
**CRITICAL ANALYSIS OF THE LEADING ROLES OF MICROFINANCE
BANKS IN THE PERFORMANCE
OF SMALL SCALE BUSINESSES IN NIGERIA**

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ABSTRACT

The study sought to examine the leading roles of microfinance banks in the performance of small-scale businesses in Nigeria. A descriptive survey design was adopted for the study. The study area was Nigeria. The population of the study comprised bankers and small-scale business entrepreneurs in Nigeria. A simple random sampling technique was used to select four states in Nigeria. From each state, 3 micro-finance banks, 2 bankers, and 10 customers was selected and this gave a total of 144 respondents that comprised the sample size used for the study. The instrument, titled "Leading Roles of Microfinance Banks on Small Scale Businesses Questionnaire (LRMBSSBQ)", was used for data collection. Face and content validation of the instrument was carried out by an expert to ensure that the instrument had accuracy, appropriateness, and completeness. The Cronbach Alpha technique was used to determine the level of reliability of the instrument. In this case, the reliability coefficient obtained was 0.91, and this was high enough to justify the use of the instrument. The researcher subjected the data generated for this study to appropriate statistical techniques such as simple regression in testing the hypothesis. The test for significance was done at 0.05 alpha levels. The study concluded that in Nigeria, the contribution of small-scale enterprises (SSEs) has been recognized as the main sustenance of any economy because of their capacity to enhance economic output and human welfare. Moreover, microfinance loans reduce the credit constraints that often face potential entrepreneurs in poor communities, which often preclude enterprise development and growth. Therefore, the existence of microfinance institutions alleviates microbusiness financing constraints. One of the recommendations made was that the contribution of small-scale enterprises should not be underrated at this critical time of socio-economic and political development of the nation, especially if the government must deliver a dividend to the citizenry.

KEYWORDS: Microfinance Banks, Small Scale Business Performance and Nigeria

INTRODUCTION

Small and medium-scale businesses have been considered the engine of growth in any economy. Small-scale businesses have the tendency to increase individual productive capacity and create wealth. The evolution of SSBs helps industrial dispersal through the creation and sales of goods and services that help individuals directly mobilise domestic savings, which could be ploughed back into business to ensure growth and contribute to economic development (Asikhia, 2010). Various funding sources have been considered for SSBs, among which is microfinance. Microfinance is reputed for offering monetary loans to SSBs to enhance economic activities, business growth, and sustainability. Microfinance has been variously described by different

authors; it is the supply of financial services to low-income employees, which is closer to the retail finance model prevalent in mainstream banking. For some, microfinance is a movement whose object is a world in which as many poor and near-poor households as possible have permanent access to an appropriate range of high-quality financial services, including not just credit but also savings, insurance, and fund transfers. Many of those who promote microfinance generally believe that such access will help poor people out of poverty (Bi and Pandey, 2011). For others, microfinance is a way to promote economic development, employment, and growth through the support of micro-entrepreneurs and small businesses. Due to the broad range of microfinance services, it is difficult to assess their impact, and very few studies have tried to assess their full impact (Elumilade, Asaolu, and Adereti, 2006). Proponents often claim that microfinance lifts people out of poverty, but the evidence is mixed. What it does do, however, is enhance financial inclusion. (Elumilade et al., 2006). It is the provision of financial services to the poor, who are traditionally not served by conventional banks. These financial services include credit, savings, micro-leasing, money transfer, and payment services. In Nigeria, credit is largely granted for commerce-related activities to the detriment of the agricultural sector. According to Irobi (2008), there are an estimated 40 million Nigerians without access to microfinance. The implication is that microfinance, as practiced in Nigeria, has not been able to address the credit, savings, and other related financial services gaps required by micro entrepreneurs (CBN, 2008; Irobi, 2008). Nigerians have always tried to provide themselves with needed finances through informal microfinance approaches like self-help groups (SHGs), rotating savings and credit associations (ROSCAs), accumulating credit and savings associations (ASCAs) and direct borrowings from friends and relations.

STATEMENT OF PROBLEM

Despite the role of small-scale businesses in the Nigerian economy, the financial constraints they face in their operations are daunting and this has had a negative impact on their development and also limited their potential to drive the national economy as expected. This is worrying for a developing economy without the requisite infrastructure and technology to attract big businesses in large numbers.

OBJECTIVES OF THE STUDY

1. To find out the impact of micro-credit of microfinance banks on the performance of small scale business in Nigeria.
2. To examine the extent of micro-saving of microfinance banks on the performance of small scale business in Nigeria.
3. To examine the extent of payment services of microfinance banks on the performance of small scale business.

RESEARCH HYPOTHESES

1. There is no significant influence of micro-credit on the performance of small scale business in Nigeria.

2. There is no significant influence of the extent of micro-saving on the performance of small scale business in Nigeria.
3. There is no significant influence of the extent of payment services on the performance of small scale business in Nigeria.

LITERATURE REVIEW

ROLES OF MICROFINANCE BANK

In an effort to make capital available to rural dwellers, the government came up with a policy authorizing the establishment of micro-finance banks to provide small amounts of capital to boost business activities, especially in the rural areas. The micro-finance banks thus provide individuals and small businesses with funds to expand their businesses, and by so doing, they create employment opportunities and improve the living standards of the local populace. Micro-finance outfits can be referred to as small credit-providing units that serve as agents of development in rural areas by stimulating economic activities through the small credit they provide to rural dwellers (Marguerine, 2000). Microfinance institutions (MFIs) can offer their clients a variety of products and services. The range of products commonly provided by microfinance banks includes:

- i. Micro-credit:* Micro-credits are borrowed funds with specified terms for repayment. When these funds are insufficient, accumulated savings to finance a business and the return on borrowed funds exceeds the interest rates charged on the loan, it makes sense to borrow rather than to postpone the business activity until sufficient savings can be accumulated, assuming the capacity to service the debt. Micro-credits are tailor-made credits for micro-entrepreneurs. Microfinance around the world shows that a small credit to MSSBs may help them grow (Khandker, 2005; Woller & Parsons, 2002; Hossain, 2008).
- ii. Micro-savings:* Savings mobilization has long been a controversial issue in microfinance services. Policymakers in the microfinance sector have recently become more aware of the vast number of informal savings schemes that exist around the world. In the midst of all this, microfinance institutions have been very successful in savings mobilization. This attests to the fact that low-income earners can save and do save. Savings can be mobilized via compulsory and voluntary savings schemes.
- iii. Micro-insurance:* Microfinance institutions are beginning to experiment with other financial products and services such as insurance, credit cards, and payment services. Insurance is a product that will likely be offered more extensively in the future by many microfinance institutions. This will happen when they mature to offer maximum services to clients and customers. At present, it is banks like the Grameen Bank of Bangladesh that offer insurance services to their clients and customers. This is because of the growth maturity of such a bank.

iv. Payment services: In traditional or conventional banking, payment services include check cashing and check writing privileges for customers who maintain deposits. Today, microfinance banks may offer similar payment services either with their savings services or separately for a fee. Microfinance institutions can pay artificially low interest rates on customers' deposit accounts to cover the cost of those services.

These services mentioned above are those rendered by microfinance institutions, which are grouped under financial services. Microfinance institutions can also offer non-financial services, which include:

v. Social intermediation: Social intermediation prepares marginal groups or individuals to enter into social business relationship with microfinance institutions. Examples of this group formation are financial education to the rural dwellers, provision of rural drinking water scheme, etc.

vi. Business Development: Microfinance institutions also adopt an integrated approach in the provision of some types of enterprise or business development services. Another name for this services rendered by microfinance banks is non-financial services or assistance. Example of this is mentoring, adult literacy schemes.

vii. Social services: Social services include services such as health, nutrition, education, and literacy training. These services are often provided by the same microfinance institutions that have chosen to provide such social services in addition to financial intermediation. Examples of such services are health education, family planning, and adult literacy.

Microfinance Banks (MFB): The microfinance bank belongs to the financial institutions of the economy. It is a company licensed to carry on the business of providing microfinance services such as savings, loans, domestic fund transfers, and other financial services to the economically active poor in the economy, micro-enterprises, and small and medium-sized enterprises that need financial services to conduct and expand their business. The goals of microfinance banks are:

- To provide diversified financial services.
- To mobilize savings for intermediation.
- To create employment opportunities.
- To enhance participation of the poor in the total economic development of an economy.
- To provide revenue for the administration of government and high net-worth individuals' funds in the micro-credit programmes.

SMALL SCALE BUSINESS

A small-scale business is a business that is not large in terms of its size, scope of operation, financial involvement, and the workforce involved. Most small-scale enterprises are owned by one entrepreneur. Sometimes, a small-scale enterprise is said to be a firm that is independently owned and operated and that is not dominant in its field of operation. Nicholas (2007) connotes that a small-scale business must have a few employees, limited capital investment, and a small-scale operation. Small-scale businesses are privately owned enterprises with few employees and less annual revenue than is expected from a medium-sized business. The Federal Government has variously defined small-scale businesses as enterprises with no more than 50 paid employees

whose annual turnover does not exceed 500,000 naira, but of course, this is not a strict definition as many small-scale businesses can be characterized differently. For decades, small and medium-sized businesses have been found to constitute the very foundation upon which large businesses are built. However, small and medium have been identified differently by various individuals and organizations, such that an enterprise that is considered small and medium in one place is seen differently in another. According to Onuoha (2144), a small-scale enterprise is defined as a business that is independent, small in size, and often localized. Most small-scale businesses are operated by private individuals or groups of individuals. Even within a country, the definition changes over time. Some common indicators employed in the various definitions include total assets, size of labour employed, values of annual turnover, and capital investment.

TYPES OF SMALL SCALE BUSINESS

Most of the small-scale businesses common in Nigeria are sole proprietorships. A sole proprietorship is a business owned and managed by a single individual. It is the most common and simplest type of business entity. A sole proprietorship can have multiple people operating the business, but it must have one sole owner. Sole proprietorships have several advantages over other business entities. They are easy to form, and the owners enjoy sole control of the business profits. However, they also have disadvantages, the biggest of which being that the owner is personally liable for all business losses and liabilities. With minimal licenses to obtain or separate forms to follow, sole proprietorships are relatively easy to form, easy to maintain, and easy to dissolve.

Common Types of Small Scale Enterprise in Nigeria

There are multiple types of small-scale enterprises. It is based upon the area of business in which the individual intends to operate. Some of the common types of small-scale enterprise are given below:

1. Cassava Processing Business
2. Soap and Pomade Production
3. Plastic manufacturing business.
4. Nail Production.
5. Bakery and Allied Products.
6. Cloth Weaving.
7. Block Molding and Clay Brick Making.
8. Leather and Animal Skin Processing.
9. Hair-dressing and barbing Saloon
10. Tailoring Services
11. Welding work

The above are some of common small scale business entrepreneurs.

PERFORMANCE OF SMALL SCALE BUSINESS

The major performance of small-scale enterprises in Nigeria relates to their ownership structure, which largely revolves around a key man or a family. Hence, a preponderance of the small-scale enterprises are either sole proprietorships or partnerships. Even where the registration status takes the shape of a limited liability company, the true ownership structure is that of a one-man

or partnership business. Policymakers and scholars, such as Dozie (2005), Owualah (2009), and Lawal (2000), described the characteristics of small-scale enterprises as follows:

- (1) Personal savings of the owner forms the start-up capital of the business
- (2) Low Initial capital requirement
- (3) Simple technology
- (4) Low level of managerial skills
- (5) Difficulty in accessing external funds for establishing and running the business
- (6) Keeping little or no accounting records of the business
- (7) Reluctance in risk taking by the owner to expand the business
- (8) Low level of education and technical expertise on the part of the business owner
- (9) Little influence on the market and small market share.

CONTRIBUTION OF SMALL SCALE BUSINESS TO THE NIGERIAN ECONOMY

In Nigeria, the contribution of small-scale enterprises (SSEs) has been recognized as the main sustenance of any economy because of their capacity to enhance economic output and human welfare. For Nigeria as a nation, the contribution of small-scale enterprises should not be underrated at this critical time of socio-economic and political development of the nation, especially if the government must deliver a dividend to the citizenry. Small-scale enterprises are the driving force behind industrial growth and the development of the economy, and this is mainly due to their great driving force in ensuring diversification and growth of industrial production as well as the achievement of the basic objectives of development. (Kehinde et al., 2016). As far as the development of the rural and urban areas in Nigeria is concerned, the role of small-scale enterprises cannot be under-estimated. The present administration realizes the importance of these small-scale ventures, hence the various policies being put in place to encourage their growth. Small-scale businesses have the potential to reduce the rate of unemployment in Nigeria and thus contribute to the Gross Domestic Product (GDP) and economic growth of the nation (Oshagbemi, 2003). Crusher (2010) and Lawal (2003) listed the following as the contribution of small scale businesses to the growth and development of the Nigerian economy:

- i. Increased output of goods and services for the generality of the people of Nigeria.
- ii. Helping to solve the daunting unemployment situation in the country through the creation of jobs and employment of a large number of unskilled and semi-skilled people.
- iii. The small scale enterprises, in a way, develop a pool of skilled and semi-skilled manpower. Because the entrepreneur hires people with insufficient skills, they have the opportunity to develop their skills for future advanced functions in well-established industries.
- iv. Small scale businesses improve backward linkages between them and the agricultural economy.

- v. Small-scale enterprises, especially those operating in the rural areas, help to reduce rural-urban migration (or population movement) by the employment of youths in the rural areas.
- vi. The operation of small scale enterprises makes possible increased utilization of local resources as inputs for processing and production of goods.
- vii. They supply large firms with intermediate materials and help to distribute the products of large firms on commission basis or serving as sole distributors for the large firms.
- viii. The small scale enterprises, especially the ones operating in the rural areas, help to reduce rural-urban migration (or population movement) by the employment of youths in the rural areas.
- ix. They help to preserve competition and prevent monopolistic tendencies by large firms.
- x. They have great flexibility for innovation and extend the frontiers of knowledge about local products and services.

CAPITAL OF SMALL SCALE BUSINESS

A small business is one that operates on a small scale, with less capital investment, fewer employees, and fewer machines to operate. Small scale Industries or small businesses are the types of industries that produce goods and services on a small scale. These industries play an important role in the economic development of a country. The owner invests once in machinery, industries, and plants, or takes a lease or hire purchase. These industries do not invest in more than one core. A few examples of small-scale industries are paper, toothpicks, pens, bakeries, candles, local chocolate, etc., industries that are mostly settled in urban areas as separate units (BYJU'S. 2020). Small-scale businesses may be defined in various ways, e.g. in terms of investment, number of people employed, volume of output and sales, technique of production, etc.

CONSTRAINTS FACED BY SMALL SCALE BUSINESS

Kaboski (2005) noted that microfinance loans reduce the credit constraints that often face potential entrepreneurs in poor communities, which often preclude enterprise development and growth. Hartarska & Nadolnyak (2008) indicated that the existence of microfinance institutions alleviates microbusiness financing constraints. In contrast, Chang (2010) contends that credit constraints affecting tiny enterprises are not the major problem. Chang identifies the lack of institutions that can quickly scale up small business projects into those capable of productivity growth via innovation, technology transfer, subcontracting skills, upgrading and servicing local demand as the major problem, rather than a lack of access to microfinance loans. In essence, developing nations lack the institutional vehicles and mechanisms of collective entrepreneurship that can facilitate organizational upgrading and learning to ensure growth. Some of the constraints faced by small-scale businesses are as follows:

(a) Financial Challenge: One of the basic problems of small-scale enterprises is financing for business operations. Almost always, the only source of funding for the entrepreneur is his own personal savings and, sometimes, a little borrowing from friends and relatives. The business cannot easily attract loans from the bank because the entrepreneur cannot provide the collateral security the bank requires before lending out money.

(b) Managerial Challenge: This challenge arises from the fact that most small-scale enterprises are owned and run by individuals that do not possess a high level of education and managerial skills. Therefore, a lack of prudent management skills is one of the major problems facing small-scale enterprises in Nigeria.

(c) Production Challenge: Production starts with the raw material, which constitutes the basic input into the production process. Most small-scale enterprises do not have the required raw material input to further their production activities. The reason for this is that they lack the funds for raw material acquisition. Furthermore, they are unable to compete with large corporations for raw material input. Local entrepreneurs cannot afford to acquire the specialized machinery and equipment required for quality production. Another major problem is that small-scale entrepreneurs cannot avail themselves of skilled technicians because they will be unable to pay the prevailing wages and salaries to retain the services of qualified technicians.

(d) Personnel Challenge: Personnel issues tend to revolve around the selection, training, and development of the workforce. With respect to the recruitment and selection of prospective applicants for a job, most entrepreneurs do not go through an objective selection process. It is a common phenomenon to see entrepreneurs recruiting relatives and friends who do not possess the right skills and savvy required by the business. It is a dangerous thing to recruit people without the skills needed for production. Those people will simply remain in the organization, earning money and contributing nothing to actual productivity.

(e) Marketing challenge: Because the entrepreneur has no adequate capital back up, he cannot undertake proper marketing research for his product. He will find it difficult to identify his channel of distribution, and he will not have adequate funds to compensate the sales personnel and pay for other marketing services. Making sales requires advertising and sales promotion, and most of the time, the entrepreneur is unwilling and reluctant to spend money on advertising and sales promotion activities.

(f) Record-Keeping challenge: It has been observed that improper record-keeping and good accounting procedures contribute, in no small way, to the growth and success of business enterprises. The use of accounting documents such as stock cards, vouchers, cash books, invoices, etc. is essential to the smooth running of a business. However, most small-scale enterprises do not keep records of their transactions.

(g) Challenge Resulting from Poor Organization of Work: Work arrangements in small-scale enterprises are often very poor. Responsibilities are usually given to people as the need arises, while the administration is extremely centralized around the owner of the business. The extensive centralization in management makes control and direction limited to the amount of time and capabilities of the manager to cover all functional areas of management. The manager hereby finds it difficult to appreciate the need for organization expansion to meet the increasing

demand for delegation and therefore breed a situation where the growth of the business can no longer be met successfully by one-man management. The inability of the manager to appreciate the need for organizational expansion may bring about a weak organization.

CONTRIBUTION OF MICROFINANCE BANK TO THE OPERATIONS OF SMALL-SCALE BUSINESS

Dichter (2007) asserts that the major aim of the microfinance movement is to provide funds for investment in microbusinesses, thus lifting people out of poverty and promoting economic growth. However, he points out that recent experience and economic history suggest that those expectations are unrealistic. Most people, poor or otherwise, are not entrepreneurs, so there is little reason to think that mass credit would generally lead to viable business start-ups. Rhyne and Christen (2009) argue that today, as in the past, these loans never play a role in small business development as they are actually used for consumption rather than investment. Thus, the implication is that microfinance loans should not be expected to noticeably affect growth or successful business development. A study done by Kaboski and Townsend (2011) finds increases in business income but not actual business starts. They also find increases in investment, but it is stressed that microfinance availability induces investment only for those firms close to the investment margin. It is evident that development and sustainable microfinance are important to achieve greater financial inclusion and ensure that all economic sectors, regions, and communities have access to a full range of financial products and services (Khandker, Khalily, & Khan, 2005). According to these scholars, microfinance provides an easy, faster, and more convenient financing facility to microentrepreneurs. Microfinance requires no collateral, minimal documentation, and simple procedures. The time taken to approve and disburse funds is also short.

METHODS

A descriptive survey design was adopted for the study. The study was conducted in Nigeria. The population of the study comprised bankers and small-scale business entrepreneurs in Nigeria. A simple random sampling technique was used to select four states in Nigeria. From each state, 3 micro-finance banks, 2 bankers, and 10 customers was selected and this gave a total of 144 respondents that comprised the sample size used for the study. The instrument, titled "Leading Roles of Microfinance Banks in Small Scale Businesses Questionnaire (LRMBSSBQ)", was used for data collection. Face and content validation of the instrument was carried out by one expert to ensure that the instrument had accuracy, appropriateness, and completeness. The Cronbach Alpha technique was used to determine the level of reliability of the instrument. In this case, the reliability coefficient obtained was 0.91, and this was high enough to justify the use of the instrument. The researcher subjected the data generated for this study to appropriate statistical techniques such as simple regression in testing the hypothesis. The test for significance was done at 0.05 alpha levels.

RESULTS

Hypothesis One: The null hypothesis states that there is no significant influence of micro-credit on the performance of small scale business in Nigeria. In order to test the hypothesis, regression analysis was performed on the data, (see table 1).

TABLE 1: Regression Analysis of the influence of Micro-Credit on the Performance of Small Scale Business in Nigeria

Model	R	R-Square	Adjusted R Square	Std. error of the Estimate	R Square Change
1	0.80a	0.64	0.64	0.93	0.64

***Significant at 0.05 level; df= 142; N= 144; critical R-value = 0.197**

The above table 1 shows that the calculated R-value 0.80 was greater than the critical R-value of 0.197 at 0.5 alpha levels with 142 degree of freedom. The R-Square value of 0.64 predicts 64% of the influence of Micro-Credit on the Performance of Small Scale Business in Nigeria. This rate of percentage is highly positive and therefore means that there is significant influence of micro-credit on the performance of small scale business in Nigeria. It was also deemed necessary to find out the influence of the variance of each class of independent variable as responded by each respondent (see table 2).

TABLE 2: Analysis of Variance of the Influence of Micro-Credit on the Performance of Small Scale Business in Nigeria

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	220.55	1	220.55	254.06	.000b
Residual	123.27	142	0.87		
Total	343.83	143			

a. Dependent Variable: SMALL-SCALE BUSINESS

b. Predictors: (Constant), MICRO-CREDIT

The above table 2 presents the calculated F-value as (254.06) and the critical f-value as (.000^b). Being that the critical f-value (.000^b) is below the probability level of 0.05, the result therefore means that there is significant influence exerted by the independent variables (Micro-Credit) on the dependent variable which is small scale business. The result therefore means that there is significant influence of micro-credit on the performance of small scale business in Nigeria.

Hypothesis Two: The null hypothesis states that there is no significant influence of the extent of Micro-Saving on the performance of small scale business in Nigeria. In order to test the hypothesis, regression analysis was performed on the data, (see table 3).

TABLE 3: Regression Analysis of the influence of the extent of Micro-Saving on the Performance of Small Scale Business in Nigeria

Model	R	R-Square	Adjusted R Square	Std. error of the Estimate	R Square Change
1	0.80a	0.64	0.64	0.93	0.64

***Significant at 0.05 level; df= 142; N= 144; critical R-value = 0.197**

The above table 3 shows that the calculated R-value 0.80 was greater than the critical R-value of 0.197 at 0.5 alpha levels with 142 degree of freedom. The R-Square value of 0.64 predicts 64% of the influence of Micro-Saving on the Performance of Small Scale Business in Nigeria. This

rate of percentage is highly positive and therefore means that there is significant influence of micro-saving on the performance of small scale business in Nigeria. It was also deemed necessary to find out the influence of the variance of each class of independent variable as responded by each respondent (see table 4)

TABLE 4: Analysis of Variance of the Influence of the extent of Micro-Saving on the Performance of Small Scale Business in Nigeria

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	32.97	1	32.97	15.06	.000b
Residual	310.85	142	2.19		
Total	343.83	143			

a. Dependent Variable: SMALL-SCALE BUSINESS

b. Predictors: (Constant), MICRO- SAVING

The above table 4 presents the calculated F-value as (15.06) and the critical f-value as (.000^b). Being that the critical f-value (.000^b) is below the probability level of 0.05, the result therefore means that there is significant influence exerted by the independent variables (Micro-Saving) on the dependent variable which is small scale business. The result therefore means that there is significant influence of micro-saving on the performance of small scale business in Nigeria.

Hypothesis Three: The null hypothesis states that there is no significant influence of the extent of Payment Services on the performance of small scale business in Nigeria. In order to test the hypothesis, regression analysis was performed on the data, (see table 5).

TABLE 5: Regression Analysis of the Influence of the Extent of Payment Services on the Performance of Small Scale Business in Nigeria

Model	R	R-Square	Adjusted R Square	Std. error of the Estimate	R Square Change
1	0.67a	0.45	0.44	1.16	0.45

***Significant at 0.05 level; df= 142; N= 144; critical R-value = 0.197**

The above table 5 shows that the calculated R-value 0.67 was greater than the critical R-value of 0.197 at 0.5 alpha levels with 142 degree of freedom. The R-Square value of 0.45 predicts 45% of the influence of Payment Services on the Performance of Small Scale Business in Nigeria. This rate of percentage is moderately positive and therefore means that there is significant influence of the Extent of Payment Services on the Performance of Small Scale Business in Nigeria. It was also deemed necessary to find out the influence of the variance of each class of independent variable as responded by each respondent (see table 6)

Table 6: Analysis of Variance of the Influence of the Extent of Payment Services on the Performance of Small Scale Business in Nigeria

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	154.05	1	154.05	115.27	.000b
Residual	189.78	142	1.34		

Total	343.83	143
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a. Dependent Variable: SMALL-SCALE BUSINESS

b. Predictors: (Constant), PAYMENT SERVICES

The above table 6 presents the calculated F-value as (115.27) and the critical f-value as (.000^b). Being that the critical f-value (.000^b) is below the probability level of 0.05, the result therefore means that there is significant influence exerted by the independent variables (Payment Services) on the dependent variable which is small scale business. The result therefore means that there is significant influence of the extent of payment services on the performance of small scale business in Nigeria.

CONCLUSION

The study concluded that in Nigeria, the contribution of small-scale enterprises (SSEs) has been recognized as the main sustenance of any economy because of their capacity to enhance economic output and human welfare. Moreover, microfinance loans reduce the credit constraints that often face potential entrepreneurs in poor communities, which often preclude enterprise development and growth. Therefore, the existence of microfinance institutions alleviates micro business financing constraints.

RECOMMENDATIONS

1. The contribution of small-scale enterprises should not be underrated at this critical time of socio-economic and political development of the nation, especially if the government must deliver a dividend to the citizenry.
2. It is a dangerous thing to recruit people into small-scale businesses without the skills needed for production. Those people will simply remain in the organization, earning money and contributing nothing to actual productivity.

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