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The Real Impact of Financial Intervention on Enterprise Development in Nigeria

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Abstract
This paper investigates the real impact of financial interventions on enterprise development in two of Nigeria's states. These states were chosen because of the huge presence of development agencies attempting to grow enterprises, and their importance in the Nation's economy. The following time series data of critical importance to the success of enterprise development programme were collected: enterprises created, employment generated, taxes receivable by governments, and shareholders wealth. The key independent variable, financial intervention was disintegrated into private equity fund, debt fund and grants. Four multiple regression models were specified, representing each of the four dependent variables identified. The first, enterprises created, established the outreach impact of financial intervention on enterprise development. The other three (employment, taxes and shareholders wealth), corroborated enterprise creation, established deepening effect, and demonstrated the intervention's capacity to sustain these enterprises and add economic value to stakeholders. Multiple coefficient of determination (R^2) and F-test were the principal inferential analyses conducted. The ordinary least square method was employed with an assumption that over the fifteen years period (1999-2013) the data were stationary. It was found that in all four cases, financial intervention significantly contributed to enterprise development. However, the EC recorded the least R^2value (0.45) whereas others were above 0.75. The collinearity diagnostics showed that correlation among independent variables was quite minimal in all cases. Accordingly, it was concluded that financial intervention has the capacity to grow enterprises and deepen quality of such enterprises. Finally, it was noted that further work is needed to clearly and convincingly characterize the effectiveness of different sources of funds, and to establish any departure in the known behavior of sources of funds from mainstream capital market.
Key words: Enterprise development, financial intervention,

Introduction

The need to grow a vibrant entrepreneurial class in our society has long been stressed; it may just be the key weapon to achieve economic self reliance. These days very many institutions and government agencies appear to be seriously involved in the process of supporting the growth and development of entrepreneurial firms, passively or actively, or in some cases, pretentiously. The worry with this sudden surge in enterprise development campaign or interventions is that they are too ad hoc to produce desired results, as a significant proportion of the intervention instruments are either fraudulent or promoted to orchestrate corruption in the economic and political system. For instance, in Rivers State Nigeria, there are numerous corporations that undertake enterprise development programmes as means of engaging the host communities within which they operate, and therefore, reduce incidence of unrest, vandalism, abduction, and other acts of premeditated destruction of physical assets and loss of man hour. Again, political predators also use enterprise development as a quick instrument to sway their unsuspecting electorates, as it possesses the right potency for the concealment of premeditated fraud. So we often hear of quick impact projects, capacity building workshops of different dimensions, micro finance schemes for ghosts, entrepreneurship development workshops for non-targets, skills acquisition for youths and women, executive business education, coaching and mentoring, business literacy sensitization, and other pro-poor programmes. For the people of Rivers and Bayelsa States, there is another reason for the surge: the region has been informally flagged as entrepreneurially docile.

Also, government (mainstream and agencies such as NDE, RSSDA) and international organizations such as UNDP, UNIDO, APDF, ADB, and IFC have devoted a lot of their resources in growing enterprises in the areas mentioned above or in other areas like participation in private equity financing and long term debt financing under friendly terms. In addition to the surprisingly ad hoc conditions (in view of the plan-oriented organizations involved in the intervention), these interventions lack concentration, depth and cohesion in their delivery. Sometimes, the intervention itself is shrouded in international diplomacy, politicization of economic relations and bureaucracy.

In spite of these efforts and the overwhelming enthusiasm of the beneficiaries, economic indicators are yet to show any progress after a significant post-intervention period. Anyone acquainted with the area will agree that in place of a thriving entrepreneurial society, we have burgeoning political and religious institutions. It is a society where bankrupt entrepreneurs own and operate successful churches and religious outfits; where CEOs of companies seal their business offices in order to open churches or join politics or take up appointments with government. If any success has been achieved through these interventions, then it must be the nominal breakfast and lunch offered to the participants/beneficiaries at the point of inception. It is also not uncommon to observe the benefactor organizations publicize their failed interventions as if they were very successful. These claims are not only outright fallacies but the processes of legitimizing them are also basis for further public fund mismanagement. Along the line, two harms are perpetrated: first, they present cosmetic report in order to impress the authority that appointed them to serve, and second, they pauperize the beneficiaries to remain beggarly. This is in lieu of using entrepreneurship as instrument of economic empowerment. In my opinion, entrepreneurship is the next important factor of emancipation after education. At the conception of an enterprise development programme, the usual justification is

that it is aimed at diversifying the economy. The reality facing Nigeria today is that non-oil businesses and particularly agriculture, processing and manufacturing have declined. We have reduced our economy to importers of valorized and finished agricultural products.

Recent economic indicators have shown remarkable improvement in inflation, economic growth, and employment. This came from the activities of relentless growth-oriented entrepreneurs who are the avant-garde of a new class of enterprises known as emerging companies. Fair enough, some of these enterprises started out with enterprise development intervention funds offered by the agencies listed earlier. Enterprise development interventions come through different conduits: developments that are within the target enterprise involving financial, technical, and managerial developments. Others are external to the enterprise such as market, policy, infrastructure (such as common facilities centres), institutional, and technology developments. This study takes interest in the impact of enterprise development interventions that are within the target enterprise, and more particularly, those relating to financial development of the target enterprise. Financial development, here, refers to the processes and activities in the economy directed towards relentless and sustainable increment in financial resources that add to enterprise value. The central question of this study therefore is: Do financial intervention packages significantly increase the spread and content of enterprise development?

Reviews

The concept of enterprise development remains a novel term in the annals of management sciences notwithstanding its robust similarity with applied management. The Department for International Development (DFID, UK 2000) defines enterprise development measures as "actions taken by a donor (institution) to promote the contribution of enterprises in the private or public sector to meet specified development goals in a country". This definition sees enterprise development as an external aid or support received by an enterprise or a would-be entrepreneur aimed at adding value to society. The targets are usually defined as micro, small, medium or large scale enterprises. Suffice to say here that the primary targets are often micro or SMEs, in line with the objective to promote market economy. Besides, the existing large-scale enterprises in many developing economies are public enterprises which are hardly sustainable, perhaps, because of their conflicting social and economic profits maximization objectives. This then called for conscientious breeding of high-potential SMEs in growth industries as we find in South Korea and Japan, and recently in China.

Lee (2002) asserts that the general case for supporting enterprises in developing countries is often based on two broad reasons: Firstly, enterprise development is instrumental to socio-economic development. Secondly, there are obvious constraints facing enterprise development either in the free market context or in the regulated economy. DFID's use of enterprise development as an economic development strategy illustrates Lee's constraints. The following constraints are identified: Firstly, unhealthy policy, legal and regulatory environment for enterprise such heritage of heavy state intervention, outdated laws, and excessive regulation. Secondly, lack of appropriate financial services and the insensitivity to the importance of enterprise finance under attractive terms including access to mainstream capital markets. Thirdly, shortage of management skills and business development services such as access to effective training in management systems, production, distribution, technologies, marketing research and information system. Fourthly, insufficient market knowledge, poor communication and institutional linkages among the different levels of enterprises also inhibit enterprise development. In summary, DFID (2000) identifies three main types of enterprise development intervention drawn from the above-stated constraints:

First, improve the legal and regulatory enabling environment for enterprise at all levels. This involves raising public awareness of the economic importance of SMEs, engaging public and private sectors to create better enterprise policy, simplifying and improving business regulation, licensing, intellectual property right protection, etc. Second, develop financial markets, institutions and instruments to support enterprise growth. This involves strengthening credit retail; promote sustainable savings, leasing and insurance services that reach more clients; advance the institutions providing these services towards full commercial viability; deepen penetration by mainstream capital markets or secondary markets to service SMEs; encourage the use of non-grant-based support mechanism, which reduce subsidy and market distortion. Third, strengthen management and business development services by strengthening corporate governance and leadership, financial management, distribution methods and technologies, and research; help to create a better trained workforce; improve market knowledge, communication, and institutional linkages by integrating larger enterprise vertically with smaller enterprises; deepen market activity, trade, and knowledge from big business down to small enterprise.

Next, enterprise development is a generic term for modelling an enterprise's system in a way that specifies the interconnectivity of subsystems as well as the functionality of the system within its environment. Advocates of this understanding are systems engineers and systems architects whose jobs constantly remind them to build better environmentally proactive enterprise systems to solve society's problem and in doing so, step up on the value chain. Basically, this represents an internal enterprise support structure. Boarder (2002) emphasizes that an enterprise environment is differentiated over many resources, and activity is differentiated over many process. The overall enterprise is the consequence of the influences resources have on process and those that processes have on resources. Thus, enterprise is a rationalisation of the web of resources and processes that we make in order to reduce complexity. Proponents of this view establish two circumvolving things that combine to increase enterprise value: resources within the environment and transformational activities. The resources required are: manpower, materials, machines, methods, and money. In the views of Boarder (2002) enterprise development activity involves: (1) capturing observations commonly referred to as monitoring by identifying and studying deviations; (2) modelling enterprise states by transforming captured data into information required for decision-making; (3) defining enterprise needs on the basis of information received, taking decisions, and developing strategies for management operation and support; (4) organising enterprise resources by translating strategic decisions into

tactical responses. It is the link between policy formulation and operations; (5) actioning enterprise transformation by performing certain duties to realise expected outcome in terms of increased profit, increased economic value added, more employments, etc. (Dagogo, 2006, Ohaka & Agundu).

The definition that emerged from above gives credence to a system that pursues some quantum growth that can only be described as development to reflect the overwhelming intrinsic and extrinsic changes that take place within the enterprise. In addition, Gyekye (1996) argues, growth is by contrast a physical concept while development is a behavioural concept; and that the general and defining characteristic of a developed object is the capability to perform the functions appropriate to the object. Gyekye (1996) also notes that for human society, development is to be seen in terms of adequate responses to the environment in all its complexities to the existential conditions in which human beings live, move and have their being. Thus, as regards human society, development is a behavioural concept, which can express itself politically, socially, economically, culturally, morally, psychologically etc. Adding the time dimension to the concept of development, Agyeman (2002) concludes that development is an activity or a process of self-realisation but one that is essentially grounded on the tri-dimensionality of time (past, present and future) without which the concept of development is totally empty and cannot be rightly understood.

Drawing this understanding of development to our study, the functional capabilities of the object of development that distinguishes development from growth referred to by Gyekye (1996) are the distinctive performance milestones measured in length and breadth that differentiate one time period from another on the one hand, and between one group of enterprises and another on the other hand, bearing in mind that development is time bound and time variant. That is to say, current development is actually the result of quantum growth in the enterprise that reflected not only the physical organisation but also the organisation's behaviour as evident in the key performance indicators (KPIs), again in diversity and in quality. While diversity or reach deals with the number of enterprises impacted, quality refers to the extent of diffusion or impact as characterised by KPIs such as profitability, productivity, human development, market position, employment, total asset base, achievement of long-term corporate development plans, technological development propensities, and corporate shared value (Fubara 2004).

Enterprise development, as applicable to this study, derives from all the three perspectives: externally-based economic development strategy, systems-based instrument for rationalizing complexities, and the quantum growth logic. Thus, for this study, enterprise development involves all forms of technical, financial or managerial support (internal or external, intrinsic or extrinsic) directed at an existing or potential enterprise, which represents an incremental value to stakeholders. This definition is broken down to the following relevant issues: forms of support, sources of support, targets of support, and desired outcome of support. Thus, it is readily seen that enterprise development is all about support, and support comes with policy, planning, programme (PPP) which cannot be alienated from the market system or absence of it, (Lee, 2002). By forms of support we refer to the technical, financial and managerial supports received by an enterprise that takes it to another milestone. While sources of support may be predominantly external to the enterprise, we cannot rule out possibility of internal source arising from corporate policies and long-term strategic plans drawn to ensure that the enterprise takes a leap to another milestone. External sources are institutional, national or international supports aimed at promoting private sector economic activities. The targets of these supports often range from micro to large-scale enterprises (LSEs). For this study, we consider the interventions targeted at micro, small and medium enterprises MSMEs. Finally, the desired outcome of the support is the transformation of these entities to higher level on the value chain.

As shown in the works of Hisrich and Peter (1998), Cook and Nixon (2000), Lee (2002), Yumkella (2002), Quartey (2003), Fubara & Agundu (2004), and Harrington & Kelley (2012) as an enterprise moves up the value chain, it does not only face new challenges, but it also needs to reinforce its compatible systemic structures in the environment to enhance development. The continuum may include a first milestone that is characterized by challenges of private equity or bridge finance to develop new markets and to provide working capital and improve product efficiency, technical supports to develop networking competency, build business linkages, mount capacity building, identify and remove policy bottlenecks, and create macroeconomic conditions that encourage increased aggregate demand (Arimah, 2001; Quartey 2003). Finally, areas of managerial support include decision making and modeling, and strategic management.
Investment at this stage is generally high risk and the expected return is also high. Therefore, investors are likely to be risk capital providers in the alternative investment sector such as venture capitalists and collection of business angels. To attract such investors, the business must enjoy high growth potential, adequate demand, intellectual property right protection, tax incentives such as low capital gains taxes, relevant building blocks, etc. Surprisingly, to intervene in these areas often goes beyond social objectives as investors go about maximizing the wealth of their shareholders. To that effect, measuring the impact of interventions of this sort can be addressed by key performance indicators in the true sense of profit-driven business or in the social-enterprise driven objective. The second stage of the continuum is the point where interventionists disengage, usually between five to seven years, and when the business or industry is mature and is waiting for the right moment to leap to large scale. To be classified as mature, an enterprise must develop thick skin against collapse, engage in corporate strategic planning, continuously expand its entrepreneurial and managerial skills, and leverage its capital structure with debt-based bridge financing with possibility to launch an initial public offer (IPO).

It must receive continuously positive impact factors such as increasing demand capacity, import and export incentives, possibility to explore overseas market, easy exit of venture capitalist or business angels, access to the mainstream capital market, and conducive environment for strategic innovation to thrive. Obviously, if at the elapse of the time frame stated

above, the enterprise does not experience a quantum growth towards a higher level, then it has failed, and must be recorded against the interventionist in the same manner Argenti (1973) recognized stagnation as a type of corporate failure. Accordingly, enterprise development support does not end with mere offer of grant or some capacity building programme or some sort of one-off programme. Rather it should be a holistic framework that articulates a network of activities that culminate in genuine transformation of the market economy.

It is from this point of view that we measure the impact of enterprise development in Nigeria from 1999 to 2013, just as China's enterprise development efforts some thirty years ago pulled over 200 million Chinese from poverty to middle income class (OECD, 2011). China's leadership set out a bold and motivating vision to become a middle income country within a generation using a progressive policy approach and growth process based on experience, learning, replication, adaptation and innovation. These were supported through useful reforms in key sectors like agriculture, land tenure, investment, plus efforts to develop special economic zones (SEZs). These in turn created strong incentives for enterprise creation which received further boost with the provision of hard and soft infrastructures by the three tiers of government. It also included various institutions for applied research and development. Next, programmes were mounted to identify geniuses and talents including Chinese in Diasporas. Attempts were also made to explore trade and investment shows, exhibitions, fairs, conferences and summits, as these were considered to be sources of ideas, networking, and markets. Along the line, private sector employment created by this enterprise-rich strategy generated upward mobility for over 200 million people, pulling them away from poverty and giving rise to a new professional middle class able to fill all the roles in a more complex and technology-intensive economy. Thus, China's success today began as series of articulated and holistic enterprise development programmes that kicked-off with small enterprises involving a process of dynamic capacity development centred on incremental knowledge and willingness to solve problems in the course of nation building.

Methods

There are pockets of successes or benefits of enterprise development programmes, and inspiring stories, testimonies and case studies are told or collected by organizations that blow their trumpets to justify their corporate social responsibility. However, the high decibel of the trumpet from a few, perhaps industry leaders, tends to substitute the true impact on an aggregate basis that represents acceptable statistical evidence. Impact studies in this area are scanty, suffice to say, the awareness is growing and improved methodologies are developed. The problem with existing methodologies is that they are crafted by international agencies that often underplay regional differences, so that, in reality, no single model can truly explain the impact of enterprise development in China as much as it would in Nigeria or Peru. The question of model specificity, while taking account of circumstantial differences, adds to the complexity of the model and interpretation of the results. It is with the above understanding that we review a few impact models.

One of the causal methods used by Armendariz and Morduch (2007) to measure the impact of microfinance is the difference-in-difference model. This method introduces a control group as a means of isolating other simultaneous correlations between the dependent and independent variables in order to study the impact of a particular variable. Given two groups of individuals under observation, treatment and control groups, and given two categories of attributes, measured and unmeasured, where attributes measured are the variables studied and unmeasured are spurious or those that must be held constant, the following scenario exists: T = treatment group who received instrument of change, T_1 = members of the treatment group with measured and unmeasured attributes; T_2 = members of the treatment group with measured and unmeasured attributes in addition to acknowledged broad economic changes as indication of impact; C = control group who did not receive instrument of change; C_1 = members of the control group with measured and unmeasured attributes; C_2 = members of the control group with measured and unmeasured attributes in addition to broad economic changes that may not be the result of change agent in *T* above. The underlying assumption in this method is that the impact of personal attributes like age and education remain unchanged over time. Thus the net effect is seen when $T_2 - T_1$ is compared against $C_2 - C_1$. This model tends to address more of the effect of participation than effect of access. From policy standpoint, this may not be ideal for measuring financial intervention impact in large scale or for a wider geographical region. It is also fraught with the problem of selection biases.

Coleman (1999, 2002), gathered data on 445 household in fourteen study sites and estimated the following regression equation in an attempt to eliminate selection bias of an impact study:

$$Y_{ij} = X_{ij}\alpha + V_j\beta + M_{ij}\Upsilon + T_{ij}\delta + \eta_{ij}$$

Where Y_{ij} = the outcome of an intervention for a household or unit *i*, in one study site or community *j*; X_{ij} equals unit characteristics and a constant term α; V_j is a vector of study site dummy variables that control for all fixed characteristics of the study site. M_{ij} equals membership dummy variable; T_{ij} equals time period study members are exposed to intervention (e.g. microfinance). The panel regression design for impact study allows a refinement of the difference-in-difference model as dummy variables can be used to control for location and other personal attributes.

Another impact model is the project logical framework (Logframe) which allows planners to sneak into the possible impact of a project. Logframe was developed in 1969 for the USAID. It has been widely used by multilateral donor organizations like DFID, UNDP and EC. It takes the form of a four-by-four project table. The four rows describe four different types of events that take place as a project is implemented: Activities, outputs, purpose and goal. The four columns provide different types of information about the events in each row. The first column is used to provide a narrative description of the event. The second column lists one or more objectively verifiable indicators (OVIs) of these events taking place. The third column describes the means of verification (MoV) where information will be available on the OVIs, and the fourth column lists the assumptions. Assumptions are external factors that could have an influence, whether positive or negative, on the events

described in the narrative column. As acceptable as this may be, it is most useful for pre-project implementation impact assessment, and its results rely strongly on assumptions that may be abused by overzealous assessors (Udoh, 2000).

Result-based management is another model which uses feedback loops to achieve strategic goals. People that contribute to results usually detail out their business processes and outputs showing how they contribute to outcome. This outcome may be a physical output, a change, an impact or a contribution to a higher level goal. Information (evidence) of the actual results is used for accountability, reporting and as feedback into the design, resourcing and delivery of project's operational activities. This framework is largely used in government and not-for-profit organizations where purely financial measures are not the key drivers such as UNDP, OECD, and ILO. It is centred on the following foundational concepts: assess, think, envision, plan, get it done, and review. Here, impact is usually not the key focus; it is only a spin-off that may not optimize results of a study (Udoh, 2000; Ohaka, 2010).

Similarly, Akpan et al (2013) developed a log-linear regression model to assess the impact of rural electrification on rural micro-enterprises in the Niger Delta region of Nigeria. The model is of the form:

$$LnP_I = \beta_0 + \beta_I\beta X_{1i} + \beta_2\beta X_{2i} + \beta_3\beta X_{3i} + \alpha_I GE_1 + \Upsilon_I BC_{1i} + \Upsilon_2 BC_{2i} + \Upsilon_3 BC_{3i} + \Upsilon_4 BC_{4i} + \Upsilon_5 BC_{5i} + \mathcal{E}_i$$

It specifies profitability of business (Pi) as a function of average daily availability of grid-electricity (X_1), cost of running a generating (X_2), number of years in business (X_3), connection to grid-electricity (GE), and type of business(being a dummy variable). Using profitability rather than reach or number of enterprises as an indicator of impact simply suggests that the concern of Akpan et al (2013) was sustainability and performance-led enterprise development. Just the same way Prassad (2003) adopted systems approach in proposing a method for finding a cumulative balancing index for optimizing a company's total competitiveness position based on eight measurable factors: overall productivity, time-to-market, customer satisfaction, cost-of-quality, profitability, inventory, quality, and unscheduled changes.

This study adopts regression model with time series data, but not exactly of the type used by USAID in the 1990s for the microfinance impact study on women in India, Peru and Zimbabwe, as there are some bits of adjustments to the model described above. For instance, we have reduced the model to time series analysis with annual aggregates in order to overcome the constraints of accessing cross-sectional data or disaggregating data collected from multinational development agencies, transnational organizations and the State offices of international donor agencies in respect of values of financial interventions. This study relies on fifteen years data (1999-2013) from five agencies involving the following: values of private equity funds, debt capital and grants released and directed towards enterprise development activities in Rivers and Bayelsa States, Nigeria, number of companies targeted and eventually created, estimated employment created, projected annual tax to government, and projected shareholders wealth. This obviously means examining the depth and spread of enterprise development intervention. The model is of the form:

$$ED_{1\text{-}4} = \mathrm{f}(PEF, DF, G)$$

Where $ED_{1\text{-}4}$ equals measurable enterprise development indicators running from 1 to 4, and they include number of enterprises created, estimated employment generated, estimated tax accrued to government, and estimated returns to shareholders. $PEF, DF, and\ G$ equal private equity finance, debt finance, and grants, respectively. Together, they represent financial intervention windows often employed by development organizations. Accordingly, the specified regression models are of the form

$$ED_{EC} = \beta_0 + \beta_1 PEF_1 + \beta_2 DF_t + \beta_3 G_t + \mu_t$$
$$ED_{EMP} = \beta_0 + \beta_1 PEF_1 + \beta_2 DF_t + \beta_3 G_t + \mu_t$$
$$ED_{Tx} = \beta_0 + \beta_1 PEF_1 + \beta_2 DF_t + \beta_3 G_t + \mu_t$$
$$ED_{SHW} = \beta_0 + \beta_1 PEF_1 + \beta_2 DF_t + \beta_3 G_t + \mu_t$$

Where *EC* equals enterprise creation; *EMP* equals estimated employment generated; *Tx* equals estimated tax accruing to government, and *SHW* equals estimated returns to shareholders; t runs from 1 … 15 years; β_0 is the intercept term; $\beta_1, \beta_2, and\ \beta_3$ are the partial regression coefficients; and μ_t is the error term. The estimates of the true parameters$\beta_1, \beta_2, and\ \beta_3$ of the determinants *PEF, DF,* and *G* are given thus:

$$ED_{EC,EMP,Tx,SHW} = \beta_0 + \beta_1 P\check{E}F_t + \beta_2 \check{D}f_t + \beta_3 \check{G}_t + \acute{\varepsilon}_t$$

Results and Discussion

The objective of this study is not to analyze the effect of various types of intervention funding; rather it is to examine the effect of overall intervention fund on enterprise development. To that extent, *t*-value changes are not of utmost significance to us. The analysis is therefore centred on the significance of f-test for each of the models and the presence of *t*-values is merely notional.

Table 1. Summary of multiple regression analysis (global test)

Dep Var.	R^2	*f-test*	*Sig.(f-test)*	*DW Value*
EC	*0.455*	***3.058*	*0.074*	*1.812*
EMP	*0.753*	**11.208*	*0.001*	*1.806*
Tx	*0.766*	**11.995*	*0.001*	*1.685*
SHW	*0.756*	**6.966*	*0.007*	*1.276*

*Note: *Statistical significance at $p \leq 0.05$; **Statistical significance at $p \leq 0.10$*

Table 1 above shows that financial interventions in the intervention series studied within five organizations actually contributed to increase in enterprise creation, and that these increases also led to significant growth in employment, tax paid to government, and shareholders wealth. However, the value of R^2 (0.455) is lowest with enterprises created, suggesting that in the data available, financial intervention can only explain 45.5 percent of changes in enterprise creation. This is statistically significant at $p \leq 0.074$, which is still within an acceptable threshold to draw an inference. The other dependent variables are responsive to changes in enterprises in the first place, yet are sufficiently more significant than EC, as indicated in table 1 above. Changes in all three of them (employment, tax, and shareholders wealth) are explained by more than 75 percent of the changes in financial intervention, on the basis of the data collected and as stated above. For test of multi-collinearity, the values of Durbin-Watson test show that it is only in the case of the data for shareholders wealth *(SHW)* that there seemed to be a low DW value (1.276) suggesting a slightly uncomfortable level of multi-collinearity, as the value is away from the benchmark of 2. Secondly, this work assumes that the fifteen years time series data are stationary, i.e. the mean and variance are not expected to vary systematically over time (Gujarati Porter and Sangeetha (2013).

While EC represents the spread of enterprise development and measures the effect of financial intervention on creation of new enterprises, the other dependent variables represent depth and quality of enterprises development, as they are indicators of enterprise performance (Prassad 2003; Dagogo, 2006), and assesses the extent to which the enterprise can add economic value to its stakeholders (Dagogo, 2009; Dagogo, 2013; Wilson, 2009). For us, the real impact of enterprise development does not conclude with inducement to create new enterprises alone, as often seen in our society, but also the support to ensure that these enterprises are sustained to add economic value to society. Of what benefit will it be to society if an enterprise is created today and collapses or winds up after one year. Taking a teleological view to financial interventions will enable benefactors apply strategic or holistic approach as suggested by Lee (2002) rather than the one-off approach that appears like a mockery of a well intended programme.

Conclusion and Policy Implications

This study puts to rest the agitations about the true effectiveness of financial interventions. It has shown that financial intervention has the capacity to grow enterprises as well as deepen the quality of such enterprises. The result is also a source of encouragement for further effort to mobilize development fund toward building enterprises and also to step up effort in monitoring, as weak monitoring mechanism may not disclose feedback on performance. Besides, improving the quality of established enterprises should also be a frontline consideration in enterprise development as the real impact is in the strength of the enterprise to add value to society in terms of employment, tax and shareholders wealth maximization. We therefore recommend that development agencies should restructure their strategic framework to include additional responsibilities around economic value added (Dagogo, 2009). Finally, further work is needed to clearly and convincingly characterize the effectiveness of different sources of funds, and to establish any departure in the known behavior of sources of funds from mainstream capital market.

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Appendix

Table 2. Summary of Multiple regression analysis (global and individual tests)

Dep.Var.	R^2	*f-test*	*Sig. (f-test)*	*Para-meters*	*Indep. Variables*	*Coef.*	*t-test*	*Sig (t-test)*
EC	*0.45*	*3.058*	*0.074*	β_1	*PEF*	*0.414*	*1.581*	*0.142*
DW				β_2	*DF*	*-0.348*	*-1.538*	*0.152*
1.812				β_3	*G*	*0.751*	*2.844*	*0.160*
EMP	*0.753*	*11.208*	*0.001*	β_1	*PEF*	*0.918*	**5.219*	*0.000*
DW				β_2	*DF*	*0.092*	*0.606*	*0.557*
1.806				β_3	*G*	*0.132*	*0.744*	*0.472*
Tx	*0.766*	*11.995*	*0.001*	β_1	*PEF*	*0.983*	**5.736*	*0.000*
DW				β_2	*DF*	*-0.133*	*-0.894*	*0.390*
1.685				β_3	*G*	*0.778*	**4.501*	*0.001*
SHW	*0.756*	*0.007*		β_1	*PEF*	*0.756*	**3.636*	*0.004*
DW				β_2	*DF*	*0.068*	*0.380*	*0.711*
1.276				β_3	*G*	*-0.088*	*-0.420*	*0.683*

*Note: *Statistical significance at $p \leq 0.05$;*