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Empirical Review of Foreign Finance and SMEs Performance in Lagos State, Nigeria

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Abstract

This study explored the empirical review on the effect of foreign finance on the performance of Small and Medium Enterprises (SMEs) in Nigeria, building on previous works of literature. The review uncovered the methodologies and theories used and the findings of various studies. The researcher observed from empirical reviews of literature that the conclusions of the subject matter remain inconclusive. There were conflicting findings in the various studies carried out by different researchers. Beyond finance, other factors contribute to SMEs' performance, which should be controlled. Such factors include firm age, size, and the experience of the manager. Many of the literature reviewed have no control variable. Few studies introduced some control variables but discovered the presence of heterogeneous effects concerning the firm size, firm age, region, industry, and intensity of public support, thus requiring more studies that would address the long-term effects of foreign finance on SMEs. Future studies should introduce a control variable, namely, firm size. Control variables help in achieving consistent and unbiased results. Much of the reviewed literature concentrated only on Foreign Direct Investment (FDI). The researcher has added other forms of foreign finance, including grants, foreign loans, funds from foreign Development Finance Institutions (DFI), and Venture Capital (VC). In Nigeria, there are few studies on VCs as the concept is still evolving. The VCs reinforced the theoretical gap that future studies should fill. Researches backed by theories enjoy an added layer of credibility and support. A good number of reviewed studies were not backed by any theory; as a result, future studies should consider the pecking order theory and the theory of performance.

Keywords: Empirical, Small and medium enterprises, Foreign finance, Small and medium enterprises performance.

1 | Introduction

1.1 | Background to the Study

Small and Medium Enterprises (SMEs) are considered the cutting edge of economic issues; it is worth noting that Nigerian SMEs have been studied by several scholars using varied methodologies and data. As in the

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case of elsewhere in the world, especially in Europe and America, SMEs in Nigeria account for 96.7% of businesses, 87.9% of employment, and 49.7% of national GDP [1]. SMEDAN's [1] reports of formal and registered SMEs constitute the enterprises into an unbalanced set of three categories namely, nano and micro-enterprises (0–9 employees) account for 56% of all SMEs, whereas small enterprises (10–49 employees) and medium sized enterprises (50–199 employees) account for 49.7% and only 4.3% respectively [2].

The initial source of finance for SMEs in Nigeria is personal savings and loans from family and friends, followed by trade credits. Bank loans account for about 5%. Recently, a lot of SMEs have been attracting foreign funds in the areas of grants, equity, and loans. Many Nigerian SMEs lack adequate record-keeping and necessary operational documentation. With the recent amendment to the Companies and Allied Matters Act, making audit no longer mandatory for SMEs, this will negatively affect progress on keeping accurate and adequate business records [3].

Foreign finance represents financing sources that do not originate from the domestic economy. Such funding can come from foreign individuals, companies, institutions, and governments. Such funds can come in the form of foreign equity investments, various forms of foreign loans, including convertible loans, grants from foreign companies and governments, and specific private sector support from foreign Development Finance Institutions (DFI). Personal savings and loans from family and friends can only help SMEs to start up. Bank loans are usually difficult for many SMEs to access, and government initiatives and support are not usually adequate; hence, the persistent financing problems experienced by SMEs in Nigeria. Exploring these foreign sources of funds, therefore, becomes inevitable as an alternative support even as SMEs grow in size and capacity.

Foreign Investments refer to short- and long-term investments in the domestic economy and the subsequent reinvestment of earnings derived from initial investment into the domestic economy [4]. Foreign equity investment comes in the form of FDI and may have a direct significant impact on SMEs' performance. Foreign loans can originate from individuals, companies, and DFIs. Foreign grants and indeed all grants are usually specific and targeted to some sectors with varying conditions. SMEs that meet those conditions and operate in such targeted sectors partake in such "free" monies. Examples of such situations could be the employment of more women and supporting any of the Sustainable Development Goals (SDGs). DFIs support the private sector through equity, loans, grants, and guarantees.

There are so many ways foreign finance can come into SMEs and, by extension, into an economy. In this study, we will be looking at FDIs, foreign Venture Capital (VC), foreign loans, and foreign grants. There are also special equity investments and loans from foreign DFIs. This study relies on a review of existing literature to provide empirical facts [5].

1.2 | Foreign Direct Investment

FDI is defined as an investment made to acquire a lasting interest in a firm operating in an economy other than that of the investor. FDI is considered a cross-border investment made by direct investors that have significant control over the management, with the goal of establishing a sustainable enterprise [4], [6]. To determine if a relationship of direct investment exists, the ownership criterion is used for this purpose. According to the said criterion, the ownership in the enterprise should be at least 10% or more of the voting stock [4].

Generally, it involves participating in joint ventures, management, expertise, and technology transfer. Besides that, FDI is also known as a growth-enhancing factor in developing countries as it has the potential to create employment, enhance skills, transfer technology, improve productivity, and improve long-term socio-economic development [7]. Thus, the most developed and least developed countries are equally involved in FDI activities to accelerate economic growth in their respective countries. In developing countries, FDI has been considered a potential source of development for small domestic firms [8]. FDI manifests in various forms, i.e., leading to a change in management, transfer of technology, increase in production, etc. [9].

In the modern global world, FDI plays a commanding role in the economic progress of any country. It may open up new markets and selling channels for organizations, financing, access to contemporary technology, and skills. It provides capital, managerial skills, and technologies to the host country and leads to a boost in economic development [10]. To put it another way, FDI is an investment that involves a long-term connection and reflects a long-term interest and control of a resident entity in one economy in a business that is located in another economy than the foreign direct investor's [11]. FDI has its pros and cons both to the foreign country and the host country. Knowledge of these can drive policies and actions by both parties and countries involved in foreign investments in SMEs cannot be overemphasized.

1.3 | Foreign Venture Capital

VC has dominated debates on the global financial markets in the last two decades, mainly due to its perceived significant influence on the performance of SMEs. A considerable body of empirical literature from developed countries identifies VC as a suitable financing model, with the capability of ameliorating the lack of access to finance for SMEs' growth [12]. It is well documented that most global companies, such as YouTube, Yahoo, Apple, Microsoft, and Compaq, have their roots in VC financing. In Nigeria, SMEs that have raised VC funds include Okra, Edukoya, Bankly, and Shuttlers.

A group of Nigerians based in the US, Canada, the Caribbean, Europe, and South Africa is taking steps towards the establishment of a N100 billion VC Fund and also a specialised bank targeted at the SME sector in Nigeria. One primary source of start-up funding is VC [13], [14]. This fund targets mainly small, young, and innovative companies and provides them with the financial capital they need to grow internationally in exchange for shares [15], [16]. Scholars usually see VC as an active and temporary (5 to 10 years) partner in the ventures in which it invests and is usually a minority shareholder. Consequently, their returns come mainly from capital gain through an exit rather than through dividend income.

When a VC firm invests in a venture located in a different country, the investing firm is called a foreign VC investor. In recent years, foreign VC investments have come to represent a significant proportion of the venture financing market around the world [17]. For instance, Rakuten, a Japanese internet company, invested $300m in Lyft's series E investment in 2015, and SoftBank, a Japan-based VC firm, invested $4.4bn in WeWork in 2017 [18].

1.4 | Foreign Loan

One way of bridging the access to finance for SMEs is through credits and loans. While loans can come from individuals, a significant portion is expected to come from banks. Other sources of finance to SMEs, like VCs, crowdfunding, and foreign equity, have grown in prominence and are attracting attention due to the difficulties SMEs face in accessing loans. SMEs in Nigeria, in particular, lack adequate structures, collateral, and proper records to access loans easily. Due to this situation, several governments have instituted one quasi-loan scheme or another to provide SMEs the needed funds despite their unattractive states. In Nigeria, among the programs and institutions established in the past for the growth of SMEs are the Small-Scale Industries Credit Scheme (SSIC) and Industrial Development Centers (IDCs).

Despite these schemes, successful loan to SMEs still requires due diligence by the participating banks. Consequently, SMEs on their own have been exploiting other forms of loans, including foreign loans, which may have better terms. Foreign loans are cross-border borrowings by SMEs from individuals and private companies. These foreign loans usually come with a lower interest rate than domestic loans, but are heavily affected by exchange rate movements. Sometimes, they come in longer tenors to the SMEs. Because foreign loans usually come with a lower rate and longer tenure, their benefits to SME operations can be enormous.

Harash et al. [19] in their studies found that companies that had some foreign debt financing performed better than their counterparts. The authors also found that more companies depend on debt than equity for funding, making long-term debt a significant component of total debt. Furthermore, while some companies rely heavily on long-term debt as a financing scheme, companies in some economies, on the other hand, use more short-term debt to finance their operations. However, it is noteworthy that foreign debt amplifies the negative effect of total leverage on company performance [19].

1.5 | Foreign Grants

A grant is usually a financial award given by an individual, company, or foundation to a company to facilitate a goal or incentivize performance. Grants are essentially gifts that usually do not have to be paid back. A grant scheme for small businesses is designed to be offered at no interest, such that the beneficiary firms can leverage the advantages to be productive and grow their businesses, thus participating in the mainstream of the economy [20]. It becomes a foreign grant when the sources are beyond the shores of a country. Grants for small and medium businesses are usually targeted to a variety of purposes, including starting a business, helping run the business efficiently, and supporting its expansion.

Grants are not simply free money, as they have conditions attached to them that need to be met. While some grant-giving entities seek out qualified SMEs, many SMEs in turn look out for these donors to attract them by complying with certain conditions. Business development grants provide smaller grant amounts and can therefore get to a larger number of smaller beneficiaries, support acquisition of machinery, tools, and equipment, and a firm's learning activities, and are targeted towards loosening capital constraints of smaller firms [21].

Grants are a popular choice since, in contrast to loans, they offer financial aid that is not repaid. Knowing the different kinds of grants that are available can change the game for business owners, allowing them to grow, develop, and prosper in cutthroat marketplaces. By this understanding, business owners can better position themselves to secure the funding they need. Grants can come from various sources, including government agencies, nonprofit organizations, and private corporations. Each type of grant has its own set of eligibility criteria, application processes, and funding amounts. Grants can come in many ways, including development grants, start-up grants, export programs, Research and Development (R&D) grants, development of knowledge and skills, and technology investment programs for industrial enterprises.

2 | Performance

Treatment of performance in research is perhaps a problematic issue that confronts researchers, academics, and practitioners because of its various definitions and the appropriate meaning. Several scholars have described performance in certain ways, though there is always an area of convergence [22]. Hanson et al. [23] define performance as a measure of how well a company can utilise its assets from its primary business activities to generate revenues. On the other hand, other scholars relying on modern literature define performance as the results of the activities of a company or investment over a given period.

Performance can also be defined as the accomplishment of specified business objectives measured against known standards, completeness, and cost [19], [22]. Adeniran and Awe [24], Sefiani [25] observed that performance is the indicator used to measure set goals and objectives. Gibcus and Kemp posited that the general performance of an organization is largely a function of the right management style, which involves three levels of management, namely operational, tactical, and strategic. Aluko [20] and Kusa et al. [26] see performance as a subset of organizational effectiveness that covers operational efficiency, growth of business, and financial outcomes. Business performance is described as a construct such as effectiveness, efficiency, growth, improvement, and success [20], [27]. According to Fairlie et al. [28], business performance is the ability of a company to contribute to job and wealth creation either through a start-up business, an existing business, growth, or survival.

2.1 | Small and Medium Enterprises Performance

Early reviews indicate that defining the performance of SMEs is a challenge across the world. The performance of SMEs has led to the definition of SME performance in many ways in the literature. Related parties always want to see good performance in their business [19]. The debate on these divergent views on a firm's performance is still ongoing. Performance can take on a diverse meaning based on the context in which it is being used. However, the general understanding of small enterprise studies is that it is a multifaceted phenomenon which includes unit cost, operation, revenue, and customer satisfaction [20], [29].

The performance of the SME has numerous orientations in the literature, including entrepreneurial exits, survival, growth, product diversification, strategic alliance, legitimacy, and status. However, the most corroborated performance of a firm transcending across contexts is revenues and various returns: Return-on-investment, return-on-assets, return-on-revenues, and return-on-employees [30], [31]. This study explored the empirical review on foreign financing and SMEs' performance. The review will cover methodologies used, theories, and findings.

3|Empirical Review

3.1|Foreign Financing and Small and Medium Enterprises Performance: Evidence from Developed Economies

Pacheco [32] examined the relationship between the firms' ownership and control structure, in particular the presence of foreign capital, and their profitability. The study focused on the determinants of the financial performance of firms, evaluating whether that performance is influenced by the presence and degree of foreign capital. The authors used a balanced panel data of 5.722 firms for the period 2010–2017. The paper analysed a sample of SMEs from the manufacturing sectors (Codes 10 to 32, from the European classification of economic activities–NACE–Rev. obtained from Sistema de Análise de BalançosIbéricos (SABI), a financial database powered. The result of the study shows no significant relationship between the degree of foreign ownership and profitability, despite foreign firms' higher levels of profitability. Nonetheless, there appears to be a nonlinear relationship between the development level of the nation of origin of the share capital and profitability, with the results indicating that enterprises with share capital originating in more advanced countries perform better financially.

Srhoj et al. [21] investigated the new micro-econometric evidence on the impact of business development grant schemes on output and input additionality of SMEs in Croatia. The authors employed an ex post facto research design, making use of a dataset from the Ministry of Entrepreneurship and Crafts of the Republic of Croatia and the Annual Financial Statements Registry of the Republic of Croatia database. Data was analysed using a two-way fixed effects regression. The results from the study show that, on average, strong positive effects of business development grants on capital stock, bank loans, intermediate inputs, value added, as well as employment for firms with over 20 employees, but no empirical evidence of any significant and positive effect on productivity, sales, average wage, and inventories. However, the significant positive findings are more prevalent in firms of smaller size.

Bacovic [33] examined the impact of both domestic and FDI on economic growth and productivity in ten Southeast European countries. This study aimed to investigate the effect of FDI on output and productivity growth in relation to the impacts of domestic investments. Using the panel OLS fixed effect method, the author found a positive and substantial relationship between domestic investment and FDI on GDP growth, with domestic investment having a greater positive influence than FDI inflows. The author, however, recommended that this result should not discourage the promotion of FDI, but should encourage stronger reliance on domestic savings and their importance.

Bruno and Cipollina [34] summarised and explained recent findings from firm-level empirical literature focusing on the indirect impact of FDI on economic performance, measured as productivity, in the enlarged Europe. The authors adopted recent meta-regression analysis methods–Funnel Asymmetry and Precision Estimate Tests (FAT-PET) and Precision-Effect Estimate with Standard Errors (PEESE)–to explain the country-specific impact of FDI on firms' performance. The researchers' findings show that, on average, FDI has a positive indirect effect on productivity. The impact varies in the selected European countries, indicating a sign of better absorptive capacities in those countries. The study concentrated only on the indirect effect of

FDI on the firms, with no proxies for the independent variable of FDI. No theory was espoused to support this study.

Gwizdała [35] investigated the efficiency and effectiveness of the usage of the European Union (EU) structural funds in Poland, directed to financing of SME sector enterprises in the years 2014–2020. The support came in the form of aid/grants and other instruments targeted at some EU programs for Poland. The author employed secondary data reviewing and assessing Poland and international documentary and research papers concerning the financing of SME sector enterprises with EU structural funds. Findings from the study indicated that the EU's assistance has not only a positive impact on the SME sector itself but also on its environment. The author assessed that funds from the EU are of great importance to SMEs and recommended that they should be favourably assessed as financing, as it has resulted in the development of small and medium-sized Polish enterprises.

Sufyan et al. [36] studied the link between FDI and the expansion of SMEs in the Visegrad (V4) countries of the Czech Republic, Hungary, Poland, and Slovakia. The research focused on finding out if FDI typically increases the development activities of SMEs in Visegrad countries, as well as identifying the variables accounting for the disparities in estimates between research findings. Secondary yearly time series datasets collected from 2005 to 2021 were gathered using Eurostat and the World Bank database and analysed using the regression coefficients through E-views software. The result revealed that FDI boosted Visegrad countries' SMEs to varying degrees. SMEs were shown to be positively connected with FDI in Hungary and Poland, but adversely correlated with FDI in the Czech Republic and Slovakia at an insignificant level. The authors concluded that FDI can attract business opportunities and be favourable for SMEs' development in some host countries. The study attests to the fact that the impact of FDIs on SMEs still requires further research. However, the authors did not specify the proxies for measuring SME development, which would have helped narrow down areas of concern or draw more attention.

Vanino et al. [37] carried out a comprehensive assessment of UK Research Councils (UKRCs) grants on the performance of participating UK firms. The authors exploited the data available in the gateway to research database on all projects funded by UKRCs over the 2004–2016 period and applied a Propensity Score Matching (PSM) approach. The study found a positive effect on the employment and turnover growth of participating firms, both in the short and in the medium term. Exploring impacts across different types of firms, the writers found stronger performance impacts for firms in R&D intensive industries and for smaller and less productive firms. Also, part of the findings was that benefits from publicly-funded R&D projects are more significant when combined with domestic and industrially related partners, regardless of the number or size of projects.

Alraja et al. [38] carried out a study to identify the influence of FDI on thriving the sub-sectors of Information and Communication Technology (ICT) (Service exports, ICT goods imports, high-technology exports, and ICT goods exports), as one of the drivers to develop the economy. The secondary data used was the statistical data on direct foreign investment, exports, and imports of ICT about the Sultanate of Oman in the period 2000-2014, published by the World Bank. Descriptive statistics and a simple regression model were used to analyse the collected data and test the hypotheses of the study. The results show that FDI does not affect the ICT goods exports and imports. On the other hand, the study finds a positive and significant effect of FDI on ICT services. The study concluded that the planning for FDI is ad hoc; therefore, planning on how to exploit FDI in the economy is crucial. Data limits the study, as there were no official statistics available according to the classifications of the World Bank, and the only source of statistics is the World Bank.

Leitão and Baptista [39] investigated whether inward FDI and investment in ICTs advance the development of entrepreneurial activity in Finland and Portugal - the host economies. The study focused on the role played by FDI spillovers in ICTs. The study set out to unravel the proposal that the combination of inward FDI with investment in ICT jointly drives entrepreneurship. The authors employed secondary data obtained from the United Nations Conference on Trade and Development (UNCTAD) and the International Telecommunication Union using a co-integrated vector autoregressive approach to examine the 'pull' effect of ICT and the 'push' effect of FDI. The study found a positive effect of FDI on investment in ICTs, in the case of a low-tech producer (Portugal), and a negative impact of FDI on investment in ICTs in the case of the high-tech producer (Finland). The result also showed a negative impact on unemployment from FDI. The author used aggregate data, which will not allow assessment of the direct impact on SMEs. Also, no theory was promoted to support the study.

In another study, Corsi and Prencipe [40] examined the role of and type of foreign ownership in improving the performance of independent SMEs, especially as it relates to innovation in the EU, noting that in the EU, SMEs account for over 99% of all European companies and 85% of the total employment growth. Using a firm-level large dynamic panel data model on a representative sample of 23,962 firms from 24 EU countries selected during 2006–2015, the results indicate that foreign ownership has a positive role in improving the innovation performance of independent SMEs only when it takes the form of VC and Private Equity (PE). The study confirms that the poor impact of other forms of foreign ownership could be attributable to different investment objectives and greater information asymmetry.

Kato [41] analysed the impact of VC financing on SMEs' performance in Uganda. VC financing is the first empirical study that relates and brings together the understanding of business entrepreneurs with that of VCists. The study adopted a mixed-method and used survey questionnaires administered to 90 SMEs and complemented with data from semi-structured interviews. The authors used multiple regression analysis and the correlation coefficient for data analysis generated from the statistical package for the social sciences. The study evidenced that VC financing enhances SMEs' performance and also contributes to the development in Uganda through revenue growth, profitability, and return on assets. This study recommended to policy-makers and the business fraternity to develop policy frameworks tailored to the enhancement of the VC landscape growth.

Gyimah and Agyeman [42] looked at how DFI supports SMEs, with a focus on the International Finance Corporation. The study employed a case study approach with the IFC in focus. The study revealed that DFIs contribute significantly to SMEs' growth in various economies through the provision of funds, advisory services, and raising of capital on international markets, even though they are confronted with systemic and non-systemic challenges in doing so. The authors recommended that training programs be intensified to help develop better SME managers and operators while tailoring global products to suit local needs as much as possible.

Dvouletý et al. [43], employing a systematic review of empirical evidence as their research design, carried out a study on public SME grants and firm performance in the EU. The study focused only on the EU 28 member countries (EU 28) and grants supporting SMEs. The result of the study shows mostly the positive outcomes of the grants on firm-survival, employment, tangible/fixed assets, sales/turnover, with varied findings for labour productivity and Total Factor Productivity (TFP).

Wiik and Torvund [44] investigated the relationship between firm performance and government grants on Norwegian firms. In particular, the authors' answer to "what is the impact of government grants on firm performance? as measured by return on assets, return on sales, total debt to asset ratio, and total labour productivity. The researchers' empirical analysis was based on financial accounting data of 1,449 companies from 2016 to 2020. The results indicate no significant relationship between grants and performance. The result in relation to the performance variables indicated no significant impact of government grants on debt and labour productivity, with a positive impact on sales and assets, although it is not statistically significant.

Nyikos et al. [45] examined micro-level effects of grants and Financial Instruments (FIs) on SMEs' access to finance in Hungary. A panel dataset with firm-years as the units of analysis, sourced from EU subsidies and yearly aggregated information on credits received by the firms, was used. The analyses are done using PSM. Findings show that the use of subsidies has a positive impact on employment, sales, and, in certain settings, on productivity. The result also shows that grants seem to be used effectively, while FI holds more direct relevance to advanced productivity.

Woo [46] examined foreign VC firms and the internationalization of ventures, and explored the influence of foreign VC firms on the internationalization of investee ventures and their performance. The study employed secondary data sourced from a sample derived from the Thompson One VentureXpert database, which is most widely used in research on VC investment. Samples were constructed from companies that recently went public. Descriptive and inferential statistics were used to analyse the data. The authors' findings show that foreign VC firms not only encourage their investee ventures to internationalize but also help the internationalization to achieve higher operating performance. The authors could not get information on geographic segment sales on a large number of young private VC-backed firms, which is crucial for the study.

Carneiro et al. [47] investigated whether VCs influence the internationalization of small firms and whether such impact differs between foreign and domestic VCs. Employing a mixed method of literature and in-depth interviews with top decision-makers from two VCs and four portfolio ventures, the study findings indicated contrasts between the perceptions of VCs and portfolio firms, so that the former claim to have a higher impact than what is perceived by the latter. Findings also show that the differential impacts of foreign versus domestic VCs counter the literature position of a more substantial effect of foreign VCs on small firms. The study revealed that the breadth of the industry (Global versus local industries) and a firm's vocation (Born global firm versus local leader) are two main factors that seem to affect the impact of the VC and its nationality on the internationalization of investee firms. While the study made some contribution to the body of knowledge, the sample size is too small to make generalizations.

Bremus and Neugebauer [48] investigated how the reduction in cross-border bank lending affected the access to finance for SMEs in the euro area. The authors found that the decline in cross-border lending led to a deterioration in the borrowing conditions of small firms. In countries with more pronounced reductions in cross-border credit inflows, the likelihood of a rise in firms' external financing costs increased. The authors employed a linked micro-macro dataset for 11 euro countries over the period 2010–2014, using regression to analyse the data. Findings showed that reductions in cross-border bank lending made loan rate increases for SMEs more likely. For firms in countries with significant reductions in international credit, the probability of facing higher loan rates is 15 percentage points higher than for firms in countries with the most favourable evolution of international credit. Overall, the results showed that cross-border lending does indeed affect the access to finance for SMEs, though mostly indirectly through the interbank channel.

Takahashi and Hashimoto [49] examined the effects of a small grants subsidy on SMEs' productivity in Japan. The study utilized secondary data (From 2009 to 2016) and employed regression to analyse the data using PSM and Difference-In-Differences (DID) design. This study showed that receiving a small subsidy does not have significant outcomes, but applying for one can increase SMEs' sales and productivity. These positive results are heterogeneous on firm age and industry and are most pronounced in firms operating for 6 -10 years in the service industry.

Jolović and Lošonc [50] examined the impact of FDI and VC investment on SMEs and entrepreneurs in the Republic of Serbia. Using secondary data and regression analysis, the study concluded that financing Serbian entrepreneurship with FDI influences the empowerment of entrepreneurial businesses due to the involvement of new players in the management structure of these entities. The study also revealed that financing Serbian entrepreneurship with VC investments influences the development of ideas and innovations and encourages the technological development of entrepreneurial entities.

Gereben et al. [51] assessed the impact of funding by the European Investment Bank (EIB) on the performance of 5,223 SMEs in eight countries of Central and Eastern Europe (CEE) during 2008-2014. The authors obtained relevant secondary data employing regression (PSM and DID estimation exercises) to analyse the data. Results indicated that EIB lending has a positive effect on employment, revenues, and profitability of SMEs, especially during a period characterized by financial and economic turmoil.

Liu et al. [52] investigated the impact of VC on Chinese SMEs' sustainable development, focusing on early-stage and professional characteristics. The study concentrated on Chinese listed companies supported by VC from 2002 to 2022. The study employed both semiparametric and nonparametric methods to explore the long-term impact of VC on the sustainable development of Chinese enterprises. Findings revealed that the early stage of VC companies has a significant promoting effect on the sustainable development of the enterprises. Professionalism, in contrast, has no significant impact on the sustainable development of enterprises in the short term. The results also showed that VC is supportive of enterprises' standardization and long-term development because it provides funds, oversight, and other non-capital value-added services, such as networking abilities, management experience, and market information.

Du and Cai [53] investigate the influence mechanism of VC on the development of SMEs in the agri-food industry in China. Based on the enterprise growth theory, this study used data from 40 agricultural SMEs from the SME and ChiNext boards in China and employed multivariate regression for data analysis. The constructed evaluation model consists of technological innovation, profitability, development capability, and solvency. The results showed that the VC can significantly improve the technology innovation, profitability, and growth ability of SMEs. For the solvency of SMEs, the promoting role of VC is not obvious.

Bigos and Michalik [54] examined the role of foreign VC and foreign business angels in companies' early internationalization based on the example of Polish start-ups, young firms, and micro and small enterprises operating in the ICT sector. The study is based on primary data obtained using the Computer-Aided Web Interview (CAWI) technique. The authors employed a logistic regression model to test the hypotheses. Based on the study, a positive relationship exists between the involvement of foreign VC funds in start-ups and SMEs and their early internationalization. The study recommended that Start-ups should cooperate with foreign institutions, such as VC funds, as their knowledge and experience can be a source of start-ups' early internationalization.

Ayub [55] examined the influence of business grants, micro savings, and financial knowledge on Bumiputera SME business performance in Sabah. The paper analysed the Bumiputera SME performance by examining three determinants, namely business grant assistance, micro savings, and financial knowledge. The study adopted a survey design using a questionnaire to collect primary data from those who have been assisted and supported by TERAJU programs. The data collected were analysed using the Statistical Package for Social Science (SPSS 26) and SmartPLS 3.0. The study confirmed that there are significant positive relationships between micro savings towards Bumiputera SME performance in Sabah. However, the study also found that there are no significant relationships between financing knowledge and business grant assistance towards Bumiputera SME business performance in Sabah, Malaysia.

3.2|Foreign Financing and Small and Medium Enterprises Performance: Evidence from Developing Economies

Ofori and Asongu [56] examined the combined effects of ICT diffusion (Comprising access, usage, and skills) and FDI on inclusive growth in Sub-Saharan Africa (SSA). Drawing on data from the World Bank's world development Indicators, and the Global Consumption and Income Project for the period 1980-2019 and employing Ordinary Least Square (OLS) and dynamic system GMM estimation techniques, the study concludes that the inclusive growth-inducing effect of FDI is rather remarkable in the presence of greater ICT diffusion and that overall FDI modulates ICT dynamics to engender positive constructive interaction effects on inclusive growth. The authors posit that in a region where there are unmet gaps for infrastructure development, and the population is youthful and innovative, ICTs and FDI can be targeted to foster shared prosperity.

Rawoof et al. [57] scrutinised the impact of FDI inflows and energy consumption on ICTs in selected economies of South Asia. This research is based on secondary panel data from 1999 to 2021 and employed Augmented Mean Group (AMG), Mean Group (MG), and Common Correlated Effects Mean Group (CCEMG) as assessors. The study discovered a substantial and favourable influence of FDI services and energy consumption on ICTs. The results indicated that economies of the selected region must embrace investment reform measures in order to draw FDI into the services sector, increase exports of services, and progress towards economic stability.

Ur Rahman et al. [58] explored existing theoretical and empirical literature on FDI toward the manufacturing industry in the context of developing economies and particularly in Pakistan. In his method, the author employed the principles of systematic literature review to analyse several key points of the previous studies for the period November 2017 to April 2018. The study revealed both negative and positive effects of FDI in the manufacturing sector, noting that the findings separately fill the gap in the literature. Consequently, the impact of FDI on manufacturing growth is still under discussion, and various studies have been conducted to check the effect of foreign investment on the overall economy. However, the one-year period of the study seems insufficient for a researcher. Also, the theories on which the study was anchored were not mentioned. Most of the findings are based on country-level impact rather than firm-level impact. The current research will focus on the effect of FDI on the level of firms.

In another study, Belloumi and Touati [59] analysed the dynamic links between FDI inflows, information and communication technologies, and economic growth in a sample of 15 Arab nations throughout 1995-2019. The research technique employed is secondary data review involving constructing a heterogeneous dynamic panel model utilising annual data on real GDP per capita, FDI, and information and communication technologies for a sample and using a panel ARDL technique to analyse the data. The findings show that ICT and FDI have positive and significant long-term effects on economic growth, and that ICT indicators have a positive long-term impact on FDI inflows in the Arab nations studied.

Saurav and Kuo [60] conducted a survey of the literature and explored the heterogeneous effect of FDI on three types of domestic firms: foreign-owned local firms that are affiliates of Multinational Corporations (MNCs), local firms that are suppliers to or customers of MNC affiliates, and local firms that compete with MNC affiliates. The authors employed a review and meta-analyses of existing literature on developing countries. Findings of the study revealed consistent evidence that foreign ownership increases the productivity of MNC affiliates in developing countries. For firms engaged in supplies to MNCs, evidence suggests significant productivity benefits, whereas the evidence is mixed for buyers and distributors of MNCs' products. On the other hand, competitors of MNCs generally experience insignificant and sometimes negative spillovers.

Fowowe [61] undertook an empirical investigation of the effects of access to finance on firm growth in African countries. The study uses a firm-level dataset provided by the World Bank and its partners across the world from its enterprise surveys. The study used both subjective and objective measures of access to finance from the World Bank’s Enterprise Surveys of a sample of 10,888 firms from 30 African countries during the period 2006–2012. The subjective measure indicates that the access to finance constraint has a significant negative impact on company growth. Furthermore, the results using the objective measure reveal that enterprises that are not credit-constrained have faster growth than firms that are credit-constrained. Though there were other performance measures in the original survey, like sales growth, the author employed employment growth as the only measurement of firms’ performance in his analysis.

Charoenrat and Harvie [62] examined the technical efficiency of Thai manufacturing SMEs and their firm-specific determinants using firm-level data. The study focused on factors that determine the technical performance of Thai SMEs. The authors employed a Stochastic Frontier Analysis (SFA) model to measure the technical efficiency of the firms. The performance variables adopted include output growth, employment generation, exporting, and firm growth. One of the key explanatory variables emphasised in this study for the sample of Thai SMEs is foreign investments. Others include firm size, firm age, skilled labour, location, type of firm ownership, government assistance, and export activity. Findings from the study show a correlation between foreign investment (Ownership) and SME technical efficiency, especially in medium-sized firms. The study suggests that foreign investment and ownership have the potential to improve SME technical efficiency as they can promote technological upgrading, managerial skills and knowledge, promote good corporate governance, and enable access to foreign markets. The authors recommended that, for effective foreign investments in SMEs, a targeted approach, by means of incentives, should be adopted, with a focus on medium-sized SMEs.

Tülüce and Doğan [63] investigated the impact of FDIs on SMEs' development. The authors adopted an extensive literature review to analyze both the aggregate productivity effects and the spillover effects of FDI on SMEs. The study found limited evidence of a positive relationship between foreign presence through FDI and productivity, since the empirical literature indicates mixed results. According to the authors, while many show significant positive spillover effects from FDI on SMEs, others find no or statistically insignificant results from technology spillover. The authors concluded that many of the empirical estimates of productivity spillover from FDI to domestic firms in economies are biased.

Radas et al. [64] investigated the effects of direct grants and tax incentives on recipient SMEs in Croatia. The authors made use of secondary data and adopted the Conditional Independence Assumption (CIA) as estimation methods. Findings from the study revealed limited empirical evidence on the effectiveness of SMEs' R&D from direct grants, though direct subsidies used alone or with tax incentives strengthen the R&D orientation of the SME as well as some aspects of innovation output. Also, not much difference is found when users of direct grants are compared to those who used both the grants and the tax incentives. This result indicates the existence of limitations in the use of tax incentives by SMEs, and thus suggests that subsidies and grants may be the primary instruments for SMEs. The study would have been more beneficial if it had been extended to cover the impact of grant-induced R&D on SMEs' performance.

Sass et al. [65] examined the impact of vertical and horizontal FDI on export and employment in four service industries (Financial services, business services, telecommunications, and Computer activities) in the four Visegrad countries (Slovakia, Poland, Hungary, and the Czech Republic. Export and employment were selected as indicators of the host country's impact of FDI due to data availability considerations. Secondary data were sourced from various international organisations. Classical linear regression analysis and a panel regression model were used to analyse the data. The authors found that the impact on the host economy varies among the four service industries, namely a positive and significant influence on exports of vertical business services and horizontal telecommunications services, as well as employment in business services and, to a lesser extent, financial services.

On the other hand, Chodisetty and Babu [66] in their study aimed at knowing the Effect of FDI in the Indian Economy with reference to the Telecommunications sector. The study focused on the relationship, impact, and future movement of the FDI on the Indian Economy. The study employed secondary data from 2011 to 2021 using E-views software to analyse the data and applied statistical tools of VECM, OLS, and VAR. Findings from the study showed a positive relationship between the FDI and the telecommunications sector. It also found a negative relationship between FDI and GDP, but with a future positive impact of GDP from FDI.

Warsame [67] assessed how ICT modulates the effect of FDI on economic growth dynamics in 25 countries in SSA for the period 1980-2014. The study focused on evaluating the nexus between FDI and economic growth by employing ICT as a moderating policy variable in the underlying relationship. The employed economic growth dynamics are Gross Domestic Product (GDP) growth, real GDP, and GDP per capita, while ICT is measured by mobile phone penetration and internet penetration. The empirical evidence is based on the generalised method of moments. The study finds that both internet penetration and mobile phone penetration overwhelmingly modulate FDI to induce overall positive net effects on all three economic growth dynamics. Moreover, the positive net effects are consistently more apparent in internet-centric regressions compared to "mobile phone"- oriented specifications.

Kato [41] conducted a comprehensive literature review from six emerging economies in Africa (South Africa, Nigeria, Kenya, Ghana, Egypt, and Uganda) to support the empirical studies underpinning the impact of VC financing on SMEs' growth in emerging economies and offers a ground for a future research agenda. The paper used a systematic literature review strategy by exploring 50 recently published articles on VC performance from 2010 to 2019. Results from the study disclosed that VC financing positively influences the growth of VC-backed firms in terms of sales growth, job creation, and an increase in returns on investment.

The paper recommends that policymakers and practitioners design appropriate policies in support of easy access to VC financing for SME growth.

Sinha et al. [68] attempted to determine the cause-and-effect relationship between IT sector growth and FDI in India. To strengthen the study, the cause-and-effect relationship has been analysed by a simple linear regression model. Reliable Secondary sources have been used to collect data, such as websites of the World Bank statistics, the Department of Telecommunications, and the Ministry of Communications & Information Technology. The study revealed a significant impact of FDI on the IT sector, which motivates other Foreign Institutional Investors to invest their money in the Indian market, specifically in the IT sector. The authors noted that the study will be helpful to policymakers to emphasize the overall development and sectoral growth in India.

Piza [69] investigated the impact of business support services for SMEs on firm performance in Low-and Middle-Income Countries (LMIC). These support programmes include tax simplification, exports and access to external markets; support for innovation policies; support to local production systems; training and technical assistance, and SME financing and credit guarantee programmes, while performance variables employed included higher profits, employment generation, and productivity. Overall, findings indicated that: Business support to SMEs improves firms' performance, helps create jobs, has a positive effect on labour productivity, on exports, and on firms' investment. Evidence on their impact on innovation by SMEs is less clear. Matching grants also continue to show a positive effect on firms' performance.

Selebaj and Bule [70] studied the effects of grants from EU funds on the business performance of non-financial corporations in Croatia. The methods adopted are secondary data extracted from three databases, including the Croatian Ministry of Finance, with some econometric analysis. The research showed that the use of EU funds has a strong and positive effect on employment, operating income, labour productivity, TFP, and capital intensity. At the same time, the level of impact significantly depends on the relative size of the grant received from EU funds.

Aluko and Bayai [20] investigated the effect of government financial support on beneficiary firms' revenue growth post-disbursement of a grant scheme in South Africa based on the scheme's activity between 2012 and 2018. Based on the research objective, the study aims to test whether the grant amount approved influences the revenue growth performance of beneficiary firms positively. The authors employed secondary data extracted from the Cooperative Incentive Scheme (CIS) database and used Pooled OLS linear regression models in assessing the effectiveness of the grant program in terms of the influence it had on firms' revenue generation. The findings showed that the government financial support grant scheme for small firms in South Africa had a statistically significant and positive effect on the revenue growth of grant beneficiary firms.

Pasali and Chaudhary [71] assessed the impact of foreign ownership on firm performance by size in developed and developing countries using sales growth, employment, and labour productivity as performance indicators. Data was sourced from the enterprise surveys collected by the World Bank across the developed and developing world between 2010 and 2019, with a sample of about 80,000 formal enterprises in 144 countries, including 47 African countries. While the preliminary results show foreign ownership overall does give firms an edge on performance, there is no consistent evidence that this is so by firm size. However, across all developing regions, the study consistently finds that foreign ownership has a positive impact on the sales and productivity growth of micro-sized firms.

Bradley et al. [72] studied the important role cross-border VC investments play in the scaling up of high-growth companies. The paper found that policymakers worry that foreign VC investments transfer the majority of economic activity to the investor country. According to the authors, although startups welcome the foreign capital, expertise, and networks that accompany cross-border investments, cross-border investments predominantly benefit foreign economies and fail to develop the local entrepreneurial ecosystem. This paper describes a framework for how policymakers can develop a set of policies toward cross-border VC investments, focusing on Europe, Israel, and Canada. The analysis shows that in addition to policies that aim to attract foreign investors, there should also be important policies for the development of the domestic VC market.

Aluko et al. [20] focused on government programmes providing financial and non-financial resources to support Small, Micro and Medium-Sized Enterprises (SMMEs) through grants and subsidies. Employing literature review during period 2010 to 2022 on publications that focused on the terms "effectiveness of grant support for SMME," "government intervention programme for SMME," and "subsidies programme for small business "results indicated that government intervention programmes have had an overall favourable impact on business employment creation, sales/turnover and productivity, while there are conflicting results for business labour productivity and business survival.

Njubi [73] examined factors that influence VCist's decision in funding SMEs in Kenya (Doctoral dissertation, Strathmore University). This study was a descriptive survey design employing Self-completed Questionnaires on CEOs of VC firms registered with the East Africa VC Association to collect primary data. The study findings were that three key variables, namely market factors, product factors, and financial factors, were the key factors considered by VCs in their consideration to fund SMEs. The study also established that each of the key variables had specific items of interest to the VCs in their evaluation of SMEs for funding.

Wanjere et al. [74] investigated the effect of FDI on the performance of manufacturing firms in Kenya. The population of the study comprised 100 companies registered with the Kenya Association of Manufacturing as at the time of data collection in 2019, and that had over 10% foreign ownership. The study used a structured questionnaire to collect primary data from the CEOs of the organization. Descriptive and inferential statistics were both used to analyse the data. The study developed a hypothesis, which was tested using simple linear regression to establish the effect of FDI on the performance of manufacturing firms. The results revealed that there was a statistically significant relationship between FDI and firm performance.

Faridi [75] studied the impact of FDI on SMEs in Pakistan. This study is based on secondary data from 1982 to 2019, sourced from World Development Indicators and the Pakistan Economic Survey. Descriptive and inferential statistics were used to analyse the data. The correlation analysis found that SME growth rate is positively correlated with FDI and exports, while negatively correlated with gross savings and GDP growth rate.

Christian [76] investigated the impact of VC financing on SMEs' growth and development in Ghana. The study also examined the factors that drive VC investment activity in Ghana. The study applied both PSM and DID estimation techniques to determine the effects of VC financing on SMEs' growth and development in Ghana. The result shows a positive and significant correlation between VC financing and SMEs' growth in the context of employment and sales in Ghana. The results also suggest that GDP growth rate, labour market rigidities, capital gains taxes, and institutional quality are the key drivers of the VC industry in Ghana.

Mirza and Sabah [77] examined the role of VC as a source of finance for SMEs and its impact on small business development in Afghanistan. Other objectives of the study were to review the types of VC financing in Afghanistan and identify the factors that drive the VC financing. The study adopted a quantitative methodology in order to investigate the subject. Questionnaires were administered to respondents to obtain relevant data. The study concluded that VC financing played an important role in the areas of employment creation, investment, export growth, as well as innovation and creativity. The study established that the government was the main financier of VC financing in Afghanistan, noting that a stable economic environment, investor protection, corporate governance, and well-developed capital markets were found to be the main determinants of VC financing. The authors confirmed that the VC concept is not fully developed and well understood in Afghanistan and recommended further research on identifying and understanding the role of VCs.

Bozsik et al. [78] explored the effects of FDI on the performance of SMEs in Vietnam. The study compared the impact of FDI on the performance of SMEs in Vietnam to that of a group of ASEAN nations with comparable economic structures, including Indonesia, Malaysia, and Thailand. The secondary data from 2000 to 2020, obtained from the World Bank and the General Statistics Office of Vietnam, was analysed using the OLS method. The empirical evidence indicated that FDI has a negative effect on the performance of SMEs in the group of four ASEAN member countries, while having a positive influence on Vietnamese SMEs. This result necessitates further studies on the subject matter.

Elloumi [79] studied the financial performance of companies financed by VC. The study used a questionnaire to gather primary data and employed regression to analyze the data. The study revealed that access to VC finance is an additional financial resource for companies when financial constraints are inadequate. The study concluded an increase in the VC firms' performance through value-added services, especially in the early years of the business life cycle.

Asuamah [80] conducted a systematic literature review to examine the importance, role, and challenges of VC and PE in driving entrepreneurial activities in developing nations. The review highlighted important results about the influence of VC and PE on economic development and entrepreneurial growth by synthesizing the body of available literature. It looked at the legal and regulatory obstacles to accessing VC and PE, as well as the institutional and cultural elements that influence the VC and PE environment in emerging countries. The review also provided policy recommendations and highlighted areas for further research, emphasizing the potential impact of VC and PE in driving entrepreneurial activities and fostering sustainable economic development in developing nations.

3.3 | Foreign Financing and Small and Medium Enterprises Performance: Evidence from the Nigerian Economy

Olubunmi [81] researched the role played by the flow of FDI into the Telecommunications sector of Nigeria on the growth of the economy. Samples of data between 2008 and 2018 were taken from the World Bank development indicator database and the Central Bank of Nigeria (CBN) statistical bulletin. The method of analysis used is the Error Correction Mechanism (ECM) with E-views 7 as the medium of estimation. The results of the empirical study showed that FDI has contributed significantly to the performance of the Telecommunications Sector in terms of its contribution to the GDP of Nigeria. The authors recommended that the government should initiate policies that will promote the long-run growth of the Telecommunications sector and the economy at large.

Akinwale [82] investigated the impact of FDI on agricultural productivity in Nigeria. The study employed Augmented Dickey-Fuller (ADF), Johansen test, and error correction model on secondary data to examine the effect of FDI and agricultural development. The result of the study indicated that both FDI and bank credit to the agricultural sector had a significant impact on agricultural productivity. The authors concluded that, for the Nigerian economy to benefit from the considerable potential of the agricultural industry, the sector must be willing to explore more benefits offered by foreign investors. They, however, recommended that the government should put in place adequate infrastructure through a massive rural-urban infrastructure investment scheme in order to attract foreign investment to the agricultural sector.

Okegbe et al. [83] assessed the contribution of FDI to Nigeria's GDP between 2000 and 2017. The study, conducted using OLS, indicated that FDI has a positive and significant effect on Nigeria's financial sector GDP. It also revealed that FDI in the oil sector has a positive and considerable impact on Nigeria's GDP. Based on the findings, the research proposed, among other things, that policymakers establish methods to encourage FDI in the banking industry and offer incentives for long-term investment.

Edeh et al. [84] conducted a study on the impact of FDI on the agricultural sector in Nigeria. The research adopts the ex-post facto research design using quarterly time series data for the period 1981–2017 obtained from the CBN Statistical Bulletin. The Authors used the Autoregressive Distributed Lagged (ARDL) model, Fully Modified Least Squares (FMOLS), and Dynamic Ordinary Least Squares (DOLS) to estimate the parameter estimates of the regression model. The framework for the study was based on the eclectic model of FDI by Dunning [85]. Results indicate that FDI has a positive and significant impact on agricultural sector output, especially in the short run. In order to improve long-run gains, the authors recommend that urgent efforts should be put in place by stakeholders in government and the agriculture sector to attract more FDI in order to improve and increase output. Such efforts include an increase in tax holidays (From the present 3 years to at least 6 years) to prospective foreign direct investors. The study relied only on the CBN statistical bulletin. Direct impact on the companies engaged in agriculture was not explored.

Furthermore, Imoughele [86] examined the relationship between external financing and the Nigerian industrial sector output from 1986 to 2018. The study made use of relevant time series data and employed the Auto Regressive Distributed Lag (ARDL) bounds testing approach to analyse the data. The result also shows that in the short run, the external financing has a significant impact on Nigeria's industrial output, while in the long run, FDI, remittance, and official development assistance have a direct and significant effect on Nigeria's industrial output. The study recommends that short-run deregulation policies should be tailored towards the attraction of foreign finances to augment domestic capital needs for the expansion and improve the Nigerian industrial sector output.

Ekienabor et al. [87] examined the impact of FDI and its effect on the manufacturing sector in Nigeria, for the period 1981-2012. Annual time series data sourced from the CBN Statistical Bulletin, 2012, to examine the relationship between the variables. The econometric regression model of OLS was applied in evaluating the relationship between FDI and major economic indicators such as Manufacturing Output (MOUTPUT), exchange rate, and interest rate. Findings from the study revealed a positive and significant relationship between FDI and MOUTPUT in Nigeria. The study limited the dependent variable to only MOUTPUT. Other effects on the manufacturing sector, like profit and employment generation, were not considered.

Adegboye and Iweriebor [88], leveraging on evidence from the World Bank Enterprise Survey dataset, examined the effect of access to finance by SMEs on their innovation capacity and overall productivity in Nigeria. The study aimed to show whether different finance sources and the ease of accessing them by SMEs affect the pattern of investment in innovation and their productivity. Using the logit estimation/logistic regression technique, the study finds that ease of accessing bank credit is the strongest positive force in driving all types of innovation among SMEs in Nigeria. Similarly, the authors indicate that the level of innovation is affected by the sources of finance. While both internal and external sources improve investment in product, process, and organizational innovation, only external financing has a significant effect on R&D spending and use of foreign licensed technology. The study also shows that increased access to finance may actually lead to a decline among SMEs in Nigeria.

Galadanchi and Abubakar [89] undertook a conceptual review of the effects of financial access on small business performance through the use of the resources-based view and pecking order theory. The study aims to review the concept of access to finance and establish a link to firms' performance. The authors employed an extensive literature review and recommended that businesses and governments pay special attention to SMEs' access to finance for them to perform better, create more employment, and contribute to GDP. The authors concluded that there is a link between access to finance and the performance of small businesses. The authors explored no performance variable to arrive at the conclusion. Also, the author's inability to dwell on some forms of SME finance could limit the conclusion reached.

Gumel [90] investigated how funds from financial institutions played a role in the growth of small businesses in Nigeria. Primary data was used for the study. The method adopted was the use of a survey method, and the instrument of the survey was the structured questionnaire administered to the managers and owners of the selected small businesses. The scope of the study was selected as Dutse city, being the hub of business activities of Jigawa State, Nigeria. Fifty small businesses were selected in the areas of retail and wholesale, services, and light manufacturing using a probabilistic random sampling technique. Chi-square was used to test and analyse the data collected through a Mega Stat statistical software package. Findings from the study revealed a relationship between financial institutions' financing and the growth of small businesses in Nigeria, and knowledge of how to secure the loan by managers is critical in ensuring long-term funding for small business growth. The author failed to mention the sub-variables used to measure firm growth. There was also no theory discussed on which the study is based.

Peter et al. [91] explored the impact of financial assistance on the performance of SMEs across three states in Nigeria. The focus of the study was to assess whether various government programs and schemes geared towards making SMEs successful in Nigeria actually achieved the set goal of improved performance. A mixed methods approach was adopted by the authors using the survey and semi-structured interview methods. The study makes use of a stratified and simple random technique to select the respondents of the questionnaire, while 20 semi-structured interviews were conducted on the owners/managers of SMEs. Descriptive statistics and multiple regression were used to facilitate the estimation process. The study found that while financial assistance has a significant impact on the performance of SMEs, these supports are inadequate and characterized by stringent, unrealistic bureaucratic details.

The study recommended alternative funding sources like VC, crowdfunding, and other forms of financial institutions to make funds available at an affordable rate to critical sectors such as agriculture and manufacturing. It is worth noting that some of these funding sources have links to foreign finance, which is the focus of the writer's study. The authors did not base the study on any theory. Also, the study did not provide evidence of proxies used for the measurement of the dependent variable (SMEs' performance).

Walter et al. [92] assessed the impact of VC financing-a new source of alternative funding - on the growth of 40 VC-backed SMEs from the Cross River State in Nigeria. The exploratory research design was utilized, employing a purposive sampling technique and the Yamane formula to determine a sample of forty (40) SMEs from among the SMEs in Calabar metropolis. The Result of the study showed that VC financing contributes significantly to the growth of SMEs in Calabar in terms of an increase in sales revenue, volume of business, and net assets. Accordingly, the study recommended that awareness be created among SMEs on the existence and operations of VC, as this could be one of the potent ways of boosting the sustainable growth and stability of SMEs.

In their study, Saidi et al. [93] examined the connection between bank loan (Measured by access to loan and debt financing) and SME performance (Measured by business expansion and output) in Lagos, Nigeria. The study adopted the survey research design. The Yamane sample size determination formula was employed, which gave a sample size of 372 from a population of 11,663. The findings revealed that access to loans is positively associated with the business expansion of SMEs in Nigeria, while debt financing is positively associated with SMEs' output in Nigeria. The study recommended the SME Credit Guarantee Scheme to improve credit providers' exposure to longer-term debt issued to SMEs

Subair and Salihu [94] investigated the extent to which FDI influences the development of small and medium-scale businesses in different sectors of the Nigerian economy. Secondary data obtained from the CBN Statistical Bulletin were used and analysed using the OLS method. Findings revealed that FDI on its own has contributed negatively to the development of SMEs in Nigeria through the MNCs.

Adeniken et al. [95] examined the impact of development bank finance on the growth and development of MSMEs in Nigeria from 2010 to 2017. However, the specific objectives of the study revolve around determining the extent to which SMEs' financing depends on sound accounting practices and whether MSMEs' funding depends on collateral. A survey design method was employed in the study. The OLS regression technique was used to analyse the data obtained from primary and secondary sources. The study found that MSMEs in Nigeria have poor accounting practices, access to finances by MSMEs depends largely on sound accounting practices, and the volume and value of credits to MSMEs rely on the availability of collateral. The impact of development bank finance, as titled in the study, was not explored.

Eze and Apiri [96] empirically examined the Nigerian context of the loanable funds' impact on the performance of SMEs within a study range of 2001-2018. This study used an experimental research design approach for the data analysis. The study employed time series data sourced from the CBN annual statistical bulletin, 2018. The ECM was used to analyse the dataset after determining its individual stationarity with the presence of a long-run cointegrating relationship among the variables employed in the study. The study found that credit to the private sector and interest rate ceiling have both linear and non-linear significant impacts on the performance of SMEs in Nigeria.

Adebamiwi and Abubaka [97] investigated the impact of foreign loans on Nigeria's economic growth. The study's data were obtained from the Statistical Bulletin of the CBN for the period 1995-2021 and evaluated using a multiple regression model and an Econometric approach. The study showed that while the exchange rate has little impact on the Nigerian economy, foreign loans and inflation rates have a negative impact and play a non-significant role in explaining the country's economic expansion. The study recommended that the government should decrease the amount of foreign loans obtained from various sources, and foreign loans should be used for the intended purpose for which it was obtained.

Sanjo and Ibrahim [98] examined the effect of international business on SMEs' growth in Nigeria. The study adopted a longitudinal research design. The secondary data (2005-2014) were gathered from the Nigerian Bureau of Statistics and the CBN annual report. This study employed the OLS method of data analysis. The finding revealed that trade openness as a measure of competitiveness and FDI has no significant effect on SMEs' growth in Nigeria. It was also revealed that the exchange rate has a significant impact on SMEs' growth in Nigeria.

Paul et al. [99] investigated the relationship between VC and SMEs' growth in Akwa Ibom State. The study identified and used three components of VC, namely seed capital, start-up capital, and development capital. A survey research method was used for the study on a sample size of 50 respondents, discretionally selected from 10 of the 20 identified VC-financed SMES through a structured questionnaire. Regression analysis and ANOVA were used to analyze the data using the SPSS.

Findings revealed that seed capital and start-up capital have a positive and significant relationship with SMEs' growth in the State. Likewise, development capital positively impacts SMEs' growth as it plays a crucial role in experimentation and innovation that leads to technological change and employment growth, exerts more influence on the management of SMEs, and obtains better returns. However, it is worth noting that 10 SMEs used for the study seem insufficient to make absolute generalizations, and therefore, further studies that will employ a larger sample size or adopt a different methodology will be required.

Atah and Abba [100] examined the role of VC financing on the growth and development of SMEs in Kano State. The study employed a quantitative approach. Primary data was collected through the distribution of 50 questionnaires to the existing VC firms in Kano State. The simple random sampling technique was used to select 5 VCist organizations in Kano State to participate in the study. Data was analysed using descriptive statistics. Findings show that VC financing contributed substantially to SMEs' growth and development. Thus, entrepreneurs prefer VC financing to traditional banking loans. The authors recommended that a proper policy framework should be developed to increase the number of VC firms in Nigeria. However, it is instructive to note that using just five companies in a city like Kano, known for large numbers of SMEs after Lagos, is inadequate and can mar the generalization of the study's results.

Emerah et al. [101] appraised the effect of VC on the various SMEs that had received assistance from VC firms. Three hundred and seventy-four SMEs were given structured questionnaires to complete in order to gather primary data. The respondents were chosen using the purposeful sampling approach, and the data were analysed using percentages and linear regression. The analysis's findings demonstrated that VC significantly improved the performance of Nigeria's small and medium-sized businesses. It was recommended that VC firms should shift emphasis from profit-making to long-term goals like business size, investor protection, and entrepreneurial experience, which will ensure the survival of SMEs and benefit all stakeholders.

Adeniken et al. [95] investigated the relationship between VC and the growth of SMEs in Lagos, Nigeria. The study specifically investigated whether there is a significant relationship between VC and Innovation, VC and management practice, and VC and financial management in SMEs. The study, which adopted a correlational research design, showed that VC has a significant positive effect on the growth of SMEs. The findings specifically suggested that there is a significant positive relationship between VC and innovation as well as financial management in SMEs, while revealing that there is no significant relationship between VC and management practice in SMEs. Hence, the study recommended that SME owners should embrace the modern system of management, while the VC firms, in collaboration with SME associations, should organize training and retraining programmes for SMEs.

Achugbu [102] investigated the impact of VC financing on the growth of innovative start-up companies in Nigeria. An exploratory research design was employed in the study due to the fact that VC is relatively an unknown area in Nigeria at that time. It was found that VC financing has a positive impact on the growth of innovative start-ups. The use of VC financing increased profitability, spurred employment growth, boosted asset base, and improved the quality of management for VC-backed start-ups. It was concluded from the study that VC-backed start-ups will make more meaningful contributions to society. Considering the paucity of research around VCs in Nigeria, the study would have made an immense contribution to the subject matter.

Dagogo and Ollor [103] examined the use of VC financing for SME development in Nigeria. The author achieved this by comparing the Economic Value Added (EVA) of VC-backed SMEs and those of non-VC-backed SMEs. Equity finance, management support, and technical support were identified as independent variables. Primary data were gathered from 120 sets of questionnaires administered, 60 for each category of SMEs, and regression was used to analyse the data. It was found that VC-financed SMEs clearly outperformed non-VC-financed SMEs, and that the distinctive performance is the effect of management support by VCists in their portfolio SMEs.

Okpala [104] investigated the effect of VC on the emergence and development of entrepreneurship as an aid to employment creation and poverty alleviation in Lagos State. One hundred nine questionnaires were administered to SMEs to collect data, and were analysed using the Pearson product-moment correlation coefficient. Findings revealed that though VCs exist in Lagos State, they were ineffective.

The study concluded that due to the ineffectiveness of VC activity, low entrepreneurship has emerged, coupled with the underdevelopment of the sector, high levels of unemployment, and massive poverty in the state. It was recommended that the Government should pay attention to promoting VC in its policy framework. The study failed to reveal how the authors arrived at the ineffectiveness of the VC activities and how this ineffectiveness contributed to the low number of entrepreneurs (See *Table 1*).

Table 1. Summary of empirical findings.

S/N	Name of Author/Date	Title of Paper	Period of Study	Methodology	Findings
1	Edeh et al. [84]	Impact of FDI on the agricultural sector in Nigeria	1981-2017	This research adopts the ex-post facto research design using secondary quarterly time series data.	Results indicate that FDI has a positive and significant impact on agricultural sector output.
2	Fowowe [61]	Access to finance and firm performance: Evidence from African countries	2006-2012	The study used secondary firm-level data set sourced from the World Bank and its partners across the world from its Enterprise Surveys.	Findings revealed that inadequate finance has an inhibiting effect on the growth of African firms. The estimations showed a significant negative effect of access to finance constraints on firm growth.

Table 1. Continued.

S/N	Name of Author/Date	Title of Paper	Period of Study	Methodology	Findings
3	Gumel [90]	Access to financial institutions as an instrument for growing small businesses in Nigeria	2017	The method adopted was the use of survey using the structured questionnaire as a survey instrument. The method of testing the hypothesis is the contingency table analysis using the Chi-Square.	The study found that financial institutions' financing is one of the long-term sources of funding that grows small businesses in Nigeria, and experts employed by owners played a role in securing the loan for small businesses.
4	Ekienabor et al. [87]	FDI and its effect on the Manufacturing sector in Nigeria	1981-2012	Ex Post facto research design using annual time series data sourced from the CBN Statistical Bulletin, 2012. The econometric regression OLS model was used.	Findings from the study revealed a positive and significant relationship between FDI and MOUTPUT in Nigeria.
5	Adegboye and Iweriebor [88]	Does access to finance enhance SME innovation and Productivity in Nigeria? Evidence from the World Bank Enterprise Survey	2018	Secondary data from the World Bank was employed in the logit estimation/logistic regression technique.	Ease of accessing bank credit is the strongest positive force in driving all types of innovation among SMEs in Nigeria. external financing has a significant effect on R&D spending and use of foreign licensed technology. The study also shows that increased access to finance may actually lead to a decline among SMEs in Nigeria.
6	Bacovic [33]	Domestic vs FDI, Economic Growth and Productivity in Southeast Europe	1995-2020	The study applied the panel OLS fixed effect method on secondary data.	Findings show a positive and substantial relationship between domestic investment and FDI growth and GDP growth, with domestic investment having a greater positive influence than FDI inflows.
7	Galadanchi and Abubakar [89]	A conceptual review of the effects of financial access to small business performance through the use of the resources-based view and pecking order theory	2022	Literature review	The study concluded that there is a link between access to finance and the performance of small businesses.

Table 1. Continued.

S/N	Name of Author/Date	Title of Paper	Period of Study	Methodology	Findings
8	Bruno and Cipollina [34]	A meta-analysis of the indirect impact of FDI in old and new EU Member states: Understanding productivity spillovers	2000-2015	Literature review. The authors adopted recent meta-regression analysis methods–FAT-PET and PEESE.	The researchers' findings show that on average FDI has a positive indirect impact on productivity. The impact varies in the selected European countries indicating a sign of better absorptive capacities in those countries.
9	Ur Rahman et al. [58]	A review of FDI and the manufacturing sector of Pakistan	2017-2018	Systematic literature review	The study revealed both negative and positive effects of FDI in the manufacturing sector, noting that the findings separately fill the gap in the literature.
10	Sauravand Kuo [60]	FDI and Productivity: A Literature Review on the effects of FDI on local firm productivity	2020	Review and meta-analyses of existing literature	Findings of the study revealed consistent evidence that foreign ownership increases the productivity of MNCs. Affiliates in developing countries. On the other hand, competitors of MNCs generally experience insignificant and sometimes negative spillovers.
11	Charoenrat and Harvie [62]	The efficiency of SMEs in Thai manufacturing: A SFA	1997-2007	The authors employed an SFA model to measure the technical efficiency of the firms.	Findings from the study show that the correlation between foreign investment (Ownership) and SME technical efficiency is focused on medium-sized firms, while the estimated coefficients for the variable indicate negative signs for small firms.
12	Tülüce and Doğan [63]	The impact of FDIs on SMEs' development	2014	The authors adopted an extensive literature review	The study found limited evidence of a positive relationship between foreign presence through FDI and productivity

Table 1. Continued.

S/N	Name of Author/Date	Title of Paper	Period of Study	Methodology	Findings
13	Srhoj et al. [21]	Impact evaluation of business development grants on SMEs' performance	2008-2012	The authors employed Ex post facto research and used a two-way fixed effects regression to analyse the secondary data.	The results from the study show, on average, strong positive effects of business development grants on capital stock, bank loans, intermediate inputs, value added, as well as employment for firms with over 20 employees, but none on productivity, sales, average wage, and inventories.
14	Peter et al. [91]	Government financial support and the financial performance of SMEs	None	A mixed methods approach was adopted by the authors using the survey and semi-structured interview methods. Descriptive statistics and multiple regression were used to facilitate the estimation process.	The study found that while financial assistance has a significant impact on the performance of SMEs, these supports are inadequate and characterized by stringent, unrealistic bureaucratic details.
15	Radas et al. [64]	The effects of public support schemes on SMEs.	None	The authors made use of secondary data and adopted the CIA as an estimation method.	Findings from the study revealed limited empirical evidence on the effectiveness of SMEs' R&D from direct grants.
16	Gwizdała [35]	The financing of SMEs with the EU structural funds in Poland	2014-2020	The author employed secondary data review and assessed Poland and international documentary and research papers.	Findings from the study indicated that the EU's assistance has not only a positive impact on the SME sector itself but also on its environment.
17	Sufyan et al. [36]	Analyse the effect of FDI inflows on the development of SMEs in the Vise graduate group	2005-2021	Secondary yearly time series datasets from Eurostat and the World Bank database were analysed using the regression coefficients.	The result revealed that FDI boosted Visegrad countries' SMEs to varying degrees. The authors concluded that FDI can attract business opportunities and be favourable for SMEs' development in some host countries.

Table 1. Continued.

S/N	Name of Author/Date	Title of Paper	Period of Study	Methodology	Findings
18	Vanino et al. [37]	Knowledge to money: Assessing the business performance effects of publicly-funded R&D grants	2004-2016	The authors used secondary data available in the Gateway to Research database on all projects funded by UKRCs.	The study found a positive effect on the employment and turnover growth of participating firms, both in the short and in the medium term.
19	Alraja et al. [38]	Investment in ICT in developing Countries: The effect of FDI: Evidence from the Sultanate of Oman	2000-2014	Secondary data published by the World Bank was used, and a simple regression model was used as an analytical tool.	The results show that FDI does not have effect on the ICT goods exports and imports. On other hand the study finds a positive and significant effect of FDI on ICT service.
20	Leitão and Baptista [39]	Inward FDI and ICT: Are they a joint technological driver of entrepreneurship?	1976-2002	The authors employed secondary data and a co-integrated vector autoregressive approach to examine the data.	The study found a positive effect of FDI on investment in ICTs, in the case of a low-tech producer (Portugal), and a negative impact of FDI on investment in ICTs in the case of the high-tech producer (Finland). The result also showed a negative impact on unemployment from FDI.
21	Belloumi and Touati [59]	Do FDI Inflows and ICT affect economic growth? An evidence from Arab countries	1995-2019	Secondary data using a panel ARDL technique to analyse the data.	The findings show that ICT and FDI have positive and significant long-term effects on economic growth, and that ICT indicators have a positive long-term impact on FDI inflows in the Arab nations studied.

Table 1. Continued.

S/N	Name of Author/Date	Title of Paper	Period of Study	Methodology	Findings
22	Sass et al. [65]	The impact of FDI on host countries: The analysis of selected service industries in the Visegrad countries.	2018	Secondary data were analysed using classical linear regression analysis and a panel regression model.	The authors found that the impact on the host economy varies among the four service industries, namely a positive and significant influence on exports of vertical business services and horizontal telecommunications services, as well as employment in business services and, to a lesser extent, financial services.
23	Ofori and Asongu [56]	ICT diffusion, FDI and inclusive growth in Sub-Saharan	1980-2019	Secondary data from the World Bank, and using OLS and dynamic system GMM estimation techniques	The study found that the inclusive growth-inducing effect of FDI is rather remarkable in the presence of greater ICT diffusion and that overall FDI moderates ICT dynamics to engender positive constructive interaction effects on inclusive growth.
24	Rawoof et al. [57]	The dynamic effects of FDI services and energy consumption on the ICT sector.	1999-2021	This research is based on secondary panel data and employed AMG, MG, and CCEMG as assessors.	The study discovered a substantial and favourable influence of FDI services and energy consumption on ICTs.
25	Okegbe et al. [83]	FDI and Nigerian economic growth	2000-2017	The study employed the OLS on secondary data.	The result indicated that FDI has a positive and significant effect on Nigeria's financial sector GDP. It also revealed that FDI in the oil sector has a positive and considerable impact on Nigeria's GDP.
26	Akinwale et al. [82]	FDI inflow and agricultural sector productivity in Nigeria		The study employed Augmented Dickey–Fuller (ADF), Johansen test, and Error Correction Model on secondary data.	The result of the study indicated that both FDI and bank credit to the agricultural sector had a significant effect on agricultural productivity.
27	Olubunmi et al. [81]	Nexus between Telecommunications FDI and Economic Growth: Evidence from Nigeria	2008-2018	The study used secondary data from the World Bank and CBN, with the ECM as an analytical method.	The results of the empirical analysis showed that FDI has contributed significantly to the performance of the Telecommunications Sector.

Table 1. Continued.

S/N	Name of Author/Date	Title of Paper	Period of Study	Methodology	Findings
28	Pacheco [32]	The impact of foreign capital on profitability: the case of Portuguese manufacturing SMEs	2010-2017	The authors used a balanced panel data of 5.722 firms sourced from SABI	The result of the study shows no significant relationship between the degree of foreign ownership and profitability.
29	Chodisetty and Babu [66]	Effects of FDI on Indian economic growth with special reference to the telecommunication sector-an empirical analysis.	2011-2021	The study employed secondary data from 2011 to 2021 using E-views software to analyse the data and applied statistical tools of VECM, OLS, and VAR.	Findings from the study showed a positive relationship between the FDI and the telecommunications sector. It also found a negative relationship between FDI and GDP, but with a future positive impact of GDP from FDI.
30	Chodisetty and Babu [66]	Effects of FDI on Indian Economic Growth with Special Reference to the Telecommunication Sector-An Empirical Analysis.	2011-2021	The study employed secondary data from 2011 to 2021 using E-views software to analyse the data and applied statistical tools of VECM, OLS, and VAR.	Findings from the study showed a positive relationship between the FDI and the telecommunications sector. It also found a negative relationship between FDI and GDP, but with a future positive impact of GDP from FDI.
31	Kato [41]	A literature review of VC financing and the growth of SMEs in emerging economies and an agenda for future research	2010-2019	Systematic literature review strategy by exploring 50 recently published articles	Results from the study disclosed that VC financing positively influences the growth of VC-backed firms in terms of sales growth, job creation, and an increase in returns on investment.
32	Walter et al. [92]	VC financing and the growth of SMEs in Calabar Metropolis, Cross River State, Nigeria		The exploratory research design was utilized on primary data, employing a purposive sampling technique and the Yamane formula to determine the sample of forty (40) SMEs	The Result of the study showed that VC financing contributes significantly to the growth of SMEs in Calabar in terms of an increase in sales revenue, volume of business, and net assets.

Table 1. Continued.

S/N	Name of Author/Date	Title of Paper	Period of Study	Methodology	Findings
33	Gyimah and Agyeman [42]	A study on how DFI supports SMEs: A case study of the International Finance Corporation.	2019	The research design employed is a case study on IFC	The study revealed that DFIs contribute significantly to SMEs' growth in various economies through the provision of funds, advisory services, and the raising of capital on international markets, even though they are confronted with systemic and non-systemic challenges in so doing.
34	Dvouletý et al. [43]	Public SME grants and firm performance in the EU: A systematic review of empirical evidence.	2010-2021	The study employed a systematic review of empirical evidence/literature as its research design.	The result of the study shows mostly the positive outcomes of the grants on firm-survival, employment, tangible/fixed assets, sales/turnover, with varied findings for labour productivity and TFP.
35	Wiik and Torvund [44]	Are we taking grants for granted? An empirical study on the impact of government grants on firm performance	2016-2020	The study used multiple linear regression with models for validity and robustness, such as multicollinearity, heteroskedasticity, and statistical power.	The results indicate no significant relationship between grants and performance. The result in relation to the performance variables indicated no significant impact of government grants on debt and labour productivity, with a positive impact on sales and assets, although it is not statistically significant.
36	Saidi et al. [93]	Bank loans and SMES performance in Lagos, Nigeria	2019	The study adopted the survey research design. Employing the Yamane sample size determination formula to arrive at the sample size.	The findings revealed that access to loans is positively associated with the business expansion of SMEs in Nigeria, while debt financing is positively associated with SMEs' output in Nigeria.

Table 1. Continued.

S/N	Name of Author/Date	Title of Paper	Period of Study	Methodology	Findings
37	Piza et al. [69]	The impact of business support services for SMEs on firm performance in LMIC	2000-2014	Systematic review of literature	Overall, our findings indicate that: Business support to SMEs improves firms' performance, helps create jobs, has a positive effect on labour productivity, on exports, and on firms' investment. Evidence on their impact on innovation by SMEs is less clear. Matching grants also continue to show a positive effect on firms' performance.
38	Šelebaj and Bule [70]	Effects of grants from EU funds on the business performance of non-financial corporations in Croatia.	2012-2018	The methods adopted are secondary data extracted from three databases, including the Croatian Ministry of Finance.	The research showed that the use of EU funds has a strong and positive effect on employment, operating income, labour productivity, TFP, and capital intensity. At the same time, the level of impact significantly depends on the relative size of the grant received from EU funds.
39	Nyikos et al. [45]	Do FIs or grants have a bigger effect on SMEs' access to finance? Evidence from Hungary	2020	Panel data with firm-years sourced from EU subsidies and credits received by the firms were used. The analyses are done using PSM.	Findings shows that the use of subsidies has a positive impact on employment, sales and in certain settings on productivity. The result also shows that grants seem to be used effectively while FI holds more direct relevance to advanced productivity.
40	Subair and Salihu [94]	FDI and development of SMEs in Nigeria.	1981-2009	Secondary data obtained from the CBN statistical Bulletin were used and analysed using the OLS method.	Findings revealed that FDI on its own has contributed negatively to the development of SMEs in Nigeria through the MNCs.
41	Aluko and Bayai [20]	Grant amount and firm revenue performance: Moderating effects of government financial support scheme.	2011-2018	The regression estimation procedure was based on the Pooled OLS regression and the GLS Random Effects model.	Findings show the grant-approved amount had a statistically significant and positive effect on the revenue growth of grant beneficiary firms.

Table 1. Continued.

S/N	Name of Author/Date	Title of Paper	Period of Study	Methodology	Findings
42	Adeyinka et al. [95]	Implications of development bank finance on the growth and development of MSMEs in Nigeria	2010-2017	A survey design method was employed in the study. The OLS regression technique was used to analyse the data obtained from primary and secondary sources.	The study found that MSMEs in Nigeria have poor accounting practices, access to finances by MSMEs depends largely on sound accounting practices, and the volume and value of credits to MSMEs depend on the availability of collateral.
43	Eze and Apiri [96]	Nexus between loanable funds and performance of SMEs in Nigeria: Empirical evidence.	2001-2018	The authors used an experimental research design employing time series data. ECM was used to analyse data	The study found that credit to the private sector and interest rate ceiling have both linear and non-linear significant impacts on the performance of SMEs in Nigeria.
44	Pasali and Chaudhary [71]	Assessing the impact of foreign ownership on firm performance by size: Evidence from firms in developed and developing countries	2010-2019	Secondary data employing the OLS estimator	While the preliminary results show foreign ownership overall does give firms an edge on performance, there is no consistent evidence that this is so by firm size. However, across all developing regions, the study consistently finds that foreign ownership has a positive impact on the sales and productivity growth of micro-sized firms.
45	Njubi [73]	Factors that influence VCist's decision in funding SMEs in Kenya	2018	An exploratory study using a self-administered questionnaire to collect primary data	The study findings were that three key variables, namely market factors, product factors, and financial factors, were the key factors considered by VCs in their consideration to fund SMEs. The study also established that each of the key variables had specific items of interest to the VCs in their evaluation of SMEs for funding.

Table 1. Continued.

S/N	Name of Author/Date	Title of Paper	Period of Study	Methodology	Findings
46	Pasali and Chaudhary [71]	Assessing the impact of foreign ownership on firm performance by size: Evidence from firms in developed and developing countries	2010-2019	Secondary data employing the OLS estimator	While the preliminary results show foreign ownership overall does give firms an edge on performance, there is no consistent evidence that this is so by firm size. However, across all developing regions, the study consistently finds that foreign ownership has a positive impact on the sales and productivity growth of micro-sized firms.
47	Njubi [73]	Factors that influence VCist's decision in funding SMEs in Kenya	2018	An exploratory study using a self-administered questionnaire to collect primary data	The study findings were that three key variables, namely market factors, product factors, and financial factors, were the key factors considered by VCs in their consideration to fund SMEs. The study also established that each of the key variables had specific items of interest to the VCs in their evaluation of SMEs for funding.
48	Wanjere et al. [74]	FDI and local firm's performance.	2021	Primary data was collected through a structured questionnaire. Descriptive and inferential statistics were both used to analyse the data.	The results revealed that there was a statistically significant relationship between FDI and firm performance.
49	Adebamiwi and Abubaka [97]	Foreign loans and the growth of Nigeria economy	1995-2021	Ex post facto. Data are evaluated using a multiple regression model.	The study concluded that while the exchange rate has little impact on the Nigerian economy, foreign loans and inflation rates have a negative impact and play a non-significant role in explaining the country's economic expansion. The study recommended that the government should decrease the amount of foreign loans obtained from various sources, and foreign loans should be used for the intended purpose for which it was obtained.

Table 1. Continued.

S/N	Name of Author/Date	Title of Paper	Period of Study	Methodology	Findings
50	Woo [46]	Foreign VC firms and internationalization of ventures.	2020	Secondary data was analysed using descriptive and inferential statistics.	The authors' findings show that foreign VC firms not only encourage their investee ventures to internationalize but also help the internationalization to achieve higher operating performance. The authors could not get information on geographic segment sales on a large number of young private VC-backed firms, which is crucial for the study. The authors did not indicate the years covered.
51	Faridi et al. [75]	Impact of FDI on SMEs in Pakistan.	1982-2019	This study is based on secondary data sourced from the World Development Indicators and the Pakistan Economic Survey and analysed using regression.	The correlation analysis found that SME growth rate is positively correlated with FDI and exports, while negatively correlated with gross savings and GDP growth rate.
52	Carneiro et al. [47]	Influences of foreign and domestic VCists on the internationalisation of small firms	2022	Mixed methods, including literature review and interviews.	The study findings indicated contrasts between the perceptions of VCs and portfolio firms, so that the former claim to have a higher impact than what is perceived by the latter. Findings also show that the differential impacts of foreign versus domestic VCs counter the literature position of a stronger effect of foreign VCs on small firms.
53	Bremus and Neugebaue [48]	Reduced cross-border lending and financing costs of SMEs.	2010-2014	Employed secondary data using regression to analyse the data.	Findings show that reductions in cross-border bank lending made loan rate increases for SMEs more likely. Overall, the results show that cross-border lending does indeed affect the access to finance for SMEs, though mostly indirectly through the interbank channel.

Table 1. Continued.

S/N	Name of Author/Date	Title of Paper	Period of Study	Methodology	Findings
54	Mirza and Sabah [77]	Role of VC as a source of finance for SMEs in Afghanistan.	2018	The study adopted a quantitative methodology and obtained primary data through questionnaire administration.	The study concluded that VC financing played an important role in the areas of employment creation, investment, export growth, as well as innovation and creativity. The study established that a stable economic environment, investor protection, corporate governance, and well-developed capital markets were found to be the main determinants of VC financing. The authors confirmed that the VC concept is not fully developed and well understood in Afghanistan and recommended further research on identifying and understanding the role of VCs. The position in Afghanistan requiring further studies is also applicable to Nigeria.
55	Takahashi and Hashimoto [49]	Minor grant subsidy application effects on productivity improvement: evidence from Japanese SMEs.	2009-2016	The study utilized secondary data and employed regression to analyse the data using PSM and DID design.	This study showed that receiving a small subsidy does not have significant outcomes, but applying for one can increase SMEs' sales and productivity. These positive results are heterogeneous on firm age and industry and are most pronounced in firms operating for 6–10 years in the service industry.
56	Sanjo and Ibrahim [98]	The effect of international business on SMEs growth in Nigeria.	2005-2014	The study adopted a longitudinal research design. The secondary data were analysed using the OLS method.	The finding revealed that trade openness as a measure of competitiveness and FDI has no significant effect on SMEs' growth in Nigeria. It was also revealed that the exchange rate has a significant impact on SMEs' growth in Nigeria.
57	Bozsik et al. [78]	The effects of FDI on the performance of small-medium enterprises: The case of Vietnam.	2000-2020	The secondary data obtained from the World Bank and the General Statistics Office of Vietnam was analysed using the OLS method.	The empirical evidence indicated that FDI has an adverse effect on the performance of SMEs in the group of four ASEAN member countries, while having a positive influence on Vietnamese SMEs

Table 1. Continued.

S/N	Name of Author/Date	Title of Paper	Period of Study	Methodology	Findings
58	Elloumi [79]	The financial performance of companies financed by VC.	2022	The study employed a questionnaire to gather primary data and employed regression to analyze the data.	The study revealed that access to VC finance is an additional financial resource for companies when financial constraints are inadequate. The study concluded an increase in the VC firms performance through value-added services especially in the early years of the business life cycle.
59	Jolović and Lošonc [50]	The impact of FDI and VC investment on entrepreneurship in the Republic of Serbia.	2009-2018	Secondary data and regression analysis,	The study concluded that financing Serbian entrepreneurship with FDIs influences the empowerment of entrepreneurial businesses due to the involvement of new players in the management structure of these entities. The study also revealed that financing Serbian entrepreneurship with VC investments influences the development of ideas and innovations and encourages the technological development of entrepreneurial entities.
60	Gereben et al. [51]	The impact of international financial institutions on SMEs: The case of EIB lending in CEE	2008-2014	The authors obtained relevant secondary data employing regression (PSM and DID estimation exercises) to analyse the data.	Results indicated that EIB lending has a positive effect on employment, revenues, and profitability of SMEs, especially during a period characterized by financial and economic turmoil.

Table 1. Continued.

S/N	Name of Author/Date	Title of Paper	Period of Study	Methodology	Findings
61	Liu et al. [52]	The impact of VC on Chinese SMEs' sustainable development: A focus on early-stage and professional characteristics	2002-2022	The study employed both semiparametric and nonparametric methods to analyse the secondary data.	Findings revealed that the early stage of VC companies has a significant promoting effect on the sustainable development of the enterprises. Professionalism on the contrast has no significant impact on the sustainable development of enterprises in the short term. The results also show that VC is supportive of enterprises' standardization and long-term development because it provides funds, oversight, and other non-capital value-added services, such as networking abilities, management experience, and market information.
62	Du and Cai [53]	The Impact of VC on the Growth of Small-and Medium-Sized Enterprises in Agriculture	2020	The study used secondary data from 40 agricultural SMEs and employed multivariate regression to analyse the data.	The results showed that the VC can significantly improve the technology innovation, profitability, and growth ability of SMEs. For the solvency of SMEs, the promoting role of VC is not obvious.
63	Bigos and Michalik [54]	The role of foreign VC and foreign business angels in start-ups' early internationalization: The case of Polish ICT start-ups.	2017-2021	The study is based on primary data obtained using the CAWI technique. The authors employed a logistic regression model to test the hypotheses.	Based on the study, a positive relationship exists between the involvement of foreign VC funds in start-ups and SMEs and their early internationalization.
64	Atah and Abba [100]	An appraisal of VC financing on the growth and development of SMEs in Kumbotso Local Government Area of Kano State	2020	Primary research was obtained through a structured questionnaire and analysed using descriptive statistics.	Findings shows that VC financing contributed substantially to SMEs growth and development. The authors recommended that proper policy framework should be developed to increase the number of VC firms in Nigeria.

Table 1. Continued.

S/N	Name of Author/Date	Title of Paper	Period of Study	Methodology	Findings
65	Paul et al. [99]	VC and growth of SMEs in Akwa Ibom State.	2022	A survey research method was used—data obtained through a structured questionnaire. Regression analysis and ANOVA were used to analyze the data.	Findings revealed that seed capital and start-up capital have a positive and significant relationship with SMEs' growth in the state. Likewise, development capital positively impacts SMEs' growth as it plays a crucial role in experimentation and innovation that leads to technological change and employment growth, exerts more influence on the management of SMEs, and obtains better returns. However, it is worth noting that 10 SMEs used for the study seem insufficient to make an absolute generalization.
66	Adeniken et al. [95]	VC and growth of SMEs in Lagos, Nigeria.	2020	The study adopted a correlational research design.	Findings showed that VC has a significant positive effect on the growth of SMEs. The findings specifically suggested that there is a significant positive relationship between VC and innovation as well as financial management in SMEs, while revealing that there is no significant relationship between VC and management practice in SMEs.
67	Emerah et al. [101]	VC and performance of SMEs in Nigeria.	2020	Structured questionnaires were used to gather primary data, and the data were analysed using percentages and linear regression.	The analysis's findings demonstrated that VC significantly improved the performance of Nigeria's small and medium-sized businesses.

Table 1. Continued.

S/N	Name of Author/Date	Title of Paper	Period of Study	Methodology	Findings
68	Achugbu [102]	VC financing for innovative start-up companies in Nigeria	2017	An exploratory research design was employed in the study.	It was found that VC financing has an impact on the growth of innovative start-ups. The use of VC financing increased profitability, spurred employment growth, boosted asset base, and improved the quality of management for VC-backed start-ups.
69	Dagogo and Ollor [103]	The effect of VC financing on the economic value-added profile of Nigerian SMEs.		Primary data were gathered from 120 sets of questionnaires administered, 60 for each category of SMEs, and regression was used to analyse the data.	It was found that VC-financed SMEs clearly outperformed non-VC-financed SMEs, and that the distinctive performance is the effect of management support by VCists in their portfolio SMEs.
70	Okpala [104]	VC and the emergence and development of entrepreneurship: A focus on employment generation and poverty alleviation in Lagos State.		109 questionnaires were administered to SMEs to collect data, which were analysed using the Pearson product-moment correlation coefficient	Findings revealed that though VCs exist in Lagos State, they were ineffective. The study concluded that due to the ineffectiveness of VC activity, low entrepreneurship has emerged, coupled with the underdevelopment of the sector, a high level of unemployment, and huge poverty in the state. It was recommended that the Government should pay attention to promoting VC in its policy framework.
71	Asuamah [80]	Catalysing Entrepreneurial Growth: Unleashing the potential of VC and PE in developing nations		Literature review	The review highlighted important results about the influence of VC and PE on economic development and entrepreneurial growth by synthesizing the body of available literature. It looked at the legal and regulatory obstacles to accessing VC and PE, as well as the institutional and cultural elements that influence the VC and PE environment in emerging countries. The review also provided policy recommendations and highlighted areas for further research, emphasizing the potential impact of VC and PE in driving entrepreneurial activities and fostering sustainable economic development in developing nations.

Table 1. Continued.

S/N	Name of Author/Date	Title of Paper	Period of Study	Methodology	Findings
72	Ayub et al. [55]	The role of business grant assistance, micro saving, and financial knowledge towards Bumiputera SME business performance in Sabah		The study adopted a survey design using a questionnaire to collect primary data.	The study confirms that there are significant positive relationships between micro savings towards Bumiputera SME performance in Sabah. However, the study also found that there are no significant relationships between financing knowledge and business grant assistance towards Bumiputera SME business performance in Sabah, Malaysia.

4 | Critique of Empirical Studies

This paragraph highlights the concerns for additional research and analysis based on the numerous studies evaluated on the effect of foreign finance on the performance of SMEs in Nigeria. A critical examination of existing empirical studies in terms of objectives, variables, methodology, findings, and research gaps identified a slew of flaws that necessitate further investigation.

Fowowe [61] focuses on Access to finance and firm performance: Evidence from African countries. Although the study applied secondary firm-level data set sourced from the World Bank and its partners across the world from its Enterprise surveys, however, insufficient variable was adopted in the study as only employment growth was employed as firms' performance metric and there was no metrics to measure the effect of access to finance on firms' performance hence this constitute a is limitations on variables adopted in the study. In like manner, Ekienabor et al. [87] studied FDI and its effect on the manufacturing sector in Nigeria. Again, the study limited the dependent variable to only MOUTPUT, and other effects on the manufacturing sector, like profit and employment generation, were not considered. Studies of this nature require sufficient variables to justify the credibility of the result; hence, there are limitations of the variables adopted in the study. Adeniken et al. [95] in their study considered the implications of development bank finance on the growth and development of MSMEs in Nigeria, but the impact of development bank finance on the growth of MSMEs as implied in the study was not fully explored, besides no variable was used to measure SMEs' growth.

Dvouletý [43] conducted studies on Public SME grants and firm performance in the EU: A systematic review of empirical evidence. The study focuses on the government's allocation of financial resources to support SMEs through public subsidies and grants. However, the study intends to affirm whether these public investments help support firms to increase their performance and growth. The presence of heterogeneous effects concerning the firm size, firm age, region, industry, and intensity of public support may naturally affect the conclusion of the study. The intensity of public support, therefore, requires more studies that would address the long-term effects of public grants that may reveal the real impact on the efficiency of resources in subsidized firms. Also, the findings of this study could not be applied to the Nigerian setting since Nigeria and Europe have different socio-economic, political, and financial institutions.

Kato [41] carried out a literature review of VC financing and growth of SMEs in emerging economies and an agenda for future research. Despite the increasing interest of foreign VC firms in Africa, the VC landscape is comparatively new, and little has been published to underscore VC financing performance in the region. Furthermore, VC data is not open access; this creates difficulty in obtaining information for the consumption of researchers and prospective business entrepreneurs.

Peter et al. [91] studied government financial support and the financial performance of SMEs. The authors did not base the study on any theory. Also, the study did not provide proxies used for the measurement of the dependent variable (SMEs' performance). With the inadequacy of government assistance, the effects of foreign assistance on SMEs' performance have become a desired choice of study. Also, Srhoj et al. [21] conducted research on the impact evaluation of business development grants on SMEs' performance. Appropriate hypotheses required for the study were not developed and tested, and the study concentrated on the domestic development grant alone, leaving out foreign grants for further studies.

Saurav and Kuo [60] considered FDI and productivity: A literature review on the effects of FDI on local firm productivity. The scope of this study was limited based on a review of existing literature only. The researchers relied solely on previously published studies and did not conduct new research to contribute to the body of knowledge. Again, no theory was applied to support the findings in the study, and no specific period was covered. Ur Rahman et al. [58] conducted a review of FDI and the manufacturing sector of Pakistan. The one-year period of the study seems insufficient; also, the theories on which the various studies reviewed by the author were not revealed. Most of the findings are based on country-level impact rather than firm-level one. The review also revealed both positive and negative impacts of FDI, thus giving room for further investigation. Bruno and Cipollina [34] studied a Meta-Analysis of the indirect impact of FDI in Old and New EU member states: Understanding productivity spillovers. The study concentrated only on the indirect impact of FDI on the firms, with no proxies for the independent variable of FDI. Again, no theory was espoused to support the findings in this study. The variation of the impact on selected countries shows inconsistency and thus indicates the need for further studies.

Gumel [90] investigated access to financial institutions financing as an instrument of growing small businesses in Nigeria. The study context is limited to Dutse city in Jigawa state of Nigeria, with only 50 questionnaires administered. The sample does not sufficiently represent SMEs in Nigeria. There is a population and sample size gap. Also, no period was submitted for the study (See *Table 2*).

Table 2. Summary of critique of empirical studies.

S/N	Name of Author/Date	Title of Paper	Period of Study	Methodology	Findings	Critique
1	Edeh et al. [84]	Impact of FDI on the agricultural sector in Nigeria	1981–2017	This research adopts the ex-post facto research design using secondary quarterly time series data.	Results indicate that FDI has a positive and significant impact on agricultural sector output.	The study is limited to reviewing existing literature only, particularly the CBN statistical bulletin. Direct impact on the companies engaged in agriculture was not explored. There are methodology and evidence gaps.
2	Fowowe [61]	Access to finance and firm performance: Evidence from African countries	2006–2012	The study used secondary firm-level data set sourced from the World Bank and its partners across the world from its Enterprise Surveys.	Findings revealed that inadequate finance has an inhibiting effect on the growth of African firms. The estimations showed a significant negative effect of access to finance constraints on firm growth.	Insufficient variable was adopted in the study, as only employment growth was employed as a firm's performance metric. No proxies were used to measure the effect of access to funds on a firm's performance. There is a limitation on variables.

Table 2. Continued.

S/N	Name of Author/Date	Title of Paper	Period of Study	Methodology	Findings	Critique
3	Ekienabor et al. [87]	FDI and its effect on the Manufacturing sector in Nigeria	1981-2012	Ex Post facto research design using annual time series data sourced from the CBN Statistical Bulletin, 2012. The econometric regression OLS model was used	Findings from the study revealed a positive and significant relationship between FDI and MOUTPUT in Nigeria.	The study limited the dependent variable to only MOUTPUT. Other effects on the manufacturing sector, like profit and employment generation, were not considered. There are insufficient variables.
4	Adegboye and Iweriebor [88]	Does access to finance enhance SME innovation and productivity in Nigeria? evidence from the World Bank enterprise survey	2018	Secondary data from the World Bank was employed in the logit estimation/logistic regression technique.	Ease of accessing bank credit is the strongest positive force in driving all types of innovation among SMEs in Nigeria. external financing has a significant effect on R&D spending and use of foreign licensed technology. The study also shows that increased access to finance may actually lead to a decline in productivity among SMEs in Nigeria.	There seem to be conflicts in the findings. Accessing finance drives innovation, while increased finance may also lead to a decline. No period was covered.
5	Galadanchi and Abubakar [89]	A conceptual review of the effects of financial access to small business performance through the use of the Resources-Based View and Pecking Order Theory	2022	Literature review	The study concluded that there is a link between access to finance and the performance of small businesses.	There were no performance variables used in the study. The study did not cover a specific period. The study is limited based on reviewing on existing literatures only. The researchers relied solely on previously published studies and did not conduct new experiments. There are methodology and evidence gaps.
6	Bruno and Cipollina [34]	A meta-analysis of the indirect impact of FDI in Old and new EU member states: Understanding productivity spillovers	2000-2015	Literature review. The authors adopted recent meta-regression analysis methods–FAT-PET and PEESE.	The researchers' findings show that on average FDI has a positive indirect impact on productivity. The impact varies in the selected European countries indicating a sign of better absorptive capacities in those countries.	The study concentrated only on the indirect impact of FDI on the firms, with no proxies for the independent variable of FDI. No theory was espoused to support the findings in this study.

Table 2. Continued.

S/N	Name of Author/Date	Title of Paper	Period of Study	Methodology	Findings	Critique
7	Ur Rahman [58]	A review of FDI and the manufacturing sector of Pakistan	2017–2018	Systematic literature review	The study revealed both negative and positive effects of FDI in the manufacturing sector, noting that the findings separately fill the gap in the literature	The one-year period of the study seems insufficient; also, the theories on which the various studies reviewed by the author were not revealed. Most of the findings are based on country-level impact rather than firm-level impact.
8	Saurav and Kuo [60]	FDI and Productivity: A Literature Review on the effects of FDI on local firm productivity	2020	Review and meta-analyses of existing literature	Findings of the study revealed consistent evidence that foreign ownership increases the productivity of MNC affiliates in developing countries. On the other hand, competitors of MNCs generally experience insignificant and sometimes negative spillovers.	The study is limited based on reviewing on existing literatures only. The researchers relied solely on previously published studies and did not conduct new experiments. There are methodology and evidence gaps. No theory to support the study, leading to a Theoretical gap. Also, no specific period was covered.
9	Peter et al. [91]	Government financial support and financial performance of SMEs	2018	A mixed methods approach was adopted by the authors using the survey and semi-structured interview methods. Descriptive statistics and Multiple Regression were used to facilitate the estimation process.	The study found that while financial assistance has a significant impact on the performance of SMEs, these supports are inadequate and characterized by stringent, unrealistic bureaucratic details.	The authors did not base the study on any theory. Also, the study did not provide proxies used for the measurement of the dependent variable (SMEs' performance).
10	Sufyan et al. [36]	Analyse the effect of FDI inflows on the development of smes in the Vise graduate group	2005–2021	Secondary yearly time series datasets from Eurostat and the World Bank database were analysed using the regression coefficients.	The result revealed that FDI boosted the SMEs of the Visegrad countries to varying degrees. The authors concluded that FDI can attract business opportunities and be favourable for SMEs' development in some host countries	The authors did not specify the proxies for measuring SME development, which would have helped narrow down areas of concern or focus more attention.

Table 2. Continued.

S/N	Name of Author/Date	Title of Paper	Period of Study	Methodology	Findings	Critique
11	Rawoof et al. [57]	The dynamic effects of FDI services and energy consumption on the ICT sector.	1999–2021	This research is based on secondary panel data and employed AMG, MG, and CCEMG as assessors.	The study discovered a substantial and favourable influence of FDI services and energy consumption on ICTs.	The study was restricted to impact of FDI on only export capabilities of ICT firm. This is narrow as FDI can impact other aspect at the same time.
12	Chodisetty and Babu [66]	Effects of FDI on Indian economic growth with special reference to the CE telecommunication sector: an empirical analysis.	2011–2021	The study employed secondary data from 2011 to 2021 using E-views software to analyse the data and applied statistical tools of VECM, OLS, and VAR.	Findings from the study showed a positive relationship of the FDI and Telecommunication sector. It also found a negative relationship between FDI and GDP but with a future positive impact of GDP from FDI.	The research is only limited to cellular services in the Indian telecom market. The author mentioned it was extremely difficult to obtain separate statistics for cellular services from the telecom sector from the numerous data sources which cast a doubt on the conclusion reached.
13	Gyimah and Agyema [42]	A study on how DFI supports SMEs: A case study of the International Finance Corporation.	2019	The research design employed is a case study on IFC	The study revealed that DFIs contribute significantly to SMEs' growth in various economies through the provision of funds, advisory services, and raising of capital on international markets, even though they are confronted with systemic and non-systemic challenges in so doing.	The authors mentioned that there still lingers a systematic weakness in collecting indicators to gauge whether projects are achieving their stated development objectives, thus casting a doubt on the conclusion reached.
14	Saidi et al. [93]	Bank loans and SMEs performance in Lagos, Nigeria	2019	The study adopted the survey research design. Employing the Yamane sample size determination formula to arrive at the sample size.	The findings revealed that access to loans is positively associated with the business expansion of SMEs in Nigeria, while debt financing is positively associated with SMEs' output in Nigeria.	The study did not introduce any control variables that may be germane to determining SMEs' performance, such as age and size of firm.

Table 2. Continued.

S/N	Name of Author/Date	Title of Paper	Period of Study	Methodology	Findings	Critique
15	Adeniken et al. [95]	Implications of development Bank finance on the growth and development of MSMEs in Nigeria	2010–2017	A survey design method was employed in the study. The OLS regression technique was used to analyse the data obtained from primary and secondary sources.	The study found that MSMEs in Nigeria have poor accounting practices, access to finances by MSMEs depends largely on sound accounting practices, and the volume and value of credits to MSMEs depend on the availability of collateral.	The impact of development bank finance, as titled in the study, was not explored. No variable was used to measure SMEs' growth.
16	Pasali and Chaudhary [71]	Assessing the impact of foreign ownership on firm performance by size: Evidence from firms in developed and developing countries	2010–2019	Secondary data employing the OLS estimator	While the preliminary results show foreign ownership overall does give firms an edge on performance, there is no consistent evidence that this is so by firm size. However, across all developing regions, the study consistently finds that foreign ownership has a positive impact on the sales and productivity growth of micro-size firms.	Findings cannot be generalized as no evidence pointed to firm size. This research also identified future research areas that can advance insight into the effects of FDI and firm performance, including the specific channels through which the former affects the latter.
17	Mirza and Sabah [77]	Role of VC as a Source of Finance for SMEs in Afghanistan.	2018	The study adopted a quantitative methodology and obtained primary data through questionnaire administration.	The study concluded that VC financing played an important role in the areas of employment creation, investment, export growth, as well as innovation and creativity. The study established that a stable economic environment, investor protect, and corporate governance and well-developed capital markets were found to be main determinants of VC financing.	The authors confirmed that the VC concept is not fully developed and well understood in Afghanistan and recommended further research on identifying and understanding the role of VCs. The sample size of 29 may not be adequate to generalize the findings, even though a random sampling technique was employed.

Table 2. Continued.

S/N	Name of Author/Date	Title of Paper	Period of Study	Methodology	Findings	Critique
18	Bigos and Michali [54]	The role of foreign VC and foreign business angels in start-ups' early internationalization: The case of Polish ICT start-ups.	2017–2021	The study is based on primary data obtained using the CAWI technique. The authors employed created logistic regression model. To test the hypotheses.	Based on the study, a positive relationship exists between the involvement of foreign VC funds in start-ups and SMEs and their early internationalization.	A small period of 4 years. The primary data is only based on interviews, which can be biased and may not capture all relevant information.
19	Paul et al. [99]	VC and growth of SMEs in Akwa Ibom State.	2022	A survey research method was used—data obtained through a structured questionnaire. Regression analysis and ANOVA were used to analyze the data.	Findings revealed that seed capital and start-up capital have positive and significant relationship with SMEs growth in the State. Likewise, Development positively impacts SMEs growth as it plays a crucial role in experimentation and innovation that leads to technological change and employment growth, exert more influences on the management of SMEs and obtain better returns.	However, it is worth noting that 10 SMEs used for the study seem insufficient to make an absolute generalization.
20	Woo [46]	Foreign VC firms and internationalization of ventures.	2020	Secondary data analysed using descriptive and inferential statistics	The authors' findings show that foreign VC firms not only encourage their investee ventures to internationalize but also help the internationalization to achieve higher operating performance.	The authors could not get information on geographic segment sales on a large number of young private VC-backed firms, which is crucial for the study. The authors did not indicate the years covered.

Table 2. Continued.

S/N	Name of Author/Date	Title of Paper	Period of Study	Methodology	Findings	Critique
21	Okpala [104]	VC and the emergence and development of entrepreneurship: A Focus on employment generation and poverty alleviation in Lagos State.	2012	109 questionnaires were administered to SMEs to collect data, which were analysed using the Pearson product-moment correlation coefficient	Findings revealed that though VCs exist in Lagos State, they were ineffective. The study concluded that due to the ineffectiveness of VC activity, low entrepreneurship has emerged, coupled with the underdevelopment of the sector, a high level of unemployment, and huge poverty in the state. It was recommended that the Government should pay attention to promoting VC in its policy framework.	The study failed to reveal how the authors arrived at the ineffectiveness of the VC activities and how this ineffectiveness contributed to the low number of entrepreneurs.

5 | Conclusion

The researcher observed from empirical reviews of literature that the findings from the subject matter remain inconclusive. There were conflicting findings in the various studies carried out by different researchers. For instance, Adegboye and Iweriebor [88] indicated a positive relationship between access to finance and innovation; the authors also concluded that increased finance may lead to productivity decline. Also, there were mixed results in the study carried out by Charoenrat and Harvie [62] in Thailand, with a positive and significant impact of FDI on medium-sized SMEs but a negative impact on small SMEs. There were also mixed results across regions, indicating the need for further research. Alraja et al. [38] in their study found that FDI does not affect the ICT goods exports and imports. On the other hand, the study finds a positive and significant effect of FDI on ICT services, thus necessitating further studies. While Ekienabor et al. [87] from their study revealed a positive and significant relationship between FDI and MOUTPUT in Nigeria, Subair and Salihu [94] in their study concluded that FDI on its own has contributed negatively to the development of SMEs in Nigeria through the MNCs.

Beyond finance, other factors contribute to SMEs' performance, which should be controlled. Such factors include firm age, size, and the experience of the manager. Many of the literature reviewed have no control variable. Fowowe [61] only adopted employment growth as a firm's performance metric without employing any controlled variables. Galadanchi and Abubakar [89] did not use any performance variable. Sufyan et al. [36] did not specify the proxies for measuring SME development, and so there was no control variable. Other authors that did not introduce any control variables include [56], [59], [65], [93]. Dvouletý [43] introduced some control variables but discovered the presence of heterogeneous effects concerning the firm size, firm age, region, industry, and intensity of public support, thus requiring more studies that would address the long-term effects of foreign finance on SMEs.

Future studies should introduce a control variable, namely, firm size. Control variables help in achieving consistent and unbiased results.

Much of the reviewed literature concentrated only on FDI. Such researchers included [57], [59], [66], [82], [84]. The researcher has added other forms of foreign finance, including grants, foreign loans, funds from foreign DFI, and VCs. In Nigeria, there are few studies on VCs as the concept is still evolving. This position was reinforced by Kato [41] and Walter et al. [92], who suggested further work on VCs.

Foreign finance reinforced the theoretical gap that future studies should fill.

Researches backed by theories enjoy an added layer of credibility and support. A good number of reviewed studies were not backed by any theory. Such studies include [34], [39], [60], [91].

Future studies should consider the pecking order theory and the theory of performance.

Conflict of Interest

The authors declare no conflict of interest.

Data Availability

All data are included in the text.

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