SURVIVAL OF SMALL AND MEDIUM SCALE ENTERPRISES: THE ROLE OF MICRO-FINANCE BANKS: A STUDY OF FEDERAL POLYTECHNIC, ILARO MICROFINANCE BANK OGUN STATE

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ABSTRACT

This study examined the impact microfinance banks on the survival of SMEs. The main goal of this research is to assess how financial and non-financial services provided by microfinance banks enhance the survival of SMEs. The study collected primary data using questionnaire, and analyzed same using linear regression analysis with the help of the Statistical Package for Social Sciences (SPSS) version 25.0. The study found that microfinance banks have a positive impact on survival of SMEs through the provision of financial (credit facilities) and non-financial (education) services. The study concludes that provision financial and non-financial services by microfinance banks promotes the survival and growth of SMEs; and that survival and growth of SMEs is influenced by financial and non-financial services provided by microfinance banks. The study recommends that, to strengthen SMEs, policymakers and regulatory authorities should empower and enable microfinance banks to provide financial and non-financial services to SMEs to facilitate their productivity, hence growth and survival.
Keywords: Financial service, microfinance bank, non-financial service, survival of SMEs

INTRODUCTION

Microfinance is the provision of financial services to the poor who have historically been ignored by established financial institutions. Microfinance has evolved through time to cover a greater range of services including credit, savings and insurance, based on the realization that the poor and very poor who lack access to regular financial institutions require a diverse range of financial products. The importance of small and medium scale enterprises (SMEs) in stimulating economic growth and development has been thoroughly documented in economics literature and is widely acknowledged in most nations. Keskin et al. (2010, as cited in Ateke & Nwiepe, 2017) provides that SMEs contribute significantly to national and regional development. SMEs are considered fundamental components of the economic fabric of developed and emerging economies in lieu of their roles in stimulating economic growth, promoting innovation and enhancing prosperity (European Investment Bank, 2011, cited in Ateke & Nwiepe, 2017) by generating employment, increasing national output, promoting export and fostering entrepreneurship. SMEs account for more than 98 per cent of all industrial companies and employ the majority of the workforce in many recently industrialized countries. SMEs have a competitive advantage over large corporations in serving dispersed local markets. In recognition of the import of SMEs, the government of Nigeria has created assistance programs in the areas of finance extension, advisory services, and the provision of infrastructure.

SME is one of the most extensively practiced businesses in Nigeria, but the sector's fundamental difficulty has been limited access to money and capital markets for years. This is due to a lack of properly prepared project proposals, financial documentation, suitable collateral, and the inability of SME promoters to raise the requisite equity commitment. In addition, a high rate of enterprise mortality, owing to insufficient working capital, which limits SMEs' productive capacities, as well as the lack of a succession plan in the event of the proprietor's death, leads to frequent early demise of SMEs in many circumstances. Furthermore, many SMEs are typically suffocated by the persistence of an unpredictable macroeconomic environment, which is mostly due to fiscal policy excesses. Poor management practices and a lack of entrepreneurial skills are also important roadblocks to the development of SMEs in Nigeria, as many SMEs fail to keep accurate records of transactions. This makes it difficult to maintain efficient planning and control. Furthermore, their capacity to seize business opportunities that could lead to growth and expansion is limited due to lack of poor education, experience and exposure of their operators.

The threat of graduate unemployment to Nigeria's economy prompted higher institutions to redesign their curricula to make every graduate an entrepreneur. The brilliant ideas of these graduates from educational institutions will only become wealth generators if the funds to implement them are accessible. Micro-finance institutions provide a platform for obtaining loans that is free of the administrative bottlenecks that plague conventional banks. Distribution of credit by microfinance banks however, can lower graduate unemployment and instil the desire to be self-sufficient in young entrepreneurs.

The focus of this study therefore, is to evaluate how microfinance banks' financial and non-financial services support survival of SMEs. The specific objectives are to examine the extent to which financial services (credit facilities) and non-financial services (enlightenment and business education) of microfinance banks influence the survival of SMEs. The study is guided by the following null hypotheses:

Ho_1: Financial services (credit facilities) of microfinance banks do not have significant influence on the survival of SMEs.

Ho_2: Non-financial services (enlightenment and business education) of microfinance banks do not have significant influence on the survival of SMEs.

THEORETICAL REVIEW

This study is founded on the resource-based theory and the dynamic capability theory. The resource-based theory provides that differential applications by enterprises, assuming a set of specified inputs, will result in various outcomes or outputs. So, the degree of variability in a firm's production process is a distinguishing aspect of resource-based theory. A firm's competitive advantage is maintained as a result of this when its output proves to be the best match for available market demand. Physical resources, organizational resources, and human resources are all examples of inputs. This study is biased to the human resource-based theory whose guiding premise asserts that a firm's competitive advantage is derived from its highly skilled and efficient personnel, which is free of duplication by competitors. The growing awareness of the fact that an organization's most valuable asset is its people, as well as the steps made by businesses to put in place a robust structure to promote employee retention, bolsters this decision.

The dynamic capacities theory is an extension of the resource-based theory. The dynamic capacities theory questions the idea that firm's acquisition of valuable, rare, inimitable, and non-substitutable (VRIN) resources is necessary for long-term competitive advantage. The inadequacy of the resource-based theory to describe how recognized mechanisms operate, limits its significant reliance on what leads to sustainable competitive advantage. This overlap was bolstered by (Eisenhardt & Martin, 2000), who claimed that resource-based theory failed to account for the reasons individual firms have a competitive edge in an era of rapid and unpredictable change. Dynamic capacities theory focuses on two basic difficulties that were overlooked by resource-based theory (Teece et al., 1997). They are: businesses' ability to re-establish competencies in order to keep up with business environment dynamics, and strategic management's ability to use skills in order to meet environmental needs. Teece (2007) created new dimensions for identifying and evaluating possibilities, mobilizing resources to capture value and opportunities, and reorganizing a company's tangible and intangible assets. The ability of SMEs to tweak and re-tweak external and internal resources and capabilities in rapidly changing business environments, such as those seen in emerging economies, can be improved by properly synchronizing the dynamic capabilities frontier aspects.

CONCEPTUAL REVIEW

Concept of Microfinance Bank

Microfinance is the provision of small-scale financial services to persons who do not have access to standard banking services (Karlan & Goldberg, 2007). United Nations (2006) used microfinance to describe the provision of financial services to consumers who are excluded from traditional financial systems due to their poor socio-economic background. Microfinance banks are thus financial institutions that offer a wide range of financial services including loans, savings, payment services, money transfer, and insurance to SMEs, consumers, and others (Imoisi & Godstime, 2014). Microfinance banks are considered instruments in Nigeria that aid in the alleviation of poverty and the breaking down of ever-increasing barriers among low-income earners and SMEs. Microfinance banks in Nigeria operate as vanguards for economic development by providing critical financial support to the above-mentioned groupings. According to Chijoriga (2011), a microfinance bank is a business in which the person operating the business sets himself up as collecting deposits on a daily basis and any other commercial activity that is financed, entirely or in part, by lending or extending credits. It also includes providing short-term loans to micro, small, medium-scale businesses (MSMEs) and low-income families. Basically, microfinance banks are financial institution that provides financial services to the poor and low-income earner in a community (Muneme & Guy, 2013; Gatimu & Fredrick, 2010; Fernado, 2008).

Microfinance institution (MFI) services have evolved to include non-financial services such as micro-insurance, payment services, social intermediation groups, financial literacy training, and company management (Eluhaiwe, 2005; Ubom, 2003). Microfinance banks to also extend financial services to poor industrialists and small business owners who lack security and would not otherwise meet the requirements for a traditional bank loan (Imoisi & Godstime, 2014; Stanley, 2008). Central Bank of Nigeria (2005) provides that microfinance is about providing financial services to the poor, who make up the 65 per cent of the population; and who are unable to access traditional banking services.

Microfinance banks and banking are utilized as a substitute in Nigerian system management for other similar programs launched in the past by different governments with the same aim - reaching out to the poor. A number of government-funded rural/micro credit policies and programs aimed at poverty reduction have been implemented, amended, or discontinued. Sectoral credit allocation, concessionary loan rates, and the Agricultural and Credit Guarantee Scheme are examples of such programs (ACGS). Microfinance banks provide customized financial services to the needs of low-income persons, such as micro-entrepreneurs, including the provision of small loans, receiving modest savings deposits, and provision of easy payment services (Ojo, 2007; Otero, 2000).

Small and Medium Size Enterprises

There is no commonly agreed-upon definition of a small business (Rolando, 2010). Numerous attempts have been made to define small business using criteria such as employee size, sales volume, and total value of assets, investment. Despite the discrepancies, several sources classify small and medium businesses as having fewer than 250 employees (Ayyagari, 2005). A small business, according to the SBA (2011), is one with less than 500 employees. SMEs are seen as engines of economic growth and development in lieu of their capacity to create wealth (Ateke & Nwiepe, 2017). Its key advantage is the possibility of job creation and inexpensive capital requirements. For defining their small company sector, different countries utilize different classifications. Small enterprises, according to the Federal Government of Nigeria, are those with an annual turnover of less than N500, 000 and a capital investment of less than N2 million (Aremu & Adeyemi, 2011). Small enterprises in the UK are defined as those with fewer than 500 employees and annual revenue of less than £100 million for research purposes. SMEs in China are classified by industry, depending on the size of employees, annual returns, and total assets of the company. Food shops, kiosks, tailoring shops, poultry businesses, general firms, and so on are examples of SMEs. Business survival, increased employment, higher profit, greater outlets, increased capital size, and enhanced business management are some consequences of efficient SMEs management in an economy.

Financing SMEs

According to Oni (2012), the ability to develop growth capital is based on "who you know. SMEs in Nigeria face a number of challenges, one of which is capital required to fund their operations (Fatai, 2009). Finance has a 25% impact on performance of SMEs (Agwu & Murray, 2014). Debt, equity, or a combination of the both is used to fund businesses. The two types of finance come from the formal and informal financial sectors. Commercial banks and development banks are the main sources of funding for firms in the official sector, whilst loans from friends, relatives, and cooperative societies are used in the informal sector. Commercial, microfinance, and central banks, as well as international development agencies, are some of the official financial sector entities in Nigeria that have played key roles in financing small enterprises.

Commercial banks continue to be the largest source of funding for SMEs around the world (Agwu, 2015). Nonetheless, many commercial banks are unwilling to finance SMEs because of the dangers and uncertainties associated with them. The severe economic environment, poor managerial skills, and small firms' lack of access to contemporary technology are some of the reasons for commercial banks' reluctance to fund SMEs in Nigeria. As a result, the country's small company lending has been steadily decreasing. Over the years, government and its agencies have established a variety of credit institutions with a view to improving SMEs' access to capital (Amissah & Gbandi, 2014; Olaitan, 2006); and microfinance banks tend to lead in the provision of funding for SMEs. The specialized products offered by microfinance banks in this regard include microloan, micro-savings, micro-insurance and education.

Microloan is a crucial component of microfinance, and it has been considered the foundation of microfinance institutions (Alhassan et al., 2016). These are funds that are distributed over time to small businesses or individual business owners. Micro-savings is daily, weekly or monthly contribution made by individuals and small businesses. Many MFBs in Nigeria continue to engage in micro savings, with officials going out daily, weekly, and monthly to collect donations from individuals and small companies. Micro-insurance is insurance for the operations of microfinance bank customers (Oscar & Abor, 2013). It is a low-value product that necessitates various design and distribution systems, as well as a low premium depending on the community risk rate (Mathur, 2012). Life, health, property, and other significant business assets are all covered by microfinance insurance (Gyimah & Boachie, 2018). Microfinance banks provide educational training to SMEs. They also provide training to customers in a variety of fields, including accounting, marketing, business plan drafting, and cooperative society development (Gyimah & Boachie, 2018). Microfinance proffer answers to business owners' difficulties during educational training and workshops, which could eventually assist SMEs to flourish (Sorpong-Danquah et al., 2018).

EMPIRICAL REVIEW

A slew of country-based empirical research look into the impact of Microfinance bank credit on the growth of SMEs enterprises in a given economy. Statistics show that SMEs in Nigeria contribute to GDP on an annual basis; however, gathering information from previous empirical studies on the topic under discussion precludes a review. Ofeimum et al. (2018) investigated the importance of micro-financing for small enterprises in Nigeria; and reports that micro lending rate has insignificant negative relationship with small business growth. The study also found that sectorial spread of micro loans has significant effect on growth of small businesses in Nigeria; and that micro loan gestation period had no significant relationship with small business growth.
In another study, Apere (2016) examined the impact of microfinance on economic growth. The study indicates that a long-term relationship between microfinance bank loans, investment and economic growth in Nigeria. This report suggests that if microfinance bank activities are adequately coordinated, they have the potential to influence economic growth.

The report of Wachukwu et al. (2018) that microfinance bank credit and investment growth are negatively associated to Nigeria’s economic growth contradicts the finding of Apere (2016). Akpan and Nneji (2015) investigated the role of microfinance institutions in the development of SMES and observed that microfinance institutions enable SMEs in Nigeria to thrive. The sudy also report that growth and performance of SMEs is strongly influenced by activities of other SMEs in the area.

METHODOLOGY

The study used a field survey method. Employees of Federal Polytechnic, Ilaro microfinance bank in Ogun State make up the study's population. This study used a simple random strategy to choose and communicate with workers of Federal Polytechnic, Ilaro microfinance bank, Ogun

State, in order to reduce sampling mistakes. A questionnaire was used to collect primary data for the investigation. By delivering the instrument to two experienced experts in the field, the researcher was able to test its face and content validity. Statistical Package for Social Sciences (SPSS) version 20 was used to perform a reliability test on the research data using the Cronbach's Alpha reliability test. The data in the completed questionnaire was analyzed using the simple percentage to determine the relative strength of response to each of the items on the questionnaire. The linear regression statistic was used to evaluate the hypotheses formulated to guide the investigation.

PRESENTATION AND DISCUSSION OF FINDINGS

100 copies of questionnaires were distributed to respondents, out of which, 99 were fully retrieved resulting in 99% return rate. The returned copies of questionnaire were examined and were found suitable for further analysis.

Table 1: Demographics of Respondents

S/N.	Variable	Response	Frequency	Percentage
1.	Gender	Male	74	*74.7*
		Female	25	*25.3*
2.	Age Range (years)	18 – 25	24	*24.2*
		26 – 40	20	*20.2*
		Above 40	55	*55.6*
3.	Level of education	Ph.D	-	-
		M.Sc/MBA	36	*36.4*
		B.Sc./HND	49	*49.5*
		SSCE/WAEC	14	*14.1*
		Others	-	-
4.	Professional Qualification	Yes	44	*44.4*
		No	55	*55.6*
5.	If Yes, please tick as appropriate	FCA	4	*4*
		ACCA	36	*36.4*
		ACIB	4	*4*
		ACTI	-	-
		MNIM	-	-
		ANAN	-	-
		Others	-	-
6	Marital Status	Single	36	*36.4*
		Married	63	*63.6*
		Divorced	-	-

		Widowed	-	-
7	What area of Accounting do you currently work in?	Financial Accounting/Reporting	16	*16.2*
		Internal Auditing	32	*32.3*
		External Auditing	32	*32.3*
		Management Accounting	19	*19.2*
		Tax Accounting	-	-
		Advisory/Consulting	-	-
		Other Accounting	-	-
8	Work Experience (in years)	Less than 1 year	16	*16.2*
		1 - 3 years	32	*32.3*
		4 - 6 years	32	*32.3*
		7 - 10 years	19	*19.2*
		More than 10 years	-	-

Sourrce: Researchers Computations, 2022

Table 2: Responses on Investment Portfolio

S/N	Investment Portfolio	Response	Freq.	Percent.	Average	Std. Dev.
1	High interest rates, limited grace period and inadequate business training are factors constrain the development of small businesses and their ability to repay loans	*SA*	*6*	*6.1*	*2.69*	*0.877*
		A	*9*	*9.1*		
		D	*52*	*52.5*		
		SD	-	-		
		U	*32*	*32.3*		
2	It is difficult to access loans from microfinance banks and institutions	*SA*	*33*	*33.3*	*4.13*	*0.723*
		A	*46*	*46.5*		
		D	-	-		
		SD	-	-		
		U	*20*	*20.2*		
3	There are stringent conditions applied to loans	*SA*	-	-	*2*	*0.756*
		A	-	-		
		D	*43*	*43.4*		
		SD	*28*	*28.3*		
		U	*28*	*28.3*		
4	You must be a customer of a microfinance bank or institution before you can access loans	*SA*	*35*	*35.4*	*4.35*	*0.480*
		A	*64*	*64.4*		
		D	-	-		
		SD	-	-		
		U	-	-		
5	You always repay loans as at when due	*SA*	*41*	*41.4*	*4.36*	*0.579*
		A	*53*	*53.5*		
		D	-	-		
		SD	-	-		
		U	*5*	*5.1*		
6	The microfinance banks and institutions monitors the use of the loan facilities	*SA*	*49*	*49.5*	*4.49*	*0.503*
		A	*50*	*50.5*		
		D	-	-		
		SD	-	-		
		U	-	-		
7	The government should encourage microfinance banks and institutions to support small businesses	*SA*	*55*	*55.6*	*4.53*	*0.560*
		A	*41*	*41.4*		
		D	-	-		
		SD	-	-		
		U	*3*	*3*		
8	Procedure for loans procurement is less complicated than conventional commercial banks	*SA*	*32*	*32.3*	*4.16*	*0.681*
		A	*51*	*51.5*		
		D	-	-		
		SD	-	--		
		U	*16*	*16.2*		
9	Loans are not collateralized like commercial banks	*SA*	*54*	*54.5*	*4.55*	*0.500*
		A	*45*	*45.5*		

		D	-	-		
		SD	-	-		
		U	-	-		
10	Microfinance banks have reduced graduate unemployment in Nigeria	*SA*	*43*	*43.4*	*4.43*	*0.498*
		A	*56*	*56.6*		
		D	-	-		
		SD	-	-		
		U	-	-		
11	Non-performing loans are reduced to barest minimum	SA	*48*	*48.5*	*4.48*	*0.502*
		A	*51*	*51.5*		
		D	-	-		
		SD	-	-		
		U	-	--		
12	Pay back is spread over a considerable length of time	*SA*	*51*	*51.5*	*4.52*	*0.502*
		A	*48*	*48.5*		
		D	-	-		
		SD	-	-		
		U	-	-		
13	The electronic banking alert aids repayment	*SA*	*58*	*58.6*	*4.59*	*0.495*
		A	*41*	*41.4*		
		D	-	-		
		SD	-	-		
		U	-	-		
		SA	-	-		
Overall Average					***4.10***	***0.589***

Source: Researchers Computations, 2022

SA – Strongly Agree, A – Agree, D – Disagree, SD – Strongly Agree, U - Undecided

Decision rule: *if mean is ≤ 1.49 = Undecided; 1.5 to 2.49 = Strongly Disagree; 2.5 to 3.49 = Disagree; 3.5 to 4.49 = Agree; 4.5 to 5 = Strongly Agree.*

Table 2 shows that 52.5 per cent and 32.5 per cent of respondents disagree and are undecided about whether interest rates, a short grace period, and insufficient business training are factors limiting small business development and ability to repay loans. However, 33.3 per cent and 46.5 per cent of respondents strongly agree and agree that getting a loan from a microfinance bank or institution is difficult, respectively, while 20.2 per cent were indecisive. Furthermore, 43.4 per cent and 28.3 percent of participants disagree and strongly disagree that loans are subject to strict conditions, respectively, while all respondents agreed that you must be a customer of a microfinance bank or organization to be eligible for loans. Similarly, the participants stated that they always repay their loans on time and that they are aware that the use of loan facilities is monitored by microfinance and institutions.

All the respondents agreed that the government should promote small businesses by encouraging microfinance banks and organizations. Furthermore, 32.3 per cent and 51.5 per cent of respondents strongly agree and agree that the loan procurement process is less complicated than that of traditional commercial banks, and that the loans are not collateralized like those of commercial banks. Similarly, 43.4 per cent and 56.6 per cent of respondents think that microfinance banks have reduced graduate unemployment in Nigeria and that non-performing loans have been reduced to the bare minimum. The majority of the respondents were in favor of items on investment portfolio, with no variation in their responses, with 51.5 per cent and 48.5 per cent strongly agreeing and agreeing that payback is spread over a significant period of time and that the electronic banking alert aids repayment. The overall average response indicates that the majority of the respondents were in favor of items on investment portfolio, with no variation in their responses.

Table 3: Responses Survival of Small and Medium Scale Enterprises

S/N	Survival of SMEs	Response	Freq.	Per cent	Average	Std. Dev.
14	Microfinance has contributed significantly to the survival of SMES	SA	28	28.3	4.16	0.618
		A	59	59.6		
		D	-	-		
		SD	-	-		
		U	12	12.1		
15	Microfinance banks have contributed greatly to enterprise creation	SA	31	31.3	4.15	0.676
		A	52	52.5		
		D	-	-		
		SD	-	-		
		U	16	16.2		
16	Microfinance served as advisory body for SMES	SA	40	40.4	4.40	0.493
		A	59	59.6		
		D	-	-		
		SD	-	-		
		U	-	-		
17	There is existing relationship between microfinance bank and SMEs in Ilaro	SA	48	48.5	4.48	0.502
		A	51	51.5		
		D	-	-		
		SD	-	-		
		U	-	-		
18	Small business operate in the informal sector via the help of MFB	SA	12	12.1	4.05	0.437
		A	80	80.8		
		D	-	-		
		SD	-	-		
		U	7	7.1		
19	Small business operate in the informal sector via the help of MFB	SA	31	31.3	4.21	0.611
		A	58	58.6		
		D	-	-		
		SD	-	-		
		U	10	10.1		
20	Small business owners earning are their only means of survival	SA	59	59.6	4.60	0.493
		A	40	40.4		
		D	-	-		
		SD	-	-		
		U	-	-		
21	Small business globally represent 70% of employment sector	SA	50	50.5	4.46	0.577
		A	45	45.5		
		D	-	-		
		SD	-	-		
		U	4	4		
22	Financing of small business by MFBs could develop Nigeria economy	SA	43	43.4	4.43	0.498
		A	56	56.6		
		D	-	-		
		SD	-	-		
		U	-	-		
23	A lot of SMEs default in loan repayment, which affects the operation of the banks.	SA	46	46.5	4.46	0.501
		A	53	53.5		
		D	-	-		
		SD	-	-		
		U	-	-		
24	SMEs have been accepted as the engine of economic growth and the promoter of equitable development	SA	57	57.6	4.58	0.497
		A	42	42.4		
		D	-	-		
		SD	-	-		
		U	-	-		
25	Growth of SMEs is ability of SMEs to penetrate into market or exit from the business which depend to a great extent on adequate funding and management process.	SA	47	47.5	4.38	0.650
		A	43	43.4		
		D	-	-		
		SD	-	-		
		U	9	9.1		
	Overall Average				**4.36**	**0.653**

Source: Researchers Computations, 2022

SA – Strongly Agree, A – Agree, D – Disagree, SD – Strongly Agree, U - Undecided

Decision rule: *if mean is ≤ 1.49 = Undecided; 1.5 to 2.49 = Strongly Disagree; 2.5 to 3.49 = Disagree; 3.5 to 4.49 = Agree; 4.5 to 5 = Strongly Agree.*

Table 3 shows that 28.3% and 59.6% of respondents strongly agree and agree that microfinance banks contribute significantly to survival of SMEs and that microfinance institutions have contributed greatly to enterprise formation. Furthermore, 40.4 per cent and 59.6 per cent of respondents highly agree and agree that microfinance served as an advisory body for SMEs in Ilaro Township, with a cordial interaction between the microfinance bank and SMEs. Small businesses function in the informal sector with the support of MFB, according to the respondents, and small company owners' earnings are their only means of survival, especially during bad times.

Similarly, 50.5 per cent of respondents strongly agree that small businesses account for 70% of worldwide employment, and that MFB funding of small businesses could help to build the Nigerian economy. On the other hand, 46.5 per cent and 53.5 per cent of participants strongly agree and agree that a large number of SMEs default on loan repayment, affecting bank operations, and that SMEs are seen as the engine of economic growth and promoters of equitable development. Finally, 47.5 per cent and 43.4 per cent of respondents strongly agree and agree that SMEs' capacity to penetrate the market or depart the industry is based in large part on proper funding and managerial processes. Finally, the average response is 4.36, with a standard deviation of 0.653, indicating that the majority of respondents support the items related to SMEs survival.

Table 4: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.264[a]	.070	.060	1.810

Source: Researchers Computations, 2022

The result as presented in Table 4 indicates that there is a weak positive relationship between microfinance banks’ financial services and survival of SMEs in Ilaro with about 6% variation in survival of the SMEs being attributed to microfinance banks’ financial services.

Table 5: ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	23.747	1	23.747	7.251	.008[b]
	Residual	317.667	97	3.275		
	Total	341.414	98			

Source: Researchers Computations, 2022

The result in Table 5 is the ANOVA with F-value of 7.251 and p-value less than the 5% significance level which is an indication that the test is significant; hence the model is adequate and sufficient at relating the dependent and the independent variable.

Table 6: Coefficients[a]

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	44.863	2.799		16.030	.000
	Microfinance Bank	.141	.052	.264	2.693	.008

Source: Researchers Computations, 2022

From Table 6, it is observed that a unit increase in microfinance banks' provision of financial services will result in about 14.1% increase in survival rate of SMEs. The t-value is 2.693 with the p-value less than the 5% significance level. Hence the alternate hypothesis is accepted. Microfinance banks' financial services have positive significant effect on survival of SMEs in Ilaro.

Table 7: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.730[a]	.533	.528	1.282

Source: Researchers Computations, 2022

The result presented in Table 7 indicates that there is a strong positive relationship between microfinance banks' non-financial services and survival of SMEs in ilaro with correlation coefficient of 0.730 and about 53.3% of survial of SMEs could be attributed to contributions of microfinance bank.

Table 8: ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	182.074	1	182.074	110.840	.000[b]
	Residual	159.340	97	1.643		
	Total	341.414	98			

Source: Researchers Computations, 2022

Furthermore, the ANOVA Table indicates F-statistics of 110.840 with p-value less than the 5% significance level, which is an indication that the model is sufficient and adequate in relating the dependent and the independent variable.

Table 9: Coefficients[a]

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	44.008	.806		54.603	.000
	Microfinance Contribution	2.018	.192	.730	10.528	.000

Source: Researchers Computations, 2022

The result in table 9 shows that increase in microfinance banks' provision of non-financial services will result in over 200% effect on operational effectiveness of SMEs in Ilaro with t-value of 10.528 and the p-value less than the 5% significance level. Hence the alternate hypothesis is accepted.

CONCLUSION AND RECOMMENDATIONS

The study finds that micro-lending is the distribution of micro-credits from surplus unit to deficit unit for growth and development. The study identified microfinance as a critical instrument for encouraging SMEs in Nigeria. As a result, government's only option is to allow the private sector drive the economy. As a result of the banking sector's consolidation, community banks were transformed into microfinance banks and given the authority to provide required soft loans to small businesses and the poor who are effectively denied access to formal credit. The availability of credit facilities boosts growth of SMEs and other sectors of the economy in the country. Growth is impossible to achieve without the availability of funds. This piqued the researcher's interest in determining the impact of microfinance banks on performance of SMEs.

Despite government's massive programmes to boost SME growth, ignorance and a lack of access to credit continue to stymie SMEs' development and contributions to economic growth. For example, the manufacturing, mining, and agricultural sectors continue to lag behind in the global export rankings, indicating that the government and financial institutions must do more to promote SMEs and boost an export-driven economy. Based on the forgoing, the study recommends that to strengthen SMEs, microfinance banks should provide financial and non-financial services to them, which are capable of improving their productivity and ensuring their growth and survival.

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