Microfinance Banks and Performance of Small and Medium Scale Enterprises in Nigeria

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Abstract:

The relevance of small and medium enterprises to growth and development of any nation's economy cannot be over-emphasized. Small and medium enterprises development through effective means of bank financing have brought about debate and increase in interest among researches, policy makers and entrepreneurs, which have led to issues being raised in identifying the large impact of the sub-sectors to economic growth. Small and medium scale enterprises make up the basis of industrial growth and development. The issues of microfinance bank financing are an issues that has to be treated with much importance as previous evidence shows that finance contributes to about to 25% of the success of small and medium enterprises. In order to evaluate the impact of microfinance banks on the performance banks on the performance of small and medium scale enterprises in Nigeria, questionnaires were administered to SMEs operators and microfinance bank officials.

This research project had certain objectives which was achieved through the two hypotheses that were tested and questions that will be asked after which conclusion were be drawn and recommendation given. This research project made use of primary data. The conclusion has drawn at the end of this research shows that there is a significant relationship between microfinance bank and SMEs. To foster economic development, microfinance should effectively and efficiently fund small and medium scale enterprises in Nigeria an economy.

Keywords: Microfinance; Microfinance banks; Small and Medium-scale enterprise.

JEL Classification: G24; G21.

Introduction

Small and Medium scale Enterprises play a crucial part in providing medium scale and small-scale customers with specialized services. Above all, they provide people, particularly in Nigeria, with the main source of income and employment that contributes to poverty alleviation. Small and medium businesses do not survive long because they lack the necessary financial services; their financial resources are limited. There were therefore personal savings, business partners, friends, families and other relaxed funding sources before microfinance banking became established in 2005.

In the mission to allow small and medium-sized businesses to grow to develop and expand their businesses by public and investment banks, microfinance banks were introduced, for example, with financial services such as savings, professional advice and loans. But do the microfinance banks carry out their duties? What are the financial relations between SMEs and Microfinance Banks? The research is aimed at finding out what impact Microfinance banks can have on the financing of SMEs so that their performance can be enhanced and the economy developed. (Kolawole 2013) opposes that small and medium scale businesses perform a very vibrant part in emerging economies for development.

Osamwoniyi and Tafamel (2010) SMEs are the cornerstones of a growing economy. According to a study conducted by Debbie (2004) it was shown that small and medium-sized enterprises (SMEs) represent around 97% of Nigerian enterprises and generate around 50% of the jobs, as did 30% of the production output (National Policy on Micro Small and Medium Enterprises, NPMSMES 2006). The definition of SMEs cannot be over emphasized; it differs among countries and also alongside time reliant on the pattern, phase of development, and government policy of a particular country. SMEs are defined by the National Council of Industries as enterprises in which overall costs exclusive of landed property is not less than 2 million naira (N2, 000,000). According to the Federal Ministry of Industry ACT (FMI) (1979), SMEs consist of a capital investment company with a total of two million naira (N2, 000, 000) and the figure of employees of up to 50 people. The advent of SMEs is equivalent to the advent of

entrepreneurs because SMEs are used to foster entrepreneurship. However, small and medium – scale enterprises are acknowledged as a driver of the country's progress and poverty alleviation.

Many researchers have tried to determine the role of the microfinance banks to improve their performance SMEs by providing them with financial means that will assure their performance. However, diverse limitations on small and medium-sized business were reduced and nearly all the attention was paid to big business. The financial services provided by the lending banks are also virtually in favor. Most lending banks in Nigeria have problems providing SMEs as they say SMEs do not meet their bank's requirements. Microfinance banks have the ability and capability to stabilize this problem, and all this will be shown in the process of this research.

In addition, this research will demonstrate the success of microfinance banks with regard to the availability of funding assistance, lending size and frequency. Furthermore, the study shows the rate at which small medium-sized businesses are being charged by microfinance banks for finance. Virtually, the dominant struggle of the Small Medium scale Enterprises are the issues of finance, manpower management and provision of the necessary document for obtaining in credit. This research will show the involvement of the lending banks demonstrating the best opened to SMEs to that source of credit are the most useful to the SMEs and how important they are to the performance of the businesses.

Literature Review

In Nigeria and many other countries, different researchers have defined SMEs in different ways, based on asset size or sum, the total figure of workforce and yearly proceeds. Consequently, the universal definition of medium-sized small businesses is not available. However, there is a high degree of uniformity of opinion when defining small and medium scale enterprises in term of value of assets than on any other basis (Fatai 2011). As a result of this doubt of an economic downturn occurring, the digit of employees and the impact on turnover is greater than the impact on the asset value. Small and medium scale enterprises (SMEs) are subdivided into small scale enterprises (SSE), and medium scale enterprises (MSE).

The apex financial intuition of Nigeria in its 1990 Credit Guideline for monetary institution describes small businesses as those whose annual yield does not go beyond N200, 000,000 or capital expenditure does not surpass N200, 000,000, exclusive of land costs. Though, the CBN recently placed small-scale enterprise employment levels below 50 and medium-scale enterprises below 100. As far as assets are concerned, small scale is less than N1, 000,000 while medium scale is less than N150, 000,000. (Ogboru 2007).

Osaze and Anao(2012) a small business can be described as a corporate responsibility owned, successful and controlled by no more than twenty entrepreneurs, with no more than twenty employers, an undistinguishable organizational structure and a moderately small market share. SMEs whose annual revenue does not go further than N2 million to the net holding value of the company and Allied Matter Decree (CAMD) No I of 1990 Section 376 subdivision 2 are distinct as a company with a net holding value not higher than N1 millions. Small businesses with fewer than 300 workforces and with totality assets of a lesser amount than $15 million are identified by the International Finance Corporation. Smaller companies with less than 20 employees are defined in smaller economies. In Nigeria, SMEs, with an overall employed capital of up to N1.5, but not over N200 million, as well as employed capital, except with no land costs and/or with employees exceeding N10 and no more than 300, define small and medium-sized businesses

Obitayo (1991) believes that the transformation of small businesses over a timeframe is based on the advancement stage of a country is largely dependent upon.

Overview of Microfinance Banks in Nigeria

The microfinance industry in Nigeria has been threatened by abundant trials since the Microfinance Policy Framework in December introduction in 2005; thus, a substantial number of newly certified microfinance banks were established and operated as mini- deposit money banks; however, some improvement was revealed based on the valuation of the microfinance sub-sector, next the introduction of the plan. These comprise penetrating consciousness among participants such as government, supervisory specialists, stakeholders, progression partners, financial institution and practical support provides on microfinance.

As of 30 September, 2018, the Central Bank of Nigeria licensed a total of 882 microfinance banks, while a large fraction of Nigeria were omitted from monetary services, despite the above improvements. A December 2018 report supported by Enhancing Financial Innovation and Access shows that 32,9 million, which represents 46,3% of Nigeria's adults, were disqualified from financial aid. Of the 53.7% who had entrance, 36.3% had financial support from recognized financial institutions, and 17.4% had absolute access to the informal sector. Among the 53.7%

accessed, 36.3% developed financial help from registered financial institutions, while 17,4% visited the easy sector absolutely; as a consequence, the informal financial institution largely reduced access to loan-capable assets.

According to CBN (2005), Nigeria has traditionally been experienced in several centuries as a effect of microfinance. The outdated foreword of microfinance offers access to low-wage rural and urban lending. The majority of microfinance providers comprise saved collectors and cooperative societies, which are unauthorized self-help groups (SHGs), or the rotating saving and credit organizations (ROSCAs), are not authorized.

Theoretical Framework

The Agency Theory: according to (Jensen and Meckling 1976) it was built on the disagreement between stakeholders and management of firms and the debt holders. Lending and borrowing are financing contracts that build financial responsibility between two parties. Since SMEs are commonly owner-managed, they are not expected to be compressed significantly by the disagreement between. Stakeholders and mangers (Sorgorb-mira 2005). Therefore, the supply of funds to the business is based on contracts that form appropriate incentive for both the supplier and the fund users. The agency dispute between the owners and liability holder may be principally strict for SMEs (Abor and Biekpe 2009). Thus, contractual resistances can occur because of moral hazard, asymmetric information.

Empirical Framework

Small-scale industries account for a higher proportion of the list of all Nigerian organizations and their survival for a stretched time. The mainstream of the small industry advanced from cottage industries, small and medium-sized to large-scale industries.(Basil 2005) noted that majority SMEs in Nigeria liquidate within their earliest five year of operation due to inadequate capital structure, absence of motivation, poor market investigation, in excess of attentiveness on one otherwise two markets for completed goods, lack or non-functioning of continuation plan, lack of experience, unbalanced electricity supply, insufficiencies amenities (water, roads *etc*.) improper records, failure to distinct corporate and private or individual assets, lack of business plan, failure to differentiate between takings and yield, failure to acquire the precise plant and machinery, inability to involve or hire competence workforce.

Aremu and Adeyemi(2011) It has shown that their surveys have shown that in their first five years of survival, some SMEs die mostly in Nigeria. It has also been found that fewer small businesses go to disappear in the sixth and 10th years, while only about 5% to 10% of young firms endure, succeed and mature.

Oluloba (2011) criticized the poor functioning of the Nigeria small scale enterprises on reduced administration performance, inability to get funds, little equity contribution from investors of the organization, poor infrastructural services, scarcity manpower managerial skills, variety of legalizing agencies and the arrogant functioning environment, social and attitudinal difficulties, slight or no entrance to marketplace and lack of access to important information.

Methodology

The sampling technique that would be engaged in this study is the stratified sampling method. The micro finance banks selected are Lapo Micro-finance Bank Ltd, Microcred Micro-finance bank and Accion Micro-finance bank. The total estimated population that would be used to calculate the number of respondent needed for study is 240.

The research will be carried out with the use of questionnaire to scrutinize the connection that exists amid microfinance banks and the performance of SMEs. The data presentation in the course of the project will be done in correlation method via the statistical product and service solution (SPSS) software package. Sample size of the research will be determined by means of the statistical formula citied in Adebayo (2000) that is the Taro Yamane's formula will be employed. Taro Yamane's formula:

$$\boldsymbol{n = \frac{N}{1 + a^2 N}} \tag{1}$$

where: N = population of study; n = sample size; a = level of significant or error of tolerance. Therefore, N=240, a=5% or 0.05, n=? n = 150 respondent.

Data Presentation and Analysis. *Reliability test*

The rule of thumb states that the research work is proven reliable are the Cronbach alpha is larger than or equivalent to 0.7. Therefore, the table above shows that the study is dependable as the Cronbach alpha is greater than 0.7

Table 1. Reliability statistics

Cronbach's Alpha	N of Items
723	21

Analysis of data

A sum of 150 questionnaires was granted for the purpose of this research. These questionnaires were given to small and medium scale enterprises operators and 3 selected microfinance banks namely Lapo Microfinance Bank, Accion Microfinance Bank and Microcred Microfinance Bank. Out of the 150-questionnaire administered, 134 were returned and 16 questionnaires were unable to be retrieved.

Descriptive analysis of personal data

Table 2. Analysis of number of respondents

Questionnaire	No of respondents	Percentage
Returned	134	89.3
Not Returned	16	10.7
Total	150	100,0

Source: Field Survey 2019

The above table reveals that 89.3% of the research questionnaires distributed were retrieved and 10.7% were not retrieved, this indicates that a reasonable conclusion can be drawn from the responses gotten from this research.

Table 3. Analysis nature of organization of respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Sole proprietor	45	33.6	33.6	33.6
	Partnership	39	29.1	29.1	62.7
	Family owned business	17	12.7	12.7	75.4
	Private limited company	18	13.4	13.4	88.8
	Public limited company	12	9.0	9.0	97.8
	Cooperatives	3	2.2	2.2	100.0
	Total	134	100.0	100.0	

Source: Field Survey 2019

From the above table, it is practical that 45 (33.6%) of the respondent businesses operate sole proprietorship businesses, 39 (29.1%) of the respondents are into partnership business, 17 (12.7%) of the respondents have their family businesses, 18 (13.4%) of the respondents are from private limited companies, 12 (9%) of the respondents are from the public limited companies while 3 (2.2%) of the respondents are members of the cooperatives. Therefore, bulks of the respondents are concerned in sole proprietorship businesses.

Table 4. Analysis gender of respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	58	43.3	43.3	43.3
	Female	76	56.7	56.7	100.0
	Total	134	100.0	100.0	

Source: Field Survey 2019

From the Table 4, it shows that 58 (43.3%) of the respondents were male which constitutes a lower number of respondents while 76 (56.7%) females. It implies that there are supplementary female respondents than male.

Table 5. Analysis of age of respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	21-30	45	33.6	33.6	33.6
	31-40	49	36.6	36.6	70.1
	41-50	34	25.4	25.4	95.5
	51and above	6	4.5	4.5	100.0
	Total	134	100.0	100.0	

Source: Field Survey 2019

From the above table showing the age allotment of the respondents, it shows that 45 (33.6%) of the respondents falls within the age bracket of 21 - 30, 49 (36.6%) falls within the age range of 31 - 40, 34 (25.4%) falls within the age range of 41 - 50, while 6 (4.5%) of the respondents falls within the age range of 51 and above. This shows that the greater percentage of respondents falls within ages of 31-40.

Table 6. Analysis for marital status of respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Single	38	28.4	28.4	28.4
	Married	69	51.5	51.5	79.9
	Divorced	15	11.2	11.2	91.0
	Widowed	12	9.0	9.0	100.0
	Total	134	100.0	100.0	

Source: Field Survey 2019

The chart above shows the marital rank of respondents, the result of the analysis indicates that 38 (28.4%) of the respondents are single, 69 (51.5%) of the respondents are married, 15 (11.2%) of the respondents are divorced, while 12 (9%) of the respondents are widowed. This shows that a superior fraction of the respondents which are married.

Table 7. Analysis for religion of respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Christianity	90	67.2	67.2	67.2
	Islam	35	26.1	26.1	93.3
	Others	9	6.7	6.7	100.0
	Total	134	100.0	100.0	

Source: Field Survey 2019

The chart above shows the religion of the respondents, 90 (67.2%) of the respondents are Christian, 35 (26.1%) of the respondents are from the Islamic religion, while 9 (6.7%) of the respondents are based on other religions. This shows that mainstream of the respondents which are Christian.

Table 8. Analysis of respondents' business period of existence

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	less than 5 years	30	22.4	22.4	22.4
	between 5 to 10 years	48	35.8	35.8	58.2
	between 11 to 15 years	31	23.1	23.1	81.3
	between 16 to 20 years	9	6.7	6.7	88.1
	over 20 years	16	11.9	11.9	100.0
	Total	134	100.0	100.0	

Source: Field survey 2019

The table above shows the period for which businesses of respondents have been existing, 30(22.4%) of the respondents organization have been existing for fewer than 5 years, 48(35.8%) of the respondent businesses have been existence between the period of 5 to 10 years, 31(23.1%) of the respondents businesses have been in existence between the period of 11 to 15 years, 9(6.7%) of the respondents businesses have been in existence between the period of 16 to 20 years, while 16(11.9%) of the respondents business have been existence for over 20 years.

Table 9. Analysis of the Respondents Level of Education

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Never been to school	18	13.4	13.4	13.4
	Primary school	16	11.9	11.9	25.4
	Secondary school	13	9.7	9.7	35.1
	National diploma/ NCE	21	15.7	15.7	50.7
	B.sc\ HND	30	22.4	22.4	73.1
	M.sc\ PhD	36	26.9	26.9	100.0
	Total	134	100.0	100.0	

Source: Field Survey 2019

The above table shows the level of education respondents, 18 (13.4%) of the respondents have never been to school, 16 (11.9%) of the respondents are primary school certificate holders, 13 (9.7%) of the respondents are secondary school certificate holders, 21 (15.7%) of the respondents are national diploma\NCE certificate holders, 30 (22.4%) of the respondents are B.sc\HND certificate holders, while 36 (26.9%) of the respondents are M.sc\PhD certificate holders. Therefore, mainstream of the respondents which are B.sc\ HND holders.

Table 10. Analysis for the size of employees in the organization

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	under 5	22	16.4	16.4	16.4
	under 10	48	35.8	35.8	52.2
	10 and above	64	47.8	47.8	100.0
	Total	134	100.0	100.0	

Source: Field Survey 2019

The table above shows the number of employees in answerer organization. 22 (16.4%) of the respondents work with under 5 employees, 48 (35.8%) of the respondents work with a size of under 10 employees, while 64 (47.8%) of the respondents works under the size of 10 and above, making them the majority.

Table 11. Analysis for the Organizational Status of Respondent

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Senior management	68	50.7	50.7	50.7
	Middle management	35	26.1	26.1	76.9
	Junior management	31	23.1	23.1	100.0
	Total	134	100.0	100.0	

Source: Field Survey 2019

From the table above, 68 (50.7%) of the respondents are members of the senior management of their organization, 35 (26.1%) of the respondents are members of the middle management of their organization, while 31 (23.1%) of the respondents are members of the junior management in their organization. The table shows that mainstream of the respondents are senior managers in their organization.

Table 12. Analysis on if the Business Environment in Nigeria is Suitable for SMEs

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	47	35.1	35.1	35.1
	Agree	40	29.9	29.9	64.9
	Undecided	29	21.6	21.6	86.6
	Disagree	13	9.7	9.7	96.3
	Strongly disagree	5	3.7	3.7	100.0
	Total	134	100.0	100.0	

Source: Field Survey 2019

47 (35.1%) of respondents strongly agree that the dealing surroundings in Nigeria is suitable for SMEs, 40 (29.9%) of respondents agree that the dealing surroundings in Nigeria is suitable for SMEs, 29(21.6%) of respondents disagree that the dealing surroundings in Nigeria is suitable for SMEs, 13(9.7%) of respondents disagree. In Nigeria is suitable for SMEs. Therefore, majority of the respondents strongly agree that the dealing surroundings in Nigeria is suitable for SMEs.

Table 13. Analysis on the necessary infrastructure needed for the business is easily available in Nigeria

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	32	23.9	23.9	23.9
	Agree	20	14.9	14.9	38.8
	Undecided	21	15.7	15.7	54.5
	Disagree	33	24.6	24.6	79.1
	Strongly disagree	28	20.9	20.9	100.0
	Total	134	100.0	100.0	

Source: Field Survey 2019

From the Table 13, it shows that 32 (23.9%) of the respondents strongly agree that the infrastructure needed for business is readily available in Nigeria, 20(14.9%) of the respondents agree, 21(15.7%) of the respondents are

neutral, 33(24.6) of the respondents disagreed and 28(20.9%) of the respondents strongly disagreed. Therefore, majority of the respondents disagree that necessary infrastructure needed for business is easily available in Nigeria.

Table 14. Analysis for government fiscal and monetary policies are favorable to SMEs

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	18	13.4	13.4	13.4
	Agree	23	17.2	17.2	30.6
	Undecided	24	17.9	17.9	48.5
	Disagree	57	42.5	42.5	91.0
	Strongly disagree	12	9.0	9.0	100.0
	Total	134	100.0	100.0	

Source: Field Survey 2019

The table above shows that 18 (13.4 respondents strongly agree that government fiscal and monetary policies favor SMEs in Nigeria, 23 (17.2%) respondents agreed, 24 (17.9%) respondents were undecided, 57 (42.5%) respondents disagreed, while 12 (9%) respondents strongly disagreed with administration economic and financial policies. Therefore, majority of the respondents disagree that government's financial and economic policies are favorable to SMEs.

Table 15. Analysis that microfinance banks play a major role in the provision of credit facilities to SMEs

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	57	42.5	42.5	42.5
	Agree	36	26.9	26.9	69.4
	Undecided	8	6.0	6.0	75.4
	Disagree	16	11.9	11.9	87.3
	Strongly disagree	17	12.7	12.7	100.0
	Total	134	100.0	100.0	

Source: Field Survey 2019

The Table 15 shows that 57 (42.5%) of the respondents strongly agree that microfinance banks play a major role in provision of credit facilities to SMEs, 36 (26.9%) agreed, 8(6%) of respondents are undecided, 16 (11.9%) of the respondents disagreed while 17 (12.7%) of respondents strongly disagreed. Therefore, majority of the respondents strongly agree that MFB play a major role in the provision of credit facilities to SMEs.

Table 16. My business is striving well because I have the required managerial skill to run the business

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	15	11.2	11.2	11.2
	Agree	75	56.0	56.0	67.2
	Undecided	5	3.7	3.7	70.9
	Disagree	20	14.9	14.9	85.8
	Strongly disagree	19	14.2	14.2	100.0
	Total	134	100.0	100.0	

Source: Field Survey 2019

From the table above, 15 (11.2%) of the respondents strongly agree that their businesses are striving well because they have the required managerial skills to run the business, 75 (56%) of the respondents agreed, 5 (3.7%) of the respondents were undecided, 20 (14.9%) of the respondents disagreed while 19 (14.2%) of the respondents strongly disagreed. In conclusion, majority of the respondents agree that their businesses are striving well because they have the required managerial skills to run them.

Table 17. There is adequate information and awareness of programs and policies for SMEs in Nigeria

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	20	14.9	14.9	14.9
	Agree	57	42.5	42.5	57.5
	Undecided	19	14.2	14.2	71.6
	Disagree	34	25.4	25.4	97.0
	Strongly disagree	4	3.0	3.0	100.0
	Total	134	100.0	100.0	

Source: Field Survey 2019

The above tables contain 20 (14,9%) of respondents ' strong agreement; 57 (42,5%) of respondents consents; 19 (14.2%) of respondents ' disagreements; 34 (25,0%) disagreement; 4 (3%) disagree that the program and policies of the SMEs in Nigeria are adequately informed and informed. In conclusion, most of the respondents agreed that there is adequate information and awareness of programs and policies for SMEs in Nigeria

Table 18 Microfinance banks provide adequate advisory services to SMES on investment

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	11	8.2	8.2	8.2
	Agree	55	41.0	41.0	49.3
	Undecided	15	11.2	11.2	60.4
	Disagree	39	29.1	29.1	89.6
	Strongly disagree	14	10.4	10.4	100.0
	Total	134	100.0	100.0	

Source: Field Survey 2019

The table above shows that 11(8.2%) of the respondents strongly agree that MFB provide adequate advisory services to SMEs on investment, 55(41%) of the respondents agreed, 15(11.2%) of the respondents were undecided, 39(29.1%) of the respondents disagreed while 14(10.4%) of the respondents strongly disagreed. Therefore, majority of the respondents agreed that microfinance banks provide advisory services to SMEs on investment.

Table 19 SMES in Nigeria benefit adequately from government schemes and policies

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	16	11.9	11.9	11.9
	Agree	63	47.0	47.0	59.0
	Undecided	19	14.2	14.2	73.1
	Disagree	30	22.4	22.4	95.5
	Strongly disagree	6	4.5	4.5	100.0
	Total	134	100.0	100.0	

Source: Field Survey 2019

The table above shows that 16 respondents (11,9%) strongly agreed that governmental schemes and policies are appropriate to the SMEs of Nigeria, that 63 (47%) agreed on, that 19 (14,2%) respondents are undecided, that 30% (22,4%) disagreed, and that 6 (4,5%) respondents disagree strongly. Most interviewees therefore agreed that government plans and policies benefit SMEs in Nigeria adequately.

Table 20. Interest Rates Charged on Loan is very High

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	40	29.9	29.9	29.9
	Agree	66	49.3	49.3	79.1
	Undecided	16	11.9	11.9	91.0
	Disagree	11	8.2	8.2	99.3
	Strongly disagree	1	.7	.7	100.0
	Total	134	100.0	100.0	

Source: Field Survey 2019

From the table above, 40(29.9%) of the respondents strongly agree that the interest rate charged on loan is very high, 66(49.3%) of the respondents agree that the interest rate charged on the loan is very high, 16(11.9%) of the respondents were undecided, 11(8.2%) of the respondent disagree while 1(0.7%) of the respondents strongly disagreed that the interest rates charged on loan is very high.

Table 21. Interest rates on loan discourages SMEs from accessing bank loan

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	66	49.3	49.3	49.3
	Agree	52	38.8	38.8	88.1
	Undecided	5	3.7	3.7	91.8
	Disagree	5	3.7	3.7	95.5
	Strongly disagree	6	4.5	4.5	100.0
	Total	134	100.0	100.0	

The table above shows that 66 respondents representing 49.3% strongly agree, 52 respondents representing 38.3% agree, 5 respondents representing 3.7% were undecided, 5 respondents representing 3.7% while 6 respondents representing 4.5% strongly disagree that interest rates on loan discourages SMEs from accessing microfinance bank loan. In conclusion, a higher percentage of the respondents strongly agree that interest rate on loan discourages SMEs from accessing bank loans.

Table 22. SMEs has led to Adequate Employment Generation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	58	43.3	43.3	43.3
	Agree	58	43.3	43.3	86.6
	Undecided	13	9.7	9.7	96.3
	Disagree	2	1.5	1.5	97.8
	Strongly disagree	3	2.2	2.2	100.0
	Total	134	100.0	100.0	

Source: Field Survey 2019

The table above shows that 58 (43.3%) were strongly agreed, 58 (43.3%) were agreed, 13 (9.7%) were undecided, 2 (1.5%) of respondents did not agree while 3 (2.2%) disagreed strongly that SMEs led to adequately generating jobs. The table above shows that SMEs had an adequate employment. The activities of SMEs have therefore led to a sufficient production of jobs in the majority of the population.

Table 23. MFB Have played a significant role in the performance of SMEs in Nigeria

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	33	24.6	24.6	24.6
	Agree	62	46.3	46.3	70.9
	Undecided	21	15.7	15.7	86.6
	Disagree	15	11.2	11.2	97.8
	Strongly disagree	3	2.2	2.2	100.0
	Total	134	100.0	100.0	

Source: Field Survey 2019

From the above Table 23, 33 (24.6%) of the respondents strongly agrees that microfinance banks have played a significant role in the performance of SMEs in Nigeria, 62 (46.3%) agreed, 2 (15.7%) were undecided, 15 (11.2%) of the respondents disagreed while 3 (2.2%) of the respondents strongly disagreed. Therefore, majority of the respondents agreed that microfinance banks have played a major role in the performance of SMEs in Nigeria.

Table 24. MFB are reluctant to give out credit to SMEs

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	48	35.8	35.8	35.8
	Agree	62	46.3	46.3	82.1
	Undecided	16	11.9	11.9	94.0
	Disagree	8	6.0	6.0	100.0
	Total	134	100.0	100.0	

Source: Field Survey 2019

Table 24 shows that 48 (35.8%) of the respondents strongly agree that microfinance banks are reluctant to give out loans to SMEs, 62 (46.3%) agreed, 16 (11.9%) of the respondents were undecided while 8 (6%) of the respondents disagreed that microfinance banks are reluctant to give out their loans to SMEs. Therefore, the majority of the respondents are of the view that microfinance banks are reluctant to give credit (loans) to SMEs.

Table 25. Increase in MFB loan to SMEs will increase SME's performance

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	50	37.3	37.3	37.3
	Agree	50	37.3	37.3	74.6
	Undecided	21	15.7	15.7	90.3
	Disagree	10	7.5	7.5	97.8
	Strongly disagree	3	2.2	2.2	100.0
	Total	134	100.0	100.0	

Source: Field Survey 2019

Table 25 shows that 50 (37.3%) of the respondents strongly agree, 50 (37.3%) of the respondents agreed, 21 (15.7%) were undecided, 10 (7.5%) disagreed, while 3 (2.2%) of the respondents strongly disagreed that an increase in microfinance loan to SMEs will increase SMEs performance. Therefore, majority of the respondents strongly agreed and agreed that an increase in microfinance loan will increase the performance of SMEs in Nigeria.

Table 26. SMEs productively utilize credit received from banks

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	31	23.1	23.1	23.1
	Agree	55	41.0	41.0	64.2
	Undecided	22	16.4	16.4	80.6
	Disagree	18	13.4	13.4	94.0
	Strongly disagree	8	6.0	6.0	100.0
	Total	134	100.0	100.0	

Source: Field Survey 2019

The table above shows that 31 (23.1%) of the respondents strongly agree, 55 (41%) of the respondents agreed, 22 (16.4%) of the respondents were undecided, 18 (13.4%) of the respondents disagreed, while 8 (6%) of the respondents strongly disagreed that SMES productively utilize credit received from banks. Therefore, majority of the respondents agreed that SMEs productively utilize credit received from banks.

Table 27. MFB consider SMEs to be high risk investment

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	29	21.6	21.6	21.6
	Agree	54	40.3	40.3	61.9
	Undecided	31	23.1	23.1	85.1
	Disagree	16	11.9	11.9	97.0
	Strongly disagree	4	3.0	3.0	100.0
	Total	134	100.0	100.0	

Source: Field Survey 2019

The table above shows that 29(21.6%) of the respondents strongly agree, 54(40.3%) of the respondents agreed, 31(23.1%) of the respondents were undecided, 16(11.9%) of the respondents disagreed, while 4(3%) of the respondents strongly disagreed that microfinance banks considers SMEs to be of high-risk investment. Therefore, majority of the respondents agree that microfinance banks consider SMEs to be high risk investment.

Table 28. Government provides adequate public enlightenment programs to educate people on how to run their businesses

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	26	19.4	19.4	19.4
	Agree	56	41.8	41.8	61.2
	Undecided	31	23.1	23.1	84.3
	Disagree	15	11.2	11.2	95.5
	Strongly disagree	6	4.5	4.5	100.0
	Total	134	100.0	100.0	

Source: Field Survey 2019

The table above shows that 26 (19.4%) of the respondents strongly agree. 56 (41.8%) of the respondents agree, 31 (23.1%) of the respondents were undecided, 15 (11.2%) of the respondents disagree and 6 (4.5%) of the respondents strongly disagree that government provides adequate public enlightenment programs to educate people on how to run their businesses. In conclusion, a higher percentage of the respondents agree that government provides adequate public enlightenment programs to educate people on how to run their businesses.

Table 29. Entrepreneurship should be encouraged by providing the necessary facilities needed for their survival

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	59	44.0	44.0	44.0
	Agree	30	22.4	22.4	66.4
	Undecided	26	19.4	19.4	85.8
	Disagree	13	9.7	9.7	95.5
	Strongly disagree	6	4.5	4.5	100.0
	Total	134	100.0	100.0	

From the table above, 59 (44%) of the respondents strongly agree, 30 (22.4%) of the respondents agree, 26 (19.4%) of the respondents were undecided, 13 (9.7%) of the respondents disagree and 6 (4.5%) of the respondents strongly disagree that entrepreneurship should be encouraged by providing the necessary facilities needed for their survival. In conclusion, a higher percentage of the respondents strongly agree that entrepreneurship should be encouraged by providing the necessary facilities needed for their survival.

Table 30. SMEs Help in the Growth and Development of a Nation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	64	47.8	47.8	47.8
	Agree	45	33.6	33.6	81.3
	Undecided	17	12.7	12.7	94.0
	Strongly disagree	8	6.0	6.0	100.0
	Total	134	100.0	100.0	

Source: Field Survey 2019

From the above table, 64 (47.8%) of the respondents strongly agree, 45 (33.6%) of the respondent agree, 17 (12.7%) of the respondents were undecided, while 8(6%) of the respondents strongly disagree that SME's help in the growth and development of a nation. Therefore, majority of the respondents strongly agree that SME's help in the growth and development of a nation.

Table 31. SMEs should be more accountable to enable them get more funds from financial sector, Microfinance Bank in particular

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	55	41.0	41.0	41.0
	Agree	48	35.8	35.8	76.9
	Undecided	15	11.2	11.2	88.1
	Disagree	11	8.2	8.2	96.3
	Strongly disagree	5	3.7	3.7	100.0
	Total	134	100.0	100.0	

Source: Field Survey 2019

The table above shows that 55(41%) of the respondents strongly agree, 48(35.8%) of the respondents agree, 15(11.2%) of the respondents were undecided, 11(8.2%) of the respondents disagree and 5(3.7%) of the respondents strongly disagree that SME's should be more accountable to enable them get more funds from the financial sector. Therefore, majority of the respondents strongly agree that SME's should be more accountable to enable them get more funds from the financial sector, microfinance banks in particular

Table 32. SMEs lack asset to meet collateral requirement

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	31	23.1	23.1	23.1
	Agree	61	45.5	45.5	68.7
	Undecided	18	13.4	13.4	82.1
	Disagree	18	13.4	13.4	95.5
	Strongly disagree	6	4.5	4.5	100.0
	Total	134	100.0	100.0	

Source: Field Survey 2019

The table above shows that 31 (23.1%) of the respondents strongly agree, 61 (45.5%) of the respondents agree, 18 (13.4%) of the respondents were undecided, 18 (13.4%) of the respondents disagree, while 6 (4.5%) of the respondents strongly disagree that SMEs lack assets to meet collateral requirement. In conclusion a higher percentage of the respondents agree that SMEs lack assets to meet collateral requirement.

Test of Hypothesis

The hypothesis of the research is therefore tested to ensure that the data collected provided by the responses to the questions in the questionnaire are accepted or rejected within the limits allowed. In order to analyze the hypothesis, the one sample test and reversal analysis will be used.

Decision Rule

If the value calculated is higher than the value of the critical value, the alternative hypotheses will be accepted and the null calculated. We reject the alternative hypothesis and accept the null hypothesis if calculated is less than the critical or tabled value.

Hypothesis One

H_0: There is no link between Microfinance Banks loan and SMEs in Nigeria

H_1: There is a link between Microfinance Banks loans and SMEs in Nigeria

Table 33 One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Increase in MFB loan to SMEs will increase SME's performance	134	2.0000	1.01862	.08800

Interpretation

The responses were coded 1, 2, 3, 4 and 5 for strongly agree, agree, undecided, disagree and strongly disagree respectively. The one-sample t- test above shows a mean value of 2.00 and a standard deviation of 1.01862 with respect to this fact that increase in MFB loans to SMEs will increase SMES performance. Since the mean is 2, it implies that respondents strongly agree that increase in MFB loan to SMEs will increase SME's performance.

Table 34 One sample test

	Test Value = 0.05					
	T	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Increase in MFB loan to SMEs will increase SME's performance	22.160	133	.000	1.95000	1.7759	2.1241

The statistic analysis above reveals that the level of significance is 0.05; the degree of freedom (DF) is 133; calculated value 22.160.

Decision Rule

In an attempt to discover if there is a relationship between microfinance bank loan and SMEs in Nigeria, the t- test statistics was used. From the above table it is apparent that the calculated value is greater than the tabulated value, therefore the null hypothesis (H_0) should not be accepted and the alternative hypothesis (H_1) should be accepted. Hence, we conclude that there is a relationship between microfinance bank loans and SMEs in Nigeria.

Hypothesis Two

H_0: Microfinance banks do not have significant potential to influence the performance of SMEs in Nigeria;

H_1: Microfinance banks have significant potential to influence the performance of SMEs in Nigeria.

Table 35. Odel Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.216[a]	.046	.039	1.405

Note: a. Predictors: (Constant), MFB provide adequate advisory services to SME's on investment

Table 36. ANOVA

Model		Sum of Squares	DF	Mean Square	F	Sig.
1	Regression	12.698	1	12.698	6.430	012[b]
	Residual	260.675	132	1.975		
	Total	273.373	133			

Note: a. Dependent Variable: MFB plays a major role in the provision of credit facilities to SMEs; b. Predictors: (Constant), MFB provide adequate advisory services to SMES on investment

Table 37. Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.504	.320		4.704	.000
	MFB provide adequate advisory services to SME's on investment	.256	.101	.216	2.536	.012

Note: a. Dependent Variable: MFB plays a major role in the provision of credits facilities to SMEs

The above table shows the simple model, in which the extents to which microfinance institutions have a significant influence on the performance of small and medium-sized enterprises. $Y = a + bx$ where *Y* is the performance of SMEs and *x* is microfinance banks,' *a'* is a constant factor and *b* is the value of the coefficient. Thus MFB= 1.504+ 0.256 SMEs from the table. This means that the Microfinance Bank is responsible for 25.6% change in each 100% change in SME performance.

Decision Rule

The meaning level is 0.12, which is under 0.02, so it would be accepted that microfinance banks have no significant influence on the performance of small and medium - sized enterprises in Nigeria.

Hypothesis 3

H_0: SMEs do not play an important role in the growth and development of an economy

H_1: SMEs play an important role in the growth and development of an economy

Table 38. One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
SME's help in the growth and development of a nation	134	1.83	1.059	091

Interpretation

The answers were coded 1, 2, 3, 4 and 5, which were very much in agreement. Disagree and disagree with each other strongly. The above sample t-test shows the mean value of 1,83 and a standard deviation of 1,059, compared to the fact that small and medium-sized companies play an important part in economic growth and growth. Because the average is nearer 2, respondents agree strongly that small and medium-sized enterprises play an important role in economic growth and development.

Table 39. One Sample Test

	Test Value = 0.05					
	T	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of Difference	
					Lower	Upper
SME's help in the growth and development of a nation	19.446	133	.000	1.778	1.60	1.96

Decision Rule

At the level of 0.05, we observe that the value of the tabulated value is below the value calculated for the variable, and we therefore refuse the hypothesis of null H0 and accept the alternative hypothesis of H1. The value is 19.446.

Conclusion and Recommendation

- The decision was to reject the null hypothesis and accept the alternate hypothesis based on one test sample carried out to validate the accuracy of the results for the hypothesis one, because the calculated exceeds that which was tabled.
- The above analyses of hypothesis two shows that we have accepted the null hypothesis and rejected the alternative hypothesis through the use of linear regression analyzes. The p-valve 0.012 was obtained from the ANVOA table for testing hypothesis. In the case of 0.012 the cut-off point is larger than 0.05 and this has led to the acceptance of the null hypothesis.

Two variables were tested from the single t-test analysis for hypothesis 3, which showed that we are rejecting the null hypothesis and accepting the alternative hypothesis. It means that SMEs play an important role in economic growth and development.

Recommendation

- Microfinance banks should encourage their SME's client to attain higher education, as higher education increases SMEs performance. Adult education or long-life learning recommended;
- Microfinance banks should seek out long term investment from pension and insurance companies. This will permit them to approve long term loan greater number of their SME clients;
- Microfinance banks should plan suitable product that are bendable to meet the different needs of their SME clients

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