



## RESEARCH ARTICLE

### ASSESSMENT OF THE IMPACT OF PUBLIC PROCUREMENT REGULATION ON SMALL AND MEDIUM SCALE ENTERPRISES IN DELTA STATE, NIGERIA

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#### ABSTRACT

This research evaluates the efficacy of public procurement regulations in fostering the growth and participation of Small and Medium Scale Enterprises in Delta State, Nigeria. Utilizing a cross-sectional quantitative design, the study sampled 300 SME owners and managers across three senatorial districts. Data analysis via descriptive statistics and Analysis of Covariance indicates a significant positive impact of procurement regulations on Small and Medium Scale Enterprise (SME) growth. Findings, however, may indicate that while the Public Procurement Act 2007 provides a theoretical framework for growth, actual participation appears to remain low, attributable to critical impediments such as bureaucratic complexity, perceived corruption (Mean = 4.42), and chronic payment delays (Mean = 4.25). This paper thus proposes the digitalization of procurement processes and the institutionalization of capacity-building programs, a measure which may serve to bridge the extant discrepancy between policy and practice.

**Keywords:** Public Procurement, SMEs, Regulatory Impact, Delta State, E-procurement.

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## 1.0. INTRODUCTION

Small and Medium Scale Enterprises are widely considered fundamental to the Nigerian economy, potentially serving as a primary driver of employment and social stability (Gumel, 2024, p. 50). Nationally, SMEs contribute approximately 48.47 percent to the Gross Domestic Product and account for nearly 84 percent of total employment (MPI, 2019, p. 8). Despite their economic significance, these enterprises reportedly face persistent structural challenges, encompassing infrastructure deficits and constrained access to formal markets (Etuk et al., 2014, p. 3).

Public procurement represents a strategic tool for government intervention for the support of the SME sector (Fee et al., 2012; Flynn & Davis, 2015). In Nigeria, the Public Procurement Act 2007 was promulgated, presumably to ensure the advancement of transparency, accountability, and the efficacious utilization of public funds (Okotie & Tafamel, 2021). However, in regions like Delta State, the actual integration of SMEs into the public supply chain, however, persistently registers at a level disproportionately low relative to their aggregate economic contribution (Mwanaumo et al., 2024). This inquiry endeavors to elucidate the potential impact of these regulatory frameworks upon SME performance, and to delineate the specific impediments precluding their efficacious engagement in Delta State.

## 2.0. THEORETICAL AND EMPIRICAL FRAMEWORK

### 2.1. Theoretical Foundations

This study is grounded in three key organizational theories:

- **Institutional Theory:** Explores the manner in which regulatory dynamics and governmental policies sculpt the operational environment of SMEs (Farisani, 2022, p. 3).
- **Stakeholder Theory:** Posits that the attainment of long-term organizational success is contingent upon the judicious management of relationships with various stakeholder groups, inclusive of local small-scale suppliers (Donaldson & Preston, 1995).
- **Contingency Theory:** Suggests that SMEs' strategic adaptation of their internal operations is requisite for an effective response to shifts within the external regulatory landscape (Chaib et al., 2020).

### 2.2. Empirical Review

Existing scholarship frequently delineates a persistent "policy-practice divide" within public procurement (Flynn & Davis, 2015). While government policies in Delta State—such as entrepreneurial training and loan access—may exhibit significant positive effects on performance, a considerable proportion of SMEs appear to remain hesitant regarding engagement with governmental entities (Okonkwo & Oditia, 2025). Comparative studies conducted in other Nigerian hubs, notably Lagos, appear to indicate that various "regulatory



constraints" — including, but not limited to, burdensome documentation and a perceived deficit of transparency — constitute the primary deterrents to participation (Olusegun & Akinbode, 2016).

### 3.0. Methodology

For the purpose of this investigation, a **cross-sectional survey design** was employed.

- **Sample Population:** The investigation encompassed 300 registered small and medium-sized enterprise (SME) owners and managers situated within Delta State.
- **Data Collection Methodology:** The acquisition of data involved the deployment of a structured questionnaire, which incorporated a five-point Likert scale (one representing "Strongly Disagree" and five denoting "Strongly Agree").
- **Analysis:** The utilization of descriptive statistics facilitated the analysis of barriers, while Analysis of Covariance served in the testing of hypotheses at a significance level of 0.05.

## 4.0. PRESENTATION OF RESULTS AND DISCUSSION

### 4.1 Respondent Demographics

The study sample may largely have consisted of micro and small enterprises, with 60% of enterprises exhibiting an employee count ranging from one to ten individuals.

**Table 1: Profile of Sampled SMEs**

Variable	Category	Frequency	Percentage (%)
<b>Business Sector</b>	Manufacturing	90	30.0
	Services	120	40.0
	Construction	60	20.0
	Others	30	10.0
<b>Years in Operation</b>	1–5 years	105	35.0
	6–10 years	135	45.0
	Above 10 years	60	20.0

Source: Authors' Analysis (2025).

### 4.2. Impact of Regulations on Growth

The inferential analysis led to the rejection of the null hypothesis ( $H_0$ ), which appears to indicate that public procurement regulations may exert a **significant positive impact** on SME growth in Delta State; this finding consequently suggests that the framework delineated by the Public Procurement Act (PPA) 2007 could potentially facilitate developmental progress upon judicious access (Okonkwo & Oditia, 2025).

**Table 2: Summary of Hypothesis Testing**

Model	Sum of Squares	df	Mean Square	F	Sig. (p)
Regression	214.32	1	214.32	84.13	.000*
Residual	759.11	298	2.55		
<b>Total</b>	<b>973.43</b>	<b>299</b>			

Source: Authors’ Analysis (2025).

### 4.3 Identification of Critical Barriers

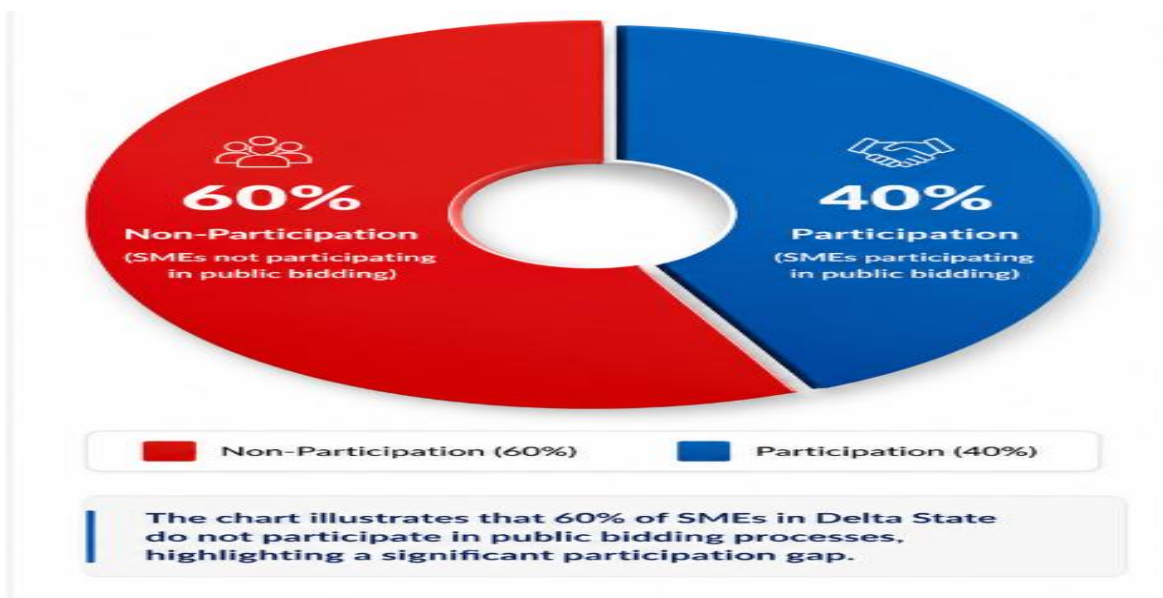
Notwithstanding the observed beneficial impact of these regulations, it is plausible that a multiplicity of systemic barriers may, nevertheless, deter the comprehensive participation of Small and Medium-sized Enterprises (SMEs) (Flynn et al., 2013, p. 447).

**Table 3: Mean Ratings of Barriers to SME Participation**

S/No.	Barrier Description	Mean	Standard Deviation	Ranking
1	Lack of Transparency/Corruption	4.42	0.82	1st
2	Delay in Contract Payments	4.25	0.75	2nd
3	Bureaucratic Bottlenecks	4.17	0.91	3rd
4	Technical/Procurement Skills Gap	3.72	1.02	4th

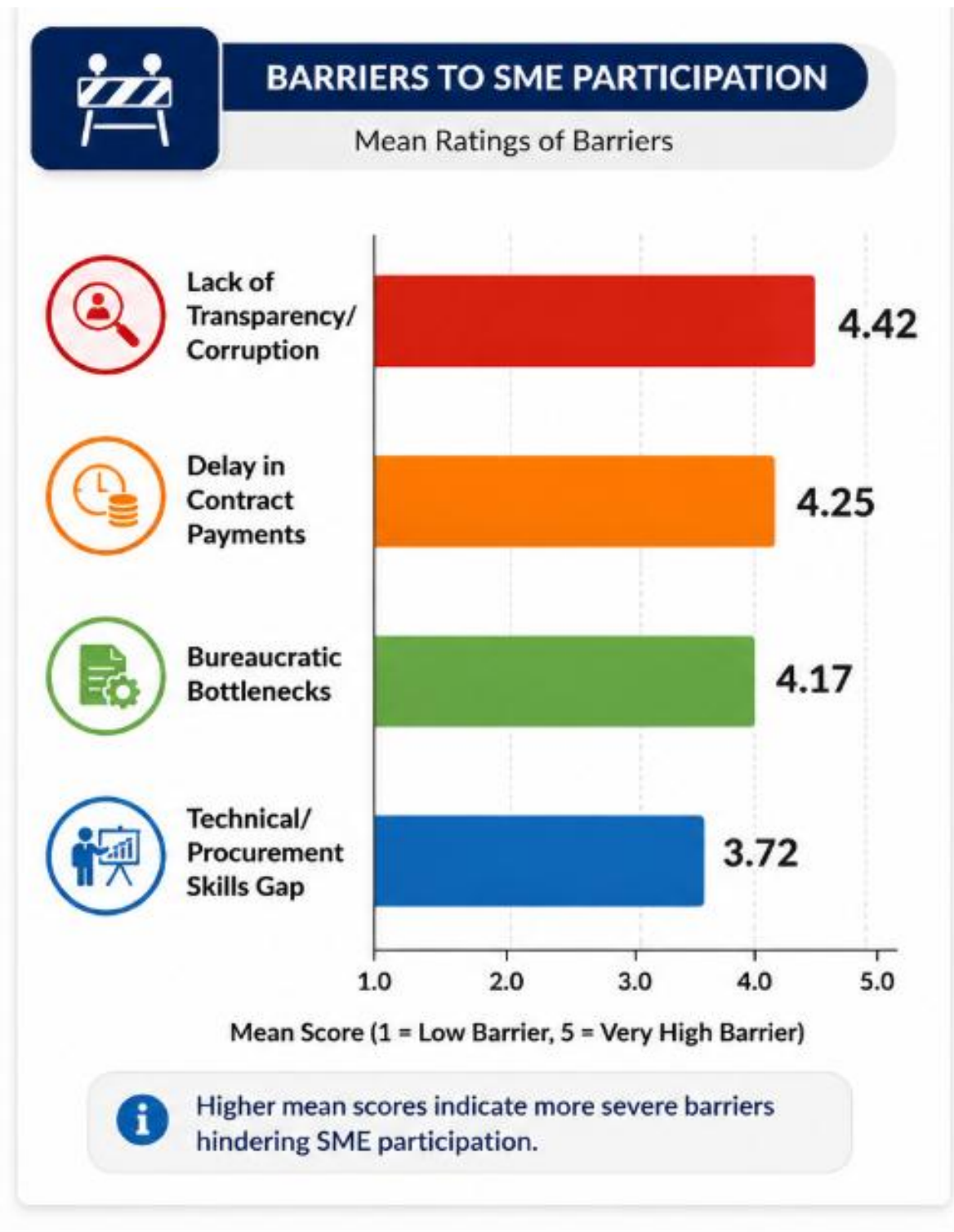
Source: Authors’ Analysis (2025).

### 4.4 Data Visualization



**Figure 1: Comparison of Participation vs. Non-participation.**

(This pie chart illustrates the incidence of 60% non-participation among Small and Medium-sized Enterprises (SMEs) in Delta State in public bidding processes, thereby underscoring the discernible "participation gap" notwithstanding the established legal framework.)



**Figure 2: Graphical Analysis of Barriers.**

(A bar chart illustrating the dominance of 'Corruption' and 'Payment Delays' as the primary deterrents, both exceeding a mean score of 4.20.)



## 5.0. CONCLUSION AND RECOMMENDATIONS

### 5.1. Conclusion

The study suggests that while the Public Procurement Act 2007 is a significant driver of growth, the limitation of its success stemming from structural failures in implementation. Transparency issues and financial risks associated with delayed payments may continue to marginalize SMEs in Nigeria (Igwe et al., 2022).

### 5.2. Policy Recommendations

While the Public Procurement Act 2007 provides a robust framework, it is not "lethal" but rather "constrained" by implementation failures in Delta State (Igben & Ojoboh, 2024). To bridge the policy-practice divide, the following is recommended:

1. **Digitalization of Compliance:** Introduce "digital enablers" and e-procurement systems to streamline registration, licensing, and financing, thereby reducing the bureaucratic burden on small firms (Igben & Ojoboh, 2024; Sánchez-Rodríguez et al., 2019).
2. **Infrastructure Prioritization:** Policymakers should focus on investments in critical infrastructure, such as industrial parks and energy supply in areas with high SME concentration, to reduce their operational costs (Okonkwo & Odita, 2025).
3. **Preferential Payment Legislation:** Institutionalize favorable legislation that mandates "preferential treatment" for SMEs, specifically ensuring prompt payment for services rendered to maintain their liquidity (Igwe et al., 2022; MacManus, 2011).
4. **Targeted Constraint Removal:** Simplify tender documentation to address "information obscurity" and establish quotas to ensure SMEs are not crowded out by larger entities (Akenroye & Aju, 2013a, 2013b).

### Conflict of Interest

The authors declare that no conflict of interest exist in this manuscript

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