

**EFFECT OF BANKS SERVICES ON THE GROWTH OF SMALL AND MEDIUM
ENTERPRISES IN NYANYA, ABUJA**

BY

**OSHIYEMI, Olusegun Michael
NSU/PGD/BAM/0320/17/18**

POST GRADUATE DIPLOMA IN BUSINESS ADMINISTRATION

AUGUST, 2019

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**BEING A PROJECT SUBMITTED TO THE SCHOOL OF POSTGRADUATE STUDIES
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**DEPARTMENT OF BUSINESS ADMINISTRATION
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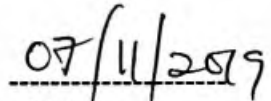
DECLARATION

I hereby declare that this thesis has been written by me and it is a report of my research work. It has not been presented in any previous application for Post Graduate Diploma in Business Administration. All quotations are indicated and sources of information specifically acknowledged by means of references.

OSHIYEMI, Olusegun Michael
NSU/PGD/BAM/0320/17/18



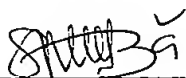
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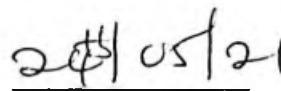
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CERTIFICATION

The project "Effect of Banks Services on the Growth of Small and Medium Enterprises in Nyanya, Abuja", meets the regulations governing the award of Post Graduate Diploma in Business Administration, of the School of Postgraduate Studies of Nasarawa State University, Keffi for its contribution to knowledge and literary presentation.



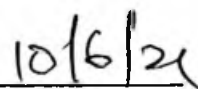
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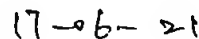
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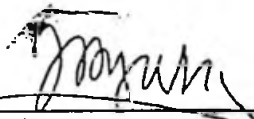
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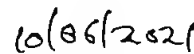
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DEDICATION

This project is dedicated to the Almighty God who is the Kings of Kings and has always being there whenever I call.

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To my supervisor Dr S.M Aza, thanks for your knowledge, wisdom and supervision. I am very grateful.

My appreciation also goes to my lovely wife Esther Omotayo Oshiyemi, who is always taking care of our little kid Tamilore whenever am out on the field, Thanks for the support and understanding.

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Abstract

This study examined the effects of Banks Services on the Growth of Small and Medium Enterprises in Nyanya, Abuja, Nigeria. Descriptive research design was adopted using Ordinary Least Square Method of Regression on data collected through structured closed ended questionnaires of 5 point Likert scale format from the sampled MSEs in Nyanya, Abuja Nigeria, using stratified and convenient sampling methods. The findings of the study revealed that, loan access is positively related to sustainability, employment generation and profitability with statistical significance. Similarly, advisory services and training also indicated significant positive effects on both sustainability and profitability of MSEs in Nyanya, Abuja, Nigeria. The study concluded that, Banks services greatly influenced the growth of the MSEs in the zone. Thus, the study recommended among others that, Central Bank of Nigeria should endeavour to provide a scheme that can assist the MSEs in the zone to access loans without stringent rules. Also, microfinance services to loan beneficiaries of finance institutions (FIs) should incorporate a training package both before and after the loan disbursement.

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ABSTRACT

This examined the effect of firm characteristics on firm performance of listed consumer goods companies in Nigeria for a period from 2008-2017. The study adopted Ex-post facto design. Ex-post facto research design was used because the study relied on existing secondary data on firm's Characteristics and firm performance of listed consumer goods companies in Nigeria. The result of the analysis shows that there is no significant relationship between firm age and firm financial performance of listed consumer goods companies in Nigeria. for firm sales growth, it also shows that there is no significant effect. In the case of liquidity and leverage, the result of the study also revealed an insignificant but negative effect on the financial performance of consumer goods companies listed on the floor of Nigerian Stock Exchange. The only variable with a significant effect is firm size, it shows a positive significant effect on financial performance of listed consumer goods companies in Nigeria. The study therefore recommends that insurers must work towards improving the premiums earned to increase their profits. Higher profits would mean better reserves which would assist the insurer to operate in times of large unexpected claims and also help them maintain liquidity at all times. The study further recommends that companies regulatory authority should increase the reserve requirement of the life insurance companies so as to put in place measures that oversee the performance of the companies in times of unexpected eventualities. This will increase the financial performance of the listed consumer goods companies in Nigeria as they will have enough reserves as opposed to depending on premium growth. The study also recommends a high consideration of increasing the company assets. This is because the size of the company is an important factor as it influences its competitive power. Small companies have less power than large ones; hence they may find it difficult to compete with the large firms particularly in highly competitive markets. Great attention should be paid to leverage since companies that are highly leveraged may be at risk of bankruptcy if they are unable to make payments on their debt; they may also be unable to find new lenders in the future. On the other hand, leverage can increase the shareholders' return on their investment and make good use of the tax advantages associated with borrowing. There is a significant need to have highly qualified employees in the top managerial staff since the age of the company has no influence on its good financial performance.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

The contributions of small and medium enterprises (SMEs) to economic growth and development have been recognized globally. SMEs are the panacea for the economic development of many developing countries including Nigeria. They contribute to creation of jobs, reduction in income disparity, production of goods and services in the economy, as well as providing a fertile ground for skill development and acquisition. They also serve as a mechanism for backward integration and a vehicle for technological innovation and development especially in modifying and perfecting emerging technological breakthroughs. SMEs contribute to improved living standards, bring about substantial local capital formation and achieve high level of productivity and capability. They are recognized as the principal means of achieving equitable and sustainable industrial diversification and dispersal (Ofoegbu, Akanbi & Joseph, 2013).

Previous studies (see Ogujiuba, Fadila & Stiegher, 2013; Musa & Aisha, 2012) agreed that SMEs constitute the most viable and veritable vehicle for self-sustaining industrial development, as they possess the capability to grow an indigenous enterprise culture more than any other strategy. SMEs represent the sub sector of special focus in any meaningful economic restructuring program that targets employment generation, poverty alleviation, food security, rapid industrialization and reversing rural urban migration.

In Nigeria, one of the greatest obstacles that SMEs have to grapple with is access to funds. This is further compounded by the fact that even where credit facilities are available, they may not be able to muster the required collateral to access such. This situation has led invariably to many of them

closing shop, resulting in the loss of thousands of unskilled, semi and skilled jobs across the country. Banks emerged as a noble substitute for informal credit and an effective and powerful instrument for poverty reduction among people, who are economically active, but financially constrained and vulnerable in various countries. Banks covers a broad range of financial services including loans, deposits and payment services and insurance to the poor and low income households and their micro enterprises. Banks institutions have shown a significant contribution towards the poor in rural, semi urban or urban areas for enabling them to raise their income level and living standards in various countries (Sunitha, 2010).

Realizing the importance of small businesses as the engine of growth in the Nigerian economy, the government took some steps towards addressing the conditions that hinder their growth and survival. However, as argued by Ojo (2003), all these SME assistance programmes have failed to promote the development of SMEs. This was echoed by Yumkella (2003) who observed that all these programmes could not achieve their expected goals due largely to abuses, poor project evaluation and monitoring as well as moral hazards involved in using public funds for the purpose of promoting private sector enterprises. Thus, when compared with other developing countries, Variyam and Kraybill (1994) observed that many programmes for assisting small businesses implemented in many Sub-Saharan African (SSA) countries through cooperative services, mutual aid groups, business planning, product and market development, and the adoption of technology, failed to realize sustained growth and development in these small enterprises. Among the reasons given were that the small-sized enterprises are quite vulnerable to economic failure arising from problems related to business and managerial skills, access to finance and macroeconomic policy.

Despite SME's important contributions to economic growth, small enterprises are plagued by many problems including stagnation and failure in most sub-Saharan African countries (Bekele,

2008). In Nigeria, the problem is not limited to lack of long-term financing and inadequate management skills and entrepreneurial capacity alone, but also, includes the combined effect of low market access, poor information flow, discriminatory legislation, poor access to land, weak linkage among different segments of the operations in the sector, weak operating capacities in terms of skills, knowledge and attitudes, as well as lack of infrastructure and an unfavourable economic climate. Lack of access to finance has been identified as one of the major constraints to small business growth (Owualah, 1999; Carpenter, 2001; Anyawu, 2003; Lawson, 2007). The reason is that provision of financial services is an important means for mobilizing resources for more productive use (Watson & Everett, 1999).

The extent to which small enterprises can access fund determines the extent to which small firms can save and accumulate their own capital for further investment (Hossain, 1988), but small business enterprises in Nigeria find it difficult to gain access to formal financial institutions such as deposit money banks (formerly called commercial banks) for funds. The inability of the SMEs to meet the conditionality of the formal financial institutions for loan consideration provided a platform for attempt by informal institutions to fill the gap usually based on informal social networks; this is what gave birth to micro-financing. In many countries, people have relied on the mutually supportive and benefit-sharing nature of the social networking of these sectors for the fulfillment of economic, social and cultural needs and the improvement of quality of life (Portes, 1998). Networks based on social capital exist in developed as well as developing countries including Nigeria.

Responding to the findings, the Bankers' Committee took a policy decision to extend funding under the scheme to all business activities including even non-industrial enterprises, except for general commerce and financial services. The name of the scheme was changed from SMIEIS to

Small and Medium Enterprises Equity Investment Scheme (SMEEIS) to reflect the expanded focus. Also, the limit of banks' equity investment in a single enterprise was increased from N200 million to N500 million, making room for medium size industries.

Despite all these efforts, the contribution of SMEs in the industrial sector to the Nation's GDP was estimated to be 37% compared to other countries like India, Japan and Sri Lanka and Thailand where SMEs contributed 40%, 52% 55% and 47.5% respectively to the GDP in 2003, (UNCTAD, 2003), hence the need for alternative funding window. In 2005, the Federal Government of Nigeria adopted Banks as the main financing window for small and medium enterprises in Nigeria. The Banks Policy Regulatory and Supervisory Framework (MPRSF) was launched in 2005. The policy, among other things, addresses the problem of lack of access to credit by small business operators who do not have access to regular bank credits. It is also meant to strengthen the weak capacity of such entrepreneurs, and raise the capital base of Banks institutions. The objective of the Banks policy is to make financial services accessible to a large segment of the potentially productive Nigerian population, which have had little or no access to financial services and empower them to contribute to economic development of the country. Thus, this study assesses the effect of Banks services on the growth of micro enterprises in Nyanya, Abuja.

1.2 Statement of the Problem

The Micro, Small and Medium Scale Industries subsector of the Nigerian economy over the years has been facing problems of slow or stagnating development (Ofoegbu, Akanbi & Joseph, 2013). This problem has continued to hamper the overall economic development in the country. This stampede of the growth of Small and medium enterprises in Nigeria is threatening to deprive the nation of the much needed benefits of poverty reduction, employment generation and wealth creation, which by implication should have set the country's ball rolling for sustainable growth and

development. One major problem, which is indisputable in all quarters, is the lack of sufficient fund to set up and run small businesses. Lack of funds and access to credit facilities has been identified as significant obstacles to the development and sustainability of MSEs that discourage those with entrepreneur skills (Ojo, 2003). Small firms seeking bank loans face considerable credit constraints in that they receive credit much less frequently than larger ones. It is also known that many entrepreneurs would like to start up their businesses, but refrain from doing so due to the lack of credit to finance their initial or subsequent operations. For any business to grow, credit is essential. Lack of credit is a barrier to the development and growth of the incomes of households and MSEs.

Majority of the SMEs in Nigeria are still at a low level of development, especially in terms of number of jobs, wealth and value creation. This is because 65% of the active population, who are majorly entrepreneurs, remain un-served by the formal financial institutions and even when they are served the non-financial services provided to them by way of advisory services and training is in shambled. The Banks institutions available in the country prior to 2005 were not able to adequately address the gap in terms of credit, savings and other financial and non-financial services. As reported by the CBN, the share of micro credit as a percentage of total credit was 0.9%, while its contribution to GDP was a mere 0.2% (CBN, 2005). The CBN in 2005 identified the unwillingness of conventional banks to support micro-enterprises, paucity of loanable funds, absence of support institutions in the sector, as well as weak institutional and managerial capacity of existing Banks institutions among other reasons as the major reasons for the failure of past Banks initiatives in the country. To address the situation, the Banks Policy, Regulatory and Supervisory Framework (MPSRF) for Nigeria was launched by CBN in 2005 to provide sustainable financial services to micro entrepreneurs.

This initiated an important turning point in the Banks industry with the establishment of the Banks as an institutional vehicle for privately owned, deposit taking Banks Institutions (Banks). The framework is designed to unite the best of the NGO credit organizations, and new BANKS initiatives under a common legal, regulatory and supervisory regime. Five years down the line, though Banks has proven to be one of the ways of bridging the resource gap created in the Nigerian economy, there are still some undesirable problems experienced against its proper execution. The lack of documentation of the practice of microfinancing in Nigeria has made it difficult to formulate supportive programmes for the growth of the sector. Despite the potential importance of SMEs in any economy, high mortality rate among established SMEs is a matter of major concern in developing economies. International Finance Corporation (IFC) reported in 2002 that only 2 out of every 10 newly established businesses survive up to the fifth year in Nigeria. The report was corroborated by Small and Medium Enterprise Development Agency of Nigeria (SMEDAN) that only 15% of newly established businesses survive the first five years in Nigeria. This is a pointer to the fact that there is a problem. The indispensable role of finance to the growth and survival of SMEs and the adoption of Banks as the main source of financing SMEs in Nigeria therefore makes it imperative to study the extent to which Banks can enhance small business survival.

The impact of micro-financing majorly should be seen in the multiplication of SMEs across Nigeria. The survival of these SMEs should reflect in employment generation, engagement of available local resources, local technology utilization, improved standard of living and growing gross domestic product (GDP). However, despite SMEs representing about 87% of all firms operating in Nigeria (USAID, 2012), they only account for 10% of total manufacturing output, 25% of total employment in the productive sector and 37% of GDP (Investment Climate Assessment (ICA) survey, 2009). A common problem for the Nigerian small business sector is

that, the high rates of formation of new businesses evidenced in Corporate Affairs Commission (CAC) annual report have not yet translated into comparable high rates of small firm growth. New firms are being started but few grow rapidly to become significant international competitors. For the great majority of SMEs in Nigeria long term growth remains uncertain and bleak. The question is how many of these small businesses are transforming from the subsistence level at start-up to the stage of maturity and later expansion where they will have to employ more hands? Total productive output is also low compared to other emerging economies like India, Sri Lanka and Thailand where SMEs contribute 40%, 55% and 47% respectively in 2002 into the productive sectors of the economy (UNCTAD, 2003).

It is not uncommon to find in many Banks programmes non-financial services such as advisory services, managerial and technical training, weekly meetings and pre-loan training to mention only a few, rendered as support services to SMEs. These services that are poorly provided in Nigeria are mostly very costly to deliver (McKernan, 2002), yet many Banks programmes consider them an integral part of the success of their programmes. Though the contribution of such non-financial services is not in doubt, the extent of the contributions is yet to be ascertained in Nyanya, Abuja. This study extends the frontier of knowledge by bringing in these variables (advisory services and training) to bear in the Nigerian context along the financial service of loan disbursement.

1.3 Research Questions

The study attempts to answer the following research questions:

- i. To what extent is MSEs Sustainability in Nyanya, Abuja affected by Loan Access?
- ii. To what extent is MSEs Employment Generation in Nyanya, Abuja affected by Loan Access?

- iii. To what extent is MSEs Profitability in Nyanya, Abuja affected by Loan Access?
- iv. What is the effect of Banks Loan Beneficiaries' Advisory Services on MSEs Sustainability in Nyanya, Abuja?
- v. What is the effect of Banks Loan Beneficiaries' Advisory Services on MSEs Profitability in Nyanya, Abuja?
- vi. How does Banks Loan Beneficiaries' Training affect MSEs Sustainability in Nyanya, Abuja?
- vii. How does Banks Loan Beneficiaries' Training affect MSEs Profitability in Nyanya, Abuja?

1.4 Objectives of the Study

The general objective of this study is to assess the effect of Banks services on the growth of MSEs in Nyanya, Abuja. The specific objectives are to assess the effect of Banks;

- i. Loan Access on MSEs Sustainability in Nyanya, Abuja
- ii. Loan Access on MSEs Employment Generation in Nyanya, Abuja
- iii. Loan Access on MSEs Profitability in Nyanya, Abuja
- iv. Advisory Services on MSEs Sustainability in Nyanya, Abuja
- v. Advisory Services on MSEs Profitability in Nyanya, Abuja
- vi. Training on MSEs Sustainability in Nyanya, Abuja
- vii. Training on MSEs Profitability in Nyanya, Abuja

1.5 Statement of Hypotheses

Based on the objectives of the study, the following null hypotheses are postulated:

- H₀₁:** Loan Access has no significant effect on MSEs Sustainability in Nyanya, Abuja.
- H₀₂:** Loan Access has no significant effect on MSEs Employment Generation in Nyanya, Abuja.
- H₀₃:** Loan Access has no significant effect on MSEs Profitability in Nyanya, Abuja.
- H₀₄:** Advisory Services has no significant effect on MSEs Sustainability in Nyanya, Abuja.
- H₀₅:** Advisory Services has no significant effect on MSEs Profitability in Nyanya, Abuja.
- H₀₆:** Training has no significant effect on MSEs Sustainability in Nyanya, Abuja.
- H₀₇:** Training has no significant effect on MSEs Profitability in Nyanya, Abuja.

1.6 Significance of the Study

Most researchers in Nigeria have also not taken time to document the nature, mode of operation and processes involved in microfinancing. This study therefore becomes significant in filling this observed gap by testing empirically this effect of both the financial and non-financial services offered by Banks Institutions on micro and small business growth/survival and by examining the capability of Banks institutions in enhancing the expansion capacity of small businesses in Nigeria.

Successive governments in Nigeria have always had a policy programme for SMEs, but most of the programmes have failed to achieve sustainable growth in the SMEs sub-sector. Most of the government assisted-programmes have themselves become failures. The findings of this study is expected to inform policy makers regarding the direction of further research into interventionist programmes for SMEs in Nigeria.

The study is also of great importance to Banks Institutions, in the sense that it is expected to assist the Banks institutions in assessing the effectiveness of their programmes and to know which variables contribute most to micro and small business growth. The study is expected to assist the Banks institutions in their credit policy formulation strategies.

For owners and managers of SMEs, access to a study like this can aid their understanding of current challenges and reveal the essential factors that promote small business growth and survival and thus enable them to focus on the relevant ones in an attempt to enhance their growth and performance. The study is expected to help the government to validate or reject the choice of Banks as the main source of financing SMEs in Nigeria and also suggest ways of improving the existing financing arrangements, if need be.

1.7 Scope of the study

The study provides insight into Banks services and micro and small business growth in Nyanya, Abuja, as well as provides a measure of the effects of Banks services on small business performance in Nigeria. It covers MSEs that had access to Banks services. The study focuses on Banks Loan Access, Advisory Services, and Training, as well as MSEs sustainability, employment generation, and profitability. The study is limited to the use of qualitative and non-financial measures of MSEs growth in Nyanya, Abuja Nigeria as most of these enterprises had no financial records.

CHAPTER TWO

LITERATURE REVIEW

2.1 Conceptual Framework

This section covers the review of divergent definitions of the variables of the study. The concepts are defined with the view to finding the best concept that the study aligns with.

This chapter reviews literature that is related to Banks services and the growth of MSEs. Thus, it starts with the review of the concept of Banks, concept of small and medium enterprises, relationship between Banks services and SMEs growth, and the theoretical literature from which the study is grounded.

2.1.1 Concept of Small and medium enterprises

There is no universally accepted definition of Micro, Small and Medium Scale Enterprises (SMEs). Even in a single country, different institutions may adopt different definitions depending on their focus. The criteria usually used in the definitions include capital investment, annual gross turnover, output and employment (Kurfi, 2006). For instance, in the United States of America, a Small Scale Enterprise is one that is independently owned and operated with a capital base of not more than \$5 million. In the Far East (mainly China, Hong Kong, Taiwan and South Korea) and even Europe, the average turnover of a Small Scale Enterprise must not exceed \$3 million (Olayiwola & Adeleye, 2003). In Nigeria, a Small Scale Medium Enterprise is defined as any enterprise with a maximum asset base of N50 million (excluding land and working capital) with no lower or upper limit of staff (SMEEIS, 2005). Given this overview of SMEs definitions by the industrialized and newly industrialized countries, the general consensus has been that the statistical definition of SMEs differs by country and mostly based on the number of employees and the value of assets (Bello, 2012).

The issue regarding the exact meaning of SMEs has long been debated upon and researchers have yet to reach a consensus. SMEs have as many definitions as there are many disciplines in the social sciences. For instance, the World Bank Group defines SMEs as enterprises with up to 300 employees and total annual sales of up to US\$15 million (Gibson, 2008) whilst the European Commission defines SMEs as having not more than 250 employees (Lucacs, 2005). UNIDO, on the other hand, defines SMEs in two ways: for developing countries; Large firms (with 100+ workers), Medium firms (with 20 - 99 workers), Small firms (with 5 - 19 workers), and Micro firms (with < 5 workers) and for industrialized countries: Large firms (with 500+ workers), Medium firms (with 100 – 499 workers), and Small firms (with \leq 99 workers) (Peter, 2008).

The definition of SMEs, therefore, depends on who is defining it and where it is being defined (Ward, 2005). Whatever forms the definition of SMEs may take, however, two salient items are certain: number of employees in an enterprise and/or an enterprise's balance sheet or turnover. For instance, UNIDO defines SMEs in developing countries based on number of employees in an enterprise and ranges them (SMEs) from small enterprise (5 – 9 workers) to medium-sized (20 – 29). The World Bank's basis its definition on both number of employees and enterprises' turnovers. The National Board for Small Scale Industries (NBSSI) of Ghana, on the other hand, defines SMEs based on number of employees (which should not be more than 29 workers), and enterprise's balance sheet (which should not exceed the equivalent of US\$100,000 excluding land and buildings). The Venture Capital Trust Fund (VCTF) Act 2004 (Act 680 section 28) defines SMEs as "an industry, project, undertaking or economic activity which employs not more than 100 persons and whose total asset base, excluding land and building, does not exceed the Naira equivalent of US\$1 million in value".

In general, a distinguishing feature of SMEs is that they have no direct access to both local and international capital markets (Ackah & Vuvor, 2011) because of the high intermediation costs of smaller projects. However, they face the same fixed costs as large scale enterprises in complying with regulations but have limited capacity to market their products abroad (Kayanula & Quartey, 2000). In Nigeria, the SME sector is characterised by low levels of education and training of the self-employed. A vast majority are family-owned businesses (FOB) and there is often little separation of the business' finance from that the owner even to the point that the owner's or operator's personal accounts are used for the businesses (Ackah & Vuvor, 2011).

According to Ranjani (2012), SMEs and entrepreneurship are now recognized worldwide as key source of economic growth and development. Kolawole (2013) contended that small and medium scale enterprises play a very important role in developing economies. This view appears to be supported by Chijah and Forchu (2010) when they argued that the promotion of micro enterprises in developing countries is justified in their abilities to faster economic growth, alleviate poverty and generate employment. According to the Nigeria's national Council on Industry; an SME is defined in terms of employment i.e. as one with between 10 and 300 employees. Currently small and medium sized enterprises are defined by their size. In the European Union, SMEs are defined as small or medium sized if it has not more than 250 employees and not more than 50 Million Euros turnover respectively, a balance sheet total of less than 43 Million Euro and if not more than 25% of the shares of such an enterprise are in the ownership of another enterprise. The Small and Medium Industries Equity Investment Scheme (SMIEIS) in Nigeria, defines small and medium enterprises(SMEs) as "enterprises with a total capital employed of not less than N1.5 million, but not exceeding N200 million, including working capital, but excluding cost of land and/or with a staff strength of not less than 10 and not more than 300".

The benefits of SMEs cannot be overemphasized they include; contributions to the economy in terms of output of goods and services, and creation of jobs at relatively low capital cost. It is a vehicle for the reduction of income disparities thus developing a pool of skilled or semi-skilled workers as a basis for the future industrial expansion; improve forward and backward linkages between economically, Socially and geographically diverse sectors of the economy provide opportunities for developing and adapting appropriate technological approaches and also offer an excellent breeding ground for entrepreneurial and managerial talent.

This situation reflects the technology gap, and in turn, results in small enterprises being excluded from international best practices and sources of knowledge Small and Medium Enterprise Equity Investment Scheme (SMEEIS), a private initiative by the Bankers' Committee defined MSME as enterprises with an asset base not exceeding \$3.85 million (N500 million) excluding land and working capital with staff strength of not less than 10 and not more than 300 (Sanusi, 2003).

A common feature of these definitions is that SMEs are usually small, owner or family managed businesses with basic goods and services. SMEs also tend to lack the organizational and management structures, which characterize large-scale enterprise. Urban SMEs tend to be more structured than their rural counterparts.

The National Policy on SMEs adopts a classification based on the dual criteria: of employment and assets (excluding land and buildings), as follows:

Where there exists a conflict in classification between employment and assets criteria (for example, if an enterprise has assets worth seven million naira (N7m) but employs 7 persons), the employment-based classification would take precedence and the enterprise would be regarded as

micro. Employment-based classification tends to be relatively a more stable definition, given that inflationary pressures may compromise the asset-based definition. In choosing these definitions, cognizance was taken of all possible factors, including international comparisons and peculiarities of the various sub-sectors/enterprises (SMEDAN, 2007).

It is obvious that there is no universal definition of SMEs. Some countries define SMEs according to number of employees; others define them based on the level of assets or turnover or both. However, most definitions are based on a mix of the above parameters. This creates a definite problem for MSME operators. Lack of proper definition makes it difficult for them to take advantage of government-assisted programmes meant for them.

2.1.2 Growth of Small and Medium Enterprises

Small and medium enterprises (SMEs) play an important role in the world economy and contribute substantially to income, output and employment. However, the recent global financial crisis created a particularly tough climate for SMEs, with a reduction in demand for goods and services and a contraction in lending by banks and other financial institutions. They make a huge contribution to gross domestic product (GDP) and employment. The global financial crisis of 2008, however, created new challenges for SMEs. SMEs, by number, dominate the world business stage. Although precise, up-to-date data are difficult to obtain, estimates suggest that more than 95% of enterprises across the world are SMEs, accounting for approximately 60% of private sector employment (Ayyagari et al. 2011). Japan has the highest proportion of SMEs among the industrialized countries, accounting for more than 99% of total enterprises. India, according to its Ministry of Small and medium enterprises, had 13 million SMEs in 2008, equivalent to 80% of all the country's businesses. In South Africa, it is estimated that 91% of the formal business entities are SMEs (Quartey, 2010).

The contribution made by SMEs does vary widely between countries and regions. Nevertheless, although they play particularly key roles in high-income countries, SMEs are also important to low-income countries, making significant contributions to both GDP and employment. They are also major contributors to innovation in economies, partly through collaboration with the larger corporate sector. As noted, SMEs tend to be more labour intensive and at a macro level, therefore, provide a substantial contribution to employment. A World Bank survey of 47,745 businesses across 99 countries revealed that firms with between 5 and 250 employees accounted for 67% of the total permanent, full-time employment (Ayyagari et al. 2011). SMEs were also creating more jobs than large enterprises. Between 2002 and 2010, on average, 85% of total employment growth was attributable to SMEs.

Profitability is a measure of dependent variable (Growth of SMEs). Profitability is one of the important measures of growth that must be considered as it is unlikely that firm growth can be sustained without profits being available for reinvestment in the firm. Growth along this dimension can be considered in terms of net profit margins or return on assets. If we take the definition of enterprise as the creation of rents through innovation (Stewart, 1991) where rents are defined as above average earnings relative to competitors, then profitability measures are particularly attractive. This also implies that economic success is required by high performance firms. Similarly, sales growth, increase in total assets base and productivity are also key in defining the growth of SMEs (Yunus, 2003). It is only when there is increase in total assets and sales that productivity increase, and eventually increases profitability.

2.1.3 Problems and Prospects of SMEs in Nigeria

Since the attainment of independence in Nigeria from British Colonial rule in October, 1960, every known regime has recognized the importance of promoting SMEs as the basis of economic growth.

As a result, several micro-lending institutions were established to enhance the development of SMEs. Such micro lending institutions include the Nigerian Bank for Commerce and Industry (NBCI), the National Economic Reconstruction Fund (NERFUND), the Peoples Bank of Nigeria (PBN), Community Banks (CB) and the Nigerian Export Import Bank (NEXIM). But unfortunately, records indicate that the performance of SMEs in Nigeria has not justified the establishment of this plethora of micro-credit institutions (Ogujuuiba et al, 2004). One major problem of SMEs in Nigeria that still persist and defies logic is funding. Muktar (2009) opined that small and medium enterprises in rural areas lack the necessary financial services, especially credit from the commercial Banks. This is because they are not considered credit worthy. Micro-finance institutions empower small and medium enterprises through loans and saving products, thus helping to lift poor people out of poverty and increasing their contribution to the Gross Domestic Product (GDP) of the nation.

In Nigeria, government at various levels and stakeholders take cognizance of these potentials and are working out different modalities to curtail the problem of funding SMEs. One recent bold step taken by the World Bank and the federal government of Nigeria is the establishment of Micro-Small and Medium Enterprises (MSME) projects. It is a joint project between the World Bank and the Government aimed at boosting employment and production in selected non-oil sectors of the Nigerian economy with a focus on the pilot states of Abia, Kaduna and Lagos. The project has five components: Access to Finance (ATF), Business Development Service (BDS); Investment Climate; Public Private Partnership (PPP); and Project Management.

The Access to Finance (ATF) Component is aimed at developing a new commercial Banks Investment in Nigeria. The project has already given performance grants to six (6) new Micro-

finance Banks. The ATF grant constitutes a considerable portion of the Commercial Banks sector in Nigeria in terms of clients and volume of activity (Timberg, 2008 cited in Abubakar, 2011).

2.2 Empirical Review

Various scholars have explained significant relationship between the availability of micro-finance alongside the growth of the micro, small scale and medium enterprises worldwide. From several studies carried out while analyzing four programs in Bolivia, Mosley (2001) showed that assets and income increased commensurate with initial poverty levels, but also that BANKS services may increase vulnerability if borrowers over-leverage. Bolnick and Nelson (1990) found that BANKS participation had a positive impact on enterprises that were typically small, labor intensive and growing, although the impact was far from uniform across sectors and target variables. Copestake et al. (2001) found that borrowers who were able to obtain two loans experienced high growth in profits and household income compared to a control sample, but borrowers who never qualified for the second loan were actually worse off due to BANKS collection mechanisms. Wydick (1999a) found that upward class structure mobility increases significantly with access to credit. Using the same Guatemala data set in a subsequent study (2002), Wydick also found that rapid gains in job creation after initial credit access were followed by prolonged periods of stagnant job creation.

Dunn (2001) found that program clients' enterprises performed better than non-client enterprises in terms of profits, fixed assets, and employment. Edgcomb (2002), Cook et al. (2001), and Dumas (2001) each used case methodology to analyze Banks offering integrated business development training. They concluded that business development training significantly improves micro-enterprise performance and micro-entrepreneur empowerment. A final issue meriting mention is provision of equity in lieu of credit for enterprise formation and start-up capital. Pretes and Seibel

(2002) discussed several cases of this practice in East Africa. They referred to this service as providing enterprise equity; however, in finance vernacular, this service would most likely be considered a grant. They argued that those who issue Small Enterprise Development dedicated to the topic of micro insurance.

Kushoka (2013) adapted a research to examine the contribution of Banks institutions on enterprise development in Tanzania. The study is aimed at moving poor small-scale entrepreneurs and/or would-be entrepreneurs from low-growth enterprises to high-growth enterprises using Banks Institutions (Banks). The study employed both descriptive and explanatory approaches to seek answers to the research question. The study revealed that there is an increase in the number of employees and amount of working capital of entrepreneurs after using the services of Banks Institutions (Banks). The researcher concludes that Banks Institutions (Banks) are key players in entrepreneurship development; it is recommended that Banks Institutions (Banks) should package their services together (financial and non-financial) in order to positively boost growth of Micro Small and Medium Enterprises (SMEs).

Sakthi (2011) conducted a research study about the role of Banks institutions in the development of entrepreneurs in Africa. The study is focused on entrepreneurs who want to run a business and yet cannot afford a piece of equipment and merchandise. The research whereby providing equipment or merchandise to enable the project to run a self-funding profitable project. The research found out that only 6% of Africans borrow money to start a business where as 13% borrow to buy food. 50% of the population live with less than 1US\$ or less per day. Most of the Africans lack the understanding of what it would take to successful entrepreneurs. They lack necessary technical management skills and confidence. They lack personal ambition and willingness for fear of sharing ownership and failed to form partnership.

Ekpe (2010) studied the effect of Banks factors on women Entrepreneurs' performance in Nigeria. Women play a crucial role in the economic development of their families and communities but certain obstacles such as poverty, unemployment, low household income and societal discriminations mostly in developing countries have hindered their effective performance of that role. It is discovered that women entrepreneurship could be an effective strategy for poverty reduction in a country; since women are the worst hit in such situation. However, it is discovered that women entrepreneurs, especially in developing countries, do not have easy access to Banks factors for their entrepreneurial activity and as such have low business performance than their men counterparts, whereas the rate of their participation in the informal sector of the economy is higher than males, and Banks factors could have positive effect on enterprise performance.

Mamun (2009) assessed the factors that led to the success of Micro-finance, in particular, Grameen Bank (GB), in Bangladesh. The study investigated the innovation, design and implementation of GB. Besides, the research examined the adaptation and learning practice of GB and the motivation and contribution of GB and some environmental factors that supported GB especially in Bangladesh. The study findings were in relation to the purpose of the research. The study revealed that some innovation, design and implementation of GB such as group based lending, the collateral free lending system, peer group monitoring system, the designed training staff of GB were the major factors that contributed to the success of micro-finance; the adaptation and learning practice such as flexibility of obtaining a loan, a housing loan with lower interest rate, mandatory and voluntary savings were the most significant issue; the motivation of GB such as incentive schemes to staff, encouragement for financial independent by the borrowers of GB, borrowers motivated to mobilize and allocate resources were also the most leading issue, the contribution of GB such as Banks programme contributed to female's control over resources and decision making at family

level enormously as well as the environmental issues such as ongoing population growth that favoured GB very significantly.

Olu (2003) investigated the impact of Banks on entrepreneurial development of small scale enterprises that are craving for growth and development in a stiffened economy called Nigeria. The study reveals that, there is a significant difference in the number of entrepreneurs who used Banks institutions and those who do not use them; there is a significant effect of Banks institutions activities in predicting entrepreneurial productivity; and that there is no significant effect of Banks institutions activities in predicting entrepreneurial development. The researcher concludes that Banks institutions world over and especially in Nigeria are identified to be one of the key players in the financial industry that have positively affected individuals, business organizations, other financial institutions, the government and the economy at large through the services they offer and the functions they perform in the economy.

Amin, Rai and Topa (2003) used a unique panel dataset from northern Bangladesh with monthly consumption and income data for 229 households before they received loans. They found that while microcredit is successful in reaching the poor, it is less successful in reaching the vulnerable, especially the group most prone to destitution (the vulnerable poor). Coleman (1999) also found little evidence of an impact on the programme participants. The results, Coleman further explained, are consistent with Adams and von Pischke's assertion that "debt is not an effective tool for helping poorest people enhance their economic condition" and that the poor are poor because of reasons other than lack of access to credit.

According to Mosley (1999), Banks makes a considerable contribution to the reduction of poverty through its impact on income and also has a positive impact on asset level. But the mechanism through which poverty reduction works varies between institutions. Generally, institutions that

give, on average, smaller loans reduce poverty much more by lifting borrowers above the poverty line, whilst institutions giving larger loans reduce it much more by expanding the demand for labour amongst poor people. Mosley and Hulme (1998) found evidence of a trade-off between reaching the very poor and having substantial impact on household income. They found that programmes that targeted higher-income households (those near the poverty level) had a greater impact on household income. Those below the poverty line were not helped much and the very poorest were somewhat negatively affected. The poorest tended to be more averse to risk-taking. They also used their loans for working capital or to maintain consumption levels rather than for fixed capital or improved technology. Since, microcredit programmes typically require loan repayment on a weekly basis; some critics argue that repayment comes from selling assets rather than from profits of micro-enterprises.

Mosley (2001) in his research on Banks and Poverty in Bolivia, assessed the impact of Banks on poverty, through small sample surveys of four Banks institutions. Two urban and two rural, using a range of poverty concepts such as income, assets holdings and diversity, and different measures of vulnerability. All the institutions studied had on average, positive impacts on income and asset levels, with income impacts correlating negatively with income on account of poor households choosing to invest in low-risk and low-return assets. The studies revealed also that in comparison with other anti-poverty measures, Banks appears to be successfully and relatively cheap at reducing the poverty of those close to the poverty line. Nichols (2004) used a case study approach to investigate the impact of Banks upon the lives of the poor in the rural China and found that the participation of poor in banks program had led to positive impact in their life. Their income has increased, spending on educational and health have increased hence improved their standard of

living and also women have benefited out of this program. There was visible sign of higher wealth level within the village.

Kuzilwa and Mushi (1997) examined the role of credit in generating entrepreneurial activities. He used qualitative case studies with a sample survey of business that gained access to credit from a Tanzanian government financial source. The findings revealed that the output of enterprises increased following the access to the credit. It was further observed that those enterprises, whose owners received business training and advice, performed better than those who did not receive training.

Chijoriga (2000) evaluated the performance and financial sustainability of Banks in Tanzania, in terms of the overall institutional and organizational strength, client outreach, and operational and financial performance. 28 Banks and 194 MSEs were randomly selected and visited in Dar es Salaam, Arusha, Morogoro, Mbeya and Zanzibar regions. The findings of this revealed that, the overall performance of Banks in Tanzania is poor and only few of them have clear objectives, or a strong organizational structure. It was further observed that Banks in Tanzania lack participatory ownership and many are donor driven. Although client outreach is increasing, with branches opening in almost all regions of the Tanzanian mainland, still Banks activities remain in and around urban areas. Their operational performance demonstrates low loan repayment rates. In conclusion, the author pointed to low population density, poor infrastructures and low house hold income levels as constraints to the Banks' performance.

Rweyemanu, Kimaro and Urassa (2003) evaluated the performance and constrains facing semi-formal Banks institutions in providing credit in Mbeya and Mwanza regions. The primary data were collected through a formal survey of 222 farmers participating in the Agriculture Development Programme in Mbozi and the Mwanza Women Development Association in Ukerewe. In the

analysis of their study the interest rates were found to be a significant barrier to the borrowing decision. Also the borrowers cited other problems like lengthy credit procurement procedures and the amount disbursed being inadequate. On the side of institutions, Mbeya and Mwanza credit programme experienced poor repayment rates, especially in the early years of operation, with farmers citing poor crop yields, low producer prices and untimely acquisition of loans as reasons for non-repayment.

In a study conducted by Kessy and Urrio (2006) on contribution of BANKS on poverty reduction in Tanzania, the researchers covered four regions of Tanzania which are Dar es salaam, Zanzibar, Arusha and Mwanza. Both primary and secondary data were collected; primary data were collected from 352 MSE's through questionnaires, interviews were also conducted. PRIDE (T) Ltd which is a Banks institutions were used as a case study so as to get the insight of BANKS operations. The study findings pointed out that to large extent BANKS operations in Tanzania has brought positive changes in the standard of living of people who access their services, clients of BANKS complained about high interest rate charged, the weekly meeting was pointed out as barrier as the time spent in weekly meeting could be used to other productive activities. The study recommended banks to lower its interest rate, increase grace period and provide proper training to MSEs.

Siyad (2013) used probability sampling techniques to create a sampling frame for Small and meduim enterprises. Stratified random sampling technique was used to select a total of 60 SMEs that constituted our sample size from infinite population of small and medium sized enterprise. Data collected from the questionnaire was analyzed, summarized, and interpreted accordingly with the aid of descriptive statistical techniques such as total score and simple percentages. In the process of data analysis, the researcher used SPSS package to analyze the data. It was found that Banks lending affect the growth of small and medium enterprise in Somalia positively. banks loan

was argued to be responsible for the improvement in productivity and profitability among the SMEs beneficiary.

Ahiabor (2013) in the study of the Ledzorkuku-Krowor Municipal Assembly in Ghana, used simple random sampling technique to select 70 SMEs and 30 Banks. Structured questionnaires were designed to facilitate the acquisition of relevant data which was used for analysis. Descriptive statistics which involves simple percentage graphical charts and illustrations was tactically applied in data presentations and analysis. The findings of the study reveal that significant numbers of the SMEs have the knowledge of the existence of Banks and some acknowledge positive contributions of Banks loans towards promoting their growth.

Ndife (2013) determined the impact of microcredit institutions in starting up, survival and growth of SMEs as well as the effect of collateral requirements in obtaining loans from microcredit institution in Anambra South and North senatorial district of Anambra State. A sample of 450 respondents was selected for the work using the judgmental and systematic random sampling methods. Although a significant relationship was observed to exist between microcredit institutions and SMEs development, the small degree of association that exist suggests that capital (microcredit) is not the only factor that affect SMEs in the study population.

Bello (2013) assessed the contribution of Banks on the growth of Small and Medium Enterprises (SMES) in Nigeria. It is aimed at highlighting and identifying the success or otherwise of the Banks Programmes on SMEs in Nigeria. Content analysis is used and found that various opportunities are provided by banks and/or institutions that enable SMEs to function effectively. Also, services like micro-credits and micro savings are essential tools for SME growth and a collaborative effort is needed among government agencies and Banks Institutions to summon the challenges facing SMEs in the country.

Olowe, Moradeyo and Babalola (2013) investigated the impact of Banks on SMEs growth in Nigeria. The population of the study consists of the entire SMEs in Oyo State. However, the study was restricted to Ibadan metropolis. Purposive sampling technique was used to select the participating SMEs. Simple random sampling technique was used to select a total of 82 SME operators that constituted our sample size. Pearson correlation coefficient and multiple regression analysis were used to analyze the data. The results from this study show that financial services obtained from MFBs have positive significant impact on SMEs growth in Nigeria. The results reveal that duration of loan has positive impact on SMEs growth but not statistically significant. The results also show that high interest rate, collateral security and frequency of loan repayment can cripple the expansion of SMEs in Nigeria.

Idowu (2008) assessed the impact of Banks on Small and Medium Enterprises (SMEs) in Nigeria. Simple random sampling technique was employed in selecting the 100 SMEs that constituted the sample size of the research. Structured questionnaire was designed to facilitate the acquisition of relevant data which was used for analysis. Descriptive statistics which involves simple percentage graphical charts and illustrations was tactically applied in data presentations and analysis. The findings of the study reveal that significant number of the SMEs benefitted from the Banks loans even though only few of them were capable enough to secure the required amount needed. Interestingly, majority of the SMEs acknowledge positive contributions of Banks loans towards promoting their market share, product innovation achieving market excellence and the overall economic company competitive advantage.

Babagana (2010) examined the impact of the role played by micro finance banks (MFBs) in promoting the growth of SMEs in Nigeria. An empirical study was carried out using Garu Micro Finance bank in Bauchi, Bauchi State being one of the most successful Micro Finance Banks in

North East sub region to determine impact of the role of MFBs in promoting small and medium enterprises growth. Out of the total number of employees in the bank, 15 members of staff whom constitute the middle and management staff were used as respondents. Questionnaire was developed and distributed to them which they all filled and returned. The study revealed that MFBs have contributed to the promotion of small and medium enterprises growth in Nigeria.

Suberu, Aremu and Popoola (2011) assessed the impact of Banks institutions on small scale enterprises in Nigeria through the use of descriptive statistics. Simple random sampling technique was employed in selecting the small scale enterprises used in the research. Their findings reveal that significant number of the small scale enterprises benefited from the Banks institution loan even though only few of them were suitable to secure the required amount needed. Also, it was found that Banks institutions have grown phenomenally in the last ten years. Majority of the small scale enterprises acknowledged positive contributions of Banks institutions loan towards promoting their market excellence and overall economic competitive advantage.

Oni, Paiko and Ormin (2012) in their research, assessed the contributions of Micro Finance Institutions (Banks) to the sustainable growth of Small and Medium Enterprises. Employing descriptive method of analysis, they conclude that Micro Finance Institutions does and could contribute to the sustainable growth of SMEs in the country. However, the study also found among others that Banks services outreach to SMEs at present is poor.

Edafiaje (2011) equally examined the role of Banks in financing small scale enterprises in Ozoro and Warri parts of Delta State, Nigeria, through the use of descriptive statistics. The study showed that Banks service, particularly, those sponsored by government, has resulted in an increased level of credit disbursement and gains in agricultural production and other activities.

Onyeneke and Iruo (2012) determined the effect of Banks on small-scale poultry production in Imo State. Data collected were analyzed using descriptive statistics and regression analysis. The study revealed that Banks contributes positively to poultry production in Imo State. The study of Akande (2012) investigates the impact of Micro Credit on the performance of women owned micro enterprises in Oyo State. Data were sought through structured questionnaire and analysed using tables, frequencies, percentages, charts while chi square was used to test the study's hypothesis. The study shows that 46.67 percent of the respondents were aware of the existence of the micro finance banks but only 16.67 percent patronized them. Nevertheless, the performance of those that patronized them did not improve significantly; this was due to high interest rates and short repayment periods.

George, Patrick and Job (2013) investigate the effects and challenges of Banks on the development of SMEs in rural Ghana. Using a case study approach, both theoretical and empirical data were sourced to explore the role and impact of Banks on 93 SMEs in rural Ghana. Although there are challenges of untimely disbursement and repayment of loans, the study suggested recipients of Banks products and services are better off in terms of enhancing the activities of their SMEs, improving outputs and ensuring prudent financial management than those without Banks services. The study recommended timely disbursement of credit, flexible terms of credit repayment and awareness programmes to ensure the sustainability of SMEs.

Ojo (2009) examined the impact of Banks on entrepreneurial development in Nigeria. The researcher concluded that Banks institutions world over and especially in Nigeria are identified to be one of the key players in the financial industry that have positively affected individuals, business organizations, other financial institutions, the government and the economy at large through the services they offer and the functions they perform in the economy.

Oni and Daniya, (2012) assessed the development of Small and Medium Scale Enterprises and the role of Government and other Financial Institutions, they discovered that financial institutions provide the necessary financial lubricant that facilitate the development of Small and Medium Scale Enterprises, they stressed that, a lot still need to be done by the government in terms of policy formulation in order to complement the efforts of financial institutions. They finally recommend among other things that establishment of micro finance institutions to serve the grass root financial needs should be encouraged.

Bekele and Zeleke (2008) revealed that factors affecting long-term survival and viability of SMEs are categorized into 4 broad categories. These they present as (i) macro-economic factors, (ii) factors that affect access to social capital, (iii) factors that affect the internal efficiency of small businesses and enterprises, and (iv) factors that affect access to micro credit. The macro economic factors include variables related to economic policy that are essential for promoting private investment in SMEs, they are; legal and regulatory issues, the assessment of tax, backward and forward linkages with large enterprise, access to credit, the degree of competition at the local market and local demand for goods and services produced by SMEs.

(2008) in an empirical study on Australian firms, specify key predictors of firm survival as: financial leverage; long-term loan to total asset, profitability; operating income to total asset, managerial efficiency; receivables to current asset, liquidity; current asset to current liability, business size; natural log of sales growth, liquidity (2); quick asset to current asset, market structure; market value of equity to total value of the firm, and lastly, business size (2); natural log total number of employees.

The empirical findings concerning this issue are mixed, which show that the influence of Banks on financing of Small Scale Industries differs across sectors and countries. For instance, Brune

(2009) examined empirically the impact of micro-finance institutions on development. Using data of Micro Finance Institutions operating in selected African and Asian countries and choosing average savings and loan balances per client as proxies for development; he concluded that there is empirical evidence for significant positive impact of micro-finance institutions on development.

Al-Khazali (2011) investigated the role of the Jordanian commercial banks in financing small-scale projects by employing descriptive statistics and study samples from three banks (Arab Bank, Kuwait Bank and Cairo Bank). In the light of the findings of statistical analysis and testing of the study hypotheses, the study came to the following conclusions: There is statistically significant relationship between the role of Jordanian commercial banks in financing small-scale projects and reducing unemployment. Also, there is statistically significant relationship between the role of Jordanian commercial banks in financing small-scale projects and reducing poverty.

Idowu, Ambali and Otunaiya (2008) examined the effect of Banks on piggery business in Osun State, Nigeria. Using descriptive statistics and Tobit regression methodology on a sample of three hundred and twenty pig farmers from Osun State, obtained through a multi-stage sampling process, their study revealed that majority of the pig farmers were still in their active age (66% are below 50 years), married and educated (26% had first degree). Also, majority of the farmers sourced for loan through cooperative societies and have stocking of pens as primary motive. The result reveals that level of education, years of experience in piggery farming and number of pigs had significant positive effect on fund security.

Duru and Ogbe (2013) examined the relationship between banks and the financing of Small Scale Enterprises in the Lokongoma District of Kogi State using descriptive research design. The aim is to ascertain the extent to which banks have discharged their responsibilities of financing small scale enterprises in Nigeria. The instrument for data collection is structured questionnaire. Twenty

Small Scale Enterprises and five Banks Institutions were randomly and purposively selected for the study. The study reveals among others that the beneficiaries from the products of banks enjoyed increase in income, equipment, creation of employment, and improvement in standard of living. However, it is also revealed that the major problem confronting Banks Institutions is default in payment of loans.

Abdullah, Sazali and Malarvizhi (2011) employed a cross sectional design with stratified random sampling method to examine how participation in Amanah Ikhtiar Malaysia's (AIM) microcredit program affects employment rate of hardcore poor clients' household and community in Peninsular Malaysia. So far no known study has been conducted to measure the effect of AIM's microcredit program on employment. Findings of this study show that participation in AIM's microcredit program increases employment generating opportunities at household and community level. The policy may be reviewed and re-organized to increase the employment rate and income generating opportunities by providing appropriate training and diversified and flexible loan offers.

Makorere (2014) examined the role of Banks in promoting small and medium enterprises, Tanzania. With that, the study aimed to solve this question: what are the key factors influencing small enterprise to become medium enterprise and hence large enterprises? A total of 51 respondents received Banks from Tanzanian commercial banks were selected for an interview using simple random and snow ball sampling techniques as well. Results show that increased on business profits, labour employments, outlets, and sales volume are the impact of adequate Banks access (statistically significant at $P \leq 0.05$ level of significant). Result shows increased on business profits, employments, outlets, sales volume are statistically significant at 0.000 when $P \leq 0.05$ level of significant. Statistically the finding shows that the increased of business capital structure has no direct relationship with Banks access only (insignificant by 0.390 when $P \leq 0.05$ level of

significant). The enterprises whose owners also received business training, tax exemption, fair interest rate, enough grace period and infrastructures performed better than those that did not. With all that, the study further shows that many problems facing Tanzanian entrepreneurs are not only related to size of capital, it is related to macro-economic institutional constraints.

Ayopo (2011) investigated the effects of micro-financing on Micro and Small Enterprises (MSEs) survival, growth, productivity and performance in South-west Nigeria. The study employed descriptive statistics through the survey of 443 micro enterprises and one hundred and eighty (180) small enterprises which were randomly selected using multi-stage random sampling technique. The findings revealed that micro finance and micro-financing enhance survival of Micro and Small Enterprises (MSEs) but not sufficient for growth and expansion of such Micro and Small Enterprises. The result also revealed that Banks has positive effects on productivity and performance of local entrepreneurs.

Yahaya, Osemene and Abdulraheem (2011) employed t-test and Analysis of Variance (ANOVA) to examine the effectiveness of banks in alleviation of poverty in Kwara State, Nigeria. The results revealed that Banks has significant role to play in the economy, as it helps reduce poverty by providing financial services to the active poor, help in generating employment and also provide small loans to grow small businesses. Kobla (2009) examined the impact of micro finance on Small Scale Enterprises in the South Tongu District through the use of descriptive statistics. They concluded that Banks has the ability to reduce poverty in its clients when the products given to clients were incorporated with training, supply of equipment and regular monitoring. Also, the study revealed that beneficiaries who benefitted considerably from the products of Banks enjoyed increase in income, increase in equipment, creation of employment, and improvement in standard of living.

Odebiyi and Olaoye (2012) investigated the role of Banks in the development of Small and Medium Scale Aquaculture Enterprises in Ogun State, Nigeria. A Multistage random sampling technique was employed in selecting one hundred and twenty aquaculturists used in the study. Employing descriptive, budgetary analyses and profitability ratios, their study revealed a positive impact of banks loan on small and medium scale aquaculture development as it increased the revenue of the farmers, reduced rural-urban migration and increased overall yield and even generate employment opportunities.

2.3 Theoretical Framework

2.3.1 Passive Learning Model:

In the Passive Learning Model (PLM), Jovanic (1982) cited in Agaje (2004), a firm enters a market without knowing its own potential growth. Only after entry does the firm start to learn about the distribution of its own profitability based on information from realized profits. By continually updating such learning, the firm decides to expand, contract, or to exit. This learning model states that firms and managers of firms learn about their efficiency once they are established in the industry. Firms expand their activities when managers observe that their estimation of managerial efficiency has understated actual levels of efficiency. As firm ages, the owner's estimation of efficiency becomes more accurate, decreasing the probability that the output will widely differ from one year to another. The implication of this theoretical model is that smaller and younger firms should have higher and more viable growth rates.

2.3.2 Financial Growth Theory

Berger and Udell (1998) proposed a financial growth theory for small businesses where the financial needs and financing options change as the business grows, becomes more experienced and less informationally opaque. They further suggest that firms lie on a size/age/information

continuum where the smaller/younger/more opaque firms lie near the left end of the continuum indicating that they must rely on initial insider finance, trade credit and/or angel finance. The growth cycle model predicts that as firm grows, it will gain access to venture capital (VC) as a source of intermediate equity and mid-term loans as a source of intermediate debt.

At the final stage of the growth paradigm, as the firm becomes older, more experienced and more informationally transparent, it will likely gain access to public equity (PE) or long-term debt. Problems related to financing are dominant in the literature with regard to small firms. There are numerous empirical studies describing inadequate financing as the primary cause of SMEs' failure (Jones, 1979; Wucinich, 1979; Welsch & White, 1981; Gaskil & Van Auken, 1993; Van Auken & Neeley, 1996; Coleman, 2000; Owualah, 2007).

The capital structure of smalls firm differs significantly from larger firms because small firms rely more on informal financial market which limits the type of financing they can receive. The small firm's initial use of internal financing creates a unique situation in which capital structure decisions are made based on limited financing options. It is widely accepted that small firms have different optimal capital structures and are financed by various sources at different stages of their organizational lives (Berger & Udell, 1998). Researchers have found that certain attributes of small firms influence the type of funds available to finance the firm's operations (Van Auken & Neeley, 1996; Hall et al., 2000, Romano et al., 2001).

2.3.3 Pecking Order Theory

Another financing theory that is very familiar with the operations of the small business is the pecking order theory, proposed by Myers (1984). It sheds light on the incentives that drive SMEs capital structure decisions. This theory proposes that firms prefer to use internal sources of capital first and will resort to external sources only if internal sources are inadequate. This theory has been

found to be relevant to the financing of SMEs. Most SMEs start with internal financing before looking for external sources. Older firms, by definition, have had more opportunities to accumulate retained earnings than younger companies and thus more funds are available to finance operational growth.

Pecking order theory suggests that those funds should be used before external capital sources are tapped. Holmes and Kent (1991) found that small businesses experience a more intense version of pecking order in their decisions because access to appropriate external sources of capital is limited. It has been noted that small businesses differ in their capital structure but their intense reliance on pecking order is only one of the variables that make small businesses financing decision unique. Small businesses rely on private capital markets, while larger firms are financed through public market. Information on small businesses is much less readily available than information on larger firms which can be picked up in the annual reports. Small businesses reliance on private markets limits the types of financing that they can receive; smallest businesses rely on commercial banks and finance companies to provide capital (Berger & Udell, 1998). In most cases, the cost of capital for small businesses is usually higher than it is for larger firms.

The size of the loan and lack of information on the quality of operation of the small firm's force lenders to protect their investment by demanding higher rates of return, which come in the form of high interest rate and high cost of capital for the small firm. In an attempt to avoid higher cost of capital, smaller firms are then forced to use more short-term debt, which carries lower costs but raises the firm's risk (Chittenden et al., 1996). When loaning to small businesses, most financial institutions require the owners of the small businesses to personally guarantee the loan. These personal guarantees allow the institution recourse against the personal wealth of the small businesses owner in the event of default (Berger & Udell, 1998).

These restrictions on the type of finance available to SMEs coupled with the small firm's insistence on first using internal sources of capital (Holmes & Kent, 1991), creates a unique structure for small business. Romano, et al., (2001) describe the situation as "a complex array of factors that influence small to medium size enterprises (SME) owner-manager's financing decisions". This is supported by Hall et al. (2000) who found that firm's size is positively related to long-term debt and negatively related to short-term debt. In further support, Chittenden et al. (1996) suggest that a firm's size is correlated with the firm's reliance on pecking order theory in capital structure decisions. Thus, smaller firms are more likely to rely on internal funds. Romano et al. (2001) found a significant relationship between the size of the firm and the use of debt. Again, these results are consistent with pecking order theory and the Berger and Udell (1998) model.

Availability of information is another factor that limits the financing ability of the small firm. Small firms often do not have audited financial statements. Larger firms, on the other hand, must disclose a large amount of information about their financial standing on a systematic basis. As a result of this information void, the investor in small firms is unable to distinguish between high quality and low-quality companies and therefore raises the firm's cost of funding to compensate for risk. The investor will require a high rate of return in exchange for investing in a firm without all of the proper information. The investor requires this higher rate of return because the information is not available to establish the extent to which the small firm is likely to default. This actually limits small firms in accessing external fund (Weinberg, 1994).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research Design

This study will adopt descriptive survey design as it sought to describe and establish the relationships among the study variables. Descriptive research design involves gathering data that describes events and then organizes, tabulates, depicts, and describes the data. Descriptive studies portray the variables by answering who, what, and how questions. Correlational survey design will allow the researcher to measure the research variables by asking questions to the respondents and then examining their relationships. It will also help the researcher to demonstrate the statistical relationship between public private partnership and infrastructural development. Descriptive design was used as a means of trying to assess the effect of banks Services on the growth of MSEs in Nyanya, Abuja.

3.2 Study Population and Determination of Sample Size

The population of the study is the entire MSEs that had access to banks services in This study was carried out at various Small and Medium Scale Enterprises in Nyanya, Abuja. Where the sampled population is 389 in order to capture a balanced report the research concentrated on the middle level and lower level staff. Therefore, 210 MSEs were selected are Danbashe Textiles, Mematich Chemicals Nig Ltd, Kamtec Aluminium Product and Lifetree Limited in Nyanya, Abuja.

3.3 Method for Data Collection

This study utilized primary data collected basically through structured closed ended questionnaires of 5 point Likert scale format administered to the owners of MSEs across the Nyanya, Abuja. The questionnaire was divided into two sections: namely, Banks Services and Growth of MSEs. Thus,

210 questionnaires were directly administered to the respondents (owners/managers of the MSEs). 30 questionnaires were distributed to each of the states' capital that constitutes the Nyanya, Abuja and the Nyanya, Abuja. In order to provide for missing questionnaires, the researcher added 14 questionnaires by adding 2 to each of the states and the Nyanya, Abuja. This makes a total of 224 questionnaires administered all together. After concerted efforts 8 questionnaires were still missing. Thus, 216 questionnaires were returned and analyzed.

Reliability and Validity

The reliability was assured by testing the instruments for the reliability of values (Alpha values) as recommended by Cronbach, (1946). Cronbach recommends analysis for Alpha values for each variable under study. According to Sekaran (2001), Alpha values for each variable under study should not be less than 0.6 for the statements in the instruments to be deemed reliable. Consequently, all the statements under each variable were subjected to this test and were proven to be above 0.6 before they were considered. The validity of the data collection instruments was done with the help of Questionnaires.

To justify the test of reliability, a pilot study in Lafia, the Nasarawa State Capital was conducted and all the variables of the study have proven to be above 0.6. This attests the reliability of the instrument.

Table 3.1: Scale Reliability of Independent Variables

Concept/Independent Variables	Cronbach's Alpha
Loan Access	0.84
Advisory Services	0.79
Training	0.87

Source: Researcher's Computation (2019)

Table 3.1 revealed that all the variables have Alpha Values above 0.6 mark recommended by Sekaran. Therefore, all the variables in the instrument are deemed reliable.

Table 3.2: Scale Reliability of Dependent Variables

Sustainability	0.97
Employment Generation	0.92
Profitability	0.75

Source: Researcher’s Computation (2019)

Table 3.2 further revealed that all the variables have Alpha Values above 0.6 mark recommended by Sekaran. Therefore, all the variables in the instrument are deemed and highly reliable. The researcher decided to continue with the study.

3.4 Procedure for Data Collection and Data Analysis

The Ordinary Least Squares Method of Regression was used with the aid of statistical package for social sciences (SPSS) to determine and analyze the effect of Banks services on the growth of MSEs. Thus, Banks Services was measured by Loan Access, Advisory Services and Training as independent variables. While, MSEs sustainability, employment generation, and profitability were measures of MSEs growth as dependent variables.

The Models for the Regression are:

$$SUS = \alpha + \beta LOAN + \mu \text{-----} \quad \text{i}$$

$$EG = \alpha + \beta_1 LOAN + \mu \text{-----} \quad \text{ii}$$

$$PRFT = \alpha + \beta_1 LOAN + \mu \text{-----} \quad \text{iii}$$

$$SUS = \alpha + \beta ADVS + \mu \text{-----} \quad \text{iv}$$

$$\text{PRFT} = \alpha + \beta\text{ADVS} + \mu \text{-----} \quad \text{v}$$

$$\text{SUS} = \alpha + \beta\text{TRNG} + \mu \text{-----} \quad \text{vi}$$

$$\text{PRFT} = \alpha + \beta\text{TRNG} + \mu \text{-----} \quad \text{vii}$$

Where:

SUS = Sustainability

EG= Employment Generation

PRFT= Profitability

LOAN= Loan Access

ADVS= Advisory Services

TRNG= Training

α =Intercept or Constant

β = Slope of the regression line with respect to the independent variables

μ =Error Term

In order to estimate the regression analysis model, SPSS was used. The procedure involved specifying the dependent and independent variables; in this case, banks Loan Disbursement, Advisory Services and Training were the independent variables to measure Banks services, while MSEs Growth were sustainability, employment generation, and productivity as the dependent variables. SPSS was run and from the output, the values of the constant (α) coefficient of regression β was obtained. In addition, the outputs showed the T statistics and P values for the coefficients which resulted in either rejecting or failure to reject the hypotheses at 5% level of significance. The P value is a probability of getting a result that is at least extreme as the critical values. The null hypotheses were rejected if the P-value is less than or equal to the critical value. Also, the outputs showed the coefficient of determination (r^2), which measures the proportion of the

dependent variables that can be explained by the regression model. At the P-value of less than or equal to critical value the null hypothesis will be rejected that there is a slope between the variables. The linear relationship exists when the P-value or significance level is less than or equal to the critical value.

3.5 Justification of the Method

The ordinary least square method of regression (OLS) is a statistical tool that measures cause-effect relationship between variables. Thus this study is on assessment of the effect of Bank Services on the growth of SMEs. Therefore, the study looked at the cause-effect of Bank Services variables such as loans disbursement, advisory services and training on sustainability, employment generation and productivity. Thus OLS is more appropriate. This method is considered simple and explicit as it tells how significant Bank Services are on each of these variables (sustainability, employment generation, productivity). This helps to draw a reliable and reasonable conclusion without much stress. The study chose stratified and purposive sampling technique to give equal representation of the population. This is to say that, each of the states is given equal representation by selecting 30 MSEs from their capital city since they enjoy accessibility to the Bank Services than their counterparts located outside the state capital.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.1 Introduction

This chapter covered the presentation and analyzes of data collected from the sampled Micro Enterprises in Nyanya, Abuja. In this case, 224 questionnaires were administered to the owners of the businesses who benefited from Banks loans. Thus, 32 questionnaires were administered to each of the states including Nyanya, Abuja, but 8 were still missing in spite of the efforts put in place to retrieve them. Hence 216 were returned and analyzed at 5% level of significance.

4.2 Loan Access and MSEs Sustainability in Nyanya, Abuja

Table 4.1: Responses on Loan Access and MSEs Sustainability

Response	Loan Access	Sustainability	Total Frequency
Strongly Agree	116	112	228
Agree	92	77	169
Undecided	6	19	25
Disagree	2	5	7
Strongly Disagree	0	3	3
Total	216	216	432

Source: Field Survey, 2019

Table 4.1 presents data with respect to loan access and MSEs Sustainability in Nyanya, Abuja. It is indicated that, 169 of the respondent agreed that loan access is related to MSEs sustainability as 228 of the respondents strongly agreed. 25 of them are yet to decide, while 7 disagreed and 3 strongly disagreed.

Summary of Regression Results and other Statistics

α	β LOAN	P-value	r	r^2
-1.354	1.213	0.000	0.905	0.822

Source: Researcher's Computation, 2019 using SPSS

The regression line $SUS = -1.354 + 1.213LOAN$ indicates that the Sustainability (SUS) of micro enterprises in Nyanya, Abuja will increase by 1.213 units for every 1 unit increase in Loan Access (LOAN). The P-value of 0.000 is less than the t-value of 0.05. The study, therefore, rejects Null Hypothesis which states that, the effect of Loan Access on Sustainability of micro enterprises in Nyanya, Abuja is insignificant. This is corroborating by the correlation coefficient (r) of 0.905 that shows a strong relationship and the coefficient of determination (r^2) of 0.822 which indicates that 82.2% of variation in the Sustainability of micro enterprises in the zone can be explained by Loan Access or the ability of the regression line to predict the Sustainability of micro enterprises is 82.2%. In the absent of Loan Access, Sustainability of micro enterprises will reduce by 1.354 as indicated by constant (α).

Loan Access and MSEs Employment Generation in Nyanya, Abuja

Table 4.2: Responses on Loan Access and MSEs Employment Generation

Response	Loan Access	Employment Generation	Total Frequency
Strongly Agree	116	92	208
Agree	92	111	203
Undecided	6	8	14
Disagree	2	3	5
Strongly Disagree	0	2	2
Total	216	216	432

Source: Field Survey, 2019

Table 4.2 presents data with respect to loan access and MSEs Employment Generation in Nyanya, Abuja. It is indicated that, 203 of the respondent agreed that loan access is related to MSEs Employment Generation as 208 of the respondents strongly agreed. 14 of them are yet to decide, while 5 disagreed and 2 strongly disagreed.

Summary of Regression Results and other Statistics

α	β LOAN	P-value	r	r^2
-0.821	1.454	0.000	0.742	0.546

Source: Researcher's Computation, 2019 using SPSS

The regression line $EG = -0.821 + 1.454LOAN$ indicates that the Employment Generation (EG) of micro enterprises in Nyanya, Abuja will increase by 1.454 units for every 1 unit increase in Loan Access (LOAN). The P-value of 0.000 is less than the t-value of 0.05. The study, therefore, rejects Null Hypothesis which states that, the effect of Loan Access on Employment Generation of micro enterprises in Nyanya, Abuja is insignificant. This is corroborating by the correlation coefficient (r) of 0.742 that shows a strong relationship and the coefficient of determination (r^2) of 0.546 which indicates that about 55% of variation in the Employment Generation of micro enterprises in the zone can be explained by Loan Access or the ability of the regression line to predict the Employment Generation of micro enterprises is about 55%. In the absent of Loan Access, Employment Generation of micro enterprises will reduce by 0.821 as indicated by constant (α).

4.3 Loan Access and MSEs Profitability in Nyanya, Abuja

Table 4.3: Responses on Loan Access and MSEs Profitability

Response	Loan Access	Profitability	Total Frequency
Strongly Agree	116	85	201
Agree	92	108	200
Undecided	6	14	20
Disagree	2	7	9
Strongly Disagree	0	2	2
Total	216	216	432

Source: Field Survey, 2019

Table 4.3 presents data with respect to loan access and MSEs Profitability in Nyanya, Abuja. It is indicated that, 200 of the respondent agreed that loan access is related to MSEs Profitability as 201 of the respondents strongly agreed. 20 of them are yet to decide, while 9 disagreed and 2 strongly disagreed.

Summary of Regression Results and other Statistics

α	β LOAN	P-value	r	r^2
-0.600	1.077	0.000	0.825	0.680

Source: Researcher's Computation, 2019 using SPSS

The regression line $PRFT = -0.600 + 1.077LOAN$ indicates that the Profitability of micro enterprises in Nyanya, Abuja will increase by 1.077units for every 1unit increase in Loan Access (LOAN). The P-value of 0.000 is less than the t-value of 0.05. The study, therefore, rejects Null Hypothesis which states that, the effect of Loan Access on Profitability of micro enterprises in Nyanya, Abuja is insignificant. This is corroborated by the correlation coefficient (r) of 0.825 that

shows a strong relationship and the coefficient of determination (r^2) of 0.680 which indicates that 68% of variation in the Profitability of micro enterprises in the zone can be explained by Loan Access or the ability of the regression line to predict the Profitability of micro enterprises is 68%. In the absent of Loan Access, Profitability of micro enterprises will reduce by 0.600 as indicated by constant (α).

4.4 Advisory Services and MSEs Sustainability in Nyanya, Abuja

Table 4.4: Responses on Advisory Services and MSEs Sustainability

Response	Advisory Services	Sustainability	Total Frequency
Strongly Agree	96	112	208
Agree	89	77	166
Undecided	16	19	35
Disagree	8	5	13
Strongly Disagree	7	3	10
Total	216	216	432

Source: Field Survey, 2019

Table 4.4 presents data with respect to Advisory Service and MSEs Sustainability in Nyanya, Abuja. It is indicated that, 166 of the respondent agreed that Advisory Service is related to MSEs Sustainability as 208 of the respondents strongly agreed. 35 of them are yet to decide, while 13 disagreed and 10 strongly disagreed.

Summary of Regression Results and other Statistics

α	β_{ADV}	P-value	r	r^2
-0.436	0.947	0.000	0.944	0.875

Source: Researcher's Computation, 2019 using SPSS

The regression line $SUS = -0.436 + 0.947ADV$ indicates that the Sustainability (SUS) of micro enterprises in Nyanya, Abuja will increase by 0.947 units for every 1 unit increase in Advisory Service (ADV). The P-value of 0.000 is less than the t-value of 0.05. The study, therefore, rejects Null Hypothesis and accept alternative hypothesis which states that, the effect of Advisory Service on Sustainability of micro enterprises in Nyanya, Abuja is insignificant. This is corroborated by the correlation coefficient (r) of 0.944 that shows a strong relationship and the coefficient of determination (r^2) of 0.875 which indicates that about 88% of variation in the Sustainability of micro enterprises in the zone can be explained by Advisory Service or the ability of the regression line to predict the Sustainability of micro enterprises is about 88%. In the absent of Advisory Service, Sustainability of micro enterprises will reduce by 0.436 as indicated by constant (α).

4.5 Advisory Services and MSEs Profitability in Nyanya, Abuja

Table 4.5: Responses on Advisory Services and MSEs Profitability

Response	Advisory Services	Profitability	Total Frequency
Strongly Agree	96	85	181
Agree	89	108	197
Undecided	16	14	30
Disagree	8	7	15
Strongly Disagree	7	2	9
Total	216	216	432

Source: Field Survey, 2019

Table 4.5 presents data with respect to Advisory Service and MSEs Profitability in Nyanya, Abuja. It is indicated that, 197 of the respondent agreed that Advisory Service is related to MSEs

Profitability as 181 of the respondents strongly agreed. 30 of them are yet to decide, while 15 disagreed and 9 strongly disagreed.

Summary of Regression Results and other Statistics

α	β_{ADV}	P-value	r	r^2
1.116	0.745	0.000	0.930	0.864

Source: Researcher's Computation, 2019 using SPSS

The regression line $PRFT = 1.116 + 0.745ADV$ indicates that the Profitability of micro enterprises in Nyanya, Abuja will increase by 0.745 units for every 1 unit increase in Advisory Service (ADV). The P-value of 0.000 is less than the t-value of 0.05. The study, therefore, rejects Null Hypothesis which states that, the effect of Advisory Service on Profitability of micro enterprises in Nyanya, Abuja is insignificant. This is corroborated by the correlation coefficient (r) of 0.930 that shows a strong relationship and the coefficient of determination (r^2) of 0.864 which indicates that 86.4% of variation in the Profitability of micro enterprises in the zone can be explained by Advisory Service or the ability of the regression line to predict the Profitability of micro enterprises is 86.4%. In the absent of Advisory Service, Profitability of micro enterprises will stand at 1.116 as indicated by constant (α).

4.6 Training and MSEs Sustainability in Nyanya, Abuja

Table 4.6: Responses on Training and MSEs Sustainability

Response	Training	Sustainability	Total Frequency
Strongly Agree	123	112	235
Agree	69	77	146
Undecided	12	19	31
Disagree	8	5	13

Strongly Disagree	4	3	7
Total	216	216	432

Source: Field Survey, 2019

Table 4.6 presents data with respect to Training and MSEs Sustainability in Nyanya, Abuja. It is indicated that, 146 of the respondent agreed that Training is related to MSEs Sustainability as 235 of the respondents strongly agreed. 31 of them are yet to decide, while 13 disagreed and 7 strongly disagreed.

Summary of Regression Results and other Statistics

α	β TRN	P-value	r	r^2
-0.545	1.205	0.000	0.915	0.888

Source: Researcher's Computation, 2019 using SPSS

The regression line $SUS = -0.545 + 1.205TRN$ indicates that the Sustainability (SUS) of micro enterprises in Nyanya, Abuja will increase by 1.205 units for every 1 unit increase in Training (TRN). The P-value of 0.000 is less than the t-value of 0.05. The study, therefore, rejects Null Hypothesis which states that, the effect of Training on Sustainability of micro enterprises in Nyanya, Abuja is insignificant. This is corroborated by the correlation coefficient (r) of 0.915 that shows a strong relationship and the coefficient of determination (r^2) of 0.888 which indicates that about 89% of variation in the Sustainability of micro enterprises in the zone can be explained by Training or the ability of the regression line to predict the Sustainability of micro enterprises is about 89%. In the absent of Training, Sustainability of micro enterprises will reduce by 0.545 as indicated by constant (α).

4.7 Training and MSEs Profitability in Nyanya, Abuja

Table 4.7: Responses on Training and MSEs Profitability

Response	Training	Profitability	Total Frequency
Strongly Agree	123	85	208
Agree	69	108	177
Undecided	12	14	26
Disagree	8	7	15
Strongly Disagree	4	2	6
Total	216	216	432

Source: Field Survey, 2015

Table 4.7 presents data with respect to Training and MSEs Profitability in Nyanya, Abuja. It is indicated that, 177 of the respondent agreed that Training is related to MSEs Profitability as 208 of the respondents strongly agreed. 26 of them are yet to decide, while 15 disagreed and 6 strongly disagreed.

Summary of Regression Results and other Statistics

α	β TRN	P-value	r	r^2
0.964	0.747	0.000	0.876	0.768

Source: Researcher's Computation, 2019 using SPSS

The regression line $PRFT = 0.964 + 0.747TRN$ indicates that the Profitability of micro enterprises in Nyanya, Abuja will increase by 0.747 units for every 1 unit increase in Training (TRN). The P-value of 0.000 is less than the t-value of 0.05. The study, therefore, rejects Null Hypothesis which states that, the effect of Training on Profitability of micro enterprises in Nyanya, Abuja is insignificant. This is corroborated by the correlation coefficient (r) of 0.876 that shows a strong

relationship and the coefficient of determination (r^2) of 0.768 which indicates that about 88% of variation in the Profitability of micro enterprises in the zone can be explained by Training or the ability of the regression line to predict the Profitability of micro enterprises is 88%. In the absent of Training, Profitability of micro enterprises will stand at 0.964 as indicated by constant (α).

4.2 Discussion of Findings

It is evident from the above results and analyses that, loan access is positively related to sustainability, employment generation, and profitability of micro enterprises in Nyanya, Abuja with statistical significance. This implies that, sustainability, employment generation, and productivity of MEs in the zone increase with increase in loan access to the enterprises. This finding is consistent with the findings in previous studies such as Mosley (2001); Brune (2009); Al-Khazali (2011); and more recently Kushoka (2013); Siyad (2013); Ndife (2013); Ahiabor (2013); Olowe, Moradeyo and Babalola (2013). The finding is inconsistent with the previous work of Sakthi (2011) who conducted a study about the role of Banks institutions in the development of entrepreneurs in Africa, and found out that only 6% of Africans borrow money to start a business whereas 13% borrow to buy food. The study finding supports the theory of 'Stage of Development' and 'Financial Growth'.

Similarly, significant positive effects of advisory services on both sustainability and profitability of micro enterprises in Nyanya, Abuja are revealed. This infers that, both sustainability and profitability of MEs in the zone increase with good advisory services to the loan beneficiaries. This finding is consistent with the findings in previous studies such as Bolnick and Nelson (1990); Olu (2003). However, the finding contradicts the previous finding in the work of Kessy and Urio (2006) who pointed out that, weekly meeting was a barrier to the growth of MEs as the time spent in weekly meeting could be used to other productive activities.

It is also noted that, training has significant positive effects on both sustainability and profitability of micro enterprises in Nyanya, Abuja. This means that, both sustainability and profitability of MEs in the zone increase with increase in training of the loan beneficiaries. Thus when loan beneficiaries are highly trained, they are most likely to utilize the facilities given to them on most profitable ventures, as well as guided on how to be more productive in their businesses. This finding is consistent with the findings in previous studies such as Kuzilwa and Mushi (1997) who observed that those enterprises, whose owners received business training and advice, performed better than those who did not receive training. Others are Dumas (2001); Nichols (2004); Babagana (2010). The study finding supports the theory of Transaction Cost as a nonfinancial cost incurred in credit delivery by the borrower and the lender before, during and after the disbursement of loan. The cost incurred by the lender include; cost of searching for funds to loan, cost of designing credit contracts, cost of screening borrowers, assessing project feasibility, cost of scrutinizing loan application, cost of providing credit training to staff and borrowers, and the cost of monitoring and putting into effect loan contracts. On the other hand, the borrowers that is SMEs for this case may incur cost ranging from cost associated in screening group member (group borrowing), cost of forming a group, cost of negotiating with the lender, cost of filling paper work, transportation to and from the financial institution, cost of time spent on project appraisal and cost of attending meetings. The parties involved in a project will determine the transaction cost rate. They have the sole responsibility to reduce the risk they may come across.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary

This study examined the effect of Banks Services on the growth of MSEs in Nyanya, Abuja. The study adopts descriptive research design which belongs to the generic family research design type called survey design. The population of the study is the entire MSEs that had access to banks services for a period of at least five years in Nyanya, Abuja. Stratified and purposive sampling technique were used to select 30 MSEs from Nyanya, Abuja.

This study utilized primary data collected basically through structured closed ended questionnaires of 5 point Likert scale format administered to the owners of MSEs across the Nyanya, Abuja. Ordinary Least Squares Method of Regression was used with the aid of statistical package for social sciences (SPSS) to determine and analyze the effect of banks services on the growth of MSEs. Thus, banks Services was measured by Loan Access, Advisory Services, and Training as independent variables. While, MSEs sustainability, employment generation, and profitability were measures of MSEs growth as dependent variables. It was indicated that, loan access is positively related to sustainability, employment generation, and profitability of micro enterprises in Nyanya, Abuja with statistical significance. Similarly, significant positive effects of advisory services on both sustainability and profitability of micro enterprises in Nyanya, Abuja are revealed. It is also noted that, training has significant positive effects on both sustainability and profitability of micro enterprises in Nyanya, Abuja. This means that, banks services are positively related to growth of MEs in Nyanya, Abuja.

5.2 Conclusions

It was indicated that, loan access is positively related to sustainability, employment generation, and profitability of micro enterprises in Nyanya, Abuja with statistical significance. Thus, the study concludes that, micro enterprises can grow effectively and survive as well as be more productive if they have access to finance. Their abilities to have more equipment to facilitate their activities rest on their access to loan facilities, which can guarantee sustainability and profitability of the micro businesses in the zone.

It is also concluded that, frequent meeting between the loans providers and the beneficiaries by way of advice is instrumental to the growth of the micro enterprises. This is proven by the significant positive effects of advisory services on both sustainability and profitability of micro enterprises in Nyanya, Abuja. The advisory services are said to re-organize the MEs on how best to invest their loans.

The study further concludes that, banks Institutions' Training to the loan beneficiaries is responsible for the growth of the micro enterprises in Nyanya, Abuja. Thus, the training is said to prepare the micro enterprises on the best way to relate with their customers in order to boost their sales and subsequent profitability. More so, the training is said to re-engineer the MEs skills to be more profitability. Thus, MEs profitability increase can guarantee the survival and sustainability of the micro businesses.

5.3 Recommendations

In the light of the above findings and conclusions, the following recommendations are made: Attention by the Central Bank of Nigeria should be made to provide a scheme that can assist the SMEs in the zone to access loans without stringent rules. Furthermore, the government should make policies that will encourage access to loan facilities to the micro enterprises. This will make

them to be productive and profitability as they will be able to acquire more assets with the borrowed funds and thus, making their survival and sustainability in the business guaranteed. If this is ensured, it will go a long way to boost economic growth and development of the Nyanya, Abuja Zone in particular and the country at large.

The banks institutions should stand to ensure that regular meeting with the loan beneficiaries are held to enable them guide the micro enterprises on the best way to invest the loans disbursed to them. The advice should relate to public relation, which will make them know how to relate with their customers to increase their sales. This can guarantee long term survival and sustainability in business as productivity and sales increase.

The banks institutions should also try as much as they can, to ensure that they put in place constant training programmes for the loan beneficiaries. This will enable them get acquainted with require skills to be able to remain in business. The training should gear towards refurbishing their skills to be more productive in terms of making good use of the borrowed funds for viable investments opportunities, and how best they can relate with customers to increase sales. This could be done by way of after sales service etc. If this is done, cases of default will be a thing of the past since it can make the survival of the micro enterprises possible.

3.4 Limitations of the study

The study provides insight into Banks services and micro and small business growth in Nyanya, Abuja, as well as provides a measure of the effects of Banks services on small business performance in Nigeria. It covers only MSEs that had access to Banks services. The study focuses on Banks Loan Access, Advisory Services, and Training, as well as MSEs sustainability, employment generation, and profitability. The study has some limitations as well. First, the database used for selection of the respondents in this study may be influenced by common method

bias. Several steps have been taken to select the samples from all the different sections and departments within the organizations for reducing any common source (method) bias associated with research work. The study relied on self-reported answers by employees who volunteered to participate. In self-reported data, there existed a possibility of difference between respondents' perception and actual events or occurrences. Moreover, the respondents might not be able to recall information accurately. However, this data collection method is usually accepted since a self-reported survey is considered as one of the most practical ways to represent individual attitudes and behaviors as well as to collect data. The study is limited to the use of qualitative and non-financial measures of MSEs growth in Nyanya, Abuja Nigeria as most of these enterprises had no financial records.

5.5 Suggestion for Further Study

This study focused on the effects of banks services on the growth of micro enterprises in Nyanya, Abuja using stratified and convenient sampling method. Further studies can be conducted using quantitative and financial data in the Nyanya, Abuja. More so, a study can be conducted using Nigeria as a population.

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APPENDIXES

Appendix 1: QUESTIONNAIRE

Dear respondent

The questions that follow are intended to facilitate a study on the effects of Banks services on the Growth of Small Enterprises in Nyanya, Abuja. Please take a few minutes of your precious time and answer them. Your responses will be used for academic purposes only and will be treated with utmost confidentiality.

NOTE: Strongly Agree (SA), Agree (A), Undecided (U), Disagree (D), and Strongly Disagree (SD)

SECTION A: *(Please tick where appropriate)*

BANKS Services	SA	A	U	D	SD
	5	4	3	2	1
Loans Disbursement					
BANKS is the major source of raising capital for your business					
BANKS gives loans without much problem					
The interest rate on my loan is affordable					
The loan disbursed helps in procuring more assets for the business					

The assets acquired aids in productivity of the business					
Advisory Services					
Microfinance institution guided you on the area to invest					
Microfinance institution encouraged you to save and expand your business					
BANKS guided you on how to relate with your customers					
Your relationship with the customers increases your sales					
Increase in your sales increases your profitability					
Increase in your sales makes you to be more productive					
You have sound entrepreneurial orientation by BANKS					
Training					
Microfinance institution gave me the training needed to expand this business					
Training is given to us before, during and after loans disbursement					
The training prepares me on how to access loan easily and make good use of it					
Training makes you to relate fine with your customers					
Training gives you the require skills to be more productive					

SECTION B:

MSEs' GROWTH	SA	A	U	D	SD
	5	4	3	2	1
Sustainability					
Your assets increase when loan was disbursed to you					
You have reasonable capital to invest in profitable ventures					
You profit is increasing					
The assets bought with the facilities increase your productivity					
The loan makes your business stronger					
Your business has expanded					
Employment Generation					
The facilities collected boosted your productivity					
The facilities need more hands to manage					
The increase in productivity calls for more capable hands					
The numbers of employees that work with you increase as a result of the facilities disbursed to you					
Productivity					

BANKS training makes you to be more productive					
The productivity is instigated by increased sales in recent times					
You have enough cash to produce more					
Your production is increasing gradually					
You are more committed to the business when the loan was disbursed					