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An Appraisal of the Relationship Between Available Form Of Finance and Performance of Entrepreneurs in Southwestern Nigeria

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Abstract: *The future Economic Prosperity of Nigeria lies in the dynamism and growth of Entrepreneurial activity. In Nigeria, the importance of Entrepreneurial development cannot be undermined; its contributions are quite obvious and visible in economic transformations. Entrepreneurs need to attract Finance (money) to fully commercialize their concepts since finance has been seen as the most essential current asset for any business operation. Evidence from literature show that financing play a critical role in the success or failure of entrepreneurs. The extent to which Entrepreneurs in SMEs section access the available sources of finance in Nigeria is worthy of investigation. In line with this, the paper assessed the relationship between available form of finance and performance of entrepreneurs. The population of the study comprises of all 7474 registered Entrepreneurs that involved in Small and Medium Enterprises in Southwestern Nigeria. A random sampling technique was adopted for the study across the six states that form Southwestern Nigeria. The selection was based on their predominance in commercial activities in Nigeria. The Taro Yamane's formula: $n=N/1+N(e)^2$ was used to select sample size of 379 out of the total population of 7474. Primary data was collected through a designed questionnaire and administered on the selected study sample. Out of the 379copies of questionnaires sent out to the selected respondents, 298 were received and found useful. Data collected were analysed using frequency, table and percentage while inferential statistics in the form of Correlation analysis were used to test the formulated hypotheses. Evidence from findings revealed that source of Finance has positive effect on performance of Entrepreneurs. Also the result from tested hypotheses ($r = 0.9394; 0.8984; 0.9197; 0.9087; 0.9226, P<0.01$) & (SMEDAN @94%; SMEEIS@90%; BOI@92%; COPFS@91% and MICRFL@92%) show that relationship exists between all the identified sources of Finance and performance of Entrepreneurs with strong positive influence. The Accessibility of Finance significantly positively related with performance of Entrepreneurs that involved in SMEs.*

Keywords: *Entrepreneurship Development; Entrepreneur; Entrepreneurial Development; Financing source; Performance-SMEs Section*

I. INTRODUCTION

The consensus among development economists Scholars is that Entrepreneurial Skill enhances economy growth. The future economic prosperity of Nigeria lies in the dynamism and growth of Entrepreneurial activities. According to Fasoranti et al.(2006), entrepreneurship was a product of the failings of the old and conventional educational system which placed emphasis on schooling and white collar jobs and had no regards for skill acquisition and wealth creation. As a result of this, many countries of the world have instituted entrepreneurial support networks and structures to fuel the development of this concept. Countries such as United States of America (USA), United Kingdom (UK), Malaysia, India, China, Singapore, Thailand, Vietnam and a host of others have emphasized on the importance of Entrepreneurship development. Entrepreneurship is a process, whereas entrepreneurs are individuals or persons who organize and operate the process. At times the terms “entrepreneur” and “owner manager” are used interchangeably because entrepreneurship is inextricably linked to all classes of businesses (Micro, Small and Medium Business). Entrepreneurs are often both owners and employees and a considerable number of them are small and medium Scale business owners or managers and such people are risk takers, creative, innovative, independent, hardworking and possess other qualities that are driving force behind entrepreneurial development. Entrepreneurial development is a set of activities put together to enhance the entrepreneurial spirit, behavior, skills, attitude and aptitude of individuals or groups to assume the position of entrepreneurs through a structured training, enlightenment and other capacity building programmes. In Nigeria, the importance of Entrepreneurial development cannot be undermined; its contributions are quite obvious and visible in economic transformations.

Entrepreneurs have greatly contributed in the creation of jobs, innovation and to economic growth which has been given a global acknowledgement and recognition. (Ahmad and Seymour, 2008; Akande, 2010; Naude, 2013; Akande 2014). Entrepreneurs need to attract Finance (money) to fully commercialize their concepts. Finance is regarded as the most essential current asset for any business operation. In line with this, forms of finance need to be considered by entrepreneurs. Financing is necessary because it support entrepreneurs toward setting up and expansion of their business operations. This financing gap is more important in a fast changing knowledge based economy because of the speed of innovation. Evidence from researcher show that when Entrepreneurs cannot find the financing they need, brilliant ideas may fall by the edge and this represents a loss in potential growth for the economy (Odife, 2002; Inang and Ukpong 1992).

However, several studies from different scholars (Lim,1992 ; King and Ross1993; Hammond, 1995; Ihyembe, 2000 ; SMIEIS,2002 ; Adelaja, 2004; Ogujuiba et al. 2004; Ojaide, 2005 ; SMEDAN, 2005;) have shown that financial problem contributes in greater proportion to the failure of most Entrepreneurs within Small and medium enterprises section in Nigeria in terms of realizing their objectives. Because of their peculiar characteristics, Small and medium business entrepreneurs are often discriminated against both in the market for short term and long term funds. In fact, Odife (2006) clearly stated that the problem of Small and medium enterprises entrepreneurs is not that of non-availability of finance, but inability to meet requirements for accessing the funds available.

According to Akande (2010), Nigeria government show interest and commitment toward development of Entrepreneurs in SMEs section through the establishment of small scale industries division in the federal ministry of commerce/ Trade. A number of institution or agencies and schemes have been formed and introduced to encourage the development of Entrepreneur in SMEs section. These include the SMEs Apex unit (NERFUND). The National Economic Directorate of Reconstruction Fund industries scheme, the proposed National Agency for the development of Small and Medium Scale Industries, the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN), The Bank of Industry (BOI), the Small and Medium Industries Credit Guarantee Scheme (SMICGS). Also the Central Bank of Nigeria (CBN) in its monetary policy circular directs bank to give some percentage of their total loans and advances to small and medium enterprises. Dalberg (2011).

Government financing efforts through its financial institutions have not yielded a significant impact in terms of sustainability and growth of the sub sector. Also, government indirect efforts via monetary and fiscal policy measures implemented by the Central bank to make private sector banks to participate in funding Entrepreneurs in SMEs section have also not yielded desired results. As identified earlier, banks see funding of these entrepreneurs as highly risky and therefore would specify stiffer conditions as a way of securing their funds. But on their part, Entrepreneurs in this section are unable to meet such conditions and they are unable to access the funds necessary for their operation Dalberg (2011). However, on the other hand, prospects may abound for Entrepreneurs in this section if properly financed.

A. Statement of the Problem

Studies have confirmed strong and positive correlation between finance sources and business performance. The extent to which Entrepreneurs in SMEs section have access to the available sources of finance in Nigeria is worthy of investigation .The financial problem appears to be paramount to small business development. This is because there are a lot of claims that finance has either positive or negative effect on Entrepreneur profitability performance. Access to credit for business establishment and expansion has been limited to the entrepreneurs in SMEs section. Most formal institutions have denied SMEs access to available credit due to one reason or the other. Some of the reasons advance for denial of credits to entrepreneur in this section has been lack of collateral security, personal location identity and other socio-economic problems. The observed lack of finance has hampered the development of entrepreneurs in SMEs section and this has serious implication on economic development of the economy they portend to serve. This paper remains germane by examining the relationship between available form of finance and performance of entrepreneurs in Southwestern Nigeria. The paper will provide answers to the following questions:

- 1) What are the sources of finance available to Entrepreneurs in SMEs section of the Nigeria economy?
- 2) Does Sources of finance influence Entrepreneurs Performance?
- 3) Is there any significant relationship between source of finance and Entrepreneur Performance

II. RESEARCH HYPOTHESIS

Ho¹: There is no significant relationship between sources of finance and Entrepreneurs Performance.

Ho²: Financing Source has no influence on Entrepreneurs Performance

A. *Literature Review and Conceptual Underpinning*

- 1) *Entrepreneurship Development*: According to Nkechi et al (2012) Entrepreneurship is more than simply “starting a business”. It is a process through which individuals identify opportunities, allocate resources and create value. This creation of value is often through the identification of unmet needs or through the identification of opportunities for change. It is the act of being an entrepreneur which is seen as “one who undertakes innovations with finance and business acumen in an effort to transform innovations into economic goods. Hence, Entrepreneurs see “problems” as “opportunities”, and then take action to identify the solutions to those problems and the customers who will pay to have those problems solved. Entrepreneurial success is simply a function of the ability of an entrepreneur to see opportunities in the market place, initiates changes (or take advantage of change) and create value through solutions.
- 2) *Concept of Entrepreneur Development Strategy*: Entrepreneur development strategists have advocated the progressive use of small and medium enterprises (SMEs) to accelerate the pace of economic growth especially in the developing countries of the world (Daodu, 2009; Davis et al. 1993). Most African countries are basically agrarian societies with the majority of the populace engaging in agro-related activities such as farming, livestock rearing, agro forestry and fishing (Oshinowo, 2010). With little capital to invest, it seems obvious that the process of industrialization should be based on the development of entrepreneurs in SMEs section to link agricultural production with manufacturing activities. This requires specific incentives to assist in the development of the SMEs sub-sector, which include among others easy accessibility to credit, provision of infrastructural facilities, industrial extension services and development of production capacity based on locally developed or adapted technology and locally designed equipment and spares (Ekpenyong, 2006; Hallberg, 1999). The need to promote vibrant Entrepreneurs has continued to generate debates in the developing countries like Nigeria. The reasons for this are centered on the prospects that developed Entrepreneurs will boost manufacturing production, increase employment generation and efficiency in the sector. Similarly, modern manufacturing processes are characterized by high technological innovations, the development of managerial and entrepreneurial talents and improvement in technical skills which normally promote productivity and better living conditions of the people. The effect of this is that productivity level will be enhanced, a sustainable level of economic growth will be achieved with the prospect of economic diversification and increased exports. The economies will have the potential of being competitive in the global market (Olorunshola, 2003; Egbon, 2004). In recognition of these partial role of the Entrepreneurs in SMEs section, successive governments in Nigeria have continued to articulate policy measures and programs to achieve Entrepreneurship growth and development, including direct participation alone or jointly with the private sector, interest groups, assistance from external agencies, provision of industrial incentives and adequate finance as stated in the 1988 industrial policy of Nigeria (FRN, 2009). However, the poor performance of the Industrial sector, especially when emphasis was on medium and large scale enterprises in the course of implementing the import substitution strategy of the Nigerian government, led to the renewed emphasis or focus on Entrepreneurs in the small and medium enterprises (SMEs) section as the driving force in the industrial sector. Entrepreneurs in this section play a critical role in both developing and developed countries. Stiglitz and Marilou (2011) argued that the East Asian countries miracle was partly as a result of vibrant Entrepreneurs in SMEs sub-sector, which triggers the up-surge in exports and subsequent development of the industrial sector. For example, the New Industrialized Countries (NICs) like Singapore, Taiwan, South Korea, Malaysia, Indonesia and China among others, were able to achieve economic growth through the activities of SMEs which later contributed to the transformation of the large population, has been able to generate employment and income for her teeming population through the activities of the SMEs. The importance of Entrepreneurs in this section cannot be over emphasized.
- 3) *Entrepreneurial Development*: The term Entrepreneurial Development has been defined in various dimensions (Davis et al, 1993; Essien, 2001). However, referring to the productive transformation of an entrepreneur, a single thread runs through all of them: the ability to identify business opportunities, the ability to be able to harness the necessary resources to use opportunities identified, the ability and willingness to initiate and sustain appropriate actions towards the actualization of business objectives. It is also a process of productively transforming an individual to become an entrepreneur through structured training, skill acquisition and capacity building programmes. Entrepreneurial Development has been conceived by successive government as a programme of activities to enhance the knowledge, skill, behaviour and attitude of individual and groups to assume the role of entrepreneurs.\

- 4) *Concept of Finance*: Every individual as well as institution has a definite source of income and a particular way of expenditure, all of which come under the domain of finance. Finance is the process of channeling funds in the form of credit, loans or investible capital to those economic entities that need them most or can put them in the most productive use (Allah,1988; IFC, 2002 and 2005). Generally, the concept of finance theory involves studying the various ways by which businesses and individuals raise money, as well as how money is allocated to projects while considering the risk factors associated with them. In simple terms, financing also means provision and allocation of funds for a particular business module or project. However, this paper is concerned with the aspect of the various ways by which entrepreneurs raise money and its effect on their business performance.

B. *Concept of Business Performance*

Ogundana (2012) stated that the concept of performance is used to determine the success of a business entity whether small, Medium or big. In 1999, the organization for economic cooperation and development (OECD) issued a document emphasizing that corporations should be run, first and foremost, in the interest of shareholders. This view of OECD is justified by two hundred years of research in economy and finance. It becomes obvious that the financial nature of performance is preferred. The International Accounting Standard Board (IASB) conceptual framework specifies that frequently, profit is used as a measure of performance. Business performance can be measured in term of Business size, employment Capacity, turnover, capita

C. *Sources and Available Forms of Finance to Entrepreneurs in SMEs Section.*

Every business is unique, from its size to operating cost to credit histories as identified by various Scholars. (Akande , Ojelabi and Yinus 2016; Hall, 2007; Wim, 2013). Certain institutions or financial agency scheme such as Informal Financial Markets, Cooperative Financing, Microfinance Banks lending and Specialized Business funding Institutions are available forms of finance to Entrepreneurs most especially in SME section. (Chiza, 2013) also argued that there are two sources of finance available to Entrepreneurs - the internal and external sources. He further explained that the internal source is principal sources of finance for most small-scale businesses. A survey conducted by the World Bank (1996) on business environment in transitional economies showed that the share of internal funding is significantly lower in advanced reforming countries as follows: Estonia 33 percent; Poland 34 percent; and Lithuania 37 percent. In the United States of America, the SMEs of less than two years old internal finance constitute 54 percent of total financing. And for most businesses, internal sources of finance constitute retained earnings for the period including provisions made for depreciation which is essentially a book transfer. There have been increasing financial needs of SMEs which have attracted government attention in the last three decades in Nigeria. The government as a result put in place measures that will facilitate credit availability to the SMEs sub-sectors. The government had also sought collaborative effort with bilateral and multilateral agencies and non-governmental organizations (NGOs) in supporting SMEs in Nigeria. For instance, the federal Government of Nigeria negotiated and obtained the World Bank SME I loan scheme to the tune of US \$42 million in 1984. After the adoption of Structural Adjustment Program (SAP) in mid 1986, the government again obtained World Bank SME II loan scheme of US \$270 million for the development of SMEs. However, the loan was reduced to US \$142 million in 1992. The scheme was said to have generated jobs for over 40,000 people, at the end of disbursement in 1996 (CBN, 2000). The loan was managed by the Central Bank of Nigeria (CBN) and disbursed through a number of participating banks comprising of commercial, merchant and development banks. Despite the laudable schemes and institutions established like Small Scale Credit Scheme, Peoples Bank Scheme, Community Banks Scheme, Nigerian Industrial Development Bank (NIDB), Nigerian Agricultural and Cooperative Bank (NACB), National Economic Reconstruction Fund (NERFUND) among others by the Federal Government of Nigeria from the inception of SAP to provide resources (credit in particular) for the development of SMEs, the sub-sector still suffer from shortage of funds either to begin or expand existing entrepreneurs in SMEs section. Though, some of the Entrepreneurs are credit worthy to attract loans, the high risk associated with entrepreneurs in this section normally serves as an impediment. The provision of collateral for loans continues to pose serious problems. Most entrepreneurs of SMEs live in their own houses in rural communities or in rented properties in towns. Houses or estates in rural areas may not qualify for acceptance as collateral security (Iniodu and Udomesiet, 2004).

The Entrepreneurs often complain that their growth and competitiveness are constrained by a lack of access to financing and the high cost of credit. Lenders are faced with a lack of reliable information on borrowers, difficulties in enforcing contracts (the result of inadequate legal frameworks and inefficient court systems), and the lack of appropriate instruments for managing risk (Hallberg, 2011). Often, the problem is compounded by supervisory and capital adequacy requirements that penalize banks for lending to

enterprises that lack traditional collateral. Direct and subsidized credit programs have done little to achieve what should be their fundamental objective, which is, increasing the access of small enterprises to financial services. Instead, they inhibit the development of sustainable financial institutions and often foster a “non-repayment culture” among enterprises. Low rates of loan recovery push ex-post subsidies even higher than those intended in credit programs. Credit subsidies also create distortions in financial markets, since they discourage firms from using non-credit forms of financing. The traditional approach has failed to deal with the fundamental problems that raise the cost of credit and make banks reluctant to serve Entrepreneurs; the high risks and transaction costs (real or perceived) associated with commercial lending to the small scale segment of the market (Sacerdoti, 2005). A market-oriented strategy for improving access to financing by Entrepreneurs in SMEs section focuses on reducing the risks and transactions costs associated with this segment of the markets, strengthening the capacity of financial institutions to serve smaller clients, and increasing competitive pressure in financial markets. The aim is to increase the number of financial institutions that lend to Entrepreneurs in SMEs section for sustainability and profitability performance.

D. The Economic Importance of Entrepreneurs

In most developing countries, Entrepreneurs in micro and small scale enterprises section account for the majority of firms and a large share of employment. In Ecuador, for example, firms with fewer than 50 employees accounted for 95 percent of firms and 55 percent of employment in 1890; in Bangladesh, enterprises with fewer than 100 workers accounted for 99 percent of employment in 1986 (Hallberg, 1999;). The relative importance of small producers varies significantly across countries and within a given country, across stages of development over time. Comparative studies of manufacturing show a common pattern in the transformation of the size distribution of firms as industrialization proceeds. In low income countries, the vast majority of firms are micro and small scale, existing alongside a few large scale enterprises. In middle income countries, medium scale enterprises account for a relatively larger share of production and employment. In most countries, the trend toward larger firm size continues as per capita income increases (Snodgrass and Biggs, 2010). The exceptions to this rule are found in Asia. In Taiwan or China for example, the size distribution of firms has remained relatively constant over the past 30 years, even as the structure of production changed from labor-intensive manufacturing to high-tech computer industries. On average, however, small scale enterprises play a declining role as countries develop.

E. Empirical Review On Relationship Between Sources Of Finance And Entrepreneurs' Performance

Access to finance is essential to the survival and performance of any business enterprise. It is the life-blood of any business enterprise without which no matter how well managed, can survive. It was found that enough funds for working capital, fixed assets investment, employment of skilled employees, development of markets and new products and the availability of finance is positively associated with productivity and growth (GFI, 2001). Using various measures of performances, the results of study (Abor 2007 and Akande et al. 2016) indicate that financing influences Entrepreneurs' performance, although not exclusively. By and large, the study results indicate that financing, capital structure, especially long-term and total debt ratios; negatively affect performance of Entrepreneurs in SMEs section. This suggests that agency issues may lead to Entrepreneurs pursuing very high debt policy, thus resulting in lower performance. The study results showed a positive correlation between financing and Return on Equity (ROE)/ Return on Assets (ROA) through simple regression statistics. As noted by Tung and Aycan (2008), insufficient access to financing is a significant barrier to the performance and growth of Entrepreneurs. These are the major challenges that have accounted for non-performance and high rates of failure among Entrepreneurs in SMEs section. Findings from previous literature also showed that financing was one of the major factors related to the performance of Entrepreneurs (Fadahunsi et al. 1997; Daodu, 1997; Enquobahrie, 1997; Hagnauer, 1999)

III. METHODOLOGY

The population of this study comprises of all 7474 registered Entrepreneurs in Small and Medium business section of Southwestern Nigeria as confirmed in a data survey on Entrepreneur SMEs through National Bureau of Statistics (NBS, 2012). A random sampling technique was adopted for the study across the six states that form Southwestern Nigeria. The selection of southwestern is based on their predominance in commercial activities in Nigeria. The Taro Yamane's formula: $n = \frac{N}{1 + N(e)^2}$ was used to select sample size of 379 out of 7474 registered entrepreneurs in SMEs section of the six states of the South West. Primary data was collected through a designed questionnaire and administered on the selected study sample. Out of the 379 copies of questionnaire sent out to the selected respondents, 298 were received representing 78% of the total sample size. Data collected were coded and analysed using frequency table and percentage while inferential statistics which included Correlation analysis were used to test the

formulated hypotheses. Correlation analysis was used to determine the relationship between Source of Finance and Performance. It was also use to assess the influence of financing Source on Entrepreneurs’ performance.

.Table 1: Population of Registered Entrepreneurs in small and Medium Business section of South West of Nigeria

State	Small Business	Scale Medium Business	Small and Medium Business	Percentage
Ekiti	280	5	285	3.81
Lagos	4146	389	4535	60.68
Ogun	506	40	546	7.30
Ondo	596	18	614	8.22
Osun	100	0	100	1.34
Oyo	1300	94	1394	18.65
Total	6928	546	7474	100.00

SOURCE: National Bureau of Statistics (NBS) 2012.

IV. RESULT AND DISCUSSION

Table 2: Frequency and Mean score distribution of respondent demographic profile

Variables	Frequency	Percentage
Sex:		
Male	121	40.20
Female	<u>178</u>	<u>59.80</u>
	299	100%
Status:		
Married	158	53.16
Single	<u>141</u>	<u>46.84</u>
	299	100%
Age:		
21-30	50	16.60
31-40	142	47.20
41-50	<u>107</u>	<u>36.20</u>
	299	100%
Qualification:		
SSCE/Technical College	101	34.20
NCE/OND	95	31.90
HND/B.SC/B.Tech	<u>102</u>	<u>33.90</u>
	299	100%
Entrepreneurs Form:		
Micro	-	-
Small and Medium	299	-
Large Firm	-	-
	299	<u>100%</u>
		100%

Source: Computations and Output of STATA 11 based on Authors’ Field Survey (2017)

Table3: Analysis of respondent on effect of Source of Finance on Entrepreneur Performance

S/N	Questions	SA	A	U	D	SD	TOTAL
1	Access to finance is important toward business performance	170 (56.81)	118 (39.53)	4 (1.33)	5 (1.66)	2 (0.66)	299 (100)
2.	Microfinance lending, BOI,SMEDAN,COFS and SMEEIS are major forms of sources of finance to Entrepreneurs in SME sections	183 (61.46)	81 (26.91)	16 (5.32)	15 (4.98)	4 (1.33)	299 (100)
3.	The major Problems hindering Development of Entrepreneurs is limitation of Finance	134 (45.18)	119 (39.53)	1 (0.33)	27 (8.97)	18 (5.98)	299 (100)
4.	Convenience in obtaining credit will encourage entrepreneurial activities.	187 (62.46)	78 (26.25)	8 (2.66)	26 (8.64)	0 (0.0)	299 (100)
5.	Business Finance implementation will enhance entrepreneurial performance	92 (30.56)	164 (54.49)	9 (2.99)	20 (6.64)	16 (5.32)	301 (100)
6.	Entrepreneurs have greatly contributed to economic growth in Nigeria through creativity and innovation.	166 (56.15)	118 (39.53)	4 (1.33)	5 (1.66)	4 (1.33)	299 (100)
7.	Resourceful Finance Institution or Agency will improve entrepreneurs' service quality in Southwestern Nigeria	169 (56.48)	106 (35.22)	4 (1.33)	13 (4.65)	7 (2.33)	299 (100)

Source: Computation and output of STATA 11 based on the Author's Field Survey (2017)

Table 4: Correlation Analysis between SMEs source of Finance and SMEs Profit performance

	ENTREPERF	SMEDAN	SMEEIS	BOI	COFES	MICRFL
ENTREPERF	1.0000					
SMEDAN	0.9391*	1.0000				
SMEEIS	0.8984*	0.8943*	1.0000			
BOI	0.9178*	0.9176*	0.9744*	1.0000		
COFES	0.9087*	0.9109*	0.9028*	0.9175*	1.0000	
MICRFL	0.9226*	0.9122*	0.9351*	0.9593*	0.9304*	1.0000

Source: Computation and output of STATA 11 based on the Author's Field Survey (2017)

From the analysis in Table 2, 40% were men while 60% were female indicating that there are more Females than Males in the SMEs composition of Entrepreneurs. The analysis Table 2, indicates that 53% of selected sample are single while 47% are married. Furthermore it was also revealed that the active workplace in age 20 – 30 years and 31 – 40 years represents 50% and 40% of selected SMEs which are 17%, 47% and 36% respectively. This proportion is good for easy assessment of the impact of source of Finance on entrepreneur performance. Analysis in table 2, indicates a total of 64% respondents that have sound educational background ranging from OND, HND/B.Sc and other higher certificate while 36% have O'level certificate which showed that all the selected Entrepreneurs samples in SME section have a great understanding of sources of Finance and its implication for their performance.

A. Perception of respondents on the effect of Source of Finance on Entrepreneur Performance.

It is proven from the analysis in tables 3 that the majority of the respondents (96.34% of them) agree that Access to finance is important toward business performance. This validates the finding of Akande, 2014. Furthermore, (88.37%) of the sampled respondents agree with the statement that Microfinance lending, BOI, SMEDAN, COFS and SMEEIS are major forms of source of finance to Entrepreneurs in SME sections. Also 84.71% of the sampled respondents agree with the statement that the major problem hindering Development of Entrepreneurs is limitation of Finance. Based on this response, it can be concluded that the major Problem hindering Development of Entrepreneurs is limitation of Finance. It was further established that convenience in obtaining credit will encourage entrepreneurial activities with 88.71% of the sampled respondents agreeing with the statement. The results in Table 3 also disclose that the majority of the respondents (85.05% of them) agree that Business Finance implementation will enhance entrepreneurial performance. It was also shown that Entrepreneurs have greatly contributed to economic growth in Nigeria through creativity and innovation with respondent opinion of (95.68%). More so, the result in Table 3 also revealed that resourceful Finance Institution or Agency will improve entrepreneurs' service quality in Southwestern Nigeria with (91.70%) respondent agreeing to the statement. Thus, it is concluded that Finance services are highly effective in improving entrepreneur service quality.

B. Test of Hypotheses

Ho¹: There is no significant relationship between sources of finance and Entrepreneurs Performance.

Ho²: Financing Source has no influence on Entrepreneurs Performance.

The result in table 4 shows that SMEDAN has a positive significant relationship with Entrepreneurs' operation ($r= 0.9391$; $df =76$; $P<.01$). This result implies that the increase in Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) activities leads to increase in Entrepreneurs activities. Also the relationship between Small and Medium Enterprises Equity Investment Scheme (SMEEIS) and Entrepreneurs' operation is also significant ($r= 0.8984$; $df =76$; $P<.01$). This result implies that the increase in Small and Medium Enterprises Equity Investment Scheme (SMEEIS) activities gave rise to increase in entrepreneur performance base on their growth. In addition, the activities of Bank of Industry (BOI) also has positive significant relationship with Entrepreneurs performance ($r= 0.9178$; $df =76$; $P<.01$). The relationship between Cooperative Finance Scheme (COPFS) and Entrepreneurs performance is also significant ($r= 0.9087$; $df =76$; $P<.01$). This result implies that the increase in Cooperative Finance Scheme activities leads to increase in SMEs growth. Furthermore, the activities of Microfinance Lending (MICRFL) also has positive significant relationship with Entrepreneurs activities ($r= 0.9226$; $df =76$; $P<.01$). Furthermore, the result shows that SMEDAN is a key finance source to entrepreneurs in SMEs Section in south western Nigeria with highest $r = 0.94$. This indicates that SMEDAN contributes 94% to the development capacity of Entrepreneurs in SMEs section in Nigeria. Based on the result, the hypothesis which states that there is no significant relationship between sources of finance and entrepreneurs' performance is rejected and that which shows there is significant relationship between sources of finance and Entrepreneur performance is upheld. Also, collectively. the results of tested hypotheses (SMEDAN- 94%; SMEEIS-90%; BOI-92%; COPFS-91% and MICRFL-92%) show that all the identified available Sources of finance have strong positive influence on Entrepreneurs activities. In view of this, the second Null hypotheses stated earlier that available financing source has no influence on entrepreneur's performance is rejected and the alternative accepted.

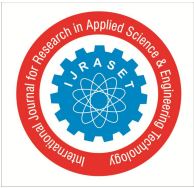
V. CONCLUSION AND RECOMMENDATIONS

The evidence provided in this study based on the empirical findings showed that Source of Finance has positive effect on performance of Entrepreneurs in SMEs section. In a related manner, findings from tested hypotheses show that a strong positive relationship exists between all the identified sources of Finance and Entrepreneurs' performance. The Accessibility of Finance significantly positively related with performance of Entrepreneurs that are involved in SME, most especially in Southwestern Nigeria. Based on the findings made in the course of this study, the following recommendations are hereby suggested:

- A. The amount of loan given by all the selected Financing source to Entrepreneurs (MICRFL BOI, SMEDAN, COFS and SMEEIS) that are involved in SMEs should be increased in order to give access to Entrepreneurs in SMEs section' move to large scale businesses. This will eventually have positive effect on the economy of the country as well.
- B. Government at large should formulate flexible laws and by-laws which are user friendly for different Entrepreneurs seeking loans from different financial Institution

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