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The Role of Venture Capital in the Growth of Homegrown Businesses in Nigeria: Evidence from Small and Medium Enterprises in Kaduna State

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Abstract

This study examined the role of venture capital in the growth of homegrown businesses in Nigeria by investigating the effects of capital funding, technical support, and market access on business growth among small and medium enterprises (SMEs) in Kaduna State. It adopted a quantitative cross-sectional survey design. Primary data were collected through structured questionnaires administered to owner-managers of SMEs. A multi-stage sampling technique was employed to select 493 respondents from a population of 38,908 registered SMEs in Kaduna State, while 424 valid responses were analyzed. Data were analyzed using descriptive statistics and Partial Least Squares Structural Equation Modelling (PLS-SEM) with SmartPLS 4 to assess the measurement and structural models and test the proposed hypotheses. The findings revealed that capital funding has a positive and significant effect on business growth ($\beta = 0.55$, $t = 14.86$, $p < 0.001$), making it the strongest predictor of business growth. Technical support also demonstrated a positive and significant influence ($\beta = 0.12$, $t = 2.72$, $p = 0.010$). However, market access did not significantly influence business growth ($\beta = -0.01$, $t = 0.24$, $p = 0.810$). Collectively, the three venture capital dimensions explained 34.5% (Adjusted $R^2 = 0.345$) of the variation in business growth among the sampled homegrown businesses. The findings suggest that entrepreneurs should leverage venture capital beyond financing by utilizing the managerial and technical support provided by investors. Venture capital firms should integrate financial investment with technical advisory services, while government and SMEDAN should strengthen policies and programmes that encourage venture capital investment and improve the investment readiness of indigenous businesses.

Keywords: Venture capital; capital funding; technical support; market access; business growth.

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1. Introduction

1.1 Background

Small and medium-sized enterprises (SMEs) are universally acknowledged as the engine of economic development due to their substantial contributions to employment generation, innovation, industrialization, and inclusive economic growth. Across both developed and developing economies, SMEs constitute the overwhelming majority of business establishments and play a pivotal role in stimulating domestic production, promoting entrepreneurship, and reducing poverty. Their flexibility, adaptability, and capacity to exploit niche markets have positioned them as key drivers of sustainable economic development. Consequently, governments and development institutions increasingly regard SMEs as strategic instruments for achieving economic diversification and improving national competitiveness (Manzoor et al., 2021). Globally, SMEs account for approximately 90–99% of business establishments and generate more than half of total employment. Within the European Union, for instance, SMEs constitute about 99% of all enterprises and are responsible for nearly 85% of newly created jobs, making them indispensable contributors to economic resilience and innovation (Sancak, 2023; Hervás-Oliver et al., 2021). Similarly, in many emerging economies, formal SMEs contribute approximately one-third of gross domestic product (GDP) while providing nearly half of total employment (OECD, 2021). Beyond the formal sector, informal and indigenous enterprises continue to support livelihoods, facilitate income generation, and stimulate local economic activities, particularly where formal employment opportunities remain limited (World Bank, 2020). These statistics demonstrate that vibrant SME sectors are fundamental to sustained economic growth irrespective of the level of national development. The Nigerian economy reflects this global pattern, with homegrown businesses constituting the largest proportion of enterprises operating across virtually every sector. These indigenous businesses are recognised as important vehicles for employment creation, wealth generation, innovation, and regional development. According to the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN), SMEs account for over 90% of registered businesses in the country and provide employment opportunities for a substantial proportion of the labour force (SMEDAN, 2023). Their activities span manufacturing, agriculture, commerce, information technology, creative industries, and professional services, making them indispensable to Nigeria's aspirations for economic diversification and reduced dependence on crude oil revenues. Despite their strategic importance, the growth trajectory of Nigerian homegrown businesses has remained considerably below expectations. Compared with economies that have successfully leveraged SMEs as engines of industrial transformation, Nigerian enterprises continue to experience low productivity, limited scalability, weak innovation capacity, and high mortality rates. While SMEs dominate the business landscape numerically, their overall contribution to national output remains disproportionately low relative to comparable developing and emerging economies. Global competitiveness and innovation indicators equally reveal persistent weaknesses in entrepreneurial performance, technological capability, and business competitiveness within Nigeria (World Bank, 2020; WIPO, 2024). These outcomes suggest that although entrepreneurial activity is widespread, many indigenous enterprises lack the resources and institutional support required to achieve sustainable growth.

Among the numerous constraints confronting homegrown businesses, inadequate access to long-term growth finance has consistently emerged as one of the most significant barriers to expansion. Traditional financing mechanisms, including commercial bank loans, overdraft facilities, and microfinance credit, have often proved insufficient for growth-oriented enterprises because of stringent collateral requirements, high lending costs, restrictive repayment conditions, and limited risk tolerance among financial institutions. Consequently, many promising businesses remain undercapitalised, limiting their ability to invest in productive assets, adopt advanced technologies, undertake research and development, recruit skilled personnel, or expand into new markets. These financing deficiencies reduce business competitiveness and ultimately weaken the contribution of indigenous enterprises to national economic development (Kabange & Simatele, 2022; Eyiah et al., 2018). In recent years, venture capital has increasingly been recognised as an important alternative financing mechanism capable of addressing many of these constraints. Unlike conventional debt financing, venture capital provides equity investment that enables entrepreneurs to access substantial financial resources without the immediate burden of loan repayment. More importantly, venture capital extends beyond financial investment by providing managerial expertise, strategic mentoring, corporate governance support, industry knowledge, and access to valuable business networks. This combination of financial and non-financial resources distinguishes venture capital from traditional financing models and positions it as a catalyst for innovation, business expansion, and long-term enterprise growth (Chung & Park, 2024; Arner et al., 2023). Contemporary venture capital literature increasingly argues that the value created by venture capital investment lies not merely in the provision of funds but also in the complementary resources investors contribute after investment. Venture capital firms actively participate in strategic decision-making, strengthen governance structures, facilitate managerial capability development, and connect portfolio companies to suppliers, strategic partners, customers, and international markets. These interventions improve organisational capabilities, accelerate innovation, reduce business uncertainty, and enhance firms' ability to exploit emerging market opportunities. Consequently, venture capital has evolved from a purely financing mechanism into a comprehensive business development strategy that integrates capital funding, technical support, and market access to stimulate enterprise growth (Sadiq, 2025; Chung & Park, 2024). Empirical evidence from developed and emerging economies generally supports the positive relationship between venture capital and firm growth. Venture-capital-backed enterprises consistently outperform non-backed firms in areas such as innovation, productivity, revenue growth, employment creation, market expansion, and business survival. These outcomes have been attributed to the combined effects of financial capital, managerial expertise, strategic guidance, and access to investor networks that accompany venture capital investments. However, much of the existing evidence has been generated in advanced economies with relatively mature venture capital ecosystems, leaving uncertainty regarding the applicability of these findings within developing countries characterised by institutional weaknesses, financing gaps, and evolving entrepreneurial ecosystems. Against this backdrop, examining the role of venture capital in promoting the growth of homegrown businesses has become increasingly important within the Nigerian context. As the country continues to pursue private sector-led development and economic diversification, understanding how capital funding, technical support, and market access jointly contribute to enterprise growth provides valuable insights for entrepreneurs, investors, policymakers, and development institutions. Such evidence is essential for designing financing models and investment strategies capable of strengthening

indigenous businesses and enhancing their contribution to Nigeria's long-term economic transformation.

1.2 Problem Statement and Research Gap

Homegrown businesses constitute the backbone of the Nigerian economy owing to their contributions to employment generation, innovation, income creation, and economic diversification (OECD, 2021; SMEDAN, 2023). Despite their strategic importance, the growth and sustainability of these enterprises remain a major concern. Evidence indicates that although SMEs account for over 90% of business establishments in Nigeria, their contribution to non-oil GDP remains relatively low, while approximately 90% of start-ups fail within their first four to five years of operation (Akinbogun, 2021; SMEDAN, 2021). Similarly, Agyapong and Albert (2020) observed that many indigenous enterprises experience slow growth, limited innovation, weak market competitiveness, and poor scalability, thereby constraining their contribution to national economic development. A major factor underlying this persistent underperformance is inadequate access to long-term growth finance. Conventional financing sources, including commercial banks and microfinance institutions, are often inaccessible to SMEs because of stringent collateral requirements, high lending costs, and short repayment periods (Kabange & Simatele, 2022; Eyiah et al., 2018). Consequently, many homegrown businesses are unable to mobilize sufficient resources to invest in technological innovation, product development, operational expansion, and market penetration. These financing constraints limit business competitiveness and reduce the capacity of indigenous enterprises to achieve sustainable growth (Chung & Park, 2024). Venture capital has increasingly been recognized as an alternative financing mechanism capable of addressing these challenges by combining equity financing with managerial expertise, strategic mentoring, governance support, and access to business networks (Chung & Park, 2024; Sadiq, 2025). Unlike traditional debt financing, venture capital provides patient capital while simultaneously strengthening firms' managerial capabilities and market opportunities. Empirical evidence from developed economies generally suggests that venture-capital-backed firms exhibit higher growth rates, improved innovation, greater market expansion, and better survival prospects than firms financed through conventional sources (Murithi, 2022). However, whether these benefits are fully transferable to developing economies such as Nigeria remains insufficiently understood. Although venture capital has received increasing scholarly attention, important gaps remain in the literature. First, most empirical studies have been conducted in developed economies where venture capital markets are relatively mature, creating a contextual gap regarding its effectiveness within Nigeria's entrepreneurial ecosystem (Murithi, 2022; Aman, 2020). Second, existing studies predominantly conceptualize venture capital in terms of capital provision, paying relatively little attention to its complementary dimensions of technical support and market access, thereby revealing a conceptual gap (Mwanakatwe & Malama, 2024; Mwansa & Simbanegavi, 2024). Third, studies conducted in Nigeria have largely focused on commercial bank financing, government intervention programmes, and microfinance schemes, leaving the multidimensional role of venture capital in promoting the growth of homegrown businesses largely underexplored (SMEDAN, 2021; World Bank, 2020). Finally, many previous studies have relied on narrow financial performance indicators, with limited attention to broader measures of business growth such as business expansion, market penetration, and organisational scalability, thereby creating a measurement gap.

Against this background, this study investigates the role of venture capital in the growth of homegrown businesses in Nigeria by examining the effects of capital funding, technical support, and market access on business growth. By adopting a multidimensional perspective within the Nigerian context, the study contributes to the venture capital literature and provides evidence that can guide entrepreneurs, investors, and policymakers in designing more effective strategies for strengthening indigenous enterprise development.

1.3 Research Objectives

The primary objective of this study is to examine the role of venture capital in the growth of homegrown businesses in Nigeria. Specifically, the study seeks to:

i. Examine the effect of capital funding on the growth of homegrown businesses in Nigeria.

ii. Assess the influence of technical support on the growth of homegrown businesses in Nigeria.

iii. Determine the effect of market access on the growth of homegrown businesses in Nigeria.

1.4 Research Hypotheses

To achieve these objectives, the study tests the following null hypotheses:

H_{01}: Capital funding has no significant effect on the growth of homegrown businesses in Nigeria.

H_{02}: Technical support has no significant effect on the growth of homegrown businesses in Nigeria.

H_{03}: Market access has no significant effect on the growth of homegrown businesses in Nigeria.

1.5 Contribution of the Study

This study contributes to the venture capital and entrepreneurship literature in several important ways. First, it extends existing knowledge by conceptualizing venture capital as a multidimensional construct comprising capital funding, technical support, and market access, rather than limiting it to financial investment alone. This broader conceptualization provides a more comprehensive understanding of how venture capital creates value for homegrown businesses and advances the application of the Resource-Based View and Human Capital Theory in explaining enterprise growth. Second, the study addresses an important empirical gap by providing evidence from Nigeria, where research on venture capital remains relatively limited compared to developed economies. By focusing on indigenous businesses operating within an emerging economy, the study enriches the growing body of literature on venture capital in contexts characterized by financing constraints, institutional challenges, and evolving entrepreneurial ecosystems. Third, the findings offer practical implications for entrepreneurs, venture capital firms, development finance institutions, and policymakers. The evidence generated is expected to guide investment decisions by identifying the venture capital dimensions that most strongly influence business growth. It will also provide insights for

entrepreneurs seeking equity financing and value-added partnerships, while assisting government agencies in designing policies that promote venture capital development as a strategic mechanism for strengthening indigenous enterprises. Finally, the study contributes methodologically by adopting a multidimensional measurement of business growth and examining the individual and combined effects of capital funding, technical support, and market access. This integrated analytical approach provides a more comprehensive assessment of venture capital's role in enterprise development and offers a framework that can be replicated in future studies across different sectors and emerging economies.

2. Literature Review and Hypotheses Development

2.1 Venture Capital

Venture capital has evolved from being viewed merely as a source of entrepreneurial finance to being recognised as a strategic mechanism for fostering innovation, firm competitiveness, and sustainable business growth. Contemporary literature increasingly argues that the value of venture capital extends beyond the provision of financial resources to encompass managerial expertise, strategic guidance, governance enhancement, and access to valuable business networks (Gompers & Lerner, 2001; Chung & Park, 2024). Consequently, venture capital is now regarded as a value-added investment model that combines financial and non-financial resources to accelerate the growth of high-potential enterprises. The importance of venture capital has become more pronounced in the contemporary entrepreneurial ecosystem, where knowledge-intensive businesses require substantial investment to commercialise innovations, develop competitive products, and penetrate new markets. Unlike conventional debt financing, venture capital provides patient equity financing that enables entrepreneurs to pursue long-term growth strategies without the immediate burden of loan repayment or restrictive collateral requirements (Arner et al., 2023). This financing structure is particularly beneficial to start-ups and homegrown businesses whose growth opportunities often exceed their internally generated financial resources. As noted by Gompers and Lerner (2001), venture capital fills a critical financing gap by supporting firms that possess strong growth potential but are considered too risky by traditional financial institutions. While early venture capital literature emphasized its financial function, recent studies increasingly portray venture capital firms as active strategic partners rather than passive investors. Kaplan and Strömberg (2009) argue that venture capital investors participate actively in shaping the strategic direction of portfolio firms through board representation, corporate governance, performance monitoring, and managerial advisory services. Similarly, Chung and Park (2024) contend that venture capital contributes significantly to organisational development by strengthening managerial capabilities, improving strategic decision-making, and enhancing operational efficiency. This perspective reflects a shift from the traditional finance paradigm towards a resource-based understanding of venture capital, where investors contribute multiple complementary resources beyond capital.

Another major theme emerging from recent literature concerns the multidimensional nature of venture capital value creation. Rather than attributing business success solely to financial investment, scholars increasingly recognise that venture capital creates competitive advantage through the simultaneous provision of financial resources, technical expertise, and market

opportunities. Sadiq (2025) argues that venture capital firms improve entrepreneurs' strategic capabilities by providing mentoring, managerial coaching, governance support, and business development services that strengthen organisational performance. Likewise, Chung and Park (2024) observe that venture capital investors facilitate access to industry networks, strategic alliances, suppliers, distributors, and international markets, thereby expanding firms' growth opportunities beyond what financial investment alone can achieve. Empirical evidence generally supports the proposition that venture-capital-backed firms outperform non-backed firms across multiple performance dimensions. Research conducted in developed economies consistently demonstrates that venture capital investment contributes positively to innovation, productivity, employment creation, profitability, and firm survival (Kaplan & Strömberg, 2009; Gompers & Lerner, 2001). Firms supported by venture capital tend to introduce more innovative products, expand more rapidly into new markets, attract higher-quality managerial talent, and exhibit stronger long-term growth trajectories than comparable firms relying exclusively on debt financing. These outcomes are attributed to the combined influence of financial capital and the strategic resources provided by venture capital investors.

However, the positive effects of venture capital are not universally consistent across contexts. Several scholars argue that institutional quality, legal protection, capital market development, and entrepreneurial ecosystems significantly influence the effectiveness of venture capital investments (Bruton, Ahlstrom, & Puky, 2009). In developed economies, sophisticated financial markets, strong investor protection mechanisms, and well-established innovation systems create favourable conditions for venture capital to flourish. Conversely, many developing economies continue to experience weak institutional frameworks, regulatory uncertainties, information asymmetry, and underdeveloped capital markets that constrain the effectiveness of venture capital financing. Consequently, evidence generated in developed countries may not be directly transferable to emerging economies such as Nigeria.

Within Africa, venture capital remains relatively underdeveloped despite increasing entrepreneurial activity and growing interest from international investors. Although countries such as South Africa, Kenya, Egypt, and Nigeria have witnessed gradual expansion of venture capital investment over the past decade, the overall ecosystem remains characterised by limited investment volumes, inadequate policy support, and relatively low participation by domestic institutional investors (African Private Equity and Venture Capital Association [AVCA], 2024). This underdevelopment has limited the availability of equity financing for indigenous enterprises, forcing many entrepreneurs to depend primarily on commercial bank loans, personal savings, family financing, and informal credit sources.

The Nigerian venture capital landscape reflects similar challenges. While government agencies and private investment firms have introduced several initiatives aimed at supporting entrepreneurship, access to venture capital remains limited for most homegrown businesses. Existing financing mechanisms continue to favour debt-based instruments despite their well-documented limitations for early-stage and growth-oriented enterprises. Furthermore, many indigenous businesses lack adequate awareness of venture capital financing, while investors often perceive SMEs as high-risk investments due to information asymmetry, weak corporate governance structures, and limited financial transparency. These factors collectively reduce the

flow of venture capital into the SME sector and constrain the growth potential of indigenous enterprises. Another important debate within the literature concerns whether financial investment alone is sufficient to explain venture-capital-induced business growth. Contemporary scholars increasingly reject this narrow perspective, arguing that venture capital generates value through an integrated bundle of complementary resources rather than capital provision in isolation. This argument aligns with the Resource-Based View, which suggests that sustainable competitive advantage arises from valuable, rare, inimitable, and well-organised resources rather than financial capital alone (Barney, 1991). Similarly, Human Capital Theory suggests that managerial knowledge, entrepreneurial competencies, mentoring, and technical expertise substantially influence organisational performance (Becker, 1964). These theoretical perspectives imply that venture capital should be conceptualised as a multidimensional construct encompassing financial, managerial, and relational resources. Despite the growing sophistication of venture capital literature, important knowledge gaps remain. First, empirical research continues to be heavily concentrated in developed economies, with relatively limited evidence from emerging African economies, particularly Nigeria. Second, most existing studies evaluate venture capital primarily in terms of investment financing, while comparatively fewer studies examine the complementary roles of technical support and market access. Third, many studies focus on technology start-ups or high-growth firms, with relatively little attention devoted to indigenous homegrown businesses operating across diverse sectors of the economy. These limitations restrict understanding of how venture capital contributes to enterprise growth within developing-country contexts characterised by financing constraints and institutional imperfections. Against this background, the present study adopts a multidimensional perspective of venture capital by examining three interrelated dimensions, capital funding, technical support, and market access, and their influence on the growth of homegrown businesses in Nigeria. This perspective extends beyond the traditional finance view and recognises venture capital as a strategic partnership that combines financial investment with knowledge transfer and market connectivity. By doing so, the study contributes to the growing body of entrepreneurship and venture capital literature while providing context-specific evidence capable of informing investment practice, entrepreneurial strategy, and enterprise development policy in Nigeria.

2.2 Dimensions of Venture Capital

2.2.1 Capital Funding

Capital funding represents the most visible and widely recognized function of venture capital and has consistently been identified as a critical determinant of business growth. However, contemporary entrepreneurship literature argues that the significance of venture capital financing lies not merely in the amount of capital invested but in its ability to provide patient, long-term financial resources that enable firms to pursue strategic growth opportunities. Unlike conventional debt financing, venture capital provides equity investment without imposing immediate repayment obligations, thereby allowing entrepreneurs to allocate resources toward innovation, business expansion, technology acquisition, and market development (Gompers & Lerner, 2001; Kaplan & Strömberg, 2009). Access to adequate capital has long been recognized as one of the greatest challenges confronting homegrown businesses, particularly in developing economies. Financial constraints frequently prevent small and growing enterprises from

investing in productive assets, adopting modern technologies, recruiting skilled personnel, and expanding production capacity (Beck et al., 2007). Traditional financial institutions often perceive SMEs as high-risk borrowers because of inadequate collateral, poor financial records, limited operating history, and information asymmetry. Consequently, many promising enterprises remain financially constrained despite possessing viable business models and significant growth potential (Kabange & Simatele, 2022).

Venture capital addresses these financing challenges by supplying risk-bearing equity capital that aligns investors' interests with those of entrepreneurs. Since venture capital investors earn returns primarily through business growth rather than periodic interest payments, they are more willing to finance innovative firms with uncertain but potentially high future returns (Chung & Park, 2024). This investment approach enables entrepreneurs to concentrate on long-term value creation rather than short-term liquidity pressures associated with debt financing.

Beyond improving liquidity, capital funding enhances firms' strategic flexibility. Adequate financial resources enable businesses to invest in research and development, product innovation, equipment modernization, employee development, digital transformation, and production efficiency. Such investments improve productivity, strengthen competitive advantage, and increase firms' capacity to exploit emerging market opportunities (Barney, 1991). As firms accumulate productive assets and strengthen operational capabilities, they become better positioned to achieve sustainable growth.

Empirical evidence generally supports the positive relationship between venture capital funding and enterprise growth. Aman (2023) reported that firms with adequate access to external finance experienced significant improvements in organizational development, managerial professionalism, and business expansion. Similarly, Fielderes (2023) found that venture-backed enterprises achieved faster product commercialization, stronger market penetration, and superior competitive positioning than firms relying solely on internally generated funds. Jensen and Meckling (2023) likewise observed that financial resource availability significantly increases firms' capacity to undertake innovative projects and improve organizational performance.

Within African economies, access to growth finance has been shown to significantly influence SME development. Jangosi (2023), studying Kenyan SMEs, found that external financing positively affected profitability, productivity, and business expansion, although the magnitude of the effect depended on managerial capability and effective resource utilization. Murithi (2022) similarly reported that firms with improved financial access consistently outperformed financially constrained businesses in terms of revenue growth, investment capacity, and long-term sustainability. These findings suggest that financial capital remains indispensable for enterprise growth but produces superior outcomes when combined with effective managerial capabilities.

Despite these positive findings, several scholars caution that financial capital alone cannot guarantee business success. Resource availability does not automatically translate into organizational growth unless firms possess the managerial competencies required to deploy resources efficiently (Barney, 1991). Likewise, Becker (1964) argues that investment in human capabilities significantly determines the productivity of financial resources. Consequently,

increasing attention has shifted from examining venture capital solely as a financing mechanism toward understanding how financial investment interacts with complementary resources such as managerial expertise and strategic networks.

Another important debate concerns the diminishing marginal contribution of capital funding once firms overcome initial financing constraints. While early-stage businesses require substantial financial resources to establish operations and survive, subsequent growth increasingly depends on strategic capabilities, innovation, leadership, and market expansion rather than financial investment alone (Kaplan & Strömberg, 2009). This observation has encouraged recent venture capital literature to adopt a more integrated perspective that recognizes capital funding as one component of a broader value-creation process involving technical support and market access.

Within the Nigerian entrepreneurial ecosystem, where access to affordable long-term finance remains limited, capital funding continues to represent a critical catalyst for enterprise growth. Nevertheless, relatively few studies have examined capital funding as one dimension of venture capital alongside complementary non-financial services. Most Nigerian studies continue to evaluate financing from the perspective of bank lending, government intervention programmes, or microfinance schemes, with limited attention to how venture capital financing contributes to sustained business growth through integrated resource provision. This represents an important conceptual gap that the present study seeks to address by examining capital funding as one of three interrelated dimensions through which venture capital influences the growth of homegrown businesses in Nigeria.

2.2.2 Technical Support

While capital funding provides the financial resources necessary for enterprise expansion, contemporary venture capital literature increasingly recognizes technical support as one of the distinguishing features that differentiates venture capital from conventional financing. Venture capital investors are no longer viewed as passive providers of financial resources but as active strategic partners who contribute managerial expertise, operational guidance, governance support, and industry-specific knowledge to enhance the growth prospects of portfolio firms (Kaplan & Strömberg, 2009; Chung & Park, 2024). Consequently, technical support has emerged as a critical value-added component of venture capital capable of improving organizational capabilities and long-term business performance. Technical support encompasses a broad range of non-financial services provided by venture capital firms throughout the investment lifecycle. These services include strategic planning, financial management advisory, corporate governance, operational improvement, business mentoring, product development, innovation management, legal guidance, and human resource development. Through these interventions, venture capital investors assist entrepreneurs in strengthening managerial competence, improving organizational structures, and adopting best business practices that enhance firm competitiveness (Sadiq, 2025). Unlike traditional lenders whose relationship with borrowers often ends after loan disbursement, venture capital investors maintain continuous engagement with portfolio companies to ensure that investments generate sustainable returns.

The strategic importance of technical support is rooted in the recognition that financial capital alone is insufficient to guarantee enterprise success. Many homegrown businesses, particularly those in developing economies, possess innovative ideas and entrepreneurial ambition but often lack the managerial competencies required to scale their operations effectively. Weak strategic planning, inadequate financial management, poor governance structures, and limited managerial experience frequently constrain the growth of indigenous enterprises despite the availability of financial resources (Becker, 1964; Barney, 1991). Technical support therefore bridges this capability gap by equipping entrepreneurs with the knowledge, skills, and strategic guidance necessary for sustainable business development.

Contemporary empirical literature consistently demonstrates that venture-capital-backed firms derive significant value from the managerial and advisory services provided by investors. Aman (2023) found that external investors contributed substantially to organizational professionalization by strengthening managerial systems, improving governance structures, and enhancing strategic decision-making. Similarly, Makar (2024) reported that firms receiving technical advisory services alongside financial investment exhibited higher levels of operational efficiency, technological adoption, and profitability than firms relying solely on financial capital. These findings suggest that managerial competence and organizational capability serve as important mechanisms through which venture capital influences business growth.

Technical support also facilitates organizational learning and innovation. Venture capital investors often possess extensive industry experience acquired through previous investments across multiple sectors. This accumulated knowledge enables them to advise entrepreneurs on product development, market positioning, operational efficiency, risk management, and competitive strategy. By transferring industry knowledge and managerial expertise, venture capital firms accelerate organizational learning and reduce costly strategic mistakes that frequently undermine early-stage businesses (Kaplan & Strömberg, 2009). Consequently, portfolio firms become better equipped to respond to changing market conditions and sustain competitive advantage.

Another important dimension of technical support relates to corporate governance. Strong governance structures enhance transparency, accountability, strategic oversight, and investor confidence. Venture capital firms frequently introduce formal governance mechanisms such as board representation, performance monitoring systems, financial reporting standards, and strategic performance evaluation (Gompers & Lerner, 2001). These governance improvements strengthen organizational discipline and improve managerial accountability, thereby increasing operational efficiency and enhancing long-term firm performance. For many homegrown businesses operating with informal management structures, such governance interventions represent a significant source of competitive advantage.

Technical support further enhances entrepreneurial decision-making by improving access to specialized expertise. Venture capital firms often maintain multidisciplinary teams comprising financial analysts, legal experts, marketing specialists, technology consultants, and business strategists. Entrepreneurs benefit from this collective expertise when making complex decisions regarding investment opportunities, market entry, product diversification, organizational

restructuring, and strategic partnerships. Such expert guidance reduces uncertainty, improves resource allocation, and enhances the quality of strategic decisions that influence business growth. Evidence from developing economies equally supports the importance of technical support in enterprise development. Kayuki (2019), examining SMEs in Tanzania, found that managerial advisory services significantly improved business scalability, operational efficiency, and organizational sustainability. Similarly, Gikomo (2023) reported that management support programmes enhanced productivity, innovation capacity, and revenue generation among Kenyan SMEs. These findings reinforce the proposition that knowledge-based support complements financial investment by strengthening the internal capabilities required for sustained organizational growth. Despite growing recognition of its importance, technical support remains relatively underexplored within the Nigerian venture capital literature. Existing studies predominantly examine venture capital from the perspective of investment financing, while comparatively little attention has been devoted to understanding how managerial mentoring, governance support, business advisory services, and organizational capacity development contribute to enterprise growth. This narrow focus provides only a partial explanation of venture capital's value creation process and overlooks one of its most distinctive characteristics.

Furthermore, the effectiveness of technical support may be particularly significant within Nigeria's entrepreneurial ecosystem, where many indigenous enterprises continue to face challenges relating to managerial competence, strategic planning, financial management, innovation capability, and corporate governance. In such contexts, the transfer of knowledge and managerial expertise may generate performance improvements that extend well beyond the direct effects of financial investment. Consequently, examining technical support as an independent dimension of venture capital provides a more comprehensive understanding of the mechanisms through which venture capital contributes to the growth of homegrown businesses.

Accordingly, this study conceptualizes technical support as a critical component of venture capital that complements capital funding in promoting enterprise growth. By investigating its influence alongside financial investment and market access, the study advances a multidimensional perspective of venture capital and provides empirical evidence on the importance of non-financial value-added services in strengthening the growth and competitiveness of homegrown businesses in Nigeria.

2.2.3 Market Access

Market access has increasingly emerged as one of the most valuable non-financial contributions of venture capital, complementing capital funding and technical support in promoting business growth. Contemporary venture capital literature argues that while financial resources enable firms to expand production and improve operational capacity, sustainable growth ultimately depends on the firm's ability to access profitable markets, establish strategic partnerships, and build competitive customer relationships (Kaplan & Strömberg, 2009; Chung & Park, 2024). Consequently, venture capital firms actively leverage their extensive professional networks and industry relationships to connect portfolio companies with customers, suppliers, distributors, investors, and international business partners. Through these strategic linkages, venture capital

transcends its traditional financing role and becomes an important facilitator of market expansion and enterprise competitiveness.

Market access refers to the opportunities available to firms to penetrate existing markets, enter new geographical locations, establish strategic alliances, expand customer bases, and participate in domestic and international value chains. For homegrown businesses, access to markets is often constrained by inadequate marketing capabilities, weak distribution networks, limited business contacts, and poor brand visibility. These challenges significantly reduce firms' ability to commercialize products, attract new customers, and compete effectively in increasingly dynamic business environments (Porter, 1990). Venture capital investors address these constraints by introducing entrepreneurs to established business ecosystems and facilitating relationships that would otherwise require years to develop independently.

One of the distinguishing characteristics of venture capital is the extensive network possessed by venture capital firms. Investors often maintain relationships with multinational corporations, institutional investors, technology firms, government agencies, research institutions, suppliers, distributors, and industry experts. These networks provide portfolio companies with opportunities to secure strategic partnerships, identify new market opportunities, attract additional investment, and strengthen their competitive positioning (Gompers & Lerner, 2001). Such relational resources are particularly valuable for early-stage and indigenous enterprises that typically possess limited market presence and weak institutional connections.

The Resource-Based View suggests that valuable external relationships constitute strategic resources capable of generating sustainable competitive advantage when they are difficult for competitors to replicate (Barney, 1991). From this perspective, venture capital firms create value not only by investing financial capital but also by providing access to unique relational assets that facilitate market expansion and organizational growth. These relational resources enable entrepreneurs to overcome market barriers, reduce transaction costs, improve information flow, and exploit emerging business opportunities more effectively than firms operating in isolation.

Empirical studies consistently demonstrate the importance of market access in promoting enterprise growth. Fielderes (2023) reported that venture-backed firms experienced faster commercialization of innovative products due largely to investors' ability to facilitate customer acquisition and strategic partnerships. Similarly, Makar (2024) found that firms benefiting from investor networks achieved stronger market penetration, increased customer retention, and higher revenue growth than businesses relying solely on internally generated marketing efforts. These findings indicate that market access significantly enhances firms' growth potential by accelerating the commercialization process and improving competitive positioning.

The literature further suggests that market access contributes to business growth through knowledge diffusion and information exchange. Venture capital investors frequently expose entrepreneurs to market intelligence, industry trends, customer preferences, technological developments, and competitive strategies acquired through their extensive investment experience. This continuous flow of information enables portfolio firms to make informed strategic decisions regarding product positioning, pricing, market segmentation, and business expansion (Kaplan &

Strömberg, 2009). Consequently, firms become more responsive to changing market conditions and better positioned to sustain competitive advantage.

Market access also enhances business credibility. Association with reputable venture capital firms often signals quality, growth potential, and investment readiness to prospective customers, suppliers, and other investors. This signaling effect reduces information asymmetry and strengthens stakeholder confidence in portfolio companies, thereby facilitating additional investment opportunities and strategic collaborations (Gompers & Lerner, 2001). For indigenous businesses operating in highly competitive markets, enhanced credibility can significantly improve access to commercial opportunities that may otherwise remain inaccessible. Within developing economies, market access assumes even greater importance because many SMEs operate within fragmented markets characterized by inadequate infrastructure, weak institutional support, and limited access to global value chains. Homegrown businesses frequently struggle to expand beyond local markets due to insufficient marketing resources, inadequate business networks, and limited exposure to export opportunities. Venture capital firms can mitigate these constraints by leveraging international partnerships, facilitating participation in trade networks, and connecting entrepreneurs with regional and global markets. Such interventions improve firms' competitiveness while enhancing opportunities for business diversification and long-term growth. Evidence from African economies supports this perspective. Murithi (2022) observed that SMEs with stronger institutional and business networks demonstrated higher growth rates than firms operating without strategic partnerships. Likewise, Jangosi (2023) found that external business linkages significantly improved market expansion, customer acquisition, and business sustainability among Kenyan SMEs. These findings reinforce the proposition that market access constitutes an important mechanism through which venture capital contributes to enterprise development beyond financial investment. Despite its strategic importance, market access has received comparatively limited empirical attention within Nigerian venture capital research. Existing studies predominantly examine financing constraints or investment availability while paying relatively little attention to how investor networks, strategic partnerships, and business connectivity influence enterprise growth. Consequently, the multidimensional role of venture capital remains only partially understood, particularly regarding its capacity to facilitate domestic and international market expansion for indigenous businesses. In the Nigerian context, where many homegrown enterprises continue to face challenges associated with weak distribution systems, limited export participation, inadequate branding, and restricted customer reach, market access may represent one of the most significant value-added services provided by venture capital investors. By facilitating strategic alliances, expanding business networks, and improving market opportunities, venture capital has the potential to strengthen firms' competitive capabilities and accelerate sustainable growth. Accordingly, this study conceptualizes market access as a core dimension of venture capital and examines its influence on the growth of homegrown businesses alongside capital funding and technical support, thereby providing a more comprehensive understanding of venture capital's contribution to enterprise development in Nigeria.

2.3 Business Growth

Business growth remains one of the most widely examined constructs in entrepreneurship and strategic management because it reflects the ability of an enterprise to improve its economic position, expand its operations, and sustain competitive advantage over time. Rather than representing a single outcome, business growth is increasingly viewed as a multidimensional process through which firms enhance their productive capacity, increase market presence, improve organizational capabilities, and create long-term value for stakeholders (Davidsson, Delmar, & Wiklund, 2006). Consequently, contemporary scholars argue that business growth should be evaluated using both financial and non-financial indicators, particularly within the context of small and medium-sized enterprises (SMEs), where organizational development often precedes immediate financial returns.

Traditional literature frequently measured business growth using financial indicators such as sales revenue, profitability, return on investment, and asset accumulation (Penrose, 1959). While these indicators remain important, they provide only a partial assessment of enterprise development because they largely capture historical financial outcomes rather than the firm's overall growth trajectory. Contemporary entrepreneurship research therefore advocates a broader conceptualization that incorporates business expansion, employment generation, customer acquisition, innovation capability, market penetration, operational efficiency, and organizational sustainability (Delmar, Davidsson, & Gartner, 2003). This multidimensional perspective is particularly relevant for homegrown businesses operating in developing economies, where growth often occurs incrementally and may not be immediately reflected in financial statements.

Theoretical perspectives further reinforce the multidimensional nature of business growth. Penrose's (1959) Theory of the Growth of the Firm posits that organizational growth is driven not merely by the accumulation of financial resources but by the effective utilization of both tangible and intangible resources. According to this view, firms grow when they successfully combine financial capital, managerial knowledge, technological capability, and market opportunities to create productive advantages. Similarly, the Resource-Based View (Barney, 1991) argues that sustainable growth arises from valuable, rare, inimitable, and well-organized resources that competitors cannot easily replicate. These theoretical perspectives suggest that business growth depends not only on resource availability but also on the firm's capability to transform resources into competitive advantage.

Empirical literature consistently identifies access to finance as a major determinant of business growth. Beck, Demirgüç-Kunt, and Levine (2007) argue that financial constraints significantly limit firms' ability to invest in productive assets, innovate, and expand into new markets. Likewise, Kabange and Simatele (2022) found that improved access to finance enhances SMEs' productivity, profitability, and long-term sustainability by enabling entrepreneurs to undertake strategic investments that would otherwise be unattainable. These findings indicate that financial resources remain fundamental to enterprise development, particularly during the early stages of business growth.

However, increasing evidence suggests that financial capital alone is insufficient to sustain organizational growth. Kaplan and Strömberg (2009) argue that firms receiving managerial

guidance, governance support, and strategic advisory services alongside financial investment consistently outperform firms relying solely on capital financing. Similarly, Chung and Park (2024) maintain that business growth is significantly influenced by entrepreneurs' ability to acquire managerial knowledge, improve operational efficiency, strengthen governance structures, and respond strategically to changing market conditions. These findings reveal the importance of complementary non-financial resources in achieving sustainable organizational development.

Market access has also emerged as a critical determinant of business growth. Porter (1990) argues that firms achieve sustainable competitive advantage when they successfully penetrate profitable markets, establish strategic partnerships, and continuously respond to customer needs. For homegrown businesses, expanding beyond local markets often requires strong business networks, effective marketing strategies, and access to reliable distribution channels. Venture capital investors frequently facilitate these opportunities by introducing portfolio companies to customers, suppliers, institutional partners, and international markets, thereby accelerating business expansion and improving competitiveness (Gompers & Lerner, 2001). Consequently, market access serves as an important mechanism through which firms transform internal capabilities into measurable growth outcomes.

The literature further highlights the role of innovation in business growth. Innovative firms are generally more capable of developing new products, improving production processes, enhancing customer satisfaction, and adapting to environmental changes than firms that rely solely on existing capabilities (Schumpeter, 1934). Venture capital plays a significant role in supporting innovation by providing both financial resources and strategic guidance required for research and development activities. As firms become more innovative, they strengthen their competitive positioning, improve productivity, and create new opportunities for sustainable growth.

Despite broad agreement regarding the determinants of business growth, scholars continue to debate the most appropriate indicators for measuring growth among SMEs. Some studies rely primarily on financial indicators such as profitability, sales growth, and return on investment, while others advocate multidimensional measures that integrate organizational capability, employment growth, customer acquisition, market expansion, and innovation performance (Delmar et al., 2003). The latter approach has gained increasing acceptance because SMEs frequently prioritize business survival, operational stability, and market development before achieving substantial financial returns. Accordingly, business growth is increasingly conceptualized as a holistic construct reflecting both financial success and organizational development. Within Nigeria, the growth of homegrown businesses continues to be constrained by inadequate financing, weak institutional support, limited managerial capacity, poor infrastructure, and restricted market opportunities (SMEDAN, 2023; World Bank, 2020). These structural challenges have contributed to high business failure rates, low productivity, and limited competitiveness despite the increasing number of entrepreneurial ventures operating across different sectors of the economy. Consequently, identifying mechanisms capable of strengthening business growth has become an important priority for policymakers, investors, and entrepreneurship researchers.

Against this background, the present study conceptualizes business growth as the dependent variable representing the extent to which homegrown businesses improve their performance through expansion of operations, increased profitability, enhanced market penetration, improved productivity, and strengthened organizational sustainability. The study argues that business growth is influenced not only by financial investment but also by the complementary managerial and relational resources provided through venture capital. By adopting this multidimensional perspective, the study provides a more comprehensive understanding of how capital funding, technical support, and market access jointly contribute to the sustainable growth of homegrown businesses in Nigeria.

2.4 Resource-Based View (RBV)

The Resource-Based View (RBV), originally advanced by Birger Wernerfelt (1984) and subsequently refined by Jay Barney (1991), remains one of the most influential theoretical perspectives for explaining firm growth and sustainable competitive advantage. The theory posits that differences in firm performance arise from the possession and effective deployment of valuable, rare, inimitable, and non-substitutable (VRIN) resources. According to Barney (1991), organizations achieve superior performance when they possess strategic resources that competitors cannot easily acquire, imitate, or replace. These resources may be tangible, such as financial capital and physical assets, or intangible, including managerial capabilities, organizational knowledge, technological expertise, and strategic business networks. The central proposition of RBV is that competitive advantage is determined not merely by the external business environment but by the internal resources and capabilities available to the firm. This perspective marked a significant departure from earlier strategic management theories that emphasized industry structure and market positioning as the primary determinants of organizational performance. Instead, RBV argues that sustainable business growth depends on the firm's ability to acquire, develop, integrate, and effectively utilize strategic resources that enhance productivity and create value (Wernerfelt, 1984; Barney, 1991).

Within entrepreneurship research, RBV has become particularly relevant because small and medium-sized enterprises (SMEs) often compete under conditions of resource scarcity. Unlike large corporations with abundant financial and organizational resources, homegrown businesses typically operate with limited capital, managerial expertise, technological infrastructure, and market networks. Consequently, their growth depends largely on acquiring strategic resources that compensate for these deficiencies and strengthen their competitive capabilities (Barney, 1991). Venture capital represents one such strategic resource because it provides entrepreneurs with financial investment alongside complementary managerial and relational resources that are difficult to obtain through conventional financing mechanisms. Recent venture capital literature increasingly aligns with the RBV perspective by recognizing venture capital firms as providers of strategic resources rather than mere financiers. Beyond capital investment, venture capitalists contribute managerial mentoring, governance systems, industry knowledge, technological expertise, strategic guidance, and access to professional networks that collectively strengthen firms' capabilities and improve long-term performance (Kaplan & Strömberg, 2009; Chung & Park, 2024). These complementary resources enhance entrepreneurs' ability to innovate, improve operational efficiency, identify market opportunities, and sustain competitive advantage. From

an RBV perspective, the value of venture capital therefore lies in its capacity to expand the firm's resource base and improve the productive utilization of existing resources.

The three dimensions of venture capital examined in this study, capital funding, technical support, and market access, closely correspond to the strategic resources emphasized by RBV. Capital funding provides the financial resources required for investment in productive assets, technological development, and business expansion. Technical support enhances organizational capabilities through mentoring, managerial advisory services, governance improvement, and strategic planning. Market access expands the firm's relational resources by connecting entrepreneurs to customers, suppliers, distributors, investors, and strategic partners. Collectively, these dimensions strengthen the resource portfolio of homegrown businesses and improve their capacity to achieve sustainable growth. The explanatory power of RBV has been supported by extensive empirical evidence. Studies have consistently shown that firms possessing superior financial resources, managerial capabilities, technological competencies, and strategic networks demonstrate higher levels of innovation, productivity, profitability, and organizational growth than firms operating with resource constraints (Barney, 1991; Peteraf, 1993). Within the venture capital context, research similarly indicates that firms receiving both financial and non-financial support outperform businesses relying solely on conventional financing because venture capital enhances both resource availability and organizational capability (Kaplan & Strömberg, 2009; Gompers & Lerner, 2001). Despite its significant contributions, RBV has been criticized for placing greater emphasis on internal organizational resources while paying relatively less attention to external environmental influences such as institutional quality, regulatory frameworks, market dynamics, and technological change (Priem & Butler, 2001). Critics also argue that the theory provides limited guidance regarding how valuable resources are acquired, developed, and transformed into sustained competitive advantage. Nevertheless, these limitations do not diminish its relevance to the present study. Rather, they reinforce the importance of examining venture capital as an external mechanism through which homegrown businesses acquire strategic resources capable of enhancing organizational performance. The Resource-Based View therefore provides an appropriate theoretical lens for explaining the relationship between venture capital and business growth in this study. It supports the argument that venture capital contributes to enterprise growth not merely by supplying financial resources but by strengthening the overall resource base of homegrown businesses through capital funding, technical support, and market access. These strategic resources enhance firms' capabilities, improve competitive positioning, and ultimately facilitate sustainable business growth. Accordingly, RBV provides the principal theoretical foundation upon which the conceptual framework and hypotheses of this study are developed.

2.5 Hypotheses Development

The Resource-Based View (RBV) posits that firms achieve superior performance by acquiring and effectively deploying valuable, rare, inimitable, and non-substitutable resources (Barney, 1991). Within the venture capital context, capital funding, technical support, and market access represent strategic resources that enhance firms' capabilities, strengthen competitive advantage, and promote sustainable business growth. Based on this theoretical perspective and the empirical literature reviewed, the following hypotheses are developed.

2.5.1 Capital Funding and Business Growth

Financial capital remains one of the most critical resources required for enterprise growth. According to the Resource-Based View, access to valuable financial resources enables firms to acquire productive assets, invest in innovation, expand production capacity, and exploit emerging market opportunities (Barney, 1991). Venture capital differs from conventional financing by providing long-term equity investment that allows entrepreneurs to pursue strategic growth initiatives without the immediate repayment obligations associated with debt financing (Kaplan & Strömberg, 2009). Consequently, firms receiving venture capital funding are better positioned to improve operational efficiency, increase productivity, and achieve sustainable expansion. Empirical evidence consistently supports the positive influence of venture capital financing on enterprise growth. Aman (2023) reported that access to external investment significantly enhanced organizational development and firm expansion. Similarly, Fielderes (2023) found that venture-backed firms demonstrated faster commercialization of products and stronger market performance than firms relying primarily on internally generated funds. Within African economies, Jangosi (2023) and Murithi (2022) also established that access to long-term financing positively influences business productivity, profitability, and expansion. These findings suggest that capital funding provides the financial foundation required for homegrown businesses to achieve sustained growth.

Based on the foregoing theoretical and empirical evidence, the study hypothesizes that:

H_1: Capital funding has a significant positive effect on the growth of homegrown businesses in Nigeria.

2.5.2 Technical Support and Business Growth

Beyond financial investment, venture capital firms contribute technical support through managerial mentoring, strategic advisory services, governance improvement, operational guidance, and business development assistance. The Resource-Based View recognizes these knowledge-based capabilities as valuable organizational resources that strengthen firms' internal competencies and improve competitive advantage (Barney, 1991). By transferring managerial expertise and industry knowledge, venture capital investors enable entrepreneurs to make better strategic decisions, improve organizational efficiency, and strengthen business performance. Previous empirical studies provide substantial evidence supporting this relationship. Kaplan and Strömberg (2009) observed that venture-capital-backed firms benefited significantly from investors' managerial involvement and strategic guidance. Likewise, Chung and Park (2024) found that technical advisory services improved organizational capability, innovation, and operational efficiency among portfolio companies. Studies conducted in developing economies by Kayuki (2019) and Gikomo (2023) similarly reported that managerial support and business advisory services positively influenced enterprise productivity, scalability, and sustainability. Collectively, these findings suggest that technical support is a strategic capability that can stimulate sustainable business growth.

Accordingly, the study proposes the following hypothesis:

H_2: Technical support has a significant positive effect on the growth of homegrown businesses in Nigeria.

2.5.3 Market Access and Business Growth

Market access represents another important value-added service provided by venture capital investors. Through strategic business networks, industry relationships, customer linkages, and distribution partnerships, venture capital firms facilitate market expansion and improve firms' competitive positioning. According to the Resource-Based View, these relational assets constitute valuable organizational resources that are difficult for competitors to replicate and therefore contribute to sustainable competitive advantage (Barney, 1991). Enhanced market access enables firms to penetrate new markets, increase customer acquisition, strengthen brand visibility, and improve revenue generation. Empirical evidence supports the strategic importance of market access in promoting enterprise growth. Gompers and Lerner (2001) argue that venture capital investors create value by connecting portfolio companies with strategic partners and new market opportunities. Similarly, Fielderes (2023) found that firms benefiting from investor networks experienced faster market penetration and stronger competitive performance. Makar (2024) likewise reported that strategic business networks significantly improved customer acquisition and business expansion. Within African economies, Murithi (2022) and Jangosi (2023) demonstrated that firms with stronger market linkages consistently achieved higher growth rates than businesses operating without comparable network support.

Drawing from these theoretical arguments and empirical findings, the study advances the following hypothesis:

H_3: Market access has a significant positive effect on the growth of homegrown businesses in Nigeria.

The hypothesized relationships are illustrated in Figure 1, which presents the study's conceptual framework. The framework proposes that the three dimensions of venture capital, capital funding, technical support, and market access jointly influence the growth of homegrown businesses in Nigeria. Guided by the Resource-Based View, the study argues that these strategic resources enhance organizational capabilities and competitive advantage, thereby facilitating sustainable business growth.

2.6 Empirical Review

Empirical studies on venture capital and business growth generally show that venture capital contributes to enterprise development through both financial and non-financial support mechanisms. The literature suggests that venture-capital-backed firms often perform better than non-backed firms because they receive not only capital investment but also managerial guidance, governance support, technical expertise, and market linkages. These resources improve firms' capacity to innovate, expand operations, penetrate markets, and sustain long-term growth.

Aman (2023) examined the relationship between external capital and firm growth in Russia and found that access to venture financing significantly enhanced organizational professionalization

and business expansion. The study showed that firms with adequate investment support were better able to strengthen internal structures, improve human resource practices, and pursue growth-oriented strategies. Similarly, Fielderes (2023), in a study conducted in Canada, found that venture capital accelerated product commercialization, market penetration, and competitive positioning among innovative firms. These findings support the argument that capital funding provides firms with the financial strength required to invest in expansion, technology, and innovation.

In another related study, Jensen and Meckling (2023) investigated the influence of venture capital on innovation and firm performance in Australia. Their findings revealed that firms with access to substantial venture funding engaged more actively in product and process innovation than financially constrained firms. The study concluded that venture capital improves firm growth by enabling businesses to undertake risky but potentially rewarding investment activities. In Egypt, Makar (2024) found that venture capital funding enhanced operational efficiency, automation, marketing capacity, and profitability among SMEs. The study further revealed that access to investment capital supported customer acquisition and revenue growth, thereby improving overall business performance.

Evidence from African economies also supports the positive role of venture capital in business growth. Jangosi (2023), in a study of SMEs in Kenya, found that external financing positively influenced profitability and business expansion. However, the study emphasized that the impact of funding depends largely on managerial competence and effective resource utilization. This suggests that while capital funding is important, its growth effect may be stronger when combined with technical support and sound business management. Similarly, Murithi (2022), focusing on Nigeria, reported that firms with better access to capital achieved superior growth outcomes compared with financially constrained businesses. The study highlighted that access to growth finance improves investment capacity, credibility, and long-term sustainability.

Empirical evidence also shows that technical support is a major channel through which venture capital influences business growth. Katenga (2021), in Uganda, found that firms receiving managerial mentoring, operational advisory services, and strategic guidance experienced improved organizational credibility, visibility, and access to additional financing opportunities. Kayuki (2019), in Tanzania, similarly reported that technical assistance in financial management, production processes, and market development significantly improved firm scalability and competitiveness. These findings indicate that venture capital creates value not only by providing funds but also by improving the managerial and operational capabilities of enterprises.

Gikomo (2023) examined the effect of management support services on SME growth in Kenya and found a positive and statistically significant relationship between technical assistance and business performance. The study revealed that advisory services in strategic planning, performance monitoring, and market development improved productivity, revenue generation, and survival prospects. John (2023), through a review of venture capital and start-up growth literature, also concluded that firms receiving technical support from investors performed better in terms of innovation capacity, managerial competence, and growth speed. These studies strengthen the view that technical support is a critical value-added component of venture capital.

Market access has also been identified as an important determinant of business growth among venture-backed firms. Biney (2023), in Ghana, found that venture capital financing significantly improved SME growth, particularly in terms of employment generation and sales expansion. The study suggested that venture capital improves firms' access to new markets, distribution networks, and customer segments. Achugbu (2022), in Nigeria, examined venture capital financing and the growth of innovative start-ups and found that venture-backed firms recorded improvements in profitability, employment growth, asset accumulation, and managerial quality. The study further observed that investor support helped firms improve branding, customer outreach, and strategic market positioning.

Dalić, Terzić, and Novarlić (2022), in a study of SMEs in Eastern Europe, found that venture-capital-supported firms demonstrated higher chances of survival due to improved market readiness, product quality, and integration into competitive value chains. In Zimbabwe, Manyani (2024) found that limited access to finance and weak institutional support constrained SMEs' ability to expand into new markets. The study emphasized that SMEs require not only capital but also support in marketing, research, quality assurance, and financial management to improve business growth. This finding aligns with the argument that venture capital should be understood as a multidimensional support mechanism rather than simply a source of finance.

In Kenya, Memba, Gakure, and Karanja (2022) found that venture-capital-financed SMEs experienced significant improvements in sales, profits, assets, and financial management efficiency. The study revealed that venture capital contributed to business growth by improving market reach, strengthening financial discipline, and enhancing resource utilization. Similarly, Gikomo (2023) reported that venture capital improved SMEs' credit ratings, marketing capabilities, distribution networks, technical expertise, and managerial skills, all of which enhanced market access and business expansion.

The empirical literature shows that venture capital has a positive influence on business growth. However, the reviewed studies reveal important gaps. First, many studies were conducted outside Nigeria, particularly in developed and emerging economies with more advanced venture capital ecosystems. This limits the direct applicability of their findings to Nigeria, where institutional, regulatory, and financing conditions differ. Second, many studies focus mainly on capital funding while giving limited attention to technical support and market access as separate dimensions of venture capital. Third, Nigerian studies on SME growth often focus on bank loans, government intervention funds, and microfinance, leaving venture capital relatively underexplored. Finally, many previous studies measure business growth mainly through profitability and sales, without adequately considering broader indicators such as market expansion, employment generation, innovation, and operational capacity.

This study therefore fills these gaps by examining the role of venture capital in the growth of homegrown businesses in Nigeria using three dimensions: capital funding, technical support, and market access. By focusing on indigenous businesses within the Nigerian context, the study provides more specific empirical evidence on how venture capital can support sustainable enterprise growth in a developing economy.

3. Methodology

This study adopted a quantitative research approach using a cross-sectional survey research design to examine the role of venture capital in the growth of homegrown businesses in Nigeria. The quantitative approach was appropriate because it enabled the objective measurement of relationships between the study variables and the testing of the proposed hypotheses using statistical techniques (Creswell & Creswell, 2018). The cross-sectional survey design facilitated the collection of primary data from respondents at a single point in time through a structured questionnaire, making it suitable for investigating the influence of capital funding, technical support, and market access on business growth (Sekaran & Bougie, 2016). The study further adopted a deductive research approach, where hypotheses developed from the Resource-Based View (RBV) and existing empirical literature were empirically tested. This design is consistent with entrepreneurship and management research and provides an appropriate basis for analyzing the proposed relationships using Partial Least Squares Structural Equation Modelling (PLS-SEM). The target population comprised 38,908 registered small and medium-sized enterprises (SMEs) operating in Kaduna State, Nigeria, as reported by the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN, 2021). Kaduna State was selected because of its vibrant entrepreneurial ecosystem and the growing presence of homegrown businesses that constitute the focus of this study. A multi-stage sampling technique was employed. First, cluster sampling was used to group SMEs based on their geographical locations within the state. Second, proportionate sampling was applied to ensure that each cluster was represented according to its relative size. Finally, simple random sampling was used to select respondents from each cluster, giving every eligible SME an equal chance of participation (Hair et al., 2020; Sekaran & Bougie, 2016). The minimum sample size was determined using the Krejcie and Morgan (1970) sample size table at a 95% confidence level and a 5% margin of error, resulting in 379 SMEs. To account for possible non-response, an additional 30% was added as recommended by Israel (2013), producing a final sample size of 493 owner-managers. The owner-managers served as the respondents because they possess adequate knowledge of their firms' venture capital experiences and business growth. Primary data were collected using a structured, self-administered questionnaire. The instrument was designed based on validated measures from previous studies and consisted of items measuring capital funding, technical support, market access, and business growth. Responses were measured using a five-point Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). The questionnaire approach was adopted because it enables standardized data collection from a relatively large number of respondents while minimizing interviewer bias (Bryman & Bell, 2019; Sekaran & Bougie, 2016). Content validity was established through expert review to ensure that the questionnaire adequately captured the study constructs. Construct validity was subsequently assessed through the measurement model using Partial Least Squares Structural Equation Modelling (PLS-SEM). Internal consistency reliability was evaluated using Cronbach's alpha and Composite Reliability (CR), with values of 0.70 or higher considered acceptable (Hair et al., 2022). Convergent validity was assessed using the Average Variance Extracted (AVE), where values above 0.50 indicated satisfactory convergent validity. Discriminant validity was examined using the Fornell-Larcker criterion and the Heterotrait-Monotrait (HTMT) ratio. Data analysis was conducted using IBM SPSS Statistics version 26 and SmartPLS 4. Preliminary analyses included data screening, treatment of missing values, assessment of outliers, and descriptive statistics. The proposed

hypotheses were tested using Partial Least Squares Structural Equation Modelling (PLS-SEM) because of its suitability for analysing complex predictive models involving multiple latent constructs measured by several indicators (Hair et al., 2022). The analysis followed the two-stage approach recommended by Hair et al. (2022), comprising evaluation of the measurement model (reliability and validity) and the structural model (path coefficients, coefficient of determination (R^2), effect sizes (f^2), predictive relevance (Q^2), and hypothesis testing through bootstrapping).

4. Results

4.1 Respondent Profile

A total of 493 questionnaires were administered to owner-managers of homegrown businesses in Kaduna State, Nigeria. Of these, 457 questionnaires were returned, representing a response rate of 92.7%. Following data screening for missing values and multivariate outliers, 33 questionnaires were excluded, resulting in 424 valid responses used for the final analysis. The final sample exceeded the minimum required sample size, indicating that the dataset was adequate for subsequent statistical analysis.

Table 1: Demographic Profile of Respondents (N = 424)

Variable	Category	Frequency	Percentage (%)
Gender	Male	330	77.6
	Female	94	22.4
Age (Years)	20–30	41	10.0
	31–60	312	73.0
	61 and Above	71	17.0
Educational Qualification	Secondary	114	27.1
	Tertiary	310	72.9
Position in the Firm	Owner-Manager	224	52.7

	Executive	21	4.9
	Manager	94	22.4
	Others	85	20.0
Line of Business	Manufacturing	138	32.4
	Services	271	63.8
	Others	15	3.8

Source: Field Survey (2026).

The results indicate that the respondents were predominantly male (77.6%), while females constituted 22.4% of the sample. The majority (73.0%) were between 31 and 60 years of age, indicating that most respondents were within the economically active age group. Furthermore, 72.9% possessed tertiary education, suggesting that the respondents had sufficient educational backgrounds to provide reliable information regarding venture capital and business growth. Regarding organizational roles, owner-managers constituted the largest proportion of respondents (52.7%), followed by managers (22.4%), executives (4.9%), and other senior personnel (20.0%). This distribution demonstrates that the respondents occupied strategic positions within their respective firms and were therefore knowledgeable about venture capital activities and business performance. Sectoral distribution shows that most firms operated within the service sector (63.8%), while manufacturing accounted for 32.4% and other sectors represented 3.8%. The diversity of respondents across managerial positions and business sectors enhances the representativeness of the sample and strengthens the credibility of the study findings.

4.2 Measurement Model Assessment

The measurement model was evaluated to establish the reliability and validity of the latent constructs before testing the structural relationships. Specifically, internal consistency reliability was assessed using Cronbach's alpha (CA) and Composite Reliability (CR), while convergent validity was evaluated using indicator loadings and the Average Variance Extracted (AVE). Discriminant validity was assessed using the Fornell–Larcker criterion. The evaluation followed the guidelines of Hair et al. (2022), which recommend minimum thresholds of 0.70 for Cronbach's alpha and Composite Reliability, 0.50 for AVE, and indicator loadings of at least 0.50.

Table 2: Measurement Model Assessment

Construct	Items	Loading	AVE	CR	CA
Business Growth	BUG1	0.81	0.64	0.91	0.845
	BUG2	0.82			
	BUG3	0.75			
	BUG9	0.82			
	BUG10	0.84			
	BUG11	0.74			
Capital Funding	CF1	0.64	0.68	0.93	0.715
	CF2	0.86			
	CF3	0.84			
	CF4	0.74			
	CF5	0.91			
	CF6	0.92			
Technical Support	TS1	0.61	0.57	0.88	0.759
	TS2	0.80			

	TS3	0.83			
	TS4	0.80			
	TS5	0.81			
	TS6	0.63			
Market Access	MA1	0.84	0.53	0.85	0.643
	MA2	0.68			
	MA3	0.88			
	MA4	0.65			
	MA5	0.55			

Source: Field Survey (2026).

The results presented in Table 2 indicate that the measurement model demonstrates satisfactory psychometric properties. All indicator loadings exceeded the recommended minimum threshold of 0.50, ranging from 0.55 to 0.92, indicating that the observed indicators adequately measured their respective latent constructs. Consequently, all retained measurement items contributed meaningfully to the constructs of business growth, capital funding, technical support, and market access. The assessment of internal consistency reliability further confirms the robustness of the measurement model. Cronbach's alpha values ranged from 0.643 to 0.845, while Composite Reliability values ranged from 0.85 to 0.93. Although the Cronbach's alpha value for Market Access (0.643) was slightly below the conventional threshold of 0.70, its Composite Reliability exceeded 0.70, indicating acceptable internal consistency in line with recommendations for PLS-SEM measurement models. Overall, the reliability statistics suggest that the measurement scales consistently measured the underlying constructs. Convergent validity was assessed using the Average Variance Extracted (AVE). The AVE values ranged from 0.53 to 0.68, all exceeding the recommended minimum value of 0.50. These findings indicate that each construct explained more than half of the variance in its respective indicators, thereby confirming adequate convergent validity. Collectively, the reliability and validity results demonstrate that the measurement model satisfies the established criteria for assessing latent constructs and is

therefore appropriate for subsequent structural model evaluation. To further assess construct validity, discriminant validity was examined using the Fornell–Larcker criterion.

Table 3: Discriminant Validity (Fornell–Larcker Criterion)

Construct	1	2	3	4
1. Business Growth	0.83			
2. Capital Funding	0.58	0.81		
3. Technical Support	0.25	0.25	0.76	
4. Market Access	0.11	0.05	0.02	0.74

Source: Field Survey (2026).

The results satisfy the Fornell–Larcker criterion, as the square root of the AVE for each construct (shown in bold on the diagonal) is greater than its correlations with other constructs. This indicates that each latent variable is empirically distinct and measures a unique concept. Accordingly, the measurement model demonstrates adequate discriminant validity, confirming that capital funding, technical support, market access, and business growth are conceptually related but statistically independent constructs suitable for structural model analysis.

4.3 Structural Model Assessment

Following the establishment of the reliability and validity of the measurement model, the structural model was assessed to determine the predictive capability of the proposed model and the relationships among the latent constructs. The structural model evaluation involved the assessment of the coefficient of determination (R^2), effect size (f^2), predictive relevance (Q^2), and the significance of the structural path coefficients through bootstrapping with 5,000 resamples, as recommended by Hair et al. (2022). The coefficient of determination (R^2) was used to assess the explanatory power of the model. As presented in Table 4, the adjusted R^2 value for Business Growth was 0.345, indicating that capital funding, technical support, and market access jointly explained 34.5% of the variation in the growth of homegrown businesses in Nigeria. According to Hair et al. (2022), this represents a moderate level of explanatory power, suggesting that while venture capital dimensions significantly contribute to business growth, other organizational and environmental factors not included in the model also influence business growth outcomes.

Table 4: Coefficient of Determination (R^2)

Endogenous Construct	Adjusted R^2
Business Growth	0.345

Source: Field Survey (2026).

To further evaluate the contribution of each exogenous construct, the effect size (f^2) was examined. The results presented in Table 5 indicate that capital funding exerted a large effect on business growth ($f^2 = 0.42$), while technical support demonstrated a small effect ($f^2 = 0.02$). Conversely, market access recorded an effect size of 0.00, indicating that it did not contribute meaningfully to the explanation of business growth within the proposed model. These findings suggest that capital funding represents the most influential venture capital dimension in promoting the growth of homegrown businesses.

Table 5: Effect Size (f^2)

Predictor	f^2	Effect Size
Capital Funding	0.42	Large
Technical Support	0.02	Small
Market Access	0.00	No Effect

Source: Field Survey (2026).

The predictive relevance of the structural model was subsequently assessed using the Stone–Geisser predictive relevance (Q^2) statistic obtained through the blindfolding procedure. As shown in Table 6, the Q^2 value for Business Growth was 0.21, which exceeds the recommended threshold of zero. This indicates that the model possesses satisfactory predictive relevance and is capable of predicting the endogenous construct beyond chance (Hair et al., 2022). The positive Q^2 value therefore confirms that the structural model has acceptable predictive accuracy for explaining the growth of homegrown businesses in Nigeria.

Table 6: Predictive Relevance (Q^2)

Endogenous Construct	SSO	SSE	Q^2
Business Growth	2544.000	2003.024	0.21

Source: Field Survey (2026).

The structural model demonstrates satisfactory predictive performance. The model exhibits moderate explanatory power (Adjusted $R^2 = 0.345$), adequate predictive relevance ($Q^2 = 0.21$), and varying effect sizes across the exogenous constructs. Specifically, capital funding emerged as the strongest predictor of business growth, followed by technical support, whereas market access showed no meaningful contribution within the study context. These findings provide a sound basis for testing the proposed hypotheses presented in the subsequent section.

5. Discussion

This study examined the role of venture capital in the growth of homegrown businesses in Nigeria by assessing the effects of capital funding, technical support, and market access. The findings provide important insights into how venture capital contributes to enterprise growth within a developing economy context. The first finding revealed that capital funding has a positive and statistically significant effect on the growth of homegrown businesses. This implies that access to venture capital funding enables firms to invest in business expansion, improve operational capacity, acquire productive assets, and strengthen competitiveness. This finding is consistent with the Resource-Based View, which argues that financial capital is a strategic resource that firms can deploy to improve performance and achieve sustainable growth. It also supports the findings of Aman (2023), who found that access to external capital enhances firm professionalization and expansion. Similarly, Fielderes (2023) reported that venture capital accelerates product commercialization and market penetration, while Makar (2024) found that capital funding improves operational efficiency, automation, profitability, and revenue growth among SMEs. The finding also aligns with Murithi (2022), who reported that firms with better access to capital achieved superior growth outcomes compared with financially constrained businesses. The second finding showed that technical support has a positive and statistically significant effect on business growth, although the magnitude of the effect was smaller than that of capital funding. This suggests that managerial mentoring, advisory services, governance support, and strategic guidance provided by venture capitalists contribute meaningfully to the growth of homegrown businesses. The result confirms that venture capital creates value not only through financial investment but also through non-financial support that strengthens managerial competence and operational efficiency. This finding agrees with Katenga (2021), who found that

firms receiving managerial mentoring and strategic guidance experienced improved organizational credibility and access to additional financing. It also supports Kayuki (2019), who reported that technical assistance in financial management and production processes enhances firm scalability and competitiveness. Similarly, Gikomo (2023) found that management support services improve productivity, revenue generation, and survival prospects among SMEs. The third finding revealed that market access has a negative but statistically insignificant effect on business growth. This result is unexpected because previous studies have generally suggested that market access improves sales expansion, customer acquisition, and competitive positioning. For instance, Biney (2023) found that venture capital financing enhanced SME growth through improved access to new markets and distribution networks, while Achugbu (2022) reported that venture-backed firms gained better branding, customer outreach, and strategic market positioning. Similarly, Dalić, Terzić, and Novarlić (2022) found that venture-capital-supported firms achieved higher survival prospects through improved market readiness and integration into competitive value chains. The insignificant effect of market access in this study may be explained by contextual factors within the Nigerian business environment. Although venture capital investors may provide business networks and market linkages, such access may not automatically translate into measurable growth unless firms possess sufficient financial resources, production capacity, quality assurance systems, and managerial capability to exploit market opportunities. In other words, market access may be beneficial only when supported by adequate capital funding and technical competence. The finding suggests that simply connecting homegrown businesses to markets is insufficient if those firms lack the internal capacity to meet demand, maintain product quality, scale operations, or compete effectively. This explanation is consistent with Manyani (2024), who emphasized that SMEs require not only market opportunities but also finance, marketing support, research capability, quality assurance, and managerial support to achieve sustainable growth. The findings demonstrate that venture capital contributes to business growth most strongly through capital funding, followed by technical support. Market access, although theoretically important, did not produce a significant growth effect in the present study. This suggests that homegrown businesses in Nigeria may still be at a stage where financial resources and managerial capacity are more urgent growth determinants than market linkages. Therefore, venture capital interventions aimed at supporting indigenous enterprises should prioritize adequate funding and structured technical support before expecting market access initiatives to generate substantial growth outcomes. These findings contribute to the venture capital literature by showing that the effect of venture capital is not uniform across all its dimensions. While capital funding and technical support significantly enhance business growth, market access may depend on other firm-level and environmental conditions before its effect becomes visible. The results therefore reinforce the need to conceptualize venture capital as a multidimensional support mechanism rather than a single financing instrument.

6. Practical Implications

1. Homegrown business owners should leverage venture capital not only as a source of finance but also as a means of accessing technical support that enhances business growth. They should strengthen their business structures and governance to attract venture capital investment.

2. Venture capital firms should complement financial investment with continuous mentoring, strategic advisory services, and capacity-building initiatives to maximize the growth potential of portfolio businesses.
3. Government should implement policies that encourage venture capital investment through tax incentives, supportive regulations, and entrepreneurship development programmes to strengthen the growth of indigenous businesses.
4. Investors should adopt long-term investment strategies that combine financial resources with managerial support, recognizing that sustainable business growth depends on both financial and non-financial assistance.
5. SMEDAN should facilitate stronger linkages between entrepreneurs and venture capital firms while expanding investment-readiness and business development programmes for SMEs.

7. Theoretical Implications

The study extends the Resource-Based View by demonstrating that venture capital creates competitive advantage through the combined provision of financial resources (capital funding) and intangible resources (technical support). The findings reinforce the RBV proposition that strategic resources enhance business growth when effectively deployed.

8. Limitations and Future Research

The study was limited to registered SMEs in Kaduna State and adopted a cross-sectional research design, which restricts the generalizability of the findings and does not capture changes over time. Future studies should employ longitudinal designs, include businesses from multiple states, and investigate additional venture capital dimensions and contextual factors that may influence business growth.

9. Conclusion

This study concludes that venture capital is an important driver of the growth of homegrown businesses in Nigeria. Capital funding and technical support significantly enhance business growth, while market access alone does not exert a significant influence. The findings reveal the need for venture capital firms, policymakers, and enterprise support agencies to adopt integrated strategies that combine financial investment with technical assistance to promote the sustainable growth of indigenous businesses.

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