

## CORRELATION BETWEEN POLITICAL MISTRUST AND ATTITUDE TOWARDS GOVERNMENT CREDIT FACILITIES AMONG SMALL BUSINESS ENTERPRISES IN NIGERIA

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### **ABSTRACT**

*Over the years, several disparate studies have emphasized the challenges constraining access to credit facilities among SMEs in Nigeria. However, little is known about the relationship between political mistrust and attitudes related to credit programs. The present paper examined the variation in the attitudes of the small business practitioners toward the government credit facilities based on political mistrust. Two hundred and nine (n=209) SME owners were conveniently pooled from different locations in Enugu, Ebonyi, and Anambra states as the study's participants. From the simple linear regression result, it was found that political mistrust positively predicted attitudes towards government credit facilities at  $\beta = .933, p < .05$ . Political mistrust was found to account for 12.3% of the variance in attitudes towards the government's credit program. Accordingly, the result supported the study's expectation that political mistrust would predict small businesses' attitudes towards government credit facilities.*

**KEYWORDS:** *Political distrust, government, credit facility, SME, attitudes*

## INTRODUCTION

Small and medium enterprises (SMEs) have been commonly assumed to be a fundamental element in the business environment of every society. Small businesses reflect an essential pathway to addressing the challenges of unemployment, poor socio-economic development, equitable distribution of wealth, and poverty assuagement (Abisuga-Oyekunle et al., 2020; Azimkhan et al., 2020; Epinger & Vladova, 2013; Fatoki, 2014; Kowo et al., 2019; Manzor et al., 2019; Meflinda et al., 2018; Nassr & Rostom, 2013; Neneh & van Aardt, 2013; Sawean & Ali, 2020; Zafar & Mustafa, 2017). Small business enterprises have attracted substantial research attention from academics and practitioners in the last few decades (Eid & El-Gohary, 2013). Indeed, most research in SMEs is geared towards developing a conceptual avenue to address the sector's underdevelopment. Importantly, research in SMEs has underscored the relevance of an effective enterprise culture geared towards assisting the underprivileged populace in developing an alternative to a deteriorating economy, encouraging diversification, and lessening dependence on the government and importation.

SMEs in Nigeria have been described as an effective mechanism of solidification of the country's development (Eniola & Ektebang, 2014). Indeed, SMEs form the mainstream of the business ecosystem of Nigeria (Chidiebere et al., 2014). Credibly, the nature of SMEs guarantees their operation in remote vicinities that seem unattractive to large firms (Iacob & Mironescu, 2017). Literature abounds emphasizing the common challenges confronting the growth and development of SMEs in Nigeria (Ademola, 2013; Arruwa, 2004; Ayodeji, 2015; Cant et al., 2013; Daferighe et al., 2019; Gbandi & Amissah, 2014; Murritala et al., 2012; Onwuchekwa, 2012; Shettima, 2017; Taiwo et al., 2013; Yahaya et al., 2015). Accordingly, the principal constraints in SMEs were an unfavorable business environment, poor management, inadequate infrastructures, insecurity, corruption, lack of access to modern technologies, and insufficient funding. However, access to credit represents a significant impediment to SMEs that have generated much governmental attention in Nigeria. Indeed, disparate policies have been instituted to provide credit facilities to SMEs.

While access to credit in Nigeria remains a huge challenge, there is a clear understanding that credit facilities contribute immensely to the development of the small business ecosystem. Although, through the Central Bank of Nigeria (CBN) and other governmental agencies, the government has made several interventions to mitigate the economic impact of recent times, especially toward MSMEs. For instance, the recent ₦50 billion credit facility aimed at supporting SMEs and households impacted by the COVID-19 pandemic. Also, the ₦100 billion credit facility explicitly targets the healthcare industry to facilitate the increased demand for healthcare products and services. The CBN's intervention facilities include the existing commercial agriculture credit scheme, SME credit guarantee scheme, and real sector support facility. Also, the one-year moratorium and reduced interest rate are among the various government initiatives geared toward improving business activities in the country, particularly in economic predicaments. Indeed, the government credit schemes are open to businesses, especially MSMEs across all country regions, that meet the stipulated requirements for accessing the credits. However, there are insinuations that most owners of SMEs do not utilize these government support programs. Indications exist that most SMEs within the southeast region of Nigeria are mainly lacking in accessing credit programs, especially from the government. At the same time, poor credit enlightenment, unfairness, and perceived regional sentiment might restrain most business owners from responding to the government's credit initiatives. The growing mistrust in the political institution may pose a significant barrier to accessing the credits.

Political mistrust is a growing phenomenon in every society in contemporary political settings. Notably, mistrust of the government is increasingly becoming widespread across various established democracies (Bertsou, 2019). Over the past decade, numerous dimensions of events in many political establishments could be attributed to the growing indicators of citizen mistrust towards government and the political ecosystem. The construct of political mistrust describes interpersonal attitudes that reflect the perceptions of dishonesty, fraudulence, and revulsion that depict the political system and its foundation. Political mistrust involves negative attitudes held by the people towards the government and its institutions. Indeed, the Nigerian government and political system have been criticized in various domains ranging from the inability to fulfill promises to instigating favoritism. Consistently, the Edelman Trust Barometer 2020 noted that the government is an institution with the least trust. The citizens have long lost confidence in the government's capacity to tackle the challenges of recent times.

The citizen's decision to mistrust the political system is usually birthed by the government's inability to attain its fundamental responsibility and fulfill political promises. In most cases, the political institutions are assumed to require technical knowledge, special skills, competencies, and the understanding that failure harms the functioning of the political ecosystem. The public recognizes that the government and relevant state actors are essential in sustaining the country's economy. However, the ever-growing dishonesty and failed policies of the political institutions potentiate the experience of mistrust among the citizens. Thus, decreasing the level of nationalism and altering attitudes. Particularly, mistrust exacerbates unpatriotism and reduces the tendency to acknowledge and subscribe to the government's initiatives and programs. However, intimations assume that political doubt undermines public cooperation and promotes disunion.

Research in recent years has highlighted the effect of political mistrust on citizens' conformity and acceptance of government policies (Bannaji, 2008; Ezeibe et al., 2020). Furthermore, literature abounds emphasizing the role of inadequate valuable assets, business size, oligopolistic nature of some financial institutions and partialities by commercial banks, educational level, proximity to credit source, including the types of credit source, collateral requirements, and lending request in limiting access to credit facilities (Etonihu et al., 2013; Nyaga & Nzulwa, 2017; Oke et al., 2020). This

suggests that numerous factors have long hindered access to credit facilities. However, research examining the effect of political mistrust on the willingness to participate in government invented credit programs is lacking in the literature. Thus, the primary purpose of the present study is to investigate political mistrust as a scarcely explored variable that could explain the variations in attitudes of small business owners towards accessing government credit facilities in the South-East of Nigeria.

**Hypothesis:** *Political mistrust would significantly predict small business practitioners' attitudes towards government credit facilities.*

**Method**

The population for the present study was SME owners. They were approached in Enugu, Anambra, and Ebonyi states, Nigeria, between February and April 2022. Mainly, the participants were made to understand the study's objective, and they were equally told that the survey was intentional and they could step out anytime they wanted. In total, two hundred and twenty-six SME owners who consented to participate in the study were given the questionnaire to fill on the spot. After that, the questionnaires were collected and arranged accordingly. On observation, seventeen of the returned questionnaires were incompletely filled. Hence they were discarded. However, only the adequately completed questionnaires (209) were used for further analysis.

**Measures**

The instrument used for data collection was a structured questionnaire. The questionnaire items were developed from relevant literature and designed to assess information relating to political mistrust and overall attitude towards government credit facilities on a five-point Likert-type scale. The questionnaire was divided into two sections: 1 and 2. Part 1 measures cognitive, affective, and behavioral assessment of the political system. Part 2 includes questions relating to previous experiences and perceived decency in the distribution of credits by the financial institutions. Thus, the measure was subjective, and respondents must self-report their conception of the variables. However, a Cronbach Alpha 0.72 coefficient was recorded for the scale following a pilot study using participants outside the study population.

**Result**

A cross-sectional research design was employed. Data from the respondents were analyzed using the statistical package for social sciences (SPSS Version 17). The result presented in the simple linear regression table below indicates that the expectation that political mistrust would significantly and positively predict attitude towards government credit facilities among small business owners was found to be accurate at  $\beta = .933, p < .05$ , with  $R^2$  of .123. Thus, the  $R^2$  indicated that political mistrust explained about 12.3% of the variation in the attitudes towards government credit facilities among small business enterprises.

**Table 1:**

Table showing the simple linear regression analysis on the effect of political mistrust on attitudes towards government credit facilities.

	B	Std. Error	Beta	t	Sig.
(Constant)	-1.76	.076		-23.41	.000
Political mistrust	.933	.034	.933	27.05	.000
$R^2$	.123				

**Discussion**

The primary purpose of the present study was to determine the variation in the attitudes of the small business practitioners towards accessing the government credit facilities based on political mistrust. The simple linear regression result found that political mistrust positively predicted attitudes towards government credit facilities at  $\beta = .933, p < .05$ . Political mistrust accounted for 12.3% of the variance in attitudes towards the government's credit program. Accordingly, the result supported the study's expectation that political mistrust would predict small businesses' attitudes towards government credit facilities. This means that small business owners who perceive the financial institutions as a function of the political ecosystem are more likely to exhibit a negative attitude towards accessing the available credit provided by the government.

Similarly, the finding indicates that those who still trust the system are more likely to report a positive attitude and would be more eager to participate in credit programs. Consequent to the failure of the government and the financial institutions to adequately make credit accessible to small businesses. Also, given other barriers affecting access to credit facilities in Nigeria, most people in the SME sector have developed intrinsic or possibly extrinsic mistrust towards the political system in Nigeria. The present study presupposes that political mistrust as a psychosocial variable reflects a significant determinant of the attitude towards accessing the available credit facility. Thus, credit limitations may result in behavioral adaptations occasioned by appraisal and perception of the entire political scenery. The trend has severe implications for the growth and sustainability of small business enterprises.

### Implications of the Study

Recent economic and political failures in Nigeria have created mistrust towards the government and the political system. Perhaps, many small businesses in the study parameter have collapsed due to financial challenges that usually determine SMEs' survival (Murphy & Tocher, 2011; Schenk, 2015). Perhaps, this study implies that political mistrust is a potential variable contributing to business deterioration among small and medium scale enterprises in southeast Nigeria. The current revelation implicates political mistrust as a significant variable in the equitable distribution of credit facilities in Nigeria.

### Conclusion

The present study investigated political mistrust as a scarcely explored correlate of attitudes towards government credit facilities. The regression analysis performed on the data indicated that political mistrust is a significant predictor of attitudes to government credit programs. Thus, an essential variable in the growth and development of SMEs. More so, the result entails that political trust is a pathway to access the credit opportunities provided by the government. Although the study is challenged with some limitations, for example, self-report measures have been criticized for the issue of common variance. Also, the sampling method poses a hurdle for generalization. Nevertheless, the study contributed to the literature by revealing political mistrust, a factor that constrains the full accessibility of the government-provided credit facilities. Improving political performance is a transparent and uncontested approach to ameliorating political distrust. Unfortunately, it is not feasible in contemporary society. Mistrust based on perceptions of unequal practices and unfair outcomes can be reversed if policy-makers and politicians focus on promoting shared notions of equality and fairness and even reinforcing the monitoring mechanisms to limit morally reprehensible conduct relative to access to credit. Further research is needed to broaden our understanding of the relationships between political mistrust and attitudes relative to government credit programs and examine how mistrust can be confined from spilling over to the systemic level.

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