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GRANT AMOUNT AND FIRM REVENUE PERFORMANCE: MODERATING EFFECTS OF GOVERNMENT FINANCIAL SUPPORT SCHEME

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Abstract

This study tests the interaction effect of government financial support for small businesses in the relationship between business revenue and the grant-approved amount in the post-financial support scheme in South Africa. Pre- and post-internal administrative datasets of the beneficiary firm were collected from the scheme between 2011 – 2018. The regression estimation procedure was based on the Pooled OLS regression and the GLS Random Effects (RE) model based on the Breusch-Pagan Lagrangian multiplier test. The theoretical approach in the study is based on the capital-revenue framework of firm output, represented by firms' revenue performance level post-financial assistance, which serves as a marker of the beneficiary firm's revenue performance. Findings show, grant-approved amount had a statistically significant and positive effect on the revenue growth of grant beneficiary firms. The indication is for every 1 per cent increase in grant amount received by firms led to about a one per cent increase in revenue growth. The finding has useful implications to help strengthen the provision of government grants to small enterprises and provide a new framework for future studies on small business performance looking at the small enterprise support ecosystem which can be helpful to come up with planning for the working capital business models.

Keywords: Effects, Grant, Small Business, Government Financial Support, Firm Revenue Performance

1. Introduction

By definition, firm performance is simply referred to as a process of optimizing an organization's and stakeholders' profit (Dvoulety *et al.* 2021). Performance is a business management process as it enables business owners or managers to effectively monitor results, and progress reports, and accurately identify business problems (Akintimehin *et al.* 2019; Park *et al.* 2020; Sun *et al.* 2022). Small businesses frequently utilize growth as a performance indicator, while large

enterprises frequently employ profitability indicators as gauges of success (Krishnan and Scullion, 2017). The significance of small businesses in South Africa is demonstrated by their contribution to the Gross Domestic Product (GDP) and the generation of jobs in various economic sectors. A substantial socioeconomic role is played by small businesses in the country even if they only account for 32% of the R10,5 trillion in total turnover in the 2019 financial year and are responsible for more than 34% of South Africa's GDP in the same year, according to the Annual Financial Statistics (AFS) (2019). Also, from 2013 to 2019, the formal business sector as a whole increased turnover from R7,0 trillion to R10,5 trillion, representing an average annual growth rate of 7.0%. Small businesses lead the pack, recording an increase of 20.7% turnover per year over the same period, cutting across sectors of construction, manufacturing, services, wholesale and retail, and large business by 5.4%.

Small businesses in particular have made strides in South Africa's formal business sector. Recognized as a key contributor to economic expansion is support for small businesses. Despite the COVID-19 pandemic forcing several small businesses to file for business rescue, small businesses continued to fill the gap with their crucial role in generating revenue and have gradually consolidated increasing market share. Small business representation is, however, limited in the mining and utility sectors because those industries are dominated by a small number of extremely large firms and have substantial entry hurdles (Joseph and Tambandini, 2022). Regardless of the stage of economic development, the importance of small business is still widely acknowledged in many economies around the world. Their contribution to economic expansion and employment creation continues to be a crucial component of socioeconomic development. Lack of access to financing continues to be a major problem for many small businesses in the economy, which is based on the belief that little business is big business in South Africa. Joseph and Tambandini, (2022); Govuzela and Mafini, (2019) report that despite all the efforts taken to promote small business growth and sustainability, their growth is stubbornly anemic. The bulk of small enterprises in the sector still has a difficult time getting government financing.

According to the National Small Business Act of 1996, small businesses in South Africa are classified based on the number of employees, the turnover bands, or a combination of the two. According to Section 1 of the National Small Business Act of 1996, as amended in 2003 and 2004, a small business is "a separate and distinct business entity, including co-operative enterprises and non-governmental organizations, managed by one owner or more, which, including its branches or subsidiaries, if any, is predominantly carried on in any sector or sub-sector of the economy mentioned in Column I of the Schedule." The Act further categorizes small businesses into five general groups: survivalist, micro, very small, small, and medium-sized. According to the Act, a small firm is one with less than 50 employees, annual sales between R2 million and R25 million, and gross assets (excluding fixed property) of less than R2 million to R4.5 million, depending on the industry. A medium-sized business is one that employs between 100 and 200 people, brings in less than $1 billion in yearly revenue, and has between R2,000,000 and R18,000,000 in gross assets (excluding fixed property) (National Credit Regulator, 2011; Banking Association of South Africa, 2017).

The National Development Agenda (NDA) 2030 of the South African government inspired the development of the Cooperative Incentives Scheme (CIS) in 2005. Though the Department of Trade and Industry (DTI) initially created the CIS, the Department of Small Business Development (DSBD) has been in charge of it since 2014 as a reaction to the country's small businesses' stagnating turnover and job growth. The goal was to solve the difficulties black-owned small businesses faced while also broadening the variety of endeavors that are eligible for assistance and increasing the amount of financial support offered. Complex challenges like economic inequality, poverty, and social isolation in South Africa cannot be addressed without government support for small businesses, particularly among black people. The program's outcomes include an improvement in the long-term viability of black-owned enterprises and a rise in employment. The beneficiary business must be registered, majority-owned by black South Africans (at least 51%), and have a minimum of five members in order to be eligible for the grants, which are non-repayable. An amount of minimum of R350,000 (South African Rand) is approved per each grant application and new or existing cooperatives enterprises can apply more than once for the grant.

The use of government support as a moderator in the relationship between business revenue and grant approved and small businesses growth is scarce in small business literature and theory in South Africa. Many policy intervention programs have focused their evaluation research on the effects and impact of government intervention grants programs on general firms' performance and employment creation. However, the focus on the effect of grant programs on beneficiary firms' revenue growth deviate the study from most of the literature based on similar evaluation approaches. This creates uniqueness of this study. Also, the theoretical approach of the study is based on the capital-revenue framework of firm output, represented by firms' revenue performance level post-financial assistance. Measuring small business performance in the study involves revenue performance which is a combination of obtaining income and growth of the business (Acs *et al.* 2018; Mutalimov *et al.* 2021).

Against this backdrop, this paper aims to test the interaction effect of government financial support scheme in the relationship between grant amount approved and beneficiary firm revenue performance in South Africa. Consequently, the study focuses on business performance that reveals the performance model that uses sales and profitability indicators that measure business efficiency, namely financial performance that combines the income statement and net income as compared to shareholders' equity. The revenue performance growth was incorporated as measures of proxy for the grant performance. In other words, this represents the total return on grant received and equity capital, and demonstrated the firm's ability to increase sales from equity investments. Further, the quantification of sales generated by the amount received through grants is interpreted as demonstrating effective capital allocation.

The study is divided into five components, the second of which is a theoretical contextualization and review of the literature on the effects of a business grant on beneficiary firm revenue performance. The third section examines the methodology, describing the data source, the analysis method, the empirical model rationale, and the study's hypotheses. The results, including the study's analysis and conclusions, are presented in the fourth section. The fifth section is a summary of the final observations.

2. Theoretical contextual

This study applies the trade-off theory first proposed as far back as the seventies by Kraus and Litzenberger (1973), which states that a firm's capital structure is determined through the balance between benefits and costs of debt by using resources efficiently. Given the characteristic of small enterprises, there are some challenges such as access to finance, and opportunities in applying own resources. According to this theory, access to finance helps businesses to improve business performance and efficiency (Gao and Wan, 2022; Kraus and Litzenberger, 1973). Hence, the theory shows a positive relationship between small enterprises capital structure, and performance which is quantified using small businesses value-added expressed as a percentage of the total revenue generated (Phan, 2019).

Treatment of performance in research phenomenon is perhaps a problematic issue that confronts researchers, academics and practitioners because what performance means or what appropriate definitions are not always clear. The debate on these divergent views on a firm's performance is still ongoing. Performance can take on a different meaning depending on the context in which it is being used. However, the general understanding of small enterprise studies is that it is a multifaceted phenomenon which includes unit cost, operation, revenue, and customer satisfaction (Wiid and Cant, 2018; Kurpayanidi, 2021). In the literature, there is a multitude of definitions of performance such as a subset of organizational effectiveness that covers operational efficiency, growth of business and financial outcomes (Aluko, 2022; Kusa *et al.* 2021). Business performance is described as concepts such as effectiveness, efficiency, growth, improvement, and success (Bai *et al.* 2021; Aluko, 2022). According to Fairlie *et al.* (2019), business performance is the ability of businesses to contribute to job and wealth creation either through a start-up business, existing business, growth or survival. On this note, business performance is measured by different metrics from three perspectives namely; marketing, accounting and operations. These perspectives and areas of business and outcomes measure

business financial performance, product market performance and economic value added (Bakhtiari *et al*. 2020; Geng *et al*. 2021; Harel, 2021; Alam and Adeyinka, 2021).

On the other hand, revenue performance is necessary for businesses to succeed. Revenue performance is defined as an increase in the average annual sales of a business' products or services (Clampit *et al*. 2022; Alam and Adeyinka, 2021). The growth rate is the percentage change over a specified period.

Growth is typically defined for funders and stakeholders as a compound of annual growth in revenue, earnings and dividends (Rahayu and Wardana, 2021; Sukesti *et al*. 2021). This is also the view of Abdullah and Tursoy (2021), which support the conclusion that revenue growth influences firm performance and is also a means of transforming a business profitability level. Therefore, this study is to investigate the effect of government financial support on beneficiary firms' revenue growth post-disbursement of a grant scheme in South Africa based on the scheme activity between 2012 and 2018. Based on the research objective, the study aims to test whether the grant amount approved influences the revenue growth performance of beneficiary firms positively.

3. Literature review

Addressing the capital market imperfections and the lack of access to capital or finance faced by small businesses through business grants could mean, an increase in productivity and economic efficiency as funds are made available to enterprises that could not meet the requirements of the capital market (Msomi and Olarewaju, 2021). According to Joseph and Tambandini, (2022); Govuzela and Mafini (2019) the performance of small businesses largely depends on their ability to attract resources. Some of the small businesses that are operational today are either self-financed or financed by family and friends (Aluko and Kibuuka, 2016; Yoshino and Taghizadeh-Hesary, 2019). These forms of financing are insufficient to meet the operational and investment needs to grow their businesses (Yoshino and Taghizadeh-Hesary, 2019). As a result, productivity is affected, and new and existing firms postpone investments. The critical role of financial resources in this context is to grow small business prospects.

For example, business grants are intended to ease the capital constraints faced by smaller businesses and to provide, smaller grant amounts that would benefit a greater number of beneficiary firms (Srhoj *et al*. 2019). According to Ayub *et al*. (2020), there are strong positive correlations between business grant support and small enterprise success. The results imply that business grant has a favorable effect on business performance, job creation, and productivity. According to McKenzie (2017), access to business support programs has beneficial effects on employment, sales, and earnings. The finding is consistent with Srhoj *et al*. (2019) who show that business grants have favorable benefits on enterprises' sales and employment, but only for firms that are less than a year old. No effects are seen for firms that are between two and five years old. The favorable effect on small firm growth also corroborates with studies by Bertoni *et al*. (2019) which indicated larger positive benefits for businesses with fewer than 20 employees. Theoretically, business grants should have more favorable effects on smaller enterprises' employment, sales, and labor productivity because grant amount is better suited to easing the capital limitations of smaller firms than those of bigger ones.

Also, results from recent studies by Dvouletý *et al*. (2021); Srhoj *et al*. (2019), business grants generally have strong positive effects on capital stock, bank loans and value-added, but there are no empirical studies to support any effects on productivity, sales and employment (Srhoj, and Walde, 2020). Moreover, no evidence that small business grants have a significant effect on businesses' profitability in the current financial year of firms when compared to the previous financial year (Srhoj *et al*. 2019). Ayub *et al*. (2020), in their study further find that there are no statistically significant links between business grant support and small business performance. Both analyses show that business grants are appropriate, but only for young businesses. It is therefore not clear whether subsidies like business grants are only appropriate for young enterprises to achieve beneficial effects on firm performance or are more like a proxy for small firms and its corresponding attributes in the context of grant success which remains to be seen. Therefore, recent analyses of the effects of business grants yield conflicting results. However,

according to Aluko and Ntsalaze (2021); McKenzie (2017), government red tape and bureaucracy are the biggest obstacles to some government programs achieving their goals. To ensure that small enterprises may grow easily, the government delivery system needs to be redesigned and enhanced (Mudara and Mafini, 2022).

4. Methodology

The data used in this study was internal administrative raw data extracted from the Cooperative Incentive Scheme (CIS) database over the sampled financial period from 2011 to 2018. The total number of entities on which data was collected was 448 beneficiary firms out of the 1,409 firms approved for the grant scheme within the same period under review. The sample size was made up of firms in the sectors of services, manufacturing and agriculture in the nine provinces of South Africa. The total grant approved and disbursed to the beneficiary firms for the same period stood at ZAR398million (denominated in South African rand (ZAR) of the total R430million fiscal allocation to the scheme by the national government of South Africa through the National Treasury Department (NTD). The variables on which data were collected include Turnover at application and reporting, Grant amount approved, disbursed and the number of employees at application and at reporting period of the grant recipient companies. Natural logarithmic transformations were applied to data series to avoid spurious regressions and to obtain elasticity coefficients of the independent variables on dependent variables.

Panel data econometric estimations using Stata 13 software for windows were conducted. Pooled OLS linear regression models were applied in assessing the effectiveness of the grant program in terms of the influence it had on firms' revenue generation. The formulated revenue model follows is cross-sectional data arranged over the time series followed by pooled OLS to see if it fitted the test. This allows for all the observations to run a panel data regression analysis. Thereafter, a fixed effect is fitted to check whether the intercept vary or not over the variables and the slope is fixed over time. The regression estimation procedure followed in selection of the appropriate estimation model was based on evaluation of the Pooled OLS regression versus the GLS Random Effects (RE) model based on the Breusch-Pagan Lagrangian multiplier test.

The paper bases its empirical research model, which is described below, on the literature review. Theoretically, a variety of metrics, including the Turnover Ratio (TR), Return on Asset (ROA), Return on Equity (ROE), and Profitability Ratio, can be used to assess the moderating effects of SMEs' turnover performance. The Cooperative Incentive Scheme (CIS) database was used to gather the raw administrative data for this study. Turnover growth is a metric used to evaluate how well firms that benefited from the scheme performed in terms of sales revenue. Practitioners, financial analysts, and academics frequently use this metric. However, the scheme's ultimate objective is to maximize recipient enterprises' access to the grant scheme, which is why the study uses the increase in turnover to reflect the moderating effects of the government financial support scheme. The assumption that business results reflect the profitability that enterprises have attained in prior accounting periods led to the concentration on turnover rather than other factors, such as profitability. This measure is consistent with the studies of Arbor (2005); Nguyen and Nguyen, (2020); Opoku-Asante *et al.* (2022).

4.1. Empirical revenue model

This study adapted Aluko and Kibuuka (2018) paired sample t-tests and model in determining the effects of the grant scheme by comparing turnover at application and turnover at reporting. To compute the statistical formula for the paired-sample t-test, below estimates techniques was applied (Aluko and Kibuuka, 2018).

$$t = \frac{\bar{X}_1 - \bar{X}_2}{\sqrt{\dfrac{S_1^2 + S_2^2 + S_1^2 - 2rS_1S_2}{N}}}$$

Where = Mean of the sample from the first population
          = Mean of the sample from the second population
S1   = Standard deviation of the sample from the first population.
S2   = Standard deviation of the sample from the second population.
N   = Number of pairs.
r   = Pearson's Product Moment Correlation Coefficient between the pairs.

The empirical model developed for the study was to test the significant impact of the grant ratios on the revenue of the beneficiary firms by using panel data regression analysis. Panel data is a data set where both time series and cross-sectional data have been pooled. The model of panel data is as follows:

$$\log T_t = \beta_1 \log Amt\_app_t + \beta_2 \log Empl_t + \beta_3\, Memb + \mu_t \tag{1}$$

$$\log T_t = \beta_1 \log Amt\_app_t + \beta_2 \log Empl_t + \beta_3\, Memb + \mu_t \text{ (robust standard errors)} \tag{2}$$

where T represents turnover at reporting period; Amt_app denotes amount approved; Empl represents the number of employees at reporting period; Memb denotes the number of members in the beneficiary firms; while t represents time; and μ denotes the residual.

5. Results and discussion

This section provides an empirical analysis to test the hypotheses that significant differences exist "Turnover at reporting versus Turnover at application". Statistically significant positive differences between turnover at reporting and turnover at application reveal improvement in revenue generation by firms which were the beneficiaries of the grant. Significant and positive paired differences in this regard suggest that there were moderating effects of the grant scheme in enhancing revenue generation capacity of the beneficiary firms.

Table 1. Paired sample statistics for turnover at reporting and turnover at application

	Turnover at reporting	Turnover at application
n	448	448
Mean	311623.97	478989.84
Standard deviation	2503607.708	379473.463

Results presented in Table 4.1 show that for all the 448 firms that were the beneficiaries of the grant, the average turnover at reporting period (R311 623.97) was lower than the average turnover at the application period. The results suggest that the revenue generation performance of firms at the reporting period was constrained by certain factors, relative to the revenue generation performance of firms at the application period.

Table 2. Paired samples test for turnover at reporting and turnover at application

n		447
Mean		-167365.87
Standard deviation		2549654.71
t-statistic		-1.389
Paired Differences	Lower:	-404103.86
	Upper:	69372.116

Table 2 results show that the paired differences between turnover at reporting versus turnover at application, were negative and statistically insignificant. The computed p-values for comparison turnover at reporting versus turnover at application were statistically insignificant at 0.05 levels. Based on the t-statistics and p-values, the paired difference for turnover at reporting versus turnover at application (t = -1.389; p > 0.05) shows that there was statistically insignificant decline in the revenue generation capacity of the beneficiary firms of the scheme between the period at which the grant amounts were approved and the period at which reporting was done.

Table 3. Regression results – turnover model 1

Dependent variable: Log_turnover	Coefficient	Standard error	*t*-statistic	*p*-value
Log (Amt_app)	0.9794	0.10076	9.72	0.000***
Log (emplo)	0.2473	0.56957	0.43	0.669
log(Memb)	-0.373	0.49591	-0.75	0.461
R-squared	0.9897			
Adjusted R-squared	0.9880			
F-statistic	576.87			
Prob (F-statistic)	0.0000			

Note: ***denotes 1% significance level, **5% significance, *10% significance level.

Results on the Analysis of Variance (ANOVA) segment reveal that from the total sum of square of 4251.26, about 4207.49 was accounted for by the model while only about 43.7619 was unexplained. From the 21 total degrees of freedom, 3 were consumed by the model and 8 were left for the residual. Regression estimates show that only the amount approved had a statistically significant and positive impact on revenue generation holding other factors constant. The results further show that a 1 per cent increase in the amount approved led to about a 0.97 per cent increase in revenues generated by the intervention grant recipient firms. While employees had a statistically insignificant but positive impact on revenue generated by the intervention grant recipient firms, the number of members at reporting period had a negative but statistically insignificant impact on revenue generation. The computed $F_{(3, 15)}$ statistic (= 576.87; prob > F = 0.0000) rejected the null hypothesis that all model coefficients excluding the constant are equal to zero. Based on the adjusted R-squared, about 99% variation in revenue generation was explained by grant amount approved during the sample period 2011-2018.

Table 4. Regression results (robust model) - turnover model 2

Dependent variable: Log_turnover	Coefficient	Standard error	*t*-statistic	*p*-value
Log (Amt_app)	0.9794	0.12315	7.95	0.000***
Log (emplo)	0.2473	0.55361	0.45	0.660
Log (Memb)	-0.373	0.32137	-1.16	0.261
R-squared	0.9897			
F-statistic	1078.31			
Prob (F-statistic)	0.0000			

Note: ***denotes 1% significance level, **5% significance, *10% significance level.

Robust standard error-based regression estimates similarly show that only the amount approved had a statistically significant and positive impact on revenue generation, while employees at reporting had a positive but statistically insignificant effect on revenue generation by firms. Conversely, members at reporting had a negative but statistically insignificant effect on revenue generation. Ceteris paribus, a 1 per cent increase in amount approved led to about a 0.97 per cent increase in revenues generated by the intervention grant recipient firms. The computed $F_{(3, 18)}$ statistic (= 1078.31; prob > F = 0.0000) rejected the null hypothesis that all model coefficients excluding the constant are equal to zero. Based on the R-squared, about 99% variation in revenue generation was explained by amount approved, number of employees and number of members during the period 2011-2018.

5.1. Revenue models based on the amount approved as the only regressor

Regression estimates show that the amount approved as the only determinant had a statistically significant and positive impact on revenue generation. Results show that a 1 per cent increase in amount approved led to about a 0.77 per cent increase in revenue generated by the intervention grant recipient firms. The computed F (1, 20) statistic (= 14.59; prob > F = 0.0011) rejected the null hypothesis that all model coefficients excluding the constant are equal to zero. Based on the adjusted R-squared, about 39% variation in revenue generation was explained only by the amount approved during the sample period 2011-2018.

Table 6. Regression results - Turnover Model 1

Dependent variable: Log_turnover	Coefficient	Standard error	t-statistic	*p*-value
Log (Turnover)	0.7738	0.2026	3.82	0.000***
Log (Amt_app)	2.5973	2.9925	0.87	0.396
R-squared	0.4218			
F-statistic	14.59			
Prob (F-statistic)	0.0011			

Note: ***denotes 1% significance level, **5% significance, *10% significance level.

Regression estimates show that the amount approved had a statistically significant and positive impact on revenue generation. Results show that a 1 per cent increase in amount approved led to about a 0.77 per cent increase in revenue generated by the intervention grant recipient firms. The computed F (1, 20) statistic (= 11.03; prob > F = 0.0011) rejected the null hypothesis that all model coefficients excluding the constant are equal to zero. Based on the R-squared, about 42% variation in revenue generation was explained by the amount approved during 2011-2018.

Table 7. Regression results (robust model) - Turnover Model 2

Dependent variable: Log_turnover	Coefficient	Standard error	t-statistic	*p*-value
Log (Turnover)	0.7738	0.2328	3.32	0.000***
Log (Amt_app)	2.5973	3.4973	0.74	0.466
R-squared	0.4218			
F-statistic	11.03			
Prob (F-statistic)	0.0034			

Note: ***denotes 1% significance level, **5% significance, *10% significance level.

The regression estimates based on the robustness of the standard error similarly show that amount approved had a statistically significant and positive impact on the revenue performance of the beneficiary firms of the scheme. The result confirmed the regression analysis of the amount approved as the only regressor and only determinant factor. It shows that amount approved had a statistically significant and positive impact on the revenue generation of the beneficiary firms (Clampit *et al.* 2022; Alam and Adeyinka, 2021). The indication is for every 1 per cent increase in an amount approved in both models analyzed led to about a one per cent increase in revenue generated by the recipient firms of the grant intervention scheme. The findings show that the grant amount approved for beneficiary firms does have a positive influence on the revenue performance (Rahayu and Wardana, 2021; Sukesti *et al.* 2021) between 2011 and 2018 under review holding other factors constant. This also corroborates the view of Abdullah and Tursoy (2021).

The findings showed how a government financial support grant scheme for small firms in South Africa had moderate effects. While these results support the grant scheme's function as an influence moderator and the generalizability effects of its restriction on the turnover or revenue growth of the beneficiary enterprises. Along with investigating the moderating effects of the government's financial support scheme for small firms and its incremental effect above and

beyond revenue attractiveness, the study also added a contemporaneous analyst, namely the turnover at application and at reporting. The study employed the concept to identify the elements that are known to hinder small business growth because it was believed that it would serve as a viable theory to add to the analysis's robustness.

The results also lend credence to the idea that government policy functions as a moderator in a significant way. Government financial support, on the other hand, is anticipated to further moderate the beneficiary firms' inclination and therefore improve their performance. This support makes it anticipated that businesses will be able to expand even under challenging circumstances. Accordingly, the findings suggested that if grant support increases as a result of government action, small business performance will also increase. Finally, the findings note that financial assistance from the government has a beneficial moderating effect on small enterprises' performance and turnover. This is consistent with studies that found that government financial support has positive effects on the performance of small businesses in emerging economies, including the creation of jobs, firm profitability, productivity, and the acquisition of assets and tools (Arbor, 2005; Nguyen and Nguyen, 2020; Opoku-Asante *et al.* 2022). In light of this, this study supported the notion that government financial support had a substantial effect on the turnover of the beneficiary firms. According to Ayub *et al.* (2020); Srhoj *et al.* (2019), studies confirm the significance of government financial support grants on turnover and revenue performance. Further, this study concluded that there is a positive correlation between small businesses ability to acquire financing and their ability to grow. The results provide more evidence in favor of the hypothesis that governmental policy substantially influences these relationships as a full moderator.

6. Conclusion and recommendation

The study tests the revenue influence of a government intervention grant scheme for small businesses in South Africa, focusing on the relationship between the amounts approved for small businesses and revenue performance after the grant amount has been received by the beneficiary firms. The study uses a pre- and post-grant amount data mechanism to consider other variables that contributed to the robustness of the analysis output. Arising from the outcomes of the study analysis, it was observed that small businesses require financial support for growth and survival, specifically small businesses that do not have access to working capital or finance. Some of the growth perspectives include but are not limited to employment, revenue and productivity growth. In South Africa, government intervention grant schemes are meant to assist new and existing small businesses with their finance needs as a result of capital market imbalances and credit market imperfection. Small business grant schemes focus on businesses that could not access capital from the traditional financial institution because of their risky nature or lack of credit history. A grant scheme for small businesses is designed to be offered at no rates of interest such that the beneficiary firms can leverage the advantages to be productive and grow their businesses thus participating in the mainstream of the economy. The most direct outcome of government intervention schemes for small businesses is to magnify income and business profits.

The issue of performance is a critical concern to small business survival and this cannot be resolved only by government support schemes because business revenue performance, should not by itself be considered as the only impact indicator. Although, business profit is the preferred measure of financial impact on the business while other impacts could be considered intermediate indicators, implying that while they are important outputs for the intervention scheme, they do not, by themselves, indicate a positive outcome for the beneficiaries. Nonetheless, revenue influence should be considered a positive indicator for the scheme as observed in the analysis of the study. Therefore, small businesses should not discard the importance of business grants because studies have shown that government support schemes have a substantial impact on the revenue performance of small business and their survival. The support schemes give small businesses a way to access outside sources of capital for expansion than dependency on business savings, family and friends (Aluko and Kibuuka 2016; Yoshino and Taghizadeh-Hesary, 2019). Moreover, this study gives a broad overview of the problems and difficulties that small

businesses have to deal with, as mentioned by Bakhtiari *et al.* (2020); Geng *et al.* (2021); Harel (2021).

In conclusion, state financial invention and support schemes for small businesses and the economic benefits of economic development finance support, provide a public policy rationale where, when considered, the benefit, might outweigh the cost of establishing such schemes (Aluko and Nzalale, 2021). Also, policy maker and practitioners must adopt an entrepreneurial spirit when exploiting government grant support programs so as to improve small business performance. The findings of this study were restricted to the specific sample size utilized in the study. The effects of grant support programs and the performance of the small business may be better understood through longitudinal research, which could also offer better insights into further effects of grant support programs for small businesses and the realities that small businesses must deal with. Also, advocates of grant interventions scheme in developing countries should see government financial support programs as a vital means of promoting business growth, capital adequacy and access to finance. Finally, the results of this study might be a good starting point for future investigation. In this regard, it is recommended that government intervention funding administrators or agencies should put in place integrated policy guidelines on operationalizing the scheme for effective delivery and outcome from monitoring and evaluation perspectives. The policy guidelines should cover, follow-up meetings post disbursement, provision of an effective growth strategy, and a workable business plan for revenue and business growth. Also, a regular review of the scheme's strengths and weaknesses should be part of the guiding principle and policy mandatory preferably focusing on SMEs that have the potential of contributing more to the mainstream economy.

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