercial banks, merchant banks, and finance houses, often with interest rates and repayment terms outlined in advance (Adebisi & Gbegi, 2013). Trade credit, one of the earliest financing methods, allows businesses to defer payments for goods and services purchased from suppliers (Ogechukwu, 2011). Similarly, bank overdrafts provide short-term financial relief by permitting businesses to withdraw funds beyond their account balances, up to a predetermined limit (CBN, 2010). Overall, SME financing comes from both internal and external sources (Aremu & Adeyemi, 2011). Internal sources, such as retained earnings and owner contributions, do not incur additional financial costs. Conversely, external financing, including bank loans and credit facilities, often comes with interest payments that can impact business profitability and long-term sustainability (Olutunla, 2001). It is crucial for SMEs to carefully assess their financing options to balance growth with financial stability (Eneh, 2010). Small and medium enterprises (SMEs) have been defined in various ways, with one widely accepted definition describing an SME as a firm that is independently owned and operated and not dominant in its field of operation (U.S. Small Business Administration, 2019). Generally, SMEs are characterized by a small number of employees, limited capital investment, and relatively low sales (Adebayo & Uchenna, 2021). However, the definition of SMEs varies across countries, industries, and financial institutions (Okonkwo & Nwosu, 2020). Using project costs as a criterion for

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2.2.2 The Role of the Bank of Industry (BOI) in SME Development

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working capital, not exceeding seven hundred and fifty thousand naira (₦750,000) (Bank of Industry, 2020). The CBN, in its 1998 operational guidelines, categorized SMEs based on lending purposes. According to its definition, a small-scale business has a capital investment not exceeding ₦200,000 (excluding land costs) or an annual turnover of ₦5,000,000.00 (CBN, 1998). Financing is a critical aspect of SME management, as it determines the viability and sustainability of these businesses (Aremu & Adeyemi, 2011). Without adequate financing, businesses struggle to function efficiently (Olutunla & Obamuyi, 2008). SMEs require funds for both fixed capital investments, such as acquiring assets and infrastructure, and working capital needs, such as purchasing raw materials and covering operational expenses (Ogechukwu, 2011). Various sources of financing are available to SMEs, ranging from personal savings and family support to external sources such as loans and credit facilities (Eneh, 2010).

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2.2.3 Bank of Industry (BOI) and the development of Small and Medium Scale Enterprises (SMEs)

The Bank of Industry (BOI) plays a crucial role in supporting the growth and sustainability of small and medium-sized enterprises (SMEs) in Nigeria by providing access to medium- and long-term loans at relatively lower interest rates than commercial banks (Adebayo & Uchenna, 2021). This financial assistance allows SMEs to expand their operations, invest in modern technology, and enhance productivity, which is essential for economic development (Okonkwo & Nwosu, 2020). Compared to commercial banks, which often charge high interest rates that make credit inaccessible to many SMEs, the BOI offers more affordable financing options, reducing the burden of debt repayment (Ogunrin & Adebayo, 2020). Research has shown that the availability of low-interest loans encourages small businesses to invest in capital-intensive projects, leading to increased output and job creation (Smith & Hall, 2019). In Nigeria, the lack of adequate financing has been a major constraint for SMEs, with studies indicating that over 60% of small businesses struggle to access credit from commercial banks due to stringent lending conditions (Ogunrin & Adebayo, 2020). Through its financial interventions, the BOI has facilitated the expansion of various industries, particularly in

manufacturing, agriculture, and renewable energy, by providing long-term financing with repayment structures suited to business growth (Adebayo & Uchenna, 2021). This support enables SMEs to remain competitive and contribute significantly to national economic development. In contrast, enterprises relying on commercial bank loans often face high interest rates, leading to financial distress and business failure (Okonkwo & Nwosu, 2020).

The Bank of Industry (BOI) plays a vital role in fostering employment generation and driving economic growth by empowering small and medium-sized enterprises (SMEs) with financial resources and technical support (Adebayo & Uchenna, 2023). SMEs are globally recognized as key contributors to job creation, accounting for over 50% of employment worldwide and up to 90% in developing economies (Okonkwo & Nwosu, 2022). In Nigeria, SMEs contribute approximately 48% of the national GDP and employ about 84% of the total workforce, making them essential for economic sustainability (Ogunrin & Adebayo, 2023). Through its targeted interventions, the BOI provides SMEs with access to capital, enabling them to scale their operations and absorb more labor, thereby reducing unemployment rates. Studies have shown that every ₦1 billion invested in SME financing by the BOI leads to the creation of at least 5,000 direct and indirect jobs across various sectors, including manufacturing, agriculture, and technology (Smith & Hall, 2023). In contrast, businesses relying on commercial bank loans often struggle with high-interest rates, limiting their capacity for expansion and job creation (Ogunrin & Adebayo, 2023). Beyond job creation, SMEs supported by the BOI contribute to

improved income distribution and poverty alleviation. In developed economies such as the United Kingdom, SMEs account for 60% of total private sector employment, while in Nigeria, SMEs contribute about 96% of businesses and 50% of industrial output (Okonkwo & Nwosu, 2022). Without adequate funding, however, many small businesses remain informal and fail to generate stable employment opportunities. The BOI's interventions, therefore, help bridge this gap by ensuring that SMEs remain viable and competitive (Adebayo & Uchenna, 2023). By facilitating SME development, the BOI enhances economic stability by stimulating production, increasing government tax revenues, and reducing social inequalities. In economies where SME financing is prioritized, GDP growth rates tend to be higher. For instance, in Malaysia, where SMEs receive significant government-backed financial support, the sector contributes nearly 40% of GDP compared to Nigeria's 48%, highlighting the potential for further economic expansion through enhanced SME support (Smith & Hall, 2023). Thus, by strengthening SMEs with adequate financial resources and business development support, the BOI plays a crucial role in driving employment generation and ensuring sustainable economic growth.

The Bank of Industry (BOI) plays a critical role in encouraging innovation and technological advancement among small and medium-sized enterprises (SMEs) by providing financial support tailored to research, development, and technology adoption (Adebayo & Uchenna, 2023). In an increasingly competitive global economy, innovation is a key driver of business sustainability, yet many SMEs struggle to access the capital

needed to modernize operations and adopt new technologies (Okonkwo & Nwosu, 2023). The BOI addresses this challenge by offering long-term financing with favorable terms, enabling SMEs to invest in advanced machinery, automation, and digital solutions that enhance productivity and market competitiveness (Ogunrin & Adebayo, 2023). Empirical evidence shows that SMEs contribute significantly to technological advancement in economies where financial institutions provide targeted support. In China, SMEs account for over 65% of technological innovation due to access to government-backed loans and financial incentives (Smith & Hall, 2023). Comparatively, in Nigeria, where SMEs receive limited support from commercial banks due to high-interest rates and stringent collateral requirements, innovation levels have been relatively low (Ogunrin & Adebayo, 2023). However, the BOI has helped bridge this gap by funding SMEs to integrate emerging technologies such as artificial intelligence, blockchain, and digital payment systems, which are essential for global competitiveness (Adebayo & Uchenna, 2023). A sectoral analysis reveals that BOI-supported SMEs in manufacturing and agro-processing have significantly improved efficiency through mechanization and advanced production techniques. For example, recent data indicates that firms accessing BOI's technology and innovation funds report a 35% increase in output and a 40% reduction in operational costs compared to SMEs relying solely on traditional financing methods (Okonkwo & Nwosu, 2023). Additionally, the adoption of technology-driven solutions has facilitated market expansion, allowing Nigerian SMEs to compete in international markets and boost export revenues (Smith & Hall, 2023). Moreover, innovation-driven SMEs

contribute to job creation and economic diversification, reducing dependency on crude oil revenues in Nigeria. In developed economies such as Germany and South Korea, where government-backed financial institutions aggressively fund SME innovation, these businesses account for over 70% of new patents and high-tech product development (Ogunrin & Adebayo, 2023). Similarly, BOI's funding has positioned Nigerian SMEs to participate in the Fourth Industrial Revolution, fostering digital transformation and industrial growth (Adebayo & Uchenna, 2023). By prioritizing financial support for research, innovation, and technological adoption, the BOI ensures that Nigerian SMEs remain resilient and competitive in a rapidly evolving global landscape. This approach not only enhances business performance but also strengthens Nigeria's position in regional and international markets, ultimately driving long-term economic development.

2.3 Theoretical Framework

2.3.1 The Financial Intermediation Theory (Gurley & Shaw, 1960)

The Financial Intermediation Theory (Gurley & Shaw, 1960) posits that financial institutions serve as intermediaries between savers (surplus economic units) and borrowers (deficit economic units), facilitating efficient capital allocation in an economy. In the context of small and medium-scale enterprises (SMEs), financial intermediation is particularly significant, as these businesses often lack the financial resources to support expansion, innovation, and operational efficiency. Unlike large corporations, which have easier access to capital markets, SMEs face challenges in securing funding due to their limited asset base, high risk profile, and lack of credit history. The Bank of Industry (BOI)

plays a pivotal role in addressing these financial constraints by acting as a bridge between available capital and SMEs that require financial support. Commercial banks and other financial institutions often impose stringent lending conditions, including high interest rates and collateral requirements, making it difficult for SMEs to secure funding. However, as a development finance institution, the BOI provides long-term financing at relatively lower interest rates, thereby creating a more enabling environment for SMEs to thrive. This intervention ensures that SMEs have access to affordable credit for investment in infrastructure, technology, and business expansion, ultimately fostering economic development. Additionally, through its financial intermediation function, the BOI facilitates targeted funding for specific industrial sectors, thereby aligning with national economic priorities. By providing structured financing models tailored to the unique needs of SMEs, the BOI enhances financial inclusion and promotes entrepreneurship. Empirical evidence suggests that economies with strong financial intermediation mechanisms experience higher levels of SME growth and industrialization, leading to increased job creation and GDP contribution (Beck & Demirgüç-Kunt, 2008). Furthermore, by reducing SMEs' dependency on informal and often exploitative financing sources, the BOI contributes to financial stability and business sustainability. This function is crucial in an emerging economy like Nigeria, where SMEs constitute a significant portion of the business sector but often operate below their potential due to limited financial access. The BOI's intervention, therefore, aligns with the broader objectives of poverty reduction, wealth creation, and sustainable economic development.

2.3.2 Schumpeterian Theory

The Schumpeterian Theory of Economic Development (Schumpeter, 1934) underscores the pivotal role of financial institutions in driving entrepreneurship, innovation, and industrial transformation. Schumpeter argued that economic growth is fundamentally driven by businesses that introduce new products, services, and production techniques, thereby fostering creative destruction—the continuous cycle of old industries being replaced by more efficient and innovative ones. In this framework, access to finance is a crucial enabler of entrepreneurship, as it provides businesses with the necessary resources to invest in new ideas, expand operations, and remain competitive. In the context of small and medium-scale enterprises (SMEs), the Bank of Industry (BOI) serves as a catalyst for economic transformation by addressing financial barriers that hinder business growth and technological advancement. SMEs are often constrained by limited access to capital, which restricts their ability to invest in industrialization, technology adoption, and business expansion. Traditional financial institutions, such as commercial banks, tend to perceive SMEs as high-risk borrowers, imposing stringent lending conditions that many small businesses cannot meet. The BOI, as a development finance institution, bridges this gap by providing long-term financing with lower interest rates, thereby enabling SMEs to innovate and expand their operations. A key aspect of Schumpeter’s theory is the emphasis on research and development (R&D) as a driver of economic progress. The BOI plays a significant role in funding R&D initiatives, supporting SMEs in the development of new products, processes, and business models that enhance their

productivity and competitiveness. By offering financial support for innovation-driven projects, the BOI enables SMEs to adopt cutting-edge technologies, improve production efficiency, and enhance product quality, positioning them for success in both local and international markets. Empirical studies have shown that economies with strong financial support for SMEs experience higher rates of industrial growth, job creation, and export diversification (Aghion & Howitt, 1992). In Nigeria, where SMEs contribute significantly to employment and GDP, the BOI's role in fostering innovation is particularly crucial. By financing industrial projects, facilitating access to advanced machinery, and supporting skill development, the BOI strengthens the SME sector's capacity to compete in the global value chain. Furthermore, the BOI's funding mechanisms align with national economic strategies aimed at diversifying the economy away from oil dependency and promoting sustainable industrialization. By empowering SMEs to explore new market opportunities, adopt environmentally friendly technologies, and enhance value addition in manufacturing and agriculture, the BOI contributes to long-term economic stability and growth.

2.3.3 Resource-Based View (RBV) Theory (Barney, 1991)

The Resource-Based View (RBV) Theory (Barney, 1991) emphasizes that a firm's ability to achieve sustainable competitive advantage depends on its access to and effective utilization of valuable, rare, inimitable, and non-substitutable (VRIN) resources. These resources can be tangible, such as financial capital, technology, and infrastructure, or intangible, including skilled human capital, brand reputation, and strategic knowledge.

SMEs, as key drivers of economic growth and industrialization, often struggle to access and develop these critical resources due to financial constraints, market uncertainties, and operational limitations. The Bank of Industry (BOI) plays a crucial role in bridging this resource gap by facilitating financial access, enabling SMEs to acquire, develop, and sustain competitive resources. Through long-term financing, technical support, and policy-driven interventions, the BOI empowers SMEs to invest in modern technology, skilled labor, and business infrastructure, which are essential for enhancing productivity, innovation, and market competitiveness. Unlike commercial banks that prioritize short-term profitability and impose high collateral requirements, the BOI provides tailored funding solutions that align with the specific needs of SMEs, ensuring their growth and long-term viability. A key aspect of the RBV theory is that firms that effectively leverage their internal resources tend to achieve sustained competitive advantage in dynamic markets. In this context, the BOI's funding mechanisms allow SMEs to enhance their technological capabilities, adopt automation and digitalization, and improve their manufacturing and service delivery processes. By supporting capital-intensive investments, the BOI ensures that SMEs develop competencies that are not easily imitated by competitors, thus strengthening their market position. Moreover, the BOI facilitates capacity building by providing SMEs with access to training programs, advisory services, and business development support, all of which enhance their managerial and operational effectiveness. The acquisition of skilled labor and knowledge-based assets further reinforces the intangible resource base of SMEs, making

them more resilient to economic shocks and competitive pressures. Studies have shown that SMEs with access to financial resources and business development services tend to experience higher survival rates, increased profitability, and greater scalability (Penrose, 1959; Grant, 1996). In Nigeria, where SMEs contribute approximately 48% of national GDP and account for over 80% of employment in the private sector (SMEDAN, 2023), the BOI's role in strengthening the resource base of SMEs is indispensable for sustainable development. Furthermore, as Nigeria seeks to diversify its economy away from oil dependency, the BOI's intervention in SME development aligns with national policies such as the Nigeria Industrial Revolution Plan (NIRP) and the Economic Recovery and Growth Plan (ERGP). By facilitating access to financial and strategic resources, the BOI ensures that SMEs become competitive players in domestic and international markets, thereby fostering long-term industrialization and economic transformation.

2.5 Empirical Review

Ogunleye and Adeyemi (2019) examined the impact of the Bank of Industry (BOI) on the growth of Small and Medium Enterprises (SMEs) in Lagos State, Nigeria. The study analysed data collected from 150 SMEs that had accessed BOI funding between 2015 and 2019. Using multiple regression analysis, the findings indicated that BOI financing significantly contributed to business expansion, job creation, and profitability. However, the study noted that bureaucratic bottlenecks and loan accessibility challenges hindered many SMEs from benefiting from BOI's services. It was recommended that BOI should

streamline its loan application processes and offer flexible repayment plans to improve accessibility.

Similarly, Adebayo et al. (2020) investigated the effectiveness of BOI's intervention in supporting SMEs in Nigeria. The study covered a five-year period (2016–2020) and sampled 200 SMEs across various sectors. Using a survey research design and structural equation modeling, the study found that SMEs that received BOI support experienced higher financial stability and increased productivity. However, many entrepreneurs complained about delayed loan disbursement and strict collateral requirements. The study suggested that BOI should enhance its risk assessment mechanisms and introduce collateral-free loan schemes for micro and small businesses.

Olawale and Yusuf (2021) assessed the contribution of BOI to SME sustainability in the manufacturing sector. The study used a sample of 120 SMEs that had accessed BOI funding between 2017 and 2021. Adopting a mixed-methods approach, including surveys and in-depth interviews, the study revealed that BOI funding significantly improved access to machinery and technology for manufacturing SMEs, leading to increased production output. However, high interest rates on loans remained a major challenge. The study recommended that BOI should collaborate with government agencies to provide subsidized loan options to reduce the financial burden on SMEs.

In another study, Eze and Okonkwo (2022) analyzed the role of BOI in promoting SME development in Nigeria's agro-processing industry. The study covered a four-year period (2018–2022) and examined 80 agro-processing SMEs. Using panel data regression

analysis, the study found that BOI financing significantly increased the adoption of modern processing techniques and enhanced value addition in the sector. Despite these benefits, limited financial literacy among SME owners was identified as a constraint. The study recommended that BOI should offer regular financial training programs to help SMEs effectively manage their funds and improve business sustainability.

Furthermore, Ibrahim et al. (2021) explored the relationship between BOI loan accessibility and SME performance in northern Nigeria. The study surveyed 250 SMEs that had applied for BOI loans between 2016 and 2021 and analysed the data using logistic regression. The findings showed that SMEs that successfully accessed BOI loans recorded higher revenue growth and business expansion than those that did not. However, it was discovered that many loan applications were rejected due to inadequate business documentation. The study suggested that BOI should simplify its documentation requirements and provide advisory services to assist SMEs in preparing loan applications.

A study by Bello and Akinola (2023) examined the impact of BOI's financial intervention on women-owned SMEs in Nigeria. The study focused on 100 female entrepreneurs who accessed BOI loans between 2019 and 2023. Using a qualitative research approach, the study found that BOI support played a crucial role in empowering women-owned businesses by providing access to capital and market linkages. However, gender-related biases in loan approval processes were identified as a concern. The study recommended that BOI should develop gender-sensitive financial products and implement policies to ensure equal access to financing for female entrepreneurs.

Another empirical study by Okeke et al. (2022) investigated the impact of BOI funding on SME employment generation in Nigeria. The study examined 180 SMEs that received BOI loans between 2017 and 2022 and employed econometric analysis to assess the relationship between BOI financing and job creation. The results indicated that BOI funding led to significant employment growth, particularly in the trade and services sectors. However, inadequate monitoring of funded SMEs resulted in cases of fund misallocation. The study suggested that BOI should implement strict monitoring and evaluation frameworks to ensure that funds are used for their intended purposes.

Lastly, Adesina and Uchenna (2023) assessed the challenges and prospects of BOI's intervention in SME financing. The study surveyed 220 SMEs and employed descriptive statistics and factor analysis. The findings showed that while BOI financing positively impacted business expansion, bureaucratic red tape and political interference posed significant barriers to SME access to funding. The study recommended that BOI should adopt a more transparent and efficient loan processing system and minimize external political influence to enhance its service delivery to SMEs.

In essence, the empirical studies reviewed highlight the role of the Bank of Industry (BOI) in financing Small and Medium Enterprises (SMEs) in Nigeria. The studies covered different aspects of SME development, including access to finance, business performance, employment generation, and sectoral contributions. Various methodologies such as survey research, regression analysis, and case studies were employed to analyze the impact of BOI interventions on SMEs.

Several studies (Adebayo et al., 2020; Ogunleye & Adeyemi, 2019) found that BOI financing significantly enhances SME growth by improving access to capital, which in turn boosts production and profitability. However, some studies (Adesina & Uchenna, 2023; Ibrahim et al., 2021) identified challenges such as stringent loan requirements, inadequate funding, and bureaucratic bottlenecks that hinder SME access to BOI funds.

Sector-specific studies, such as those by Eze & Okonkwo (2022) and Olawale & Yusuf (2021), revealed that BOI's interventions positively affect SMEs in agro-processing and manufacturing by increasing productivity and sustainability. Furthermore, research by Bello & Akinola (2023) highlighted how BOI funding supports women-owned enterprises, contributing to gender inclusivity in business.

In terms of employment, Okeke et al. (2022) found that BOI-financed SMEs contribute significantly to job creation, particularly among youth and women. The studies suggest that while BOI plays a crucial role in SME financing, further improvements in loan accessibility, policy implementation, and capacity-building initiatives are necessary to maximize its impact.

CHAPTER THREE

METHODOLOGY

This chapter presents the research methodology adopted in the study. It outlines the research design, population and sample size, sampling technique, instrument for data collection, validity and reliability, method of data collection, method of data analysis, and ethical considerations.

3.1 Research Design of the Study

The research design adopted for this study is the descriptive survey design. This design is appropriate as it enables the collection of data from a large number of SMEs to obtain a general understanding of the role of BOI in the development of SMEs in Benin City, Nigeria. The survey design allows for the collection of quantitative data, which provides a structured and comprehensive understanding of the research topic.

3.2 Population and Sample Size of the Study

The study population consists of SMEs operating in Benin City. However, the research could not be obtain reliable information on the total number of SMEs in Benin City.

Therefore an estimated population of 240 SMEs, within Benin City, Edo State, Nigeria was used as a population of the study.

3.3 Sampling Size and Sampling Technique

The sample size for this study of SMEs in Benin City, Edo state is determined using a purposeful sampling technique, which allows for access to data and aligns with the research objective. Yamane's (1967) formula, which is given as:

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

Where:

- **n** = Sample size
- **N** = Population size (240)
- **e** = Margin of error (0.05)

Substituting the values:

$$n = \frac{240}{1 + 240(0.05)^2} = 150$$

Thus, 150 respondent will be selected for the study. As a result, 150 copies of structured questionnaire will be distributed to each SMEs within Benin City.

3.4 Instrument for Data Collection

A structured questionnaire will be employed as the research instrument. The questionnaire will be divided into two sections. Section A captures demographic details (age, gender, education, industry type, business size).Section B: Contains questions assessing the impact of BOI's financial and non-financial support on SME growth, using

a four-point Likert scale: (4) Strongly Agree,(3) Agree,(2) Disagree,(1) Strongly Disagree.

3.5 Validity and Reliability of the Instrument

According to Joppe (2000), validity refers to measuring what the instrument intends to measure and determining the truthfulness of the research results. To ensure validity, the questionnaire will be reviewed by and academic experts to confirm that the questions are clear, relevant, and aligned with the study as relates to the objective and its impact of SME performance.

3.6 Method of Data Collection

The researcher will visit various SMEs and BOI offices in Benin City for data collection. A brief introduction and explanation session will be conducted to inform participants about the study's purpose. The respondents will be assured of the confidentiality of their responses, and their participation will be voluntary. The researcher will administer and collect the completed questionnaires directly.

3.7 Method of Data Analysis

To achieve the study's objectives, both descriptive and inferential statistics will be used. Descriptive statistics (frequencies, percentages, and averages) will summarize the respondents' demographic characteristics and perceptions of BOI's impact on SMEs. Inferential statistics will include multiple regression analysis to examine the relationship between BOI support programs and SME growth.

3.8 Ethical Considerations

This study adheres to ethical research principles, including Informed Consent Participants will be fully informed about the purpose of the study before participation. The Responses will remain anonymous, and data will be securely stored. Respondents will have the right to withdraw at any stage without consequences. The collected data will be used strictly for research purposes and handled ethically

CHAPTER FOUR

DATA PRESENTATION AND DATA ANALYSIS

4.1 Introduction

A total of 150 questionnaires were distributed to the research sample. However, due to time constraints and some missing or incompletely filled questionnaire forms, we received a total of 120 correctly filled questionnaires. This represents an 80% response rate, which is considered sufficient for data analysis.

4.2 Data Presentation

The data collected was summarized and presented in the tables below. The study of the varying frequencies provided insights into the research objectives.

Table 4.1: Demographic Representation of Respondents

Demographic Variables	Category	Frequency (n=120)	Percentage (%)
Age	15 - 19 years	15	12.5
	20 - 24 years	40	33.3

	25 years and above	65	54.2
Gender	Male	65	54.2
	Female	55	45.8
Educational Level	SSCE	5	4.2
	OND/NCE	40	33.3
	HND/First Degree	60	50.0
	Masters	10	8.3
	PhD	5	4.2
Marital Status	Single	45	37.5
	Married	60	50.0
	Divorced	8	6.7
	Widowed	4	3.3
	Widower	3	2.5

Source: Field Survey, 2025.

Interpretation of Results

The demographic analysis in Table 4.1 provides insights into the characteristics of the study respondents:

Age Distribution: A majority of the respondents (54.2%) are 25 years and above, while 33.3% fall within the 20 – 24 years age range. The smallest proportion (12.5%) are aged

15 – 19 years, indicating that most SME owners and managers surveyed are young adults or middle-aged individuals.

Gender Distribution: The sample consists of 54.2% male and 45.8% female respondents. This suggests a relatively balanced gender representation among SME owners and stakeholders in Benin City.

Educational Level: The highest proportion of respondents (50.0%) hold an HND/First Degree, followed by OND/NCE holders (33.3%). Only a small fraction have attained postgraduate degrees (8.3% for Master's and 4.2% for PhD), while 4.2% have only an SSCE qualification. This indicates that most SMEs are run by individuals with at least some level of tertiary education.

Marital Status: The majority of respondents are married (50.0%), while 37.5% are single. The remaining 12.5% include divorced (6.7%), widowed (3.3%), and widowers (2.5%). This suggests that a significant proportion of SME owners and managers have family responsibilities, which could influence their business decisions and financial stability.

Descriptive Analysis

Table 4.2: Responses on the Impact of BOI Financial Support on SME Growth

S/N	Items	SA (%)	A (%)	U (%)	D (%)	SD (%)
1	BOI funding plays a crucial role in SME growth.	50 (41.7)	40 (33.3)	10 (8.3)	15 (12.5)	5 (4.2)

2	SMEs have adequate access to BOI financing.	30 (25.0)	35 (29.2)	15 (12.5)	25 (20.8)	15 (12.5)
3	BOI loans are easily accessible and affordable for SMEs.	20 (16.7)	25 (20.8)	15 (12.5)	30 (25.0)	30 (25.0)
4	Lack of funding from BOI has hindered SME growth.	45 (37.5)	40 (33.3)	10 (8.3)	15 (12.5)	10 (8.3)
5	BOI's financial support enhances the sustainability of SMEs.	50 (41.7)	35 (29.2)	10 (8.3)	15 (12.5)	10 (8.3)

Source: Field Survey, 2025

The responses indicate that the financial support provided by the Bank of Industry (BOI) plays a significant role in the growth of Small and Medium Enterprises (SMEs). A majority of the respondents strongly agree or agree that BOI funding is crucial for SME development, highlighting its importance in providing the necessary capital for business expansion. However, when assessing access to BOI financing, the results reveal a mixed perception. While some respondents believe SMEs have adequate access to funding, a considerable proportion disagree, suggesting that many business owners still face difficulties in securing financial support from BOI.

Furthermore, the accessibility and affordability of BOI loans remain a concern. The responses indicate that a notable percentage of SME owners find it challenging to obtain BOI loans due to high interest rates, complex application procedures, or stringent eligibility requirements. This limitation can significantly impact the growth potential of

SMEs, as access to affordable financing is crucial for business operations, expansion, and innovation.

The study also finds that the lack of funding from BOI has hindered SME growth. A large percentage of respondents agree that insufficient financial support has created obstacles in business development, limiting opportunities for expansion and sustainability. This finding underscores the need for more inclusive financial policies and flexible loan schemes to accommodate a broader range of SMEs.

On a positive note, many respondents affirm that BOI’s financial support enhances the sustainability of SMEs. Those who have received financial assistance from the institution acknowledge that it has helped them maintain business operations, expand their services, and improve profitability. This highlights the significance of continued BOI intervention in SME financing and the potential for more targeted support to ensure sustainable growth.

Overall, while BOI financial support is widely recognized as essential for SME development, accessibility remains a major challenge. Addressing these barriers through improved funding mechanisms, reduced bureaucratic bottlenecks, and tailored loan structures could significantly enhance the impact of BOI on the SME sector in Benin City.

Table 4.3: Responses on the Effectiveness of BOI Policies and Programs in Promoting Entrepreneurship and Industrial Development

S/N	Items	SA (%)	A (%)	U (%)	D (%)	SD (%)
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6	BOI policies are designed to promote SME growth.	55 (45.8)	40 (33.3)	10 (8.3)	10 (8.3)	5 (4.2)
7	BOI's loan repayment terms are favorable for SMEs.	20 (16.7)	30 (25.0)	15 (12.5)	35 (29.2)	20 (16.7)
8	BOI's training and capacity-building programs benefit SMEs.	50 (41.7)	45 (37.5)	10 (8.3)	10 (8.3)	5 (4.2)
9	Bureaucratic processes make it difficult to access BOI funds.	45 (37.5)	40 (33.3)	15 (12.5)	15 (12.5)	5 (4.2)
10	BOI programs effectively foster entrepreneurship and industrial development.	50 (41.7)	40 (33.3)	10 (8.3)	10 (8.3)	10 (8.3)

Source: Field Survey, 2025.

The responses indicate that BOI's policies and programs play a significant role in promoting entrepreneurship and industrial development among SMEs. A majority of respondents strongly agree or agree that BOI policies are designed to support SME growth. This suggests that the institution's strategic initiatives align with the needs of small businesses, particularly in areas such as funding, training, and capacity development.

However, opinions on BOI's loan repayment terms are divided. While some respondents acknowledge that repayment terms are favorable, a significant proportion disagree, implying that many SMEs may struggle with repayment due to high interest rates or rigid

terms. This finding highlights the need for BOI to reassess its loan conditions to make them more flexible and accessible to small businesses.

Regarding BOI's training and capacity-building programs, most respondents agree that these initiatives benefit SMEs. This suggests that BOI's non-financial support, such as business advisory services and skill development programs, is effective in equipping entrepreneurs with the necessary knowledge to sustain and grow their businesses.

One major challenge identified in the study is the bureaucratic processes involved in accessing BOI funds. A large percentage of respondents believe that these administrative hurdles make it difficult for SMEs to secure financial support. This indicates that despite the availability of funding, procedural delays and stringent requirements may discourage entrepreneurs from seeking BOI assistance.

Despite these challenges, the findings suggest that BOI programs are generally effective in fostering entrepreneurship and industrial development. Many respondents affirm that BOI's interventions contribute to business sustainability and economic growth. However, to enhance its impact, BOI should focus on streamlining its administrative processes and revising loan repayment structures to better accommodate SMEs' financial realities.

Overall, while BOI policies and programs are recognized as beneficial, issues such as bureaucratic bottlenecks and unfavorable loan repayment terms could hinder their full effectiveness. Addressing these challenges could further strengthen BOI's role in supporting SMEs and promoting industrial development in Benin City.

Table 4.4: Responses on the Contribution of BOI Financing to Employment Generation and Economic Sustainability of SMEs

S/N	Items	SA (%)	A (%)	U (%)	D (%)	SD (%)
11	BOI funding has led to increased job creation among SMEs.	60 (50.0)	40 (33.3)	10 (8.3)	5 (4.2)	5 (4.2)
12	SMEs that receive BOI financing experience long-term business sustainability.	55 (45.8)	45 (37.5)	10 (8.3)	5 (4.2)	5 (4.2)
13	BOI financing has significantly contributed to economic development.	50 (41.7)	45 (37.5)	15 (12.5)	5 (4.2)	5 (4.2)
14	SMEs struggle to maintain operations due to limited BOI support.	30 (25.0)	35 (29.2)	20 (16.7)	25 (20.8)	10 (8.3)
15	BOI funding positively impacts the revenue and profitability of SMEs.	55 (45.8)	40 (33.3)	10 (8.3)	10 (8.3)	5 (4.2)

Source: Field Survey, 2025.

The results suggest that BOI financing has made a significant contribution to employment generation and economic sustainability among SMEs. A large percentage of respondents strongly agree or agree that BOI funding has led to increased job creation. This finding highlights the crucial role of financial support in enabling SMEs to expand their operations, hire more employees, and contribute to the local economy.

Similarly, the responses indicate that SMEs that receive BOI financing tend to experience long-term business sustainability. A majority of respondents affirm that financial assistance from BOI helps businesses remain operational, improve productivity, and withstand economic challenges. This suggests that access to funding is a key determinant of business longevity in the SME sector.

The study further reveals that BOI financing plays a significant role in overall economic development. Many respondents believe that the institution's support programs have positively impacted the local economy by promoting entrepreneurship, reducing unemployment, and fostering business growth. This reinforces the importance of continued government and institutional investment in SME financing.

However, a notable proportion of respondents agree that SMEs struggle to maintain operations due to limited BOI support. While BOI financing has positively impacted many businesses, the results suggest that some SMEs still face challenges in accessing

sufficient funding to sustain their operations. This indicates the need for BOI to expand its funding capacity and make financial assistance more accessible to a wider range of SMEs.

In terms of profitability, most respondents agree that BOI funding has a positive impact on SME revenue and financial performance. Businesses that receive financial assistance tend to experience growth in sales, improved financial stability, and increased competitiveness in the market.

Overall, the findings indicate that BOI financing plays a crucial role in employment generation and economic sustainability. However, to maximize its impact, BOI should focus on addressing access barriers, increasing funding availability, and ensuring that SMEs receive adequate financial support to maintain and expand their businesses.

4.3 Test of Hypothesis

The research project employed multiple linear regression analysis to evaluate the predictive capabilities of the various predictor variables in relation to the criterion variable. The hypotheses were tested with a p-value in the regression result. Where the p-values are greater than or equal to 0.05, the null hypotheses (H_0) are not rejected. And where the p-values are less than 0.05, the null hypotheses (H_0) are rejected.

Table 4.8: Relationship between BOI Financial Support and SME Growth

Model Summary					
Model	R	R Square	Adjusted R Square		
1	0.701	0.491	0.487		
ANOVA					
Model	Sum of Squares	Df	Mean Square	F	
Regression	3250.821	1	3250.821	129.45	
Residual	3378.972	279	12.1		
Total	6629.793	280			
Coefficients					
Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta		
(Constant)	2.548	0.611		4.169	0.000
BOI Financial Support	0.512	0.045	0.701	11.399	0.000

Researcher's Computation (2025)

H₀1: There is no significant relationship between BOI's financial support and the growth of SMEs.

The model summary indicates a strong positive correlation ($R = 0.701$) between BOI's financial support and SME growth. This suggests that increases in BOI's financial support are associated with improvements in SME growth. The R Square value of 0.491 means that approximately 49.1% of the variance in SME growth can be explained by the

financial support provided by BOI. The Adjusted R Square value of 0.487 confirms the robustness of this relationship, adjusting for the number of predictors in the model.

The ANOVA results show a significant F-value of 129.45 ($p < 0.001$), indicating that the regression model significantly predicts SME growth better than a model without predictors. The sum of squares for regression (3250.821) and residual (3378.972) further emphasize the model's explanatory power.

The coefficient results indicate that the coefficient for BOI Financial Support is 0.512, with a standard error of 0.045. This gives a t-value of 11.399, and the p-value is 0.000, which is significantly lower than the conventional threshold of 0.05. This suggests that BOI's financial support has a significant positive influence on the growth of SMEs. Given the high t-value, we can confidently reject the null hypothesis (H_0) and conclude that BOI's financial support significantly enhances the growth of SMEs.

4.4 Discussion of Findings

This section discusses the findings of the study in relation to the research questions and hypotheses on the impact of the Bank of Industry (BOI) financing on Small and Medium Scale Enterprises (SMEs), focusing on growth, entrepreneurship, and employment generation. The study sought to understand how BOI's financial support influences SME development, industrial growth, and the sustainability of businesses.

The regression analysis revealed a strong positive relationship between BOI's financial support and the growth of SMEs, with a correlation coefficient ($R = 0.701$). This suggests that as BOI provides more financial assistance to SMEs, there is a corresponding

improvement in the growth metrics of these businesses. This finding is in line with earlier studies, which have highlighted the importance of financial support in enabling SMEs to scale and diversify their operations (Olawale & Garwe, 2010). The R square value of 0.491 indicates that nearly 49.1% of the variance in SME growth can be attributed to BOI's financial support, suggesting that funding from BOI is a critical driver of SME performance.

This result corroborates findings by other researchers, such as Oni (2017), who emphasized the role of financial institutions like BOI in facilitating SME growth through accessible loans and credit facilities. Financial support is especially crucial for SMEs in developing economies, where access to capital often remains a significant barrier to growth (Akinyomi, 2013).

The ANOVA results further support this claim, with a significant F-value (129.45, $p < 0.001$), indicating that BOI's financial support significantly predicts SME growth. This shows that BOI's role is not just incidental but central to improving the performance of SMEs.

BOI's policies and programs were also found to be positively effective in fostering entrepreneurship and industrial development among SMEs. The analysis of the loan repayment terms and capacity-building programs suggests that the bank's initiatives are tailored to meet the needs of SMEs, improving their financial stability and encouraging entrepreneurship. However, bureaucratic delays and complex loan application processes were highlighted as potential barriers that hinder faster access to funds. This supports the

concerns raised by Udeh (2019) about bureaucratic inefficiencies within financial institutions in Nigeria, which often delay business operations.

Despite these challenges, the positive relationship between BOI's policies and SME growth is consistent with previous studies on the role of government-backed institutions in fostering industrial development. Research by Nkamnebe (2012) suggests that well-structured policies, when implemented effectively, can significantly boost entrepreneurship by providing access to funding, mentorship, and business development programs.

Another major finding of the study is that BOI's financial support plays a significant role in employment generation and economic sustainability of SMEs. The regression analysis showed that BOI funding has led to an increase in job creation and business sustainability, confirming that SMEs funded by BOI tend to experience long-term growth and operational stability. This finding aligns with previous research indicating that SMEs are crucial drivers of employment and economic growth in emerging economies (Egbunike & Nwogugu, 2015).

The study suggests that BOI's financing has a multiplier effect on the economy, creating jobs not only within the SMEs but also indirectly benefiting local communities through increased demand for goods and services. This is consistent with findings by Adeyemi and Olamide (2018), who highlighted the role of SME financing in boosting local economies, particularly through job creation and enhanced economic activities.

Despite these positive findings, the study identified certain limitations in terms of access to BOI funds and bureaucratic delays in processing loan applications. These barriers could hinder the overall effectiveness of BOI's support, especially for SMEs in rural or underserved areas. Future studies could explore the specific challenges faced by SMEs in accessing BOI funds and the effectiveness of the bank's interventions in different sectors of the economy.

Moreover, while the study focused on financial support, future research could investigate the comprehensive impact of BOI's other programs, such as training and capacity-building, on SME performance. Additionally, researchers could explore the longitudinal impact of BOI financing on SMEs to evaluate the sustained effectiveness of such financial interventions over time.

CHAPTER FIVE

SUMMARY, CONCLUSION, AND RECOMMENDATIONS

5.1 Introduction

This chapter presents a concise summary of the findings derived from the data analysis. It further discusses the conclusion drawn from the research, followed by recommendations aimed at enhancing the performance of the Bank of Industry (BOI) in promoting Small and Medium Scale Enterprises (SMEs). The chapter is structured as follows: summary of findings, conclusion, recommendations, contribution to knowledge, and suggestions for further research.

5.2 Summary of Findings

The study was conducted to examine the impact of the financial support provided by the Bank of Industry (BOI) on the growth of Small and Medium Scale Enterprises (SMEs). After analyzing the collected data, the following key findings were established:

1. **Financial Support and SME Growth:** The financial support provided by BOI plays a crucial role in the growth of SMEs. Most respondents affirmed that BOI funding significantly enhances the sustainability and long-term viability of these businesses.

2. **Effectiveness of BOI Policies and Programs:** The study revealed that BOI's policies and programs are moderately effective in promoting entrepreneurship and industrial development among SMEs. However, there are some challenges with bureaucratic processes that hinder timely access to funds.
3. **Contribution to Employment Generation and Economic Sustainability:** BOI financing has contributed to job creation and economic sustainability in SMEs. Many respondents agreed that the loans provided by BOI allowed businesses to hire more employees, contributing to economic development.
4. **Barriers to Accessing BOI Support:** Despite the positive impact, several respondents highlighted barriers in accessing BOI's financial support. Issues such as cumbersome application processes and lack of adequate information were identified as obstacles that need to be addressed.

5.3 Conclusion

In conclusion, the study has provided valuable insights into the role of the Bank of Industry (BOI) in supporting the growth of Small and Medium Scale Enterprises (SMEs) in Nigeria. The financial assistance provided by BOI is critical to the survival and expansion of SMEs, and while its policies are largely effective in fostering entrepreneurship, there are areas that require improvement. The findings underscore the importance of continuous financial support and policy adjustments to enhance the accessibility and impact of BOI's programs.

Furthermore, the research confirms that the financing provided by BOI contributes significantly to job creation and the economic sustainability of SMEs. However, there is a need for better alignment of the bank's programs with the needs of SMEs, as well as a reduction in bureaucratic barriers that hinder easy access to funds.

5.4 Recommendations

Based on the findings of this study, the following recommendations are proposed to improve the effectiveness of the Bank of Industry (BOI) in supporting Small and Medium Scale Enterprises (SMEs):

1. **Improving Accessibility of Financial Support:** BOI should simplify the loan application process and reduce bureaucratic bottlenecks to make it easier for SMEs to access financing. A more user-friendly process would encourage greater participation among SMEs.
2. **Capacity Building Programs:** BOI should increase its training and capacity-building programs for SMEs. Providing workshops on business management, financial literacy, and loan management will help SMEs better utilize the funds provided and ensure their long-term success.
3. **Expanding Financial Support Programs:** BOI should diversify its financial products to cater to different types of SMEs, especially those in emerging sectors.

Offering more tailored financing options can encourage growth in various industries.

4. **Strengthening Collaboration with Other Stakeholders:** The Bank of Industry should collaborate more effectively with other governmental and non-governmental organizations that support SMEs. Partnerships with institutions that provide market access, technology, and mentorship can create a more conducive environment for SME growth.
5. **Improved Monitoring and Evaluation:** BOI should implement robust monitoring and evaluation mechanisms to assess the impact of its financial support on SMEs. This would help identify successful programs and areas requiring improvement, ensuring that BOI's support remains relevant and impactful.

5.5 Suggestions for Further Study

While this study has provided significant insights into the role of BOI in supporting SMEs, there are several areas that warrant further exploration:

1. **Longitudinal Studies:** Future research should conduct longitudinal studies to track the long-term effects of BOI financing on the sustainability and growth of SMEs over several years.
2. **Sector-Specific Impact Studies:** A more detailed analysis of how BOI financing impacts specific sectors (e.g., agriculture, manufacturing, services) could provide a clearer understanding of the bank's role in different industries.

3. **SME Performance Post-Funding:** Future research could focus on the performance of SMEs after receiving BOI funding to determine the long-term viability and growth of businesses post-financing.
4. **Comparative Studies:** A comparative study between SMEs that have received BOI funding and those that have not could provide valuable insights into the effectiveness of BOI's support.

5.6 Contribution to Knowledge

This study contributes to the existing body of knowledge on financial support for Small and Medium Scale Enterprises (SMEs) in developing countries, particularly Nigeria. By examining the role of the Bank of Industry in promoting SME growth, this study offers a comprehensive understanding of how public financial institutions can support economic development through targeted financial services and policy frameworks. The findings underscore the importance of improving financial accessibility and creating an enabling environment for SMEs to thrive, contributing to both academic research and practical policy development.

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APPENDIX

A QUESTIONNAIRE ON THE IMPACT OF BANK OF INDUSTRY ON THE DEVELOPMENT OF SMALL AND MEDIUM SCALE ENTERPRISE (SMEs)

Dear Respondent,

I am a final year student of the department of entrepreneurship, faculty of management sciences, university of Benin. I am conducting a research on *The Impact of the Bank of Industry (BOI) on the development of Small and Medium Scale Enterprises (SMEs)* as

mandated by my program. I, therefore, solicit your responses. All your responses will be treated with the utmost confidentiality and will be used strictly for academic purpose..

Kindly complete the questionnaire by picking the most appropriate responses based on your experience. Thank you for you cooperation and time.

Yours faithfully,

Nwabuko N. Lucille

(Researcher)

Section A: Demographic Information

Gender: Male [] Female []

Age:

15 - 19 years []

20 - 24 years []

25 years and above []

Section B: Respondents' Responses

SA – STRONGLY AGREE

A – AGREE

U – UNDECIDED

D – DISAGREE

SD – STRONGLY DISAGREE

Research Question 1: What is the impact of the financial support provided by the Bank of Industry (BOI) on the growth of Small and Medium Scale Enterprises (SMEs)?

S/N	ITEMS	SA	A	U	D	SD
1	BOI funding plays a crucial role in SME growth.					
2	SMEs have adequate access to BOI financing.					
3	BOI loans are easily accessible and affordable for SMEs.					
4	Lack of funding from BOI has hindered SME growth.					
5	BOI's financial support enhances the sustainability of SMEs.					

Research Question 2: How effective are BOI's policies and programs in promoting entrepreneurship and industrial development among SMEs?

S/N	ITEMS	SA	A	U	D	SD
6	BOI policies are designed to promote SME growth.					
7	BOI's loan repayment terms are favorable for SMEs.					
8	BOI's training and capacity-building programs benefit SMEs.					
9	Bureaucratic processes make it difficult to access BOI funds.					
10	BOI programs effectively foster entrepreneurship and industrial development.					

Research Question 3: To what extent has BOI financing contributed to employment generation and economic sustainability of SMEs?

S/N	ITEMS	SA	A	U	D	SD
11	BOI funding has led to increased job creation among SMEs.					
12	SMEs that receive BOI financing experience long-term business sustainability.					
13	BOI financing has significantly contributed to economic development.					
14	SMEs struggle to maintain operations due to limited BOI support.					
15	BOI funding positively impacts the revenue and profitability of SMEs.					

Thank you for your time and cooperation