# Access to Finance and Agro-allied SMEs Performance in North Central Nigeria: An Entrepreneurial Ecosystem Perspective

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**Abstract:** This paper forms part of my Doctoral research titled "Entrepreneurial Ecosystem Components and the Performance of Agro-allied SMEs in North Central, Nigeria. It examines the relationship between access to finance and the performance of agro-allied small and medium enterprises (SMEs) in North Central, Nigeria. Using a quantitative research approach, primary data were collected through structured questionnaires administered to agro-allied SME operators and employees across seven states and the Federal Capital Territory. A descriptive cross-sectional design and simple random sampling were employed to survey a population of 1,492 registered SMEs, yielding 713 valid responses for analysis. Access to finance was measured using indicators relating to bank credit, grants, microfinance, collateral requirements, and alternative financing sources, while SME performance was proxied by competitive advantage. Data were analysed using descriptive statistics and regression analysis. Descriptive findings reveal pervasive financing constraints, with most SMEs reporting limited access to bank loans, grants, microfinance, and venture capital. However, regression results show that access to finance has a positive but statistically insignificant effect on SME performance ($\beta = 0.059$, $p = 0.115$), indicating that financing access alone does not significantly explain performance variations among agro-allied SMEs in the study area. This suggests that existing financial products may be inadequate in scale, structure, or suitability to drive meaningful performance improvements. The study concludes that, beyond improving credit availability, policymakers and financial institutions must focus on designing context-specific, affordable, and growth-oriented financing mechanisms, complemented by other ecosystem factors, to enhance the productivity, competitiveness, and sustainability of agro-allied SMEs in North Central Nigeria.

*Keywords:* Access to Finance, Entrepreneurial Ecosystem, Financial Inclusion, Nigeria, SME Performance.

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## I. INTRODUCTION

Small and Medium Scale Enterprises Agro-allied (SMEs) are central engines of economic development, structural transformation, and employment creation, especially in emerging economies (Beck et al., 2008; Aterido et al., 2011). In Nigeria, SMEs contribute significantly to employment and gross domestic product (GDP), yet many struggle to grow and sustain performance due to limited access to finance (Sanusi et al., 2016).

Access to finance enables SMEs to invest in creative assets, smooth cash flows, adopt new technologies, and expand market share (Beck & Demirgüç-Kunt, 2006; Berger & Udell, 2006). However, financial markets in developing countries are often characterised by information asymmetries, high transaction costs, and stringent collateral requirements, which inexplicably restrain smaller firms (Beck et al., 2008).

Within the entrepreneurial ecosystem framework, access to finance constitutes a critical resource dimension that interacts with human capital, infrastructure, and institutional support to influence firm performance (Stam, 2015; Spigel, 2017). Despite finance being one of the most studied factors in SME research, there is limited empirical evidence on how different types of financial access including formal credit, microfinance, and digital finance impact SME performance at the regional level in Nigeria. This study seeks to address this gap by examining the effect of access to finance on SME performance in North Central Nigeria.

➢ *Hypothesis*

Based on the above objective, this study proposes the following hypothesis:

**H1:** Access to finance has a positive and significant effect on the performance of SMEs in North Central Nigeria.

## II.        LITERATURE REVIEW

This review harnessed existing scholarly resources on the subject matter. It includes, conceptual, empirical and theoretical review.

➢ *Concept of Access to Finance*

Access to finance refers to the ability of firms to obtain external funding on reasonable terms such as bank loans, lines of credit, microfinance, equity financing, and novel digital financial solutions that leverage fintech innovations (Beck & Demirgüç-Kunt, 2006). This resource is essential for small and medium-sized enterprises (SMEs) because it enables investment in productive assets, working capital, technology adoption, and innovation activities that drive competitiveness and growth. However, SMEs in developing economies, particularly in Sub-Saharan Africa and Nigeria, face persistent financing constraints characterized by stringent collateral requirements, high borrowing costs, and limited formal credit histories, which restrict their participation in formal credit markets (Eneh & Jacob, 2025; Yua et al., 2024). Such constraints also lead many SMEs to rely on informal financing channels or alternative fintech platforms, yet these alternatives often provide smaller loan sizes that may be insufficient for long-term investments.

In concept, access to finance encompasses both supply-side factors such as the willingness of financial institutions to lend, regulatory environments, and the structure of financial markets and demand-side factors like firms' financial literacy, documentation practices, and perceived credit risk. Studies from Nigeria demonstrate that macroeconomic conditions, collateral demands, and inadequate financial infrastructure significantly hinder SMEs' credit accessibility (Eneh & Jacob, 2025). Beyond traditional banking, emerging research highlights the role of digital financial services and fintech platforms in mitigating financing bottlenecks by offering more flexible, technology-driven credit scoring and lending

mechanisms, which can expand financial inclusion among underserved SMEs (Oukouomi Noutchie, 2025). Hence, access to finance is not only a question of availability but also of equity and efficiency in financial intermediation, encompassing sectoral, regional, and firm-level differences in credit uptake.

Theoretically speaking, access to finance is grounded in financial intermediation theory and credit market frictions, where information asymmetry and transaction costs create barriers for smaller firms relative to larger counterparts. Empirical evidence further establishes that poor access to finance adversely affects SMEs' growth potential, employment creation, and economic contribution in Nigeria and across Africa (Igbinosa & Igbinosa, 2025). Successful SME financing frameworks therefore require not only enhanced formal credit provision but also supportive policy interventions including credit guarantee schemes, tailored financial products, and capacity-building initiatives that collectively alleviate structural barriers and integrate SMEs more effectively into the formal financial system.

➢ *Empirical Review*

Empirical evidence indicates that access to finance is positively associated with firm performance. Studies have shown that financial inclusion enhances investment, stimulates innovation, improves productivity, and ultimately contributes to better financial outcomes for SMEs (Beck et al., 2008; Nguyen et al., 2019). Furthermore, participation in microfinance and adoption of fintech solutions have been shown to broaden financial access for underserved firms and reduce reliance on informal lending networks (Cull et al., 2014; Klapper et al., 2019).

However, the relationship between finance and performance is complex and may be contingent on firm characteristics, institutional quality, and the broader business environment (Beck et al., 2008). In Nigeria, structural financial constraints such as high interest rates, stringent collateral requirements, and limited institutional capacity have been identified as barriers to SME credit access (Sanusi et al., 2016; Olorunfemi & Adegbite, 2019).

➢ *Theoretical Framework*

This study is anchored in the Resource-Based View (RBV) and Financial Constraints Theory, integrated within the broader Entrepreneurial Ecosystem perspective to explain how access to finance shapes the performance of agro-allied SMEs in North Central Nigeria. Together, these theories provide complementary insights into both the *strategic value of financial resources* and the *structural barriers* that condition their availability and productive use.

The Resource-Based View (RBV), pioneered by Penrose (1959) and formalised by Barney (1991), posits that firm performance differentials arise from the possession and effective deployment of resources that are valuable, rare, imperfectly imitable, and non-substitutable (VRIN). Within this

framework, financial capital is not merely an input but a *strategic enabler* that allows firms to acquire, combine, and leverage other critical resources such as skilled labour, modern equipment, improved inputs, and innovative production processes. For agro-allied SMEs, access to finance underpins investments in farm-gate aggregation, storage facilities, processing technologies, logistics, and quality certification capabilities that are essential for productivity enhancement, cost efficiency, and market competitiveness. In the context of North Central Nigeria, where agro-allied SMEs operate in volatile markets characterised by infrastructural deficits and climatic risks, financial resources also enhance firms' adaptive capacity, enabling them to absorb shocks and sustain performance over time. RBV therefore explains *why* access to finance is performance-enhancing: it strengthens the internal resource base through which agro-allied SMEs create value and achieve superior outcomes.

However, RBV alone assumes that firms can freely acquire strategic resources, an assumption that is often violated in developing economies. This limitation is addressed by Financial Constraints Theory, advanced by Fazzari, Hubbard, and Petersen (1988) and further developed by Stiglitz and Weiss (1981). The core tenet of this theory is that capital market imperfections such as information asymmetry, weak collateral frameworks, high transaction costs, and risk-averse lending behavior create binding financing constraints that limit firms' investment decisions and growth trajectories. SMEs, particularly in agriculture-related sectors, are disproportionately affected because they are perceived as high-risk, seasonal, and vulnerable to external shocks. In North Central Nigeria, agro-allied SMEs often face restricted access to formal credit due to inadequate financial records, limited asset ownership, and weak integration into formal financial systems. As a result, potentially profitable investments in value addition, mechanisation, and innovation are either delayed or abandoned, leading to suboptimal performance. Financial Constraints Theory thus explains *why* access to finance remains uneven within the entrepreneurial ecosystem and *how* these constraints directly suppress agro-allied SME performance.

When embedded within an Entrepreneurial Ecosystem perspective, these theories jointly underscore that access to finance is not solely a firm-level issue but an ecosystem outcome shaped by the interaction of financial institutions, government policies, support agencies, and market structures. From this perspective, the performance of agro-allied SMEs in North Central Nigeria depends not only on their internal capabilities (as emphasised by RBV) but also on the extent to which the ecosystem reduces financing frictions and enables inclusive access to capital (as highlighted by Financial Constraints Theory). Effective financial ecosystems characterised by tailored agricultural credit schemes, development finance institutions, cooperative financing, fintech innovations, and supportive regulatory frameworks enhance SMEs' ability to mobilise and strategically deploy financial resources. Consequently, access to finance becomes a critical transmission mechanism through which the entrepreneurial ecosystem influences productivity, profitability, market expansion, and sustainability of agro-allied SMEs.

The integration of RBV and Financial Constraints Theory within an entrepreneurial ecosystem lens provides a robust analytical foundation for understanding how access to finance affects agro-allied SME performance in North Central Nigeria. While RBV explains the strategic role of finance in building competitive capabilities, Financial Constraints Theory highlights the systemic barriers that limit such resource accumulation. Together, they justify the study's focus on access to finance as a central ecosystem factor shaping SME performance outcomes in the region.
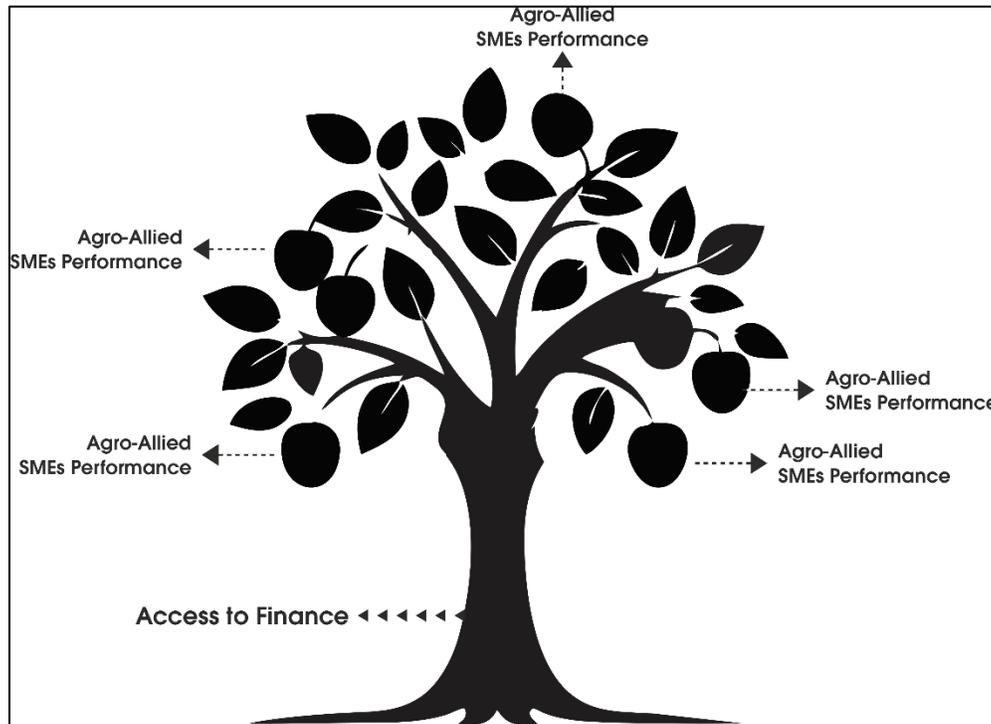
Fig 1 Conceptual Framework
Source: Author (2026)

## III. METHODOLOGY

This research utilised a quantitative research methodology to study the relationship between access to finance and the performance of agro-allied small and medium scale enterprises (SMEs) in North Central Nigeria. Primary data were collected through a structured survey administered to agro-allied SME operators and employees, providing firsthand quantitative data into how access to finance affect the performance of agro-allied SME.

The study area is North Central Nigeria, covering Benue, Kogi, Kwara, Nasarawa, Plateau, Niger States, and the Federal Capital Territory (FCT). The region is agriculturally rich and plays a strategic role in Nigeria's food production, with agro-allied SMEs forming a significant part of the agricultural value chain. A descriptive cross-sectional research design was engaged, using survey methods to collect data at a single point in time. This design enabled the use of descriptive and inferential statistics to analyse relationships between access to finance and agro-allied SME performance. Structured questionnaires were used as the primary data collection instrument, ensuring objectivity, reliability, generalisability, and cost-effectiveness.

Primary data were sourced through online questionnaires (Google Forms) administered to agro-allied SME operators and employees across both urban and rural areas. Data collection was facilitated in collaboration with state managers of the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) across the study area, which improved accessibility and response rates. The unit of analysis comprised individual SME operators and employees, selected because of their direct involvement and firsthand knowledge of enterprise operations and performance.

The study population consisted of 1,492 registered agro-allied SMEs in North Central Nigeria, as reported by the NBS/SMEDAN National Survey (2021). Using Cochran's (1977) sample size determination formula at a 95% confidence level and 5% margin of error, a total sample size of 956 respondents was derived and proportionately distributed across the six States and the FCT. Simple random sampling was employed to ensure equal selection probability, minimise bias, and enhance the representativeness of the sample.

Data were collected using a self-developed structured questionnaire divided into two sections. Section A captured respondents' socio-demographic characteristics, while Section B comprised (7) Likert-scale items grouped into eight clusters measuring access to finance and agro-allied SME performance. Competitive advantage was adopted as a key non-financial indicator of SME performance. Reactions were measured on a five-point Likert scale ranging from "strongly disagree" to "strongly agree."

Ethical considerations were strictly observed. Contribution was deliberate, respondents were informed of the study's purpose, confidentiality was assured, and no inducements were offered.

## IV. RESULTS

Result of the study is stated below both in descriptive and inferential statistics.

➢ *Descriptive Statistics*

This reveals the distinctive characteristics of the study in frequency and percentage for meaningful assimilation of the data used in the study.

- *Demographic Analysis*

The demographic analysis provides critical background information on respondents, offering context for interpreting the study's findings on agro-allied SMEs in North Central Nigeria. The analysis covers key characteristics, including state of business operation, respondent status within enterprises, years of business experience, age, and educational qualifications. These variables, while not part of the study's control objectives, help contextualize patterns that may influence SME performance.

Table 1 Demographic Analysis

| Variable | Category | Frequency | Percentage |
|---|---|---|---|
| **State of Business Operation** | Federal Capital Territory (FCT) | 114 | 16.0 |
| | Nasarawa State | 106 | 14.9 |
| | Niger State | 85 | 11.9 |
| | Benue State | 116 | 16.3 |
| | Kogi State | 103 | 14.4 |
| | Kwara State | 94 | 13.2 |
| | Plateau State | 95 | 13.3 |
| | **Total** | **713** | **100.0** |
| **Status of Respondents** | Farm Operator | 544 | 76.3 |
| | Farm Employee | 169 | 23.7 |
| | **Total** | **713** | **100.0** |
| **Years of Business Operation** | Less than 1 year | 126 | 17.7 |
| | 1–5 years | 141 | 19.8 |
| | 5–10 years | 133 | 18.7 |
| | 10–15 years | 212 | 29.7 |
| | 15 years and above | 101 | 14.2 |
| | **Total** | **713** | **100.0** |
| **Age of Respondents** | Less than 20 years | 9 | 1.3 |
| | 20–30 years | 162 | 22.7 |
| | 30–40 years | 199 | 27.9 |
| | 40–50 years | 197 | 27.6 |
| | 50–60 years | 119 | 16.7 |
| | 60 years and above | 27 | 3.8 |
| | **Total** | **713** | **100.0** |
| **Education Qualification** | First School Leaving Certificate | 12 | 1.7 |
| | WASC/GCE/NECO Certificate | 211 | 29.6 |
| | OND/NCE/Diploma Certificate | 313 | 43.9 |
| | HND/BSc/BA Certificate | 171 | 24.0 |
| | PGD/MSc/MA/PhD Certificate | 6 | 0.8 |

| Variable | Category | Frequency | Percentage |
|---|---|---|---|
| | Total | 713 | 100.0 |

Source: Author's Computation (2025).

The distribution of agro-allied SMEs in North Central Nigeria and the Federal Capital Territory (FCT) shows a fairly balanced geographical spread, with Benue State (16.3%) and the FCT (16.0%) having the highest concentrations, while Niger State (11.9%) recorded the lowest. Most respondents are farm operators (76.3%), with employees making up 23.7%, indicating that the dataset primarily reflects insights from decision-makers responsible for strategic and operational management. The years of business operation vary, with 29.7% of SMEs having operated for 10–15 years, demonstrating resilience, and 37.5% in operation for less than five years, reflecting active entry of new ventures. This combination of experienced and emerging enterprises provides a balanced view of the challenges and opportunities across different growth stages.

The age distribution reveals that the majority of respondents are within the productive age brackets of 30–40 years (27.9%) and 40–50 years (27.6%), highlighting the dominance of middle-aged entrepreneurs in driving SME performance, with limited involvement from younger (<20 years) or older (60+ years) individuals. Educational qualifications indicate a relatively well-educated workforce, with 43.9% holding OND/NCE/Diploma certificates and 24% possessing university degrees, while only 1.7% have primary education. This profile suggests that agro-allied SMEs benefit from skilled and knowledgeable operators and employees, which can enhance innovation, adoption of modern farming practices, and overall enterprise performance.

- *Construct Analysis*

The construct analysis focuses on examining the key variables of the study as measured by the survey instrument. It presents respondents' perceptions and evaluations of access to finance and its relationship to the performance of agro-allied SMEs in North Central Nigeria. Using descriptive statistics such as frequencies and percentages, this section highlights the distribution of responses across each construct. The analysis provides insight into how the respondents view the access to finance for agro-allied SME operations and establishes the basis for subsequent inferential testing of the hypothesised relationships between access to finance and agro-allied SME performance.

Table 2 Access to Finance

| Statement | Response | Frequency | Percentage |
|---|---|---|---|
| **(1) It is easy for my business to obtain bank loans when needed.** | Strongly Disagree | 311 | 43.6 |
| | Disagree | 236 | 33.1 |
| | Neutral | 0 | 0.0 |
| | Agree | 0 | 0.0 |
| | Strongly Agree | 166 | 23.3 |
| | **Total** | **713** | **100.0** |
| **(2) My business has received financial support from grants/donor agencies.** | Strongly Disagree | 333 | 46.7 |
| | Disagree | 213 | 29.9 |
| | Neutral | 6 | 0.8 |
| | Agree | 66 | 9.3 |
| | Strongly Agree | 95 | 13.3 |
| | **Total** | **713** | **100.0** |
| **(3) The availability of credit facilities enhances expansion.** | Strongly Disagree | 405 | 56.8 |
| | Disagree | 112 | 15.7 |
| | Neutral | 0 | 0.0 |
| | Agree | 61 | 8.6 |
| | Strongly Agree | 135 | 18.9 |
| | **Total** | **713** | **100.0** |

| Statement | Response | Frequency | Percentage |
|---|---|---|---|
| **(4) Lack of collateral limits my ability to secure funding.** | Strongly Disagree | 378 | 53.0 |
| | Disagree | 138 | 19.4 |
| | Neutral | 7 | 1.0 |
| | Agree | 80 | 11.2 |
| | Strongly Agree | 110 | 15.4 |
| | **Total** | **713** | **100.0** |
| **(5) Microfinance institutions provide reliable financing.** | Strongly Disagree | 348 | 48.8 |
| | Disagree | 165 | 23.1 |
| | Neutral | 5 | 0.7 |
| | Agree | 66 | 9.3 |
| | Strongly Agree | 129 | 18.1 |
| | **Total** | **713** | **100.0** |
| **(6) Lack of access to financing is a major growth constraint.** | Strongly Disagree | 322 | 45.2 |
| | Disagree | 191 | 26.8 |
| | Neutral | 3 | 0.4 |
| | Agree | 60 | 8.4 |
| | Strongly Agree | 137 | 19.2 |
| | **Total** | **713** | **100.0** |
| **(7) Venture capital and angel investment are accessible.** | Strongly Disagree | 376 | 52.7 |
| | Disagree | 154 | 21.6 |
| | Neutral | 7 | 1.0 |
| | Agree | 106 | 14.9 |
| | Strongly Agree | 70 | 9.8 |
| | **Total** | **713** | **100.0** |

Source: Author's Computation (2025)

The findings from Table 2 indicate that a substantial majority (76.7%) of agro-allied SMEs in North Central Nigeria report difficulty accessing bank loans, highlighting a pervasive financing constraint in the sector. This aligns with recent evidence showing that SMEs in Nigeria and Sub-Saharan Africa commonly face formal financing challenges due to stringent requirements, high interest rates, and institutional barriers that limit credit uptake and firm growth potential. Similarly, 76.6% of respondents reported no access to grants or donor agency support, suggesting that external financial aid often fails to reach small agribusinesses, as alternative financing channels frequently do not meet SME needs due to limited reach and misalignment with local business contexts (Jules Kounouwewa 2025).

Moreover, only 27.5% of respondents agreed that credit facilities aided business expansion, suggesting that available loans may be inadequate in size or terms to support SME growth. Recent studies emphasize that generic lending products often fail to meet the specific financing requirements of SMEs, highlighting the need for tailored financial instruments to enhance competitiveness and productivity (Jules Kounouwewa 2025). Notably, 71.9% of respondents do not consider microfinance institutions reliable sources of financing, reflecting broader evidence that such loans are often too small or costly for growth-oriented SMEs (Jules Kounouwewa 2025). Additionally, 74.3% disagreed that venture capital or angel investment is accessible, underscoring the underdevelopment of private equity ecosystems for SMEs in Nigeria, despite their potential to bolster SME sustainability and scale (Jules Kounouwewa 2025). Collectively, these findings reveal multifaceted access-to-finance challenges that go beyond mere credit availability, emphasizing the need for more inclusive and appropriately structured financial instruments for agro-allied SMEs.

➢ *Inferential Statistics*

This gives a methodological foundation for drawing conclusions about a population based on information obtained from a sample.

- *Measurement Model*

The measurement model demonstrated acceptable composite reliability and convergent validity, indicating that the constructs were measured reliably.
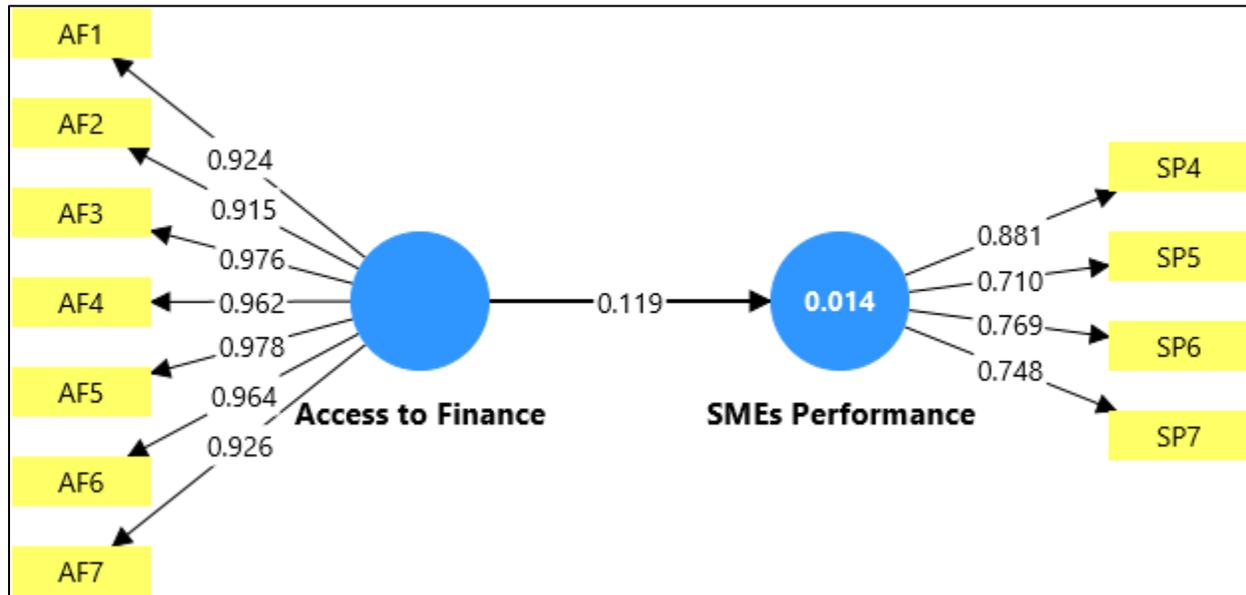


Fig 1  Model Loadings
Source: Author's Computation (2026)

The measurement model demonstrates strong convergent validity for Access to Finance (AF) and Agro-allied SMEs Performance (SP). All retained AF indicators (AF1-AF7) exhibit very high standardized loadings (≈0.915-0.978), indicating that the items consistently and reliably measure access to finance among agro-allied SMEs. For SMEs Performance, the retained indicators (SP4-SP7) show acceptable to strong loadings (≈0.710-0.881), confirming that they adequately capture the performance construct after model refinement. The deletion of SP1, SP2, and SP3 was necessary to achieve a robust and parsimonious model, as indicators with low factor loadings can weaken construct reliability and convergent validity, inflate measurement error, and distort structural relationships. This practice is well established in PLS-SEM and SEM literature, which recommends removing indicators with loadings below acceptable thresholds (typically 0.70) to improve composite reliability and average variance extracted (AVE), provided theoretical meaning is preserved (Hair et al., 2019; Hair et al., 2022). The model supports a statistically sound measurement of both access to finance and agro-allied SMEs performance, justifying its use for subsequent structural analysis.

- *Hypothesis Testing*

Table 4 Hypothesis Testing

| Predictor | Unstandardized Coefficient (B) | Standardized Coefficient (β) | Standard Error (SE) | t-value | p-value |
|---|---|---|---|---|---|
| Access to Finance (AF) | 0.040 | 0.059 | 0.025 | 1.579 | 0.115 |
| Intercept | 4.090 | 0.000 | 0.067 | 61.452 | 0.000 |

Source: Author's Computation (2026)

The results indicate that Access to Finance (AF) has a positive but statistically insignificant effect on Agro-allied SMEs Performance, as shown by the unstandardized coefficient (B = 0.040) and standardized coefficient (β = 0.059). The associated p-value (p = 0.115) exceeds the conventional 0.05 significance threshold, suggesting that access to finance does not significantly predict performance variations among agro-allied SMEs in the study context. This implies that while improved access to finance may contribute marginally to performance, its influence is not strong enough to be considered statistically meaningful in this model. In contrast, the intercept is positive and statistically significant (B = 4.090, p < 0.001), indicating a substantial baseline level of SMEs' performance independent of access to finance.

➤ *Decision on Hypothesis*

In line with the regression results, the alternate hypothesis that *access to finance has a positive and significant effect on the performance of agro-allied SMEs in North Central Nigeria* is not rejected. Because the coefficient for access to finance is positive ($\beta = 0.059$), notwithstanding, its effect is statistically insignificant ($p = 0.115 > 0.05$). Therefore, the null hypothesis that access to finance does not have a significant effect on SME performance is rejected, while the alternative hypothesis is not rejected.

## V. DISCUSSION OF FINDINGS

The finding that access to finance exerts a positive but statistically insignificant effect on agro-allied SME performance suggests that finance alone may not be a binding constraint within the study context. Although the positive coefficient implies that improved financing conditions marginally enhance performance, the lack of statistical significance indicates that financial access does not sufficiently explain performance variations among agro-allied SMEs in North Central Nigeria. This outcome aligns with recent evidence from developing economies showing that credit availability does not automatically translate into improved firm outcomes when complementary capabilities are weak. For instance, Afolayan et al. (2021) and Ogunleye et al. (2022) found that while Nigerian SMEs often access formal or semi-formal finance, the funds are frequently diverted to short-term survival needs rather than productivity-enhancing investments. Similarly, Koomson et al. (2020) argue that in agribusiness settings, financing without adequate managerial capacity, infrastructure, and market access yields limited performance gains. These studies suggest that access to finance may be a *necessary but insufficient* condition for agro-allied SME performance, thereby explaining its weak explanatory power in the present model.

An entrepreneurial ecosystem perspective, the insignificance of access to finance may also reflect structural inefficiencies within the financial subsystem that limit the productive use of funds. Empirical studies indicate that high interest rates, short loan tenures, rigid repayment schedules, and collateral requirements often undermine the growth-enhancing potential of SME finance in Sub-Saharan Africa. Abor, Osei, and Houeninvo (2021) and Beck, Senbet, and Simbanegavi (2022) demonstrate that when financial products are poorly aligned with the cash-flow cycles of agro-based enterprises, access to finance may not significantly affect firm performance. In the Nigerian agro-allied sector, where production is seasonal and vulnerable to climate shocks, credit mismatch can weaken the finance-performance nexus. This supports the view of Nguyen et al. (2023) that ecosystem bottlenecks rather than firm-level credit access per se often explain insignificant finance-performance relationships in emerging economies.

The statistically significant intercept highlights a strong baseline level of SME performance independent of access to finance, suggesting that other ecosystem components play a more dominant role. Studies increasingly show that human capital, social capital, informal financing mechanisms, and market proximity can outweigh formal finance in driving SME outcomes. For example, Adomako et al. (2021) and Yakubu and Afful (2022) report that managerial competence, supplier relationships, and cooperative networks significantly predict agribusiness performance even in financially constrained environments. In Nigeria, agro-allied SMEs often rely on retained earnings, rotating savings schemes, and trade credit, which may reduce dependence on formal financial access (Adeleye et al., 2020; Uche et al., 2024). Therefore, the significant intercept reinforces the argument that agro-allied SME performance in North Central Nigeria is shaped by a constellation of ecosystem factors, with access to finance playing a secondary or conditional role rather than a decisive one.

## VI. POLICY IMPLICATIONS

The findings suggest that SME development policies should move beyond a narrow focus on credit provision toward ecosystem-oriented interventions. Policymakers should integrate access to finance with investments in human capital development, infrastructure, extension services, and market access. Public support programmes should be evaluated based on performance outcomes such as productivity, value addition, and competitiveness rather than solely on the volume of credit disbursed.

Moreover, financial sector policies should incentivise agro-sensitive lending through regulatory flexibility and public-private risk-sharing arrangements. Encouraging the development of tailored financial products, improving credit information systems, and strengthening collateral and contract enforcement frameworks would reduce financing frictions. These measures would enhance the efficiency of the financial subsystem and increase its contribution to agro-allied SME performance.

➤ *Practical Implications*

For agro-allied SME owners and managers, the results highlight the need to complement financial access with sound financial management, skills development, and strategic investment decisions. Strengthening record-keeping, governance structures, and market linkages can significantly improve the productive use of both formal and informal financing. Participation in cooperatives and business networks can also enhance access to finance and non-financial support.

For financial institutions and SME support agencies, the findings emphasise the importance of relationship based and embedded financing models. Combining credit provision with advisory services, mentoring, and monitoring can improve loan utilisation and performance outcomes. Recognising and supporting informal financing mechanisms through linkage

programmes can further strengthen SME resilience and sustainability within the entrepreneurial ecosystem.

➢ *Limitation of the Study*

The study has some limitations. First, the cross-sectional research design confines the ability to infer fundamental relationships over time. Second, only competitive advantage was used as performance indicator in the study, because financial indicators would require time series therefore it's not feasible considering the time involved. Future studies could employ longitudinal data to capture dynamic effects and strengthen causal inference. Also, other key performance indicators, particularly financial indicators could be explored using time series in a longitudinal method. Additionally, extending the analysis to other regions of Nigeria would improve the generalizability of the findings. Finally, further research could focus on operators as unit of analysis to avoid observation and perception misunderstanding.

## VII. CONCLUSION

The study finds that access to finance does not significantly influence the performance of agro-allied SMEs in North Central Nigeria, leading to the rejection of the alternative hypothesis. While finance remains an important enabler, its isolated effect is weak within the examined model, highlighting the dominance of non-financial determinants of SME performance. This underscores the need for a holistic SME development approach that integrates financial access with institutional support, capacity building, and ecosystem-level interventions.

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