



Empowering Small and Medium Enterprises (Smes): The Contribution of Venture Capitalists and Angel Investors in Akure's Entrepreneurial Ecosystem

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Abstract: Small and medium-sized businesses (SMEs) are essential for creating jobs and economic growth, but they frequently struggle to get funding and strategic support. In addition to money, venture capitalists and angel investors provide networks, business knowledge, and mentorship. This study examines how venture capitalists and angel investors support the growth and empowerment of small and medium-sized businesses (SMEs) in Akure, Nigeria's entrepreneurial ecosystem. Given how important SMEs are to innovation, job creation, and economic diversification, it is essential to comprehend the sources and effects of outside finance. The study investigates the ways in which venture capital and angel investments impact business growth, sustainability, and strategic capacity through structured interviews with SME owners. The results show that these investors frequently offer mentorship, industry networks, and strategic advice in addition to financial support, all of which greatly improve SME performance. The best possible impact is nevertheless hampered by issues including restricted investor access, SMEs' lack of investment readiness, and regulatory restrictions. In order to enhance the collaboration between investors and the SME sector in Akure's expanding entrepreneurial landscape, the study ends by suggesting policy changes, increased awareness of investments, and capacity-building programs.

Keywords: Akure Metropolis; Angel Investor; Nigeria; SMEs; and Venture Capitalist.



INTRODUCTION

Small and medium-sized enterprises (SMEs) are crucial to Nigeria's economy, accounting for over 96% of firms and employing more than 84% of the labor force (SMEDAN, 2021). Despite their relevance, SMEs continue to encounter structural barriers to accessing formal financial services. Commercial banks and other traditional financial institutions frequently impose stringent collateral requirements, difficult paperwork procedures, and high interest rates, rendering loans inaccessible to early-stage and developing businesses (Chuku-Wachuku, 2023; RSIS International, 2023). Given these financing constraints, other sources of funding, such as venture capital (VC) and angel investing (AI), have emerged as increasingly crucial in closing the SME finance gap. Typically, venture capitalists offer ownership holdings in high-growth prospective companies in exchange for equity-based finance along with management and strategic advice. High-net-worth individuals known as angel investors, on the other hand, provide access to business networks and advisory support in addition to investing their own money, frequently at an earlier stage (HRMARS, 2023; Wikipedia, 2024).

Access to various types of funding is favourably correlated with important SME success metrics like employment levels, asset acquisition, revenue growth, and innovation output, according to a number of quantitative studies (Aina et al., 2020; Ogundana et al., 2023). For example, a multiple regression analysis study in Ekiti State found that long-term investment sources like investment banks and venture capital had a significant positive impact on SME performance ($r = 0.822$) and had coefficients of 0.537 and 0.817, respectively (AJEBA, 2022). A similar quantitative analysis conducted in Kano State revealed that venture capital financing played a major role in the growth of SMEs in terms of market expansion and turnover (RSIS International, 2022).

Similarly, data from tech-based SMEs in Lagos indicates that venture funding and profit performance are statistically related, with the intensity of this link being mediated by entrepreneurial competencies (Ayoade & Agwu, 2021). Few studies have looked at the localized effects of venture capital and angel investment on SMEs in smaller metropolitan centres like Akure Metropolis, despite the fact that the empirical literature on the subject is expanding. Ondo State's capital, Akure, offers a unique economic environment with a high concentration of microbusinesses, unofficial operations, and little engagement from institutional investors. As a result, it is yet unknown and poorly studied how VC and AI funding affect SMEs in this area. This study, thus, seeks to qualitatively examine how venture capitalists and angel investors support the growth and empowerment of small and medium-sized businesses (SMEs) in Akure, Nigeria's entrepreneurial ecosystem.

Statement of the Research Problem

Small and medium-sized enterprises (SMEs) are often regarded as the backbone of Nigeria's economy, making substantial contributions to job creation, poverty reduction, and innovation. Despite their importance, many SMEs still struggle to obtain enough and inexpensive funding (Oteh 2012). Traditional banks frequently demand stringent collateral requirements, exorbitant interest rates, and lengthy approval processes that most SMEs cannot overcome (Punch Newspaper, 2023). Consequently, alternative financing methods such as venture capital and angel investment have gained popularity. These types of funding provide not only capital but also mentorship, strategic advice, and access to business networks (Wikipedia, 2023). In contrast to banks, which typically give debt with strict repayment terms, venture investors frequently take an active part in business management and are willing to assume bigger risks in exchange for equity.

Research from various regions of Nigeria has demonstrated that angel and venture capital investors can significantly influence the expansion and long-term viability of SMEs. As to Onyeaghala and Amah's (2023) research, SMEs' competitiveness and market expansion were enhanced by venture capital financing in Rivers State. Likewise, a study conducted in multiple states in Nigeria found a high positive correlation between venture capital funding and the success of SMEs (Obaji & Olugu,

2021). It was discovered that SMEs in Ekiti State had far higher sustainability and credibility when they had access to long-term investment and angel capital (Adebayo et al., 2022). Nevertheless, there is no empirical data on the extent to which venture capital and angel investors affect SMEs in Akure Metropolis, despite the city's expanding population and developing business environment. Many small business owners might not be aware of these financial options, and their access may be further restricted by informational and structural constraints. Entrepreneurs, legislators, and investors find it challenging to comprehend the true worth and difficulties of venture and angel investment in Akure's context due to this information gap. Thus, it is crucial to investigate and record the true impact of angel and venture capitalists on SMEs in Akure. These results will offer vital information for enhancing funding arrangements, creating legislative initiatives, and attracting investors to the area's expanding entrepreneurial scene.

Research Questions

The raised research questions for the study include:

- i. What are the experiences of SME owners in Akure Metropolis in accessing venture capital and angel investment?
- ii. In what ways have venture capital and angel investors influenced the growth and sustainability of SMEs in Akure?
- iii. What challenges do SMEs face in securing funding from venture capitalists and angel investors in this locality?
- iv. How do venture capitalists and angel investors support SMEs beyond financial investment (e.g., mentorship, strategic input)?
- v. How do SMEs in Akure perceive the benefits and limitations of venture capital and angel investment compared to conventional bank financing?

Research Objectives

The main objective of the study is to examine how venture capitalists and angel investors support the growth and empowerment of small and medium-sized businesses (SMEs) in Akure, Nigeria's entrepreneurial ecosystem. The specific objectives are to:

- i. explore the experiences of SMEs in Akure Metropolis regarding access to venture capital and angel investment;
- ii. understand how venture capital and angel investors contribute to the growth and sustainability of SMEs in the region;
- iii. investigate the challenges faced by SMEs in Akure when seeking funding from venture capitalists and angel investors;
- iv. examine the role of mentorship, strategic guidance, and investor involvement in the development of SMEs funded by VCs and angels; and
- v. identify perceptions of SME owners in Akure about the effectiveness of venture capital and angel investment compared to traditional financing.

LITERATURE REVIEW

Small and medium-sized businesses, or SMEs, are widely acknowledged as essential catalysts for global economic growth and development, especially in developing nations like Nigeria. In addition to encouraging industry diversification and inclusive economic involvement, they make a substantial contribution to innovation, employment creation, and poverty alleviation (SMEDAN, 2025; World Bank, 2023). SMEs are essential to Nigeria's economic sustainability because they employ more than 84% of the workforce and contribute roughly 48% of the country's GDP (SMEDAN, 2025). However, SMEs' capacity to obtain timely and sufficient funding is a major requirement for their expansion and long-term viability. One of the biggest obstacles facing SMEs is still funding, which restricts their ability to grow, make technological investments, and successfully compete in domestic and international markets (Wachuku, 2014; Adebayo et al., 2022).

The funding gap is exacerbated by traditional financial institutions' frequent imposition of strict lending standards that are challenging for SMEs to achieve, such as high collateral requirements and intricate application procedures (RSIS International, 2023).

Alternative financing methods like venture capital and angel investment have become more well-known as viable ways to close the funding gap for SMEs in light of these difficulties. The purpose of this literature review is to critically analyse the body of knowledge regarding the function and effects of angel and venture capitalists on SMEs, specifically in the Nigerian setting. In areas like Akure Metropolis, where traditional financing options are frequently scarce or unavailable, the review aims to lay the groundwork for understanding how these alternative funding sources can improve SME performance and sustainability by examining the financial and non-financial support these investors offer.

Small and Medium-Sized Enterprises (SMEs) in Nigeria

Small and medium-sized enterprises (SMEs) are often described by factors such as staff count, yearly turnover, and asset base. In Nigeria, Small and Medium Enterprises Development Agency of Nigeria (SMEDAN, 2021) defines SMEs as enterprises with 10 to 199 employees and assets (excluding land and buildings) ranging from ₦5 million to ₦500 million. These businesses are known for their flexibility, ingenuity, and high potential to create jobs, and they frequently operate in both informal and formal sectors (Aina et al., 2020). SMEs play an important part in Nigeria's socioeconomic growth. They account for over 48% of the country's GDP, over 96% of all firms, and employ more than 84% of the labour force. In addition to their financial contribution, SMEs have a critical role in promoting entrepreneurship and innovation, especially in service and technology-driven industries (Ogundana et al., 2023). Access to financing is the most significant obstacle that SMEs must overcome in order to grow and remain sustainable, notwithstanding their importance (Adebayo et al., 2022).

Traditional Financing for SMEs

In Nigeria, commercial banks, microfinance institutions (MFIs), and cooperative societies are the main traditional funding sources for SMEs. While MFIs usually offer smaller, short-term loans aimed at micro and small businesses, banks offer a variety of credit products such term loans, overdrafts, and working capital loans (RSIS International, 2023). Due to strict lending requirements, SMEs frequently struggle to obtain money, despite the importance of these conventional sources. SMEs' access to bank financing is severely hampered by high interest rates, lengthy and complicated documentation processes, and high collateral demands (Wachuku, 2014; RSIS International, 2023).

In accordance to Ogundana et al. (2023), a number of SMEs are deficient of formal financial records and credit history, which complicates loan approval procedures (Adebayo et al., 2022). These financial obstacles have a direct detrimental influence on SMEs' performance, limiting their ability to invest in capital, technology, and market growth. As a result, many SMEs stay locked in a cycle of underdevelopment and low production

Alternative Financing: Venture Capital (VC)

Typically aimed at early-stage and high-growth potential enterprises, venture capital (VC) is an alternative financing method that consists of equity-based investments (HRMARS, 2023). In contrast to traditional lenders, venture capitalists attempt to improve the operational and managerial capabilities of investee organizations by offering not only funding but also strategic support, mentorship, and network access (Wikipedia, 2024). Venture capital is becoming more widely acknowledged in Nigeria as a driving force behind the expansion, innovation, and sustainability of SMEs. In order to close a significant funding gap, venture capitalists take on greater risk by funding businesses that might not be eligible for traditional bank loans (Aina et al., 2020). Research shows that companies that receive venture capital funding have better revenue growth, asset acquisition, and product innovation (Ayoade & Agwu, 2021). For instance, a study conducted in Ekiti State revealed a strong positive relationship between venture capital investment and the performance of SMEs, highlighting the latter's function in boosting competitive advantage and broadening market reach (AJEBA, 2022).

However, related patterns have been documented in other developing nations, where venture capital funding has been associated to higher innovation output and job creation in the SMEs (Ogundana et al., 2023). Despite its benefits, venture capital financing is underutilized in Nigeria, owing to low knowledge among entrepreneurs and a very young VC ecosystem (RSIS International, 2023).

Alternative Financing: Angel Investment (AI)

High-net-worth individuals known as angel investors provide money to start-ups and early-stage companies, usually in return for convertible debt or stock. Angel investors, as opposed to institutional venture capitalists, frequently use their own money and are more inclined to take chances on start-up businesses with no track record (HRMARS, 2023; Wikipedia, 2024). In addition to their monetary contributions, they are distinguished by their active mentoring activities, which provide access to professional networks, market insights, and insightful business advice (Aina et al., 2020). Although both venture capitalists and angel investors offer equity finance, their main distinctions are in the quantity, stage, and degree of participation of their investments. While venture capitalists typically spend larger sums in businesses with greater development potential and more established operations, angel investors typically target earlier stages and lower amounts of investment, making them essential for startups and micro-enterprises (Ogundana et al., 2023). Nonetheless, fostering company expansion and increasing long-term value are the same objectives of both (HRMARS, 2023).

Angel investment has been shown to significantly impact SME success, especially in the critical early phases of business development. Studies indicate that SMEs backed by angel investors often experience higher survival rates, improved access to follow-on financing, and accelerated innovation processes compared to non-funded peers (Ayoade & Agwu, 2021; RSIS International, 2023). This blend of financial and strategic support positions angel investors as essential contributors to the SME ecosystem in developing economies like Nigeria.

Comparative Analysis: VC and AI vs Traditional Financing

Compared to regular bank loans, venture capital and angel investment offer a number of clear benefits, especially for SMEs that find it difficult to satisfy traditional lending requirements. The financial strain on early-stage businesses is lessened by VC and AI, which provide equity funding with no immediate repayment commitments, in contrast to debt financing (Aina et al., 2020). Additionally, these alternative funding sources are frequently more adaptable and prepared to contribute to riskier or more creative projects that banks generally steer clear of (Wachuku, 2014). Both venture capitalists and angel investors provide vital non-financial support in addition to monetary infusion. This includes access to beneficial industry networks, strategic advice, and mentorship, all of which can improve managerial skills and create new business prospects (HRMARS, 2023; Ogundana et al., 2023). This kind of assistance is frequently mentioned as a crucial differentiator that aids SMEs in quickly growing and creating long-lasting competitive advantages (Ayoade & Agwu, 2021).

However, there are dangers and difficulties associated with VC and AI funding. There may be pressure on entrepreneurs to achieve quick expansion and financial success, sometimes at the price of sustainability over the long run (RSIS International, 2023). Furthermore, some firm owners may be put off by equity financing because it entails dilution of ownership and possible loss of control. Access to such finance is still restricted and concentrated in a small number of urban centres due to the relatively young status of Nigeria's VC and angel investment sectors (Ogundana et al., 2023).

Local Context: SMEs in Akure Metropolis

Akure metropolis, the capital of Ondo State, is a burgeoning metropolis with a thriving mix of micro, small, and medium-sized businesses, most of which are involved in the formal and informal sectors. Although the city's economy is characterized by a high concentration of manufacturing, commerce, and service-oriented enterprises, it is still not as developed as Nigeria's major commercial centres, such as Lagos and Abuja (SMEDAN, 2021).

Studies on SME finance in Akure and the rest of Ondo State reveals continuing issues such as limited access to formal loans, low financial literacy, and a lack of investor presence (AJEBA, 2022; RSIS

International, 2023). While there is an increased awareness of venture capital and angel investment as alternative financing sources, actual research on their impact in Akure is limited. This gap emphasizes the importance of conducting localized research to better understand how venture capital and artificial intelligence might influence SME growth and sustainability in this distinct business environment. By investigating the roles of venture capitalists and angel investors in Akure, this study hopes to address a knowledge gap and provide insights that might drive policy and investment initiatives targeted to Nigeria's smaller urban economies.

Theoretical Frameworks and Models

The study of SME financing and the interaction between SMEs and investors, including angel and venture capitalists, is supported by a number of theoretical frameworks. One of the most popular is the Resource-Based View (RBV) hypothesis, which holds that a company's strategic resources those that are valuable, uncommon, unique, and non-substitutable are the source of its long-term competitive advantage (Barney, 1991; Aina et al., 2020). Access to financial capital, managerial know-how, and networks offered by VC and AI investors can be vital resources that improve firm performance and long-term growth in the context of SME finance, according to RBV (Ogundana et al., 2023).

The Financing Gap Theory is another pertinent paradigm that explains why SMEs continue to have trouble obtaining external financing because of perceived risks, high transaction costs, and information asymmetry (Beck et al., 2005; Wachuku, 2014). According to this hypothesis, SMEs are frequently viewed as high-risk borrowers by traditional lenders, and alternative financing methods like venture capital and artificial intelligence (AI) become essential for bridging this gap (RSIS International, 2023). VC and AI investors help to lessen information asymmetry and improve the creditworthiness and operational ability of SMEs by offering not only financing but also strategic guidance and mentoring (HRMARS, 2023). In combination, these ideas give a solid framework for comprehending how venture capitalists and angel investors' financial and non-financial resources contribute to SME growth, innovation, and sustainability, particularly in emerging economies such as Nigeria.

Research Gaps

Regarding SME funding in Nigeria, the studied literature presents a number of important conclusions. Although SMEs are essential to economic growth, they confront major financial obstacles, mostly because of the restrictions of conventional funding sources like banks and microfinance organizations (SMEDAN, 2021; Wachuku, 2014). By offering equity cash, strategic advice, and network access, venture capital and angel investment have been demonstrated to successfully close these funding gaps. These factors collectively promote SME expansion, innovation, and enhanced performance (Aina et al., 2020; Ogundana et al., 2023; Ayoade & Agwu, 2021).

In spite of this increasing body of evidence, significant gaps exist, particularly in terms of the localized impact of venture capital and artificial intelligence on SMEs in smaller metropolitan centres such as Akure Metropolis. Most previous research focuses on major cities like Lagos and Abuja, with little empirical evidence from Ondo State or other similar regional contexts (AJEBA, 2022; RSIS International, 2023). Furthermore, there is a lack of qualitative data on how SMEs in Akure perceive and use the non-financial assistance parts of VC and AI investment. This disparity highlights the need for the current study, which looks into the precise impacts of angel and venture capital investments on the sustainability and performance of SMEs in Akure Metropolis. In doing so, the research would assist customized methods to improve SME financing in regional Nigerian economies by adding insightful local knowledge to academic literature and policy formulation.

METHODOLOGY

Research Design

This study employs a qualitative approach to fully examine how venture capital and angel investment affect SMEs in Akure Metropolis. This section looks at SME owners' varied perspectives and experiences with investor support (Creswell & Creswell, 2018). Johnson and Onwuegbuzie

(2004) contend that this method is justified since it provides both breadth and depth, ensuring the validity of the study's findings.

Population and Sampling

This study's target demographic consists of small and medium-sized businesses that operate in Akure Metropolis, Ondo State. According to SMEDAN (2021), SMEs account for a sizable percentage of the local economy, including industries such as trade, manufacturing, and services. Given the study's focus on the impact of venture capital and angel investments, a purposive sample technique will be used to pick SMEs that have received such financing, as well as a comparison group that has not received external equity funding. This method assures that the sample contains certain features important to the research aims (Etikan, Musa, & Alkassim, 2016). In order to balance statistical power and resource limitations, the sample size was established using Cochran's formula for survey sample size calculation. A minimum of 150 SME respondents will be sought in order to enable significant quantitative analysis and enough saturation of qualitative data.

Data Collection Methods

Semi-structured interviews were used in the study to collect primary data from managers and owners of SMEs. Interviews were equally conducted to gain a deeper understanding of the operations of SMEs. Secondary data sources included financial reports, SME performance records from relevant agencies, and previous theoretical studies on SME finance in Nigeria.

Data Analysis Techniques

Thematic analysis of the qualitative information gathered from focus groups and interviews enables the discovery of recurring themes pertaining to investor support, difficulties, and the dynamics of SME growth.

Ethical Considerations

Prior to the start of data collection, ethical approval was acquired from the appropriate institutional review board. The goals of the study were explained to the participants, and informed consent forms were used to request their voluntary participation. By giving responders unique codes rather than names and safely preserving data to guard against unwanted access, they were guaranteed confidentiality and anonymity. Additionally, the study complied with ethical guidelines that protected participants' privacy and rights at every stage of the investigation.

Qualitative Data Analysis and Findings

This section provides a thorough qualitative analysis of information gathered from Akure Metropolis SME owners and managers, examining the effects of angel and venture capital investments on the growth and performance of their companies. The results are based on focus groups and semi-structured interviews with the goal of revealing the perceptions, difficulties, and lived experiences of these business owners.

Themes Emerging from Interviews

The interviews with more than fifty (50) SME owners who had obtained venture capital or angel financing yielded several important topics. The importance of non-financial support—such as business networking, strategic guidance, and mentoring—was a recurring issue. Many respondents characterized these forms of assistance as being just as valuable as actual financial capital. For instance, one participant noted, “Beyond the money, the investor’s guidance helped me navigate market challenges and improve operational efficiency.” Enhancing a company's legitimacy and confidence through investment from reputable financiers was another significant theme. According to a number of business owners, having an angel or venture capitalist on board improved their company's reputation among suppliers, consumers, and other stakeholders, which paved the way for collaborations and market growth.

The information did, however, also draw attention to the drawbacks and compromises of this funding source. Concerns were raised by a few individuals over the investors' high standards, performance demands, and the partial loss of influence over business choices. One business owner said, "I felt sometimes that I had to run my daily operations in a way that was limited by the demands

of investors."

Insights from Focus Group Discussions

These individual viewpoints were supported by the focus group talks with ten SME participants, which showed a common belief that Akure had less access to angel and venture capital investment than other cities like Lagos or Abuja. Low awareness and insufficient networks linking SMEs to possible investors were cited by numerous participants as the reasons for this scarcity. The conversations also highlighted how many local businesses are informal, which frequently makes it difficult for them to meet the formal requirements set by angel and venture capitalists. According to the participants, this gap might be closed by capacity-building projects and focused assistance programs, allowing more SMEs in Akure to take use of alternative funding.

Interpretative Summary

The qualitative statistics shed light on the numerous ways in which venture capital and angel investment assist to SME development beyond financial support. Mentorship, credibility building, and network access emerge as critical enablers of progress. Simultaneously, the findings highlight the contextual challenges specific to Akure's business climate, such as minimal investor presence and structural barriers faced by informal companies. This comprehensive perspective underscores that, while venture capital and artificial intelligence finance hold great promise for SMEs in Akure, efforts to promote and adapt these models to local conditions are critical to maximizing their impact.

DATA PRESENTATION AND ANALYSIS

The results of the qualitative study on the influence of angel and venture capitalists on small and medium-sized businesses (SMEs) in Akure Metropolis are shown in this section. In-depth interviews with venture capitalists and angel investors operating in the area, as well as SME owners who have received investment, were used to gather data. The investigation concentrates on the emerging topics that shed light on the functions, advantages, and difficulties of outside funding for SMEs, providing a thorough grasp of how these expenditures affect the expansion and sustainability of businesses.

Profile of Respondents

Fifty-three (53) SME owners from a variety of industries, including manufacturing, technology, retail, and services, participated in the survey. From early startups to more established businesses that had been in operation for up to ten years, these entrepreneurs represented businesses at various phases of development. In addition to their viewpoints, five investors a mix of angel and venture capitalists participated in the interviews to share their experiences and investment strategies inside Akure Metropolis.

Thematic Analysis of Findings

Access to Capital as a Catalyst for Growth

The crucial role that angel and venture capital investments play in helping SMEs close their funding gap was one of the most discussed topics. The majority of respondents underlined that these investments greatly increased their working capital, allowing them to grow their business, buy new machinery, and enter new markets. "The investment allowed us to purchase better machinery and increase production capacity," said a small business owner in the manufacturing sector. It would have been challenging to scale without the funds. This research emphasizes how crucial private lenders are to helping businesses grow in areas where traditional bank finance may be scarce or non-existent.

Strategic Guidance and Network Opportunities

Several SME owners emphasized the importance of mentorship and strategic help provided by investors in addition to financial infusions. Many explained how angel and venture capitalists improved business models, provided industry knowledge, and provided access to otherwise unreachable professional networks. "The investor brought in more than money; they introduced us to industry experts and helped refine our business model," one entrepreneur thought. Better operational efficiencies and more competitive positioning in the market were frequently the results

of this non-financial assistance.

Navigating Investor-Entrepreneur Relationships

Notwithstanding the advantages, some SME owners described difficulties with diminished autonomy, dilution of equity, and sporadic misalignment of vision between investors and entrepreneurs. One constant worry was the conflict brought on by different expectations. "It was difficult to reconcile decisions at times when the investor's vision did not align with ours," said one respondent. In order to create fruitful collaborations, investors themselves recognized these problems and underlined the significance of open communication and establishing clear expectations early on.

Contribution to Employment and Economic Development

The results also showed that venture capitalist and angel investor funding created jobs, which boosted local economic growth. A number of SMEs stated that they were able to greatly expand their personnel after making an investment. "Since receiving funding, we have doubled our staff strength, contributing to local employment," said one business owner. This demonstrates venture capital's wider socioeconomic influence in promoting sustainable development in Akure Metropolis.

Comparative Insights: Venture Capitalists versus Angel Investors

Additionally, the data revealed clear distinctions in the methods and sway of angel and venture financiers. Larger sums of money were usually given by venture capitalists, who frequently targeted companies with strong scalability potential and quick growth paths. On the other side, angel investors typically made smaller investments but worked more closely with business owners, offering direct mentoring and advice. In the early phases of development, when strategic input was essential, SMEs typically favoured angel investors. Once the company model was validated, they turned to venture capitalists for significant growth.

Summary of Findings

The role of angel and venture capitalists on the expansion and advancement of small and medium-sized businesses (SMEs) in Akure Metropolis was investigated in this study. Several important themes emerge from the qualitative information gathered through observations and interviews:

- i. **Capital Access:** Angel and venture capitalists offer vital investment that helps SMEs expand their operations, modernize their technology, and broaden their product offerings. Participants repeatedly underlined how regular banking channels frequently did not provide such funds.
- ii. **Strategic Support and Mentorship:** In addition to providing funding, investors provided access to wide-ranging business networks, strategic counsel, and invaluable mentorship. These non-financial support options were emphasized as being essential for SMEs to overcome early-stage obstacles and set themselves up for long-term success.
- iii. **Obstacles and Limitations:** In spite of the advantages, SMEs frequently faced obstacles such as the need to satisfy investor demands, worries about losing control as a result of stock dilution, and sporadic discrepancies in the business goals of investors and entrepreneurs.
- iv. **Effect on corporate Performance:** These investors' participation was associated with quantifiable enhancements to corporate procedures, market growth, and heightened competition in the regional business community.

Discussion

The results support previous research that emphasizes the vital role angel and venture capitalists play in supporting the growth of SMEs. This study supports the findings of Dhlamini (2024), who showed that consistent investor participation improves the performance of Nigerian SMEs. Investor-provided networking and mentoring opportunities are indicative of worldwide trends where non-financial support is just as valuable as capital. However, the difficulties SMEs face like maintaining autonomy and managing investor relations reflect the difficulty of striking a balance between outside finance and corporate governance. This emphasizes how important it is for small business owners to improve their managerial skills and create effective channels of communication with investors.

Additionally, the Akure Metropolis environment introduces distinct socioeconomic elements that impact investment dynamics, such as a lack of regulatory backing and investor awareness. The advantages that SMEs receive from outside investors could be further maximized by addressing these contextual issues.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

Conclusively, SMEs in Akure Metropolis are significantly and, in many ways, impacted by venture capitalists and angel investors. Their monetary contributions not only supply the required funds but also add strategic value that encourages SMEs to expand and innovate. SMEs must, however, overcome obstacles pertaining to investor expectations and business governance in order to fully reap these advantages. Partnerships that are more successful and long-lasting business results might result from strengthening these areas.

Recommendations

The following suggestions are put out in light of the study's findings to strengthen the beneficial effects of angel and venture capitalists on SMEs in Akure Metropolis:

- i. Enhance Investor-SME Communication: Provide organized venues and platforms for frequent communication between SME owners and investors. This can reduce possible disputes, align goals, and promote mutual understanding.
- ii. SME Owner Capacity Building: Provide focused training and workshops on corporate governance, investor relations, and financial literacy to give SMEs the tools they need to successfully manage investor partnerships.
- iii. Policy Interventions: Promote laws that encourage investment in SMEs, such as tax exemptions for investors and streamlined regulations that make it easier to obtain capital.
- iv. Encourage Research and Innovation: To improve their product offers and competitiveness in the market and draw in new investors, SMEs should be encouraged to participate in research and development operations.
- v. Develop Awareness Programs: To increase involvement, educate local business owners on the advantages and procedures of interacting with venture capitalists and angel investors.

Areas for Further Research

Future research might look into the long-term performance of SMEs after investment, the significance of cultural elements in investor-entrepreneur interactions, and comparative analysis across various Nigerian metropolitan areas. This is with a view to take a broad view of the findings.

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