FINANCING SOURCES AND PERFORMANCE OF SMALL SCALE BUSINESSES IN DELTA STATE

BY

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DECLARATION

I hereby declare that this dissertation is my original work and has not been previously presented wholly or in part for the award of any other degree.

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UBIOMOH, Emuobonuvie Princess **Date**

CERTIFICATION

We the undersigned, certified that this research dissertation, titled "Financing sources and performance of small scale businesses in Delta State" has been fully supervised and found worthy of acceptance in partial fulfilment of the award of Master of Science (M.Sc.) Degree in Banking and Finance.

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DEDICATION

The work is dedicated to the Almighty God who gave me strength and grace for this work.

ACKNOWLEDGEMENTS

This project is a success because of persons who have contributed to it. Accordingly, I give my unalloyed thanks to my creator, God the Almighty, the spring of all knowledge and the reason why I live. .

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ABSTRACT

The research focuses on financing sources and the performance of small scale business in Delta State. These financing sources were the independent variables used for the study. Performance which was the dependent variable, was measured using sales level and profitability. Stratified random sampling technique was used to determine the sample size of 148. Primary data was sourced from the respondents through a four point Likert type structured questionnaire. Simple percentages, tables and charts were used to analyse the data. Pearson product moment correlation coefficient was used to test hypothesis 1- 5 while the sixth hypothesis was tested using multiple regression since it had more than one independent variable and it seeks to measure the predictive power of the independent variable over the dependent variable. It was found that all the sources of finance have positive and significant relationship with the performance of small scale business enterprises, with the exception of personal savings, that is positive but not significant in relationship with the performance of small-scale business enterprises. It was also found that the overall model (all the sources of finance combined) can predict the performance of small scale business enterprise and the overall coefficient regression shows that personal savings has a more predictive ability compared to other sources of finance. The study recommends enlightenment and encouragement of small scale business owners by government agencies to enable them utilize other sources of finance for business operation. The study contributes to knowledge in providing empirical evidence on sources of financing and the performance of small scale businesses in Delta state.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Business generally, is an enterprise that engages in the production of goods and services that provides satisfaction to consumers. Business in Nigeria, range in classification from micro, small, medium to large enterprises. Micro, small and medium (SMEs) enterprises are companies whose head cannot or turnover falls below certain limits (Evbuomwan, Ikpi, Okoruwa & Akinyosoye, 2012). The definitions changes over time and depends to a large extent, on a country's level of development. Thus, what is considered small in a developed country like the United States of America could actually be classified as large in a developing country like Nigeria.

In countries such as the USA, Britain and Canada, small scale businesses are defined in terms of annual turnover and the number of paid employees. In Europe, small enterprises are defined as those employing less than 50 persons and with annual sales or total assets that do not exceed $13 million, meanwhile in Japan, small-scale Industry is defined according to the type of Industry, paid up capital and number of paid employees.

Consequently, small and medium-scale enterprises are defined as, those in manufacturing with 100 million yen paid up capital and 300 employees, those in wholesale trade with 30 million yen paid-up capital and 100 employees, and those in retail and service trade with 10 million yen paid up capital and 50 employees (Elijah & Nsikak, 2011).

In Nigeria, various bodies have made attempts to define, what constitutes small-scale industry. Famous amongst them, is the National Council of Industry (2001). They defined small scale enterprises as an industry with a total capital employed of over N1.5 million but not more than N50 million, including working capital but excluding cost of land or a workforce of 11-100 workers.

However, a more concise and coherent definition was given in the National Policy Micro, Small and Medium Enterprises (SMEDAN, 2007). This definition is what is adopted in this study, because it is in line with the definition in developing countries like Indonesia. (Gimberg, 2000; Elijah & Nsikak, 2011). The National Policy Smedan (2007) classified small scale enterprises in terms of employments and assets excluding land and building. According to the policy, a small scale enterprise should have not less than 10 employees but not more than 49. In terms of assets, not less than 5million but not more than 50million. The National policy document further states that where there is a conflict in classification, between employment and assets criteria, the employment based on classification, will take precedence.

Small scale businesses, started gaining prominence in Nigeria in the early 1970's when many personal enterprises started springing up. (Osotomehin, Jegede & Akinlabi, 2012). However, the economic down turn that followed the collapse of the world oil market in 1980s and the financial crises in Asia in the 1990s brought to fore the important role of small scale enterprises in Industrial and economic development in any given country (Evbuomwan, et al., 2012).

Consequently, small scale enterprises have been widely acknowledged as the springboard of sustainable economic development. They have been also recognized as a veritable vehicle for the achievement of National macro-economic objectives in terms of employment generation at low investment cost and enhancement of apprenticeship training. The catalytic roles of micro and small businesses have been displayed in many countries of the world such as Malysia, United States, South Korea, United Kingdom China, India amongst other countries.

Economic history is well stocked with enough insights into the humble beginnings of present Great Corporation. Evidence abounds that almost all the multinational giant Corporations all over the world even in Nigeria, were small enterprises, growing as their Industry grew Ayozie (2011). There are so many opinions of how well or not small-scale industries have performed or contributed the Nigerian economic growth.

Raji (2000) stated that flexibility, adaptability and regenerative tendencies of small scale enterprises have made the sub-sector a pivotal focus for the industrial development of many countries, particularly the developing ones.

Evbuomwan, et al. (2012) further stated that by global standards large enterprises are very few in Nigeria. Peasant agriculture predominates, accounting for about 95% of total agricultural output in Nigeria and employment in the sector. Small scale enterprises play bigger role in developing National Economics, alleviating poverty, participatory in the global economy and partnering with large corporations.

Nigeria as a developing country has opportunities to learn from the success stories of small businesses in other developed nations like the United States of America. In the United States, small business (Fewer than 500 employees), accounts for more than half of the non-farm private GDP and around half private sector employment. US small business Admin (2011). The most recent data shows that firms with fewer than 20 employees account for slightly more than 18% of the employment.

Since small scale enterprises are economic units, if they survive or perform well, it will mirror on the entire economy, thus, necessitating economic growth. However, in Nigeria, it is believed that massive assistance in form financial, technical and managerial form is needed from government and all other stakeholders for small scale businesses to perform well. Many small scale Businesses are known to operate with limited capital which may not be enough for them to meet their operation cost. These small business owners don't have access to this finance. However, some small scale business owners are privileged to have access to finance to finance their businesses but they don't still grow or perform well.

Some small scale businesses in Delta State have had access to finance to finance but they still collapsed the source of finance that the small business owner accessed may be a factor to determine us performance. It therefore follows that not just finance will enhance performance but a critical look at the source in comparison with business performance.

It is against this situation and happenings that the researcher seeks to undertake this study to find out how the various finances sources available to small scale business owners in Delta State ,impact on their performance, focusing on five financing sources.

1.2 Statement of the Problem

Small scale Businesses operate with limited capital which is not enough for them to meet their cost of operations. This problem has led to most of them to resort to borrowing from banks and other informal institutions, with the intention of acquiring more funds for expansion, in order to enjoy economics of scale, become competitive in the market and boost their financial performance (Okurut & Bategeka, 2006).

Despite the above, small businesses in Nigeria have not performed well. The incidence of high mortality rate among established small business is a matter of major concern in developing economics. International Finance Corporation (IFC) reported in 2002, that only 2 out of every 10 newly established businesses, survive up to the fifth year in Nigeria. This is a pointer to the fact that there is a problem.

The performance of small businesses should reflect in its employment generation, enjoyment of available local resources, local technology utilization, Assets base, revenue generation, improved standard of living and growing Gross Domestic Product (GDP). Unfortunately, instead of small businesses to grow rapidly to meet international competitors, they are rather collapsing by the day and only account for only 37% of GDP (Investment Climate Assessment ICA survey, 2009).This challenge of collapse that small businesses face in Nigeria, have been widely attributed to finance.

Many studies have been carried out on various financing sources available to small scale business operators. This review is good but does not reveal the impact of the sources on the performance of small business. Few studies have concentrated on performance of small business in relation to the cost of borrowing they incur. There is a great need to investigate these financial sources on performance of small scale business because, it is expedient to know how the financing sources have impacted on performance of small scale businesses.

This study therefore, does not only poised to review the financing sources available to small scale businesses in Nigeria, but also to examine and determine the impact of these sources on the performance of small businesses in Nigeria.

1.3 Research Questions

1. What is the performance of small scale businesses financed by personal savings?
2. What is the performance of small scale businesses financed by money lenders?
3. What is the performance of small scale business financed by cooperative societies?
4. What is the performance of small scale businesses financed by family and friends?
5. What is the performances of small scale businesses financed by micro finance banks?

1.4 Objectives of the Study

The general objective of this study is to determine the impact of financing on the performance of small scale businesses utilizing personal savings, money lenders source of finance, cooperative societies source of finance, family and friends and microfinance banks sources of finance. The objectives of this study are:

1. To investigate the performance of small scale businesses financed by personal savings.
2. To investigate the performance of small scale business financed by money lenders.
3. To investigate the performance of small scale business financed by cooperative societies
4. To investigate the performance of small scale business financed by family and friends.
5. To investigate the performances of small scale businesses financed by microfinance banks.
6. To investigate the relationship between businesses financed by personal savings, money lenders, cooperative societies, family and friends and microfinance banks with performance of small scale business.

1.5 Hypotheses of the Study

The following hypotheses were formulated for this study stated in their null form.

H01: There is no significant relationship between small scale businesses that are financed by personal savings and the performance of small scale businesses.

H02: There is no significant relationship between small scale business financed by money lenders and the performance of small scale businesses.

H03: There is no significant relationship between small scale businesses financed by cooperative society and the performance of small scale businesses.

H04: There is no significant relationship between small scale businesses financed by family and friends and the performance of small scale businesses

H05: There is no significant relationship between small scale businesses financed by microfinance banks and the performance of small scale businesses.

H06: There is no significant relationship between businesses financed by personal savings, money lenders, cooperative societies, family and friends, microfinance banks and performance of small scale businesses.

1.6 Scope of the Study

This study focuses on the financing of small scale business in Delta State. Although there is a sub-sector commonly known as the small and medium scale (SME), subsector, this study focuses only on the small scale enterprises. This isolation, is to enable the researcher focus on the small scale industry as defined by CBN to see how it can be developed; instead of merging it with the medium scale enterprises, thereby making general recommendations and conclusions that may not affect the small scale enterprises directly, because of their uniqueness, capital structure and peculiar challenges.

This study was restricted to only five financing sources amongst others available to small scale business namely: Microfinance banks, personal savings, loans from money lenders and loans from family and friends and loans from cooperatives societies. These were chosen because, they are the most popularly and frequently mentioned amongst financing sources.

Performance of small scale business in this study was measured in terms of financial performance, by two variables namely; Profit, and sales level. These variables were chosen because data can easily be generated and they measure performance very correctly.

This study was carried out in selected towns in the three senatorial districts of Delta state namely: Delta North, Delta South and Delta

Central. The towns are Abraka, Obiaruku, Warri, Ubeji, Gbokodo-Itsekiri, Owah-Abbi and Obinomba. These areas were selected because, it represents the three senatorial districts in the state, and has many small scale enterprises, more so, business, is a major occupation there; and there is much incidence of small business collapse in these areas of Delta State. Small scale businesses categorized into four sectors such as Artisans and services, urban and rural farming, small scale manufacturing and general trading were surveyed. This was because most of the small scale business are not registered so they don't have business name, so this categorization was necessary to be able to distinguish them.

1.7 Significance of the Study

The success of small scale business is the success of the entire economy, and they have been widely acknowledged as the springboard for sustained economic development.

Many studies have been carried out on small business and their financing, some extant studies have looked into sources of small Business finance, but failed to examine the impact of these sources on the performance of small business. Some of these studies include Lingesiya 2012, and Evbuomwan, et al. (2013).

This study does not only intend to look at the various sources of finance, but intends to examine their impact on the performance of small business in Nigeria.

Study findings will help the following:

1. The government and its small business developmental agencies like SMEDAN, Bank of Industry, Ministry of Trade etc. in formulating policies that can helps them perform better.
2. The findings will also be of great benefit to small scale business enterprises in Nigeria, as it will be an avenue for them to communicate their concerns to the general public and especially the government
3. Future researchers in this area, will also find this work very resourceful.

1.8 Limitation of the Study

The main limitation of the study is the" at first sight" unwillingness of small business operators to make full disclosure of their Business details because they have their fears. Consequently, the getting them to reveal their sources of finance, performance, profit and other valuable information was a challenge. However, with persistence and determination, I was able to get necessary information needed for this work. I explained my candid motive that I was only a researcher and the research will be of great value to them.

Again, some small scale business operation are illiterates and even the literate once do not adhere to standard bookkeeping and accounting procedures. This limitation makes extracting information quite challenging; however with patience and proper explanation of some questions in the questionnaire, backed up with our reliance on scientific method of obtaining data and superior analytical techniques the information gotten, and findings of the study are valid.

It was also noticed and challenging that most small scale business owners don’t stay in their shops rather, they leave it for sales girls or boys. This alone stressed the researcher, because these sales girls don’t have the information needed. This made the researcher move to other business places that their owners were available. Another limitation was the inability of the researcher to adequately distinguish between micro enterprises and small scale businesses because there exist a thin line between them and some small business owners don’t even know their exact capital base, the researchers however tried her best to overcome this limitation.

1.9 Operational Definition of Terms

The following terms relevant to this study are defined.

Business: Business is an enterprise that engages in the production of goods and services that provides satisfaction to consumers.

Small Scale Business: A small scale business is a business that have not less than ten (10) employees but not more than forty nine (49) and have not less than five (5) million naira but not only more than fifty million naira assets.

Financing Sources: Financing Sources is the sources of fund available to the business owner in form of capital to fund his business.

Performance: Performance is the function of an organisations ability to meet its goals and objectives by exploiting the available resources in an efficient and effective way.

Personal Savings: This refers to the amount left over subtracting the cost of person's consumer expenditure from the amount of disposal income in a given period of time.

Money Lenders: These are persons or a group who typically offers small personal loans at high rates of interest and is distinct from banks and financial institutions that typically provide such loans.

Cooperative Societies: A cooperative is defined as association of persons who pool their resources together on mutual basis to solve specific socio economic problems.

Family and Friends Sources: This refers to the funds given by members of family or friends to the Small business owner to carry out business.

Microfinance: Microfinance is the provision of financial services adopted to the needs of low income people such as small business owners especially the provision of loans, and acceptance of small scale deposit

Profit: it is defined as the amount a business owner gets from his business after subtracting his expenses it is also known as net profit.

1.10 Summary

In this chapter, the meaning, and brief overview of small business was given in the background of study. The problem statement was well stated followed by the research questions, the objectives, hypothesis, scope of the study, including content and geographical scope, significance of the study, limitations of the study, and definition of terms and organization of the study.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

In this chapter, the literature on small scale business, sources of finance and performance of small business is reviewed. This chapter comprises mainly of three subheadings:

2.1 Conceptual framework

2.1.1 Concept of Small Scale business

2.1.2 Sources of Finance for Small Businesses in Nigeria

- 2.1.2.1 Personal Savings Source of Finance
- 2.1.2.2 Deposit Money Bank Finance for Small Scale businesses
- 2.1.2.3 Microfinance Banks source of finance
- 2.1.2.4 The Informal Financial Market
- 2.1.2.5 Cooperative Societies Source of Finance
- 2.1.2.6 Rotating/Non-Rotating Savings and Credit Associations
- 2.1.2.7 Family & Friends Sources of Finance
- 2.1.2.8 Money Lenders Sources of Finance

2.1.3 Performance of Small Scale Business

2.1.4 Government Financial Assistance and Initiatives

2.1 Conceptual Framework

2.1.1 Concept of Small Scale Business

Small businesses, constitute the very foundation upon which large businesses are built. However, small scale businesses have been defined or identified differently by various individuals, countries, enterprises and so on. What is termed small business for the United States of America, may just be a micro, Business in Nigeria. Even within a country the definition changes over time. Taiwo, Awalaya and Bako, (2012). Some indicators employed in the various definitions include, total assets, size of labour employed, values of annual turnover and capital investment. Osotimehin et al (2012), highlighted that the definition of small business in Nigeria, varies from time to time and according to Institutions. The Nigeria government has used various definitions and criteria in identifying what is referred to as micro and small sized enterprises.

Apart from the fact that in Nigeria, the term small scale business is view differently by various stakeholders, the experience is the same, as almost every country have their own definition idea of what constitute small scale business. For example in Australia, the Australian Bureau of statistics; defines small business as those employing fewer than 20 persons. The Australian tax office uses a definition of average annual turnover of less than & 1 million and not assets of less than $3 million. In Canada, small businesses are those with less than 100 employees in manufacturing and less than 50 employees in the service sector. The Canadian definition further spited the definition according to sector. This further broadens the definition of small scale business in that country.

The United Kingdom classified businesses according to the number of employees; micro 0-9, small businesses 0-49, medium size businesses 50-249 and large businesses 250 and above. In the United States, the US small business administration, States that, small-scale enterprises generally have fewer than 500 employees within a 12 month period in non-manufacturing industries. Richards-Gustatson (2009).

In Nigeria, various agencies have defined small scale business over the years. The central bank of Nigeria, (2004), defined small-scale Industries as establishment, whose annual turnover ranges from N25,000-N500,000. The Nigerian Industrial development bank (NIDB) now Bank of Industry, classified or defined small scale enterprise, as an enterprises that has investment and working capital not exceeding N750,000. The National council of Industry (2001), however have a different classification. According to them, a small scale business is a business with a total capital employed of over 1.5 million but not more than N50 million (excluding cost of land but including working capital) and a labour size of not more than 11-100 workers.

Chukwuemeke (2004) in the centre for Industrial research and development of Obafemi Awolowo University, Ile-ife, classified small business as an enterprise with working capital base not exceeding N250,000 and employment on full-time, 50 workers or less. These definitions all differ from each other as each render a different capital base limit and number of workers.

However, the enterprise promotion decree of 1989 as amended in 1994, definition, lays no emphasis on the amount of capital or on the number of employees engaged by the business, but on creating employment for the owner. According to the act; "A small scale business is any enterprise set up to make the owner self-employed and self-reliant. There are many definitions and classifications of small scale business all over the world and the list is endless. But generally, all the definitions and classifications, a small scale business can mean; an enterprise or an organization that is privately owned and operated with a small number of employees started with the capital and with relatively low volume of sales and producing goods and services to satisfy the needs of a local community for profit.

Worst still, there is no universal uniformity among them, as every institutions defines it as it seems fit, to suit its purpose. Interestingly, these definitions can become outdated when not reviewed from time to time especially the definitions based on capital especially in the Nigerian economy due to consistent devaluation of National currency and high inflationary tend. Again, the parameters based on the number of employees, may not be reliable because, if we use number of employees, we may be wrong to conclude that a business that is workforce is not more than fifty employee is a small business. This is because, such a business may be capital intensive involving bullions of Naira.

In Nigeria, the scope of small business can be classified into farming, manufacturing of good such as, food, beverage, foot wear, personal services such as hairdressing, dry-cleaning, car washing, shoe repairs, Business services such as Accounting firms, legal practitioners, machine repairs and so on.

Table 2.1: Classification of micro, Small Scale Enterprises in Nigeria

S/N	**Size Category**	**Employment**	**Asset at Million Excluding Land & Building**
1	Micro enterprises	Less than 10	Less than 5
2.	Small enterprises	10-49	5 less than 50
3.	Medium enterprises	50-199	50-less than 500

Source: SMEDAN (2007) Abuja, pp. 50

2.1.2 Sources of Finance for Small Businesses in Nigeria

Finance has been identified in many business surveys as one of the most important factors determining the survival and growth of small scale enterprises in both developing and developed countries (Ajagbe, Oyelere & Oyetomobi, 2012). While financing may not the only problem militating against the small business sector, according to Evbuomwan

(2013), it is the most formidable. Finance allows small-scale enterprises to undertake productive investments, expand their business and acquire the latest technologies, thus ensuring their competitiveness and that of the nation in general UNCTAD, (1995) UNCTAD (2001), small Business Administration (2000).

The small-scale business financial need was been classified by Ewiwile et al. (2011) into three phases namely; Initial capital to get the business started, working capital when the firm is in operation and expansion capital.

2.1.2.1 Personal Savings Source of Finance

Personal savings which is also referred to as owner-savings is usually the first source of finance available to the small business owner. (Oboro and Ighorodje, 2011; Ewiwile, et al, 2011, Abdulsaleh and Warthington, 2013). A significant proportion of the initial capital both fixed and working for small scale enterprises is obtained from personal savings accumulated from other activities (Kyokutamba, 2011).

Personal savings represents, funds invested into the business by the owner(s) which the business is under no obligation either to refund or pay interest on. It is also referred to as risk capital. Oboro et al. (2011) noted that expansion of SSEs is mainly financed from internally generated funds. For the small business owner, personal savings is preferred over debt as a mode of financing as they undergo a typical cash shortage and are generally unable to secure loans with collateral during the founding phase. However, personal savings or internal finding alone may not be expected to meet the entire demand for finance by the SSE given the likelihood of smaller savings because of lower incomes William, (2004). This factor exposes the small scale business owner to see credit from other sources.

Ajagbe et al. (2012) summarized into two; the sources of credit available to small scale enterprises as; formal and informal institutions according to Asaolu (2001), the formal source includes; deposit money banks, finance houses, micro-finance banks, merchant banks and government owned finance institutions and programmes like the bank of industry, Central bank of Nigeria, Nigeria Industrial Development Bank, SMEIISS etc. The informal source comprises of friends relations, money lenders, clubs and savings societies like “ESUSU” “ASO” and cooperative amongst others. But for the purpose of this study 5 sources cutting across formal & informal will be reviewed.

2.1.2.2 Deposit Money Bank Finance for Small Scale businesses

A large body of the existing literature has documented that banks are the main external capital provider for SME sector in both developed and developing countries (Vera & Ongi, 2010; Ono & Uesugi, 2009;

Zhou, 2009; Wu et al., 2008; Carey & Flynn, 2005). In order to optimize their capital structure (Moro, et al., 2010) suggested that small businesses should only focus or bank financing. The rationale been that, the business owners will employ funds more efficiently when they are monitored by and answerable to banks.

Contrarily, Ajagbe, et al. (2012), Ewiwile (2011) and Evbuomwan, et al. (2012) are of the opinion that most small business owners prefer their own source of finances to any bank source, because most small business owners don't want to give up their management control for their business. They prefer to remain 'small' and retain control and to grow 'big' and be under control.

Kasekendo and Opondo (2003) posits that deposit in banks are the main sources of financial services, but unfortunately they rarely lend to small scale enterprises, due to the fact that these small scale enterprises operates with high risk. They posits that, in as much as small scale enterprises have the need for the assistance from banks, they are less attractive to commercial banks due to the high risks that is associated with the high costs of production, low returns on their investment and yet lack collateral securities. Again small business seeking loans are usually unable or unwilling to provide accounting record and other documentation required by banks. This makes the Banks biased and as such prefer large corporations borrowers, where there is assurance of security, high profit and faster rate of return.

There are various banks that provides credit to small scale enterprises like, merchant banks, micro finance banks, Agricultural Bank etc., but this study focuses on deposit money banks credits, small scale businesses.

2.1.2.3 Microfinance Banks source of finance

Microfinance is the provision of financial services adapted to the needs of low income people such as micro entrepreneurs, especially the provision of small loans, acceptance of small savings deposits and simple payments services needed by micro entrepreneurs and other poor people.

Microfinance banks in Delta State have assisted small scale business owners to secure finance. Recent studies have shown that long term microfinance programme have enormous potential for national economic growth and development (Tawose, 2012). The strength of microfinance banks that seem to make them accessible then deposit money bank, is that their services delivery is flexible which makes it easy for small business owners to access financial services.

2.1.2.4 The Informal Financial Market

The informal financial market is otherwise called “non-institutional financial market” has been described as the “unorganized” money market.

In general three broad classifications of informal finance are found in Africa. These include primary savings mobilization units with little or no lenders, primary lending units that are hardly involved in savings mobilization and units that mobilize deposits and do a considerable amount of lending albeit, to members of distinct associations or groups such as' savings collectors and money keepers commercial lenders, (money lender, friends, family and non-commercial lenders, and licensed cooperative societies or unions) (Ojenike & Olowoni, 2015).

The informal sources of finance is perceived to be widely relied on by small scale business owners but this study will evaluate this perception.

2.1.2.5 Cooperative Societies Source of Finance

The origin of cooperatives in the world may be traced to eighteenth century in England (Otto & Ukpere, 2011). According to them, the cooperative was formed as a result of human sufferings and degradation during the industrial revolution in England. In Nigeria, the first formal cooperative was formed in 1936. Cooperative according to Otto and Ukpere (2011), is an association of persons who pool their resources together on mutual basis to solve specific socio economic problems. There are several types of cooperative societies that operate in Nigeria, namely: Multipurpose cooperative societies, marketing cooperative societies, consumer's cooperative societies, processing cooperative societies, industrial cooperative societies, supply purchasing cooperative, societies, credit and thrift cooperative societies. These organisations are popular because members freely support their formation, their activities cut across narrow interest and they run on the basis of democratic principles. Otto and Ukpere (2011) identified the rotating savings and credit associations (ROSCAS) as a form of thrift.

2.1.2.6 Rotating/Non-Rotating Savings and Credit Associations

According to Olusola and Tayo (2012), the rotating savings and credit arrangement including regular fixed amount of contribution of a common pool of funds by members in turn. Once each member has had access to funds, the group disbands or start over again. It is popularly called Esusu in Nigeria. The 'Esusu' cycle depends on the number of participants and the units of collection (weekly fortnightly or monthly) on a contractual basis.

In the non-rotating savings and credit association which is also another form of informal finance, there is a direct relationships between the contributed amounts, the individual savings capability and credit worthiness.

2.1.2.7 Family & Friends Sources of Finance

Besides owns savings, informal sources of finance comes from friends and relatives of the entrepreneur. This form of finance does not demand serious collateral form the business owner and it requires less paper work (Oladele, et al., 2014). In Canadian financial performance, it was revealed that the contribution of those financed by friends and family are larger than other small and medium scale financing sources (Oladele, et al., 2014). The report was in consonance with Gbandi and Amissah (2014), which shows that informal finance sector provides more than 70% of the funds to the SMES.

2.1.2.8 Money Lenders Sources of Finance

The informal financial market which is often described as unorganized money market has a group called the money lender. Olusola and Olusola (2013) describes them as primary lending units. That are hardly involved in savings mobilization. They are commercial lenders. Money lender source does not really involve serious paper works and sometimes they don't demand serious collateral security from small business owners, rather, it the agreement may be by words or mouth or with simple arrange.

In a study by Olajide et al. (2014), it was found that money lenders have not actually supported the performance of the businesses in the state (Ado-Ekiti). They are of the opinion that some of their respondents that utilized money lender source of finance, have no alternative source of finance. They observed that these group of lenders lend at a high interest rate.

2.1.3 Performance of Small Scale Business

The term performance is broad and looks ambiguous, it lacks agreement on basic terminology and there is no simple definition and measurement to evaluate the performance of a business. Performance can be defined as the accomplishment of specified business objectives measured against known standards completeness and costs (Sabanci 2012). According to Westover (2008), performance is taken to be the function of an organization's ability to meet its goals and objectives by exploiting the available resources in an efficient and effective way. Oritz-Molina (2007), found that as a firm increases in size, the terns of level of stock, level of sales, level of assets it have a positive impact of performance. Boles, Nausea and Ritu (2001) found that the level of sales of increasing it means that the productive capacity of the firm is expanding and the firm is therefore performing well may established level of sales or sales volume is a measure of performance.

Chong (2008), identified profit before tax and turnover as financial measures for measuring performance and the non-financial measures focuses on issues pertaining to customers satisfaction, customers referral rates and employees turn over. Supporting the view of Chong (2008), Haber and Reichel (2005), Acknowledge Profitability, size and growth as measures of business financial performance. Okafor (2012) Identified Human, financial and social capital as variables that can predict the performance of small businesses. Kyokutamba (2011) used level of sales, liquidity and level of asset based to measure performance. In this study therefore level of sales and profit will be used to measure performance. More so, the profitability and sales level were measured in qualitative terms using responses from the questionnaire. This was because, most of these small business owners are not willing to disclose their exact profit. Again, they don't have a record of their profits.

2.1.4 Government Financial Assistance and Initiatives

In both developed and developing countries governments have recognized that the small business sector faces constrained access to external financing which may negatively affect its crucial role in achieving national development goal; as such, many governmental initiatives and programs have been implemented to ensure that small businesses have easier access to financing (Abdulsaleh & Worthington, 2013). Mensah (2004) defines government official schemes as those introduced by government either alone or with the support of donor agencies to increase the flow of financing to SMEs. It has been argued that such programs and schemes have the capability to ease the access of SMEs to additional credit.

In Nigeria, Government, through its Apex bank, the Central Bank of Nigeria, in order to make the SME sector more vibrant, has evolved new initiatives which are geared towards improving accessibility and availability of credit through a lot of schemes. The Central Bank of Nigeria recognizes the constraints of the small business sector, and has set up these assistance schemes, so that every small business will come to its full potential. In particular the CBN in 1977 started a rural banking scheme which was basically designed to solve the problem of under development and inadequacy of credit to the agricultural sector and the rural based small scale industries. The World Bank –Assisted SME II loan project, in 1989, peoples bank of Nigeria, of 1989, the community banks which took off in 1991, Nigeria export and import bank, the Agricultural Credit Guarantee Scheme Fund amongst others were schemes put in place by the government through its Central Bank to assist small business.

More recent among the scheme is the Bank of Industry which is designed with the primary objective of providing credit to the Industrial sector including the small and medium scale enterprises. In August 2001 a scheme called the small and medium Equity Investment Scheme

(SMIEIS) was launched. In 2014, the World Bank Group approved 500million credits to find the development finance project and support the government goal to economic group and generate new jobs.

2.1.5 The Small and Medium Industries Equity Investment Scheme

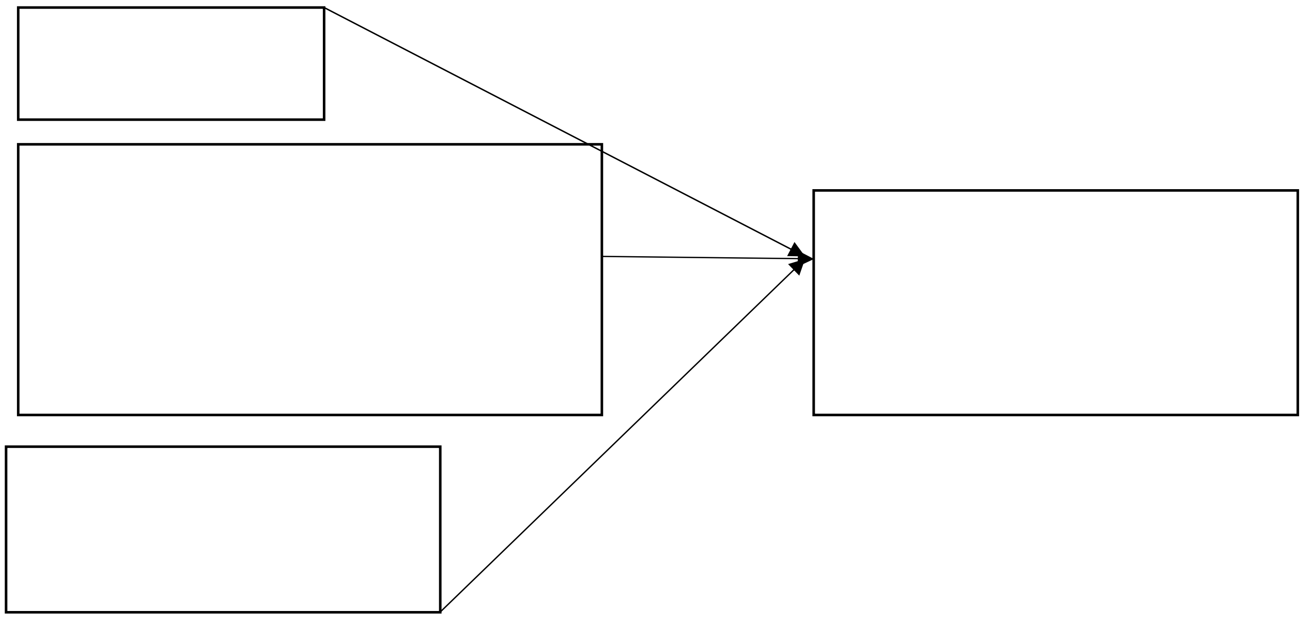
The project is a Joint effort between the World Bank, African development, the German Development Bank amongst others. Bothered by the persistent decline in the performance of the Industrial sector with the realization of the fact that the small and medium scale industries hold the key to the revival of the manufacturing sector and the economy, the Central Bank of Nigeria successfully persuaded the bankers committee in 2000 to agree that each bank should set aside 10 percent of its annual pre-tax profit for equity investment in small and medium scale enterprises (Udechukwu, 2003).

To ensure the effectiveness of the programme, banks are expected to identify, guide and nurture enterprises to be financed under the scheme. The activities targeted under the scheme include, agro-allied, information technology, educational establishments, tourism and leisure, construction, telecommunications, manufacturing, services, and solid minerals. The scheme was formally launched in August 2001. With the Introduction of the scheme, it is expected that improved funding of the SMEs will facilitate the achievement of higher economic growth. As at

August 2002, the sum of N11.572 billion had been set aside by 77 banks. Out of this amount, N1.692 billion have been invested in the small and medium scale enterprises (Udechukwu, 2003).

Frank and Bernanke (2007), posits that credit is not an end in itself, rather, it is a means to an end. The ultimate goal of this scheme is to affect productivity, it therefore implies that the profitable use of the funds is of great importance to the economy at large. This study seeks to look into the awareness of this scheme to the various small business owners in Nigeria.

Fig 2.1 Conceptual Model of Sources of Finance



Source: Designed by Author for the study

2.1.6 History of Small Business in Nigeria

According to Ubom (2006) and Olagunju (2008), the history of small business in Nigeria can be traced to the period of our forefathers who were engaged in local farming and trading. This was primarily at the subsistence level. As population grew and given the divergences in human talents, natural and geographical endowments, coupled with the inability of these farmers to satisfy other needs. They diversified into other craft trades to provide other needs. This resulted to the growth of small business activities.

Ayozie (2011) has classified the history of small business in Nigeria, into, pre-in-dependence era, 1970-1976, 1980-89 and 1990-99. According to him prior to Nigerian Independence, the business climate was almost totally dominated by the colonial and other European multinational companies like United African Company UAC, Unilever Plc., Leventis etc. The activities of the Europeans, opened up many places that were not known. This made people go from place to place to trade and with this, market sprang up, many organizations sprang up too. They helped in expanding the frontiers of small business.

After independence, various government have fashioned out programmes, policies and laws aimed at encouraging small business among the people among such efforts is the creation of defunct Nigeria Industrial Development Banks (NIDB) in 1964 to provide loans to entrepreneurs for the development of small business. A major remarkable breakthrough in small scale business came about through the indigenization decree 1972 and later the Nigeria Enterprises Promotion Act 1977. These were genuine attempts by the Federal Government to make sure that Nigerians play a active and worthwhile roles in the development of the country.

There has also been increase in government effort aimed at revamping small businesses. Among were the National Directorate of Employment (NDE), working for yourself program, small and medium Enterprises Development Agency of Nigeria (SMEDAN), the small and medium enterprises Equity Investment Scheme (SMEEIS). These effort have led to the establishment of many enterprises especially small ones all over the country. For example, the pure water business, phone business, computer business centres etc.

2.1.7 Overview of Small Scale Business in Nigeria

Small scale businesses are catalyst in the socio-economic development of any country. They are a veritable tool for the achievement of national macro-economic objectives, in terms of employment generation (Osotimehin et al., 2012). Nigeria, like the rest of the world, also places much premium on her small business sector, especially when various studies, buttress the fact that the small business sector is a boaster of economic growth. Nigeria is a country with growing population, the unfavourable economic situation in Nigeria has thrown many citizens even graduates into the job market with only a few being employed; as a means of survival many of these unemployed hands resort to small scale business (Oduyoye, Adebola & Binuyo 2013).

Adepetu (2009), put forth that, the small business subsector is an area that has created a lot of momentum to the Nigerian economy in terms of its resources and potentials, but it is sad that little emphasis has been paid to that very important segment of the economy, he frowned at the neglect that this sector had experienced in Nigeria, adding that this same subsector was the major source of the rapid economic growth in South-East Asia.

Many researchers have observed that the Nigeria small business sector at present experience a lot of problems and hardship; there are a number of bottlenecks, including services undercapitalization, with difficulty in gaining access to bank credits and other financial markets, corruption and a lack of transparency, most damagingly, is the seemingly lack of government interest in, and support for the roles played by small businesses in economic development (Osotimehin, et al., 2012; Ewiwile & owa, 2011). A study done by the Federal office of statistics shows that in Nigeria, 97% of all businesses employ less than 100 employees which implies that nearly all businesses in Nigeria are small businesses. In the United States there are approximately 23 million small businesses; these all together employ more than 50% of the private workforces, and generate more than half of the Nation's gross domestic product. The difference in the impact been made by small business in both countries (Nigeria & US), is the importance attached to this sector by the governments of each country and the role they play in the National economic development. The typical Nigeria small scale business operator encounter various challenges. Some are financial, others are not.

2.1.8 Challenges of Small Business Financing in Nigeria

Despite the potential role of small business to accelerated economic growth and job creation in Nigeria; a number of bottlenecks affects their ability to realize their full potential. Udechukwu (2003) have identified the problems of small business in Nigeria to be enormous. According to him, it includes inadequate and inefficient infrastructural facilities which tend to escalate cost of operations as these small business are forced to provide these facilities amenities themselves. Osotomehin et al. (2012) classified the challenges facing small businesses in Nigeria as; financial and non-financial. He observed that the financial constraints include those factors that prevent micro and small scale enterprises from accessing funds easily. He added that inadequate sources and supply of finds has been a major setback to the realization of many brilliant business ideas and outward expansion of existing business. He further connected the inability of small business owners to raise funds to expand their businesses to poor business history, high risks associated with starting new business, which banks tend to avoid insulting collaterals and so on.

Bessant and Tidd (2007), Mutezo (2009), have identified lack of access to information, access to skills and training and access to finance as the major challenges facing small scale business in Nigeria. Tambunum (2009) concedes that managerial competencies are very important to the survival and growth of new small scale businesses. Arogunde (2011) posits that small scale enterprises in Nigeria lack managerial skills because of inability to acquire modern technology and formal education, which further results to their inability to perform excellently. Addotie (2012) conceding with Tambunum (2009), noted that lack of managerial know-how places significant constraints on small business development. According to him, even though small business tend to attract motivated managers they can hardly compete with large firms.

Looking at small business challenges in Adebiyi (2013) perspective, the first challenge is the predominance of 'necessity entrepreneurs" over 'opportunity entrepreneurs'. According to him, a necessity entrepreneur, is that promoter who starts a business because he needs to do something rather than stay idle, whereas, and opportunity entrepreneur embarks on a business to take advantage of identified market opportunities .Whereas a necessity entrepreneur will buckle and fall at the slightest threat, an opportunity entrepreneur, will always be concerned about how to maintain or expand market share. This has been a major challenge to the success of small business.

Ewiwile, Azu and Owa (2011) has noted that the challenges facing small scale business are very numerous. They outlined them as; corruption, poor partnership spirit, multiple taxes and levies, inability to prepare a bankable feasibility report, non-availability of raw materials locally and marketing problems.

2.1.9 Role of Government in the Development of Small Scale Business Industry in Nigeria

The government and the small business sectors have a relationship. Ayozie (2011) opined that the type of relationship that exists between the government and business goes a long way to determine the existence, growth and development of the small scale business operator. The government of the small scale business sector but there is still more to do as the small business sector has not reached its full potential.

The government through its Apex bank, the Central Bank of Nigeria has pioneered some financial support initiatives since the 1970s till date as identified by Anyanwu (2003). Prominent amongst those schemes is the rural banking scheme which stated in Nigeria 1977 and it was in three phases 1977-1980, 1980-1985 and August 1955-1989. As at the end of June 1992, 765 of the 766 branches stipulated by the CBN has been opened. With the total deposits in all the rural branches amount to about N5.7billion.

With the introduction of the structural adjustment programme (SAP), in 1986 and the resultant devaluation of the Naira, many small and medium scale enterprises found it difficult to secure finance for their working capital and investment purposes. In order to bridge this gap the Federal Government started the National economic reconstruction fund (NERFUND) effective 9th January 1990 with the CBN as one of the facilitating institution.

The world bank Assisted SME II loan project, in 1989, the peoples bank also in 1989, the community banks which took off in 1991, the Nigerian Industrial Development Bank of 1962 (NIDB), the Nigeria bank for commerce and Industry (NBCI), the Agricultural Credit Guarantee scheme fund, the small scale Industries credit scheme introduced in 1971, the Nigeria bank for commerce and industries amongst others are all governmental efforts/roles towards the small business sector.

More recent amongst these developmental roles and schemes is the; small and medium equity investment scheme (SMIEIS), formally launched in August 2001, with the introduction of the scheme, it is expected that improved funding of the SME will facilitate the achievement of higher economic growth.

Udechukwu (2003) identified fiscal incentives and support as a role government should play in the development of this sub-sector. In his words “government could increase funding for the development of the sub-sector though direct budgetary allocations and enhance private sector investment opportunities that will focus on specific areas of capacity enhancement”. The government can also play the role of effective marketing and distribution channels for small business products to penetrate sub-regional and global markets.

2.1.10 Small Scale Industry and Economic Growth in Nigeria

There is a general consensus that the performance of small businesses is important for both economic and social development of developing countries (Addotie, 2012). He further noted that small business is one of the major areas of concern to many policy makers in an attempt to accelerate the rate of growth in low-income countries. These enterprises have been recognized as the engines through which the growth objectives of developing countries can be achieved (Adebiye, 2013; Addotie, 2012).

The importance of small scale businesses is usually viewed from the perspective of employment generation, contributions to export earnings and Gross Domestic Product (GDP). Contrary to general impression, SMEs are as much an important economic catalyst in industrialized countries, as they are in developed world.

Okafor (2012) highlighted, that SMEs empower economic development by encouraging entrepreneurship, generating employment and reducing poverty. The success story of small scale enterprises contribution to economic development is not different in Kenya. According to Osinde et al. (2013), "small scale enterprises are acknowledged in Kenya as significant contributors to economic growth and are estimated to contribute 20% and 72% the Gross Domestic Product and employment respectively". Government of Kenya (2005) also noted that small scale business provides one of the most prolific sources of employment and also breeding ground for medium and large scale Industries which is critical for Industrialization.

Small scale businesses despite their acknowledged contribution to economic growth have continued to struggle in different sectors of the economics of both developed and developing countries (Okafor, 2012).

However, many nations having identified the role of small business, have thrown their weight on the sector. This has thus improved their economy. A lot needs to still be done in Nigeria.

Table 2.2: shows the contribution of small scale business to 6 different economics including Nigeria

Countries	**Employment**	**Export earnings**	**GDP**
United Kingdom	53%	27%	52%
USA	52%	30%	50%
India	79%	38%	40%
Hong Kong	78%	37%	51%
Japan	70%	40%	68%
Nigeria	75%	3%	10%

Source: International Centre for entrepreneurship & Career development India & NBS – Nigeria (2012)

With respect to employment, Nigeria is in line with global trend, but as regards export earnings and GDP a lot needs to be done.

2.1.11 Eradicating Rural Poverty & Small Business in Nigeria

Various empirical studies have revealed that poverty is a global phenomenon (Lemu, 2010). The United Nations Development programme (UNDP) and the World Bank reported that more than one billion people or one-fifth of the world's population lived in extreme poverty and that such poverty was the leading cause of mortality (UNDPR, 1994).

The World Bank referred to poverty as an economic situation where a household income is insufficient to meet the minimum nutritional need for growth a long-term survival. It is a vicious circle of multiple adverse circumstance that limits the choices of the poor. People in this category hardly experience any improvement from year to year to sometimes from one generation to another, World Bank (1995).

Despite Nigeria's plentiful agricultural resources and oil wealth, poverty is widespread in the country and has increased since the late 1990s. World Bank (2000) stated that poverty has increased dramatically with 65% of the population living below the poverty line as against 43% in 1992. It has been observed that there is no country in Africa whose deterioration in socio-economic status has been as severe as that of Nigeria, to the extent that within the last five years, half of the population is living below the poverty line (World Bank 2000). According to World

Bank reports, Poverty in Nigeria is endemic and visible and it is found to be more prevalent in the rural areas where up to 80 percent of the population lives below the poverty line and social services and infrastructure are limited.

Sadeq (2008) noted that globally, lack of income has inevitably driven quite a capacious number of poor people, engage in different income generating initiative in the form of livelihoods and amongst these are the small and micro enterprises. It has been observed that poor households have the capacity to escape from income-poverty by engaging themselves in small business ventures (Viljoen, 2008). In Nigeria, small scale businesses represents about 90% of the industrial sector in terms of the number of enterprises. They also account for 70% of the national industrial employment if the threshold is set at 10-50 employees, contribute 10% of manufacturing output and a meagre 1% of gross domestic product GDP in 2001 (Ajayi, 2002). They have also contributed significantly to economic development through employment, job creation, and sustainable livelihood.

Small business enterprises seems to be a last resort to the employed rural dweller but many to these entrepreneurs are left out in the provisions of government towards the advancement of their enterprises. Various poverty alleviation programmes have been carried out in various sectors of the economy. Sectorial approaches include agriculture, health education, etc. Multi-sectorial approach includes the National Directorate of employment NDE, Better life for rural women, family support programme and many others (Evbuoman, 1999). Prominent among these programmes that affects small scale businesses in the rural areas is the Nigerian Governments National Economic Empowerment and Development Strategy (NEEDS).

2.1.12 National Economic Empowerment and Development Strategy (NEEDS)

Needs is a federal strategy of tackling poverty and is complemented by equivalent approaches at the state level (State Economic empowerment and Development Strategy or SEEDs) and the local level (Local Government economic empowerment and development strategy or LEEDS.

The main goal of needs is the reduction of poverty. The government is particularly concerned about worsening rural poverty, rising unemployment rates among young people and the marginalization of women. The government recognizes as well the importance of empowering people to design and manage their own development activities. The current strategy for the protection of poor rural people includes efforts to strengthen; Access to credit and land, participation in decision making, Access to Agricultural extension services, Access to improved seeds and planting materials, farm inputs and tools traditional thrift, savings and insurance schemes. The government is committed to strengthening rural financial services, including improved access to credit as a key to reducing poverty. Through this government strategy several microfinance institutions have succeeded in reaching the poorest of the poor, by devising various strategies which includes the provision of small loans to poor people especially the rural areas, at full-cost interest rates, without collateral, that are repayable in fragment installments, amongst other strategies (RSG, 1997).

2.2 Theoretical Framework

2.2.1 Pecking Order Theory

Pecking order theory was first suggested by Donaldson in 1961 and it was modified by Steward C. Myers and Nicolas Majlntin 1984. Myers et al. (1984). This theory is very familiar with the operations of the small business. The pecking order suggest that firms have a particular preference order for capital used to finance their businesses Myers and Majluf (1984). The theory states that, companies prioritize their sources of financing from internal financing to debt before equity, preferring to raise equity as a financing means of last resort. Hence internal finds are used first, and when depleted, debt is issued and when it is not sensible to issue any more debt, equity is issued.

Pecking order theory starts with asymmetric information, as mangers know more about their companies' prospects, risks and value than outside investors. Asymmetric information affects the choice between internal and external financing and between the issue of debt or equity. There therefore exists a pecking order for the financing of new projects. This theory have been found to be relevant to the financing of SMEs (Babajide, 2011). And most small businesses start with internal financing before looking for external sources. Holmes and Kint (1991) found that small businesses experience a more intense version of pecking order in their decisions because access to appropriate external sources of capital is limited. It has been noted that small businesses differ in their capital structure but their intense reliance on pecking order, is only one of the variables that make small businesses financing decision unique. The restriction on the type of finance available to small business coupled with the small firm's insistence on first using internal sources of capital creates a unique structure for small businesses. Romano et al (2001), described the situation as "a complex array of factors that influence small-to medium size enterprises owner manager's financing decisions".

Hall et al. (2000) found out that a firms size if positively related to long term debt and negatively related to short-term debt. In further support, Chittenden et al (1996) suggests that a firm's size is correlated with the firm's reliance on pecking order theory in capital structure decisions. Thus smaller firms are more likely to rely on internal funds (Babajide, 2011).

2.2.2 Financing Growth Theory

The financial growth money was proposed by Berger and Udell (1998) for small businesses where the financial needs and financing options change as the business grows, becomes more experienced, and informationally opaque. They further suggest that firms lie on a size/age/information continuum where the smaller/younger/more Opaque firms lie near the left end of the continuum, indicating that they must rely on initial insider finance, trade credit and or angel finance. The financial growth cycle model tabularized in table 2.3 below, predicts that as firm grows, it will gain access to venture capital as a source of intermediate equity and mid-term loans as a source of intermediate debt. At the final stage of the growth paradigm, as the firms becomes order, more experience and more informationally transparent it will likely gain access to public equity (PE) or long term debts.

Table 2.3: Financial growth cycle

Very small firms possible with no collateral & no track record ↓	Medium size firms some track record collateral available if necessary ↓	Large firms of known risk & track record ↓
Initial insider financing ↓	Venture capital ↓	Public equity ↓
Angle financial	Medium term financial institution	Long term financial institutions

Model adopted form Berger and Udell, 1998

The theory further explains that at different stages of the firm's growth cycle, different financing strategies are required (Abdulsaleh 2013). In general because of the unique features that characterize small businesses during the start-up phase, such as informational opacity (Berger and Udell, 1998), lack of trading history (Cassar, 2004) ,and the high risk of failure (Huyghegert & Van de Gucht 2007), small business in this stage; depend heavily on insider funding sources, as they advance. They begin to gradually adjust their capital structure (Larocca, Larocca & Cariola, 2011).

2.2.3 Passive Learning Model

This is a theoretical model on the growth of performance of small business developed by Jovanic (1982). It states that a firm enters a market without knowing its own potential growth. Only after entry does the firm start to learn about the distribution of its own profitability based on information from realized profit. By continually updating such learning, the firm and managers of firms, learn about their efficiency once they are established. In the industry firms expand their activities when managers observe that their estimation of managerial efficiency has understated actual levels of efficiency. As the firm ages, the owner’s estimation of efficiency becomes more accurate.

2.3 Empirical Review

A handful work has been done on financing of small and medium scale enterprises. Oladele, Olowokere and Akinruwa (2014) examined the effects of financial source on small and medium enterprises performance in Ado Ekiti Metropolis. Their study used survey research method via structured questionnaire administered to 225 respondents in 45 conveniently selected registered SMEs in the Ado- Ekiti Metropolis. Stratified sampling technique was adopted, and multiple regression analysis was employed in the study, since they have multiple independent variables. They found that each of the financial sources has a reasonable level connection with the performance of SME.

Emad, Sahail and Jabba (2014) examined also the effect of financing on performance of small and medium enterprises in Iraq. The research employed contingency theory to show the effect of financing on the performance of the small and medium enterprises in Iraq. The study was more of a review, it failed to examine the effect of sources of finance on performance. The study also did not include methodology and data was not analysed.

Emad, Sahail and Jabba (2014) did a similar study on the influence of finance in Iraq. The study proposed a theoretical model that described the effective mechanism of finance on performance of small and medium scale enterprises (SMEs). This study also failed to employ methodology and also failed to analyse data.

Olusola and Tayo (2012) examined informal credit markets and the Development of micro and small scale enterprises in Nigeria. Primary data was used for the study and were collected from ten local government areas of Oyo State, using a multi stage sampling technique. The results indicate that size of lending, experience in lending business, have a positive and significant impact on growth in investment of new and small scale enterprises. They recommend a policy to make fund readily available to small scale enterprises should be put in place by government.

Lingesiya (2012) examined a topic on identifying factors that indicate the business performance of small scale industries, with evidence from Sri Lanka. The study sampled 64 owners/ managers of small scale, who responded to a questionnaire survey conducted in Vavuniya district of the Sri Lanka. Cronbach alpha was used and five factors that indicate performance were extracted with reliability namely, customers satisfaction with managing change, Growth in Business and income level, growth in profitability, growth in turnover, and growth in number of employees.

Mayenga and Mashenene (2014) examined socio cultural factors and financial performance among women small and medium enterprises in Tanzana. The questionnaire survey of some women owner managers was conducted and it was found that a larger percentage of these women utilised personal savings and majority have never attempted a loan because of fear of their husbands. The study recommends serious training programs for these women.

2.4 Appraisal of Literature Review

Many students have been carried out on the various financing sources available to small scale business operators in Nigeria. Other studies have focused on performance of small scale businesses. These studies are good but; they failed to look at these sources of finance in relation to small scale businesses. This study concentrated its research on small scale business owners in Delta State and not Nigeria as a whole. As many studies are focused on Nigeria as a nation, and some studied other nations and states (Lingesiya, 2012; Emad, et al., 2014; Oladele et al).

More so, this study did not only review theoretically, sources of finance available to small scale owners as most researchers do, it went further to ascertain the impact of each source of finance on the performance of small scale business owners in Delta State. It also combine all the sources of finance studied, and ascertained their combined impact on the performance of small scale businesses in Delta State.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter presents the methodology used for the study. It describes the methodological framework used in attaining the stated objectives of the study.

The chapters focus, is on the research designs, it states a survey design adopted for the study. It also described the instruments used for the collection of data, the questionnaire, the identification of population for study and the sample size determination.

The chapter also described the sampling techniques used for the study, the technique used to analyses the data collected, the validity of the research instrument (questionnaire) as well as the reliability of the instrument, the chapter ends with the summary of the chapter.

3.1 Research Design

Research design is the framework for executing the study. It is the plan of action on how the proposed hypotheses will be verified (Avwokeni, 2003). For the purpose of this study owing to its nature, a survey research design was adopted for this research. It is also termed sample survey research design.

Sample survey design was considered suitable for this study because, this study is focused on analysing, the opinion of people (sample) not the entire population on the financing sources of their small business.

3.2 Instruments for Data Collection

The data used for this research is primary data. A self-administered questionnaire and personal interview were considered the most appropriate for this study. The questionnaire contained structured questions in a Four-point Likert scale. The self-administered questionnaire enabled the researcher generate reliable data.

The questionnaire had a cover letter, introducing the researcher, section A contained the demographic characteristics of the respondent and section B, C, D, E, F, and G that covered the performance scales and sources of finance scale for small business. At the end of the exercise, out of the 148 questionnaire, 137 were returned and 11 was not returned.

3.3 Population of the Study

For the purpose of this study; the population are all small scale businesses in Delta State. This population is large and most small business are not registered. However, the survey report on micro, small and medium enterprises in Nigeria 2010, presented in 2012, by the National Bureau of Statistics in collaboration with small and medium enterprises development agency of Nigeria (SMEDAN), reported that there are 647 small scale enterprises in Delta State. This therefore, constitutes the population of the study.

3.4 Sample Size

The study used 23% of the population of 647 business owners to determine its sample size. Consequently the sample size for this study was 148 small business owners spread across the three senatorial district of Delta State namely: Delta North, Delta South and Delta Central.

The sample size was further divided into four straturms namely: Artisans and Services, General Trading, Urban and Commercial farming and small scale, manufacturing. The researcher considered this size large enough to represent the population.

3.5 Sampling Techniques

Stratified Random sampling technique was used in this study. Stratified random sampling is a probability sampling method. The sample was stratified into four stratas of small businesses namely; Artisans and services as one stratum, General Trading, Urban/commercial farming and small scale manufacturing/production.

The major reason for choosing stratified random sampling was to ensure adequate or proportional representation of the different categories of business owners that make of the population in the selected sample.

In each stratum simple random techniques was used to ensure that each member of the stratum has equal chance of been selected.

Consequently, 49 Artisans and Urban Commercial Farmers and 11 small scale manufacturers were selected. The researchers considered the size of these stratums in the sample area in order to ensure unbiasedness.

3.6 Technique of Data Analysis

The data collected for this study was analysed using descriptive and inferential statistics. The descriptive statistical tools used include tables, graphs, pie charts, simple percentage while the inferential statistical tools used include Pearson product-moment correlation coefficient and multiple regression. Specifically, the demographic characteristics were analysed and presented in tables, pie charts, graphs and bar charts.

The research questions 1-5, were analysed using simple percentages and frequencies. The hypothesis 1-5 which had to do with relationship among variables, utilized the Pearson product-moment correlation coefficient.

This was well suited because it was a parametric test and it measures the strength of linear relationship between two variables. The sixth hypothesis utilized the multiple regression, because it seeks to establish a relationship between more than two independent variables.

3.7 Validity of Research Instrument

In order to ensure the validity of the research instrument, a draft of the questionnaire was submitted to the research supervisor and experts in the field of banking and finance as well as experts in the field of measurement and evaluation.

These experts went through the draft and make useful recommendations. These recommendations were effected before the final draft was made. At the end, the instrument was deemed to have met both face, content, and construct validity.

3.8 Reliability of Research Instrument

Reliability is an assessment of the degree of consistency between multiple measurements of a variable (Pallant, 2005). In order to ensure that the instrument used for the study has internal consistency, 30 copies of the questionnaire was administered to small scale businessmen in DeltaState and a Cronbach's alpha analysis was conducted on their responses.

According to Pallant (2005), a reliability scores greater than 0.7 are acceptable. As all of the items for this study had an alpha above the standard guideline of 0.7, the scales are suitable for analysis with acceptable reliability.

Cronbach's alpha score of 0.723 (for Performance of small scale business enterprises Scale), 0.778 (for Business financed by personal savings Scale), 0.784 (for Business financed by money lenders Scale), 0.814 (for Business financed by cooperative society Scale), 0.729 (for Business financed by family and friends scale) and 0.701 (for Business financed by banks Scale) were obtained for the entire scales.

This indicates that there is internal consistency of the entire variable scales and that variables construct exhibited strong internal reliability. The results, therefore, confirmed that the instrument used for this study had satisfactory construct validity (See appendix iv for reliability test result).

3.9 Summary

This chapter dealt with the methodology of carrying out the research. The survey research designed was adopted for the study and a sample size of 148 small scale business owners were selected representing 23% of the population. The small scale businesses were chosen under four sectors namely Artisan and Services, Urban and Rural Farming, General trading and Small Scale Manufacturing.

Primary data sourced through of the questionnaire was used. Stratified random technique was adopted for the study. The technique for data analysis used to analyse the data was table, charts, pie charts, bar charts, Pearson Product Moment Correlation and multiple regression analysis.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.1 Introduction

This chapter is devoted to the presentation and analysis of data obtained in the study. The chapter is divided into three sections. The first section deals with the presentation and the analysis of the bio-data of the respondents, which will involve a summary of the data collected using a combination of tabulated description (tables), graphical description (graphs and charts) and statistical commentary. The second section will deal with the analysis of the research questions while the third section will be devoted to the test of hypotheses formulated in chapter one of this study.

4.2 Presentation and Frequency Analysis of Data

Table 4.1: Analysis of Respondents by Age

Age	Frequency	Percent
18-30	69	50.4%
31-50	57	41.6%
51-70	11	8.0%
71-Above	0	0.0%
Total	**137**	**100.0%**

Source: Field Survey (2016)

Table 4.1 above shows that 69 (50.4%) of the respondents are within the age bracket of 18-20, 57 (41.6%) are within the age bracket of 31 – 50 years while only 11 (8.0%) are in the age bracket of 51-70. This result is further shown in the bar chart below:

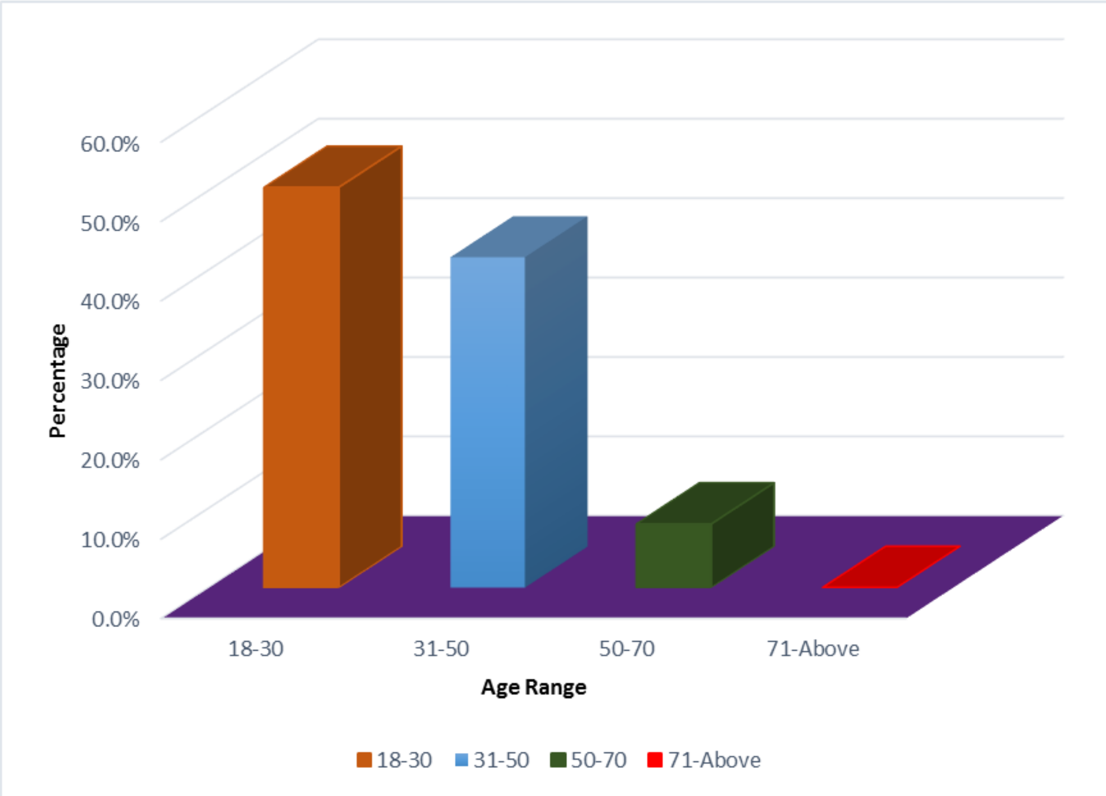


Fig 4.1: Distribution of respondent by age

Table 4.2: Analysis of Respondents by Gender

Gender	**Frequency**	**Percent**
Male	56	40.9%
Female	81	59.1%
Total	**137**	**100.0%**

Source: Field Survey (2016)

Table 4.2 above shows that of all the respondents used in this study, 56 of them representing 40.9% are males while females constitute 81 representing 59.1%, an indication that the females are more than the males. This result is further represented in the pie-chart below:

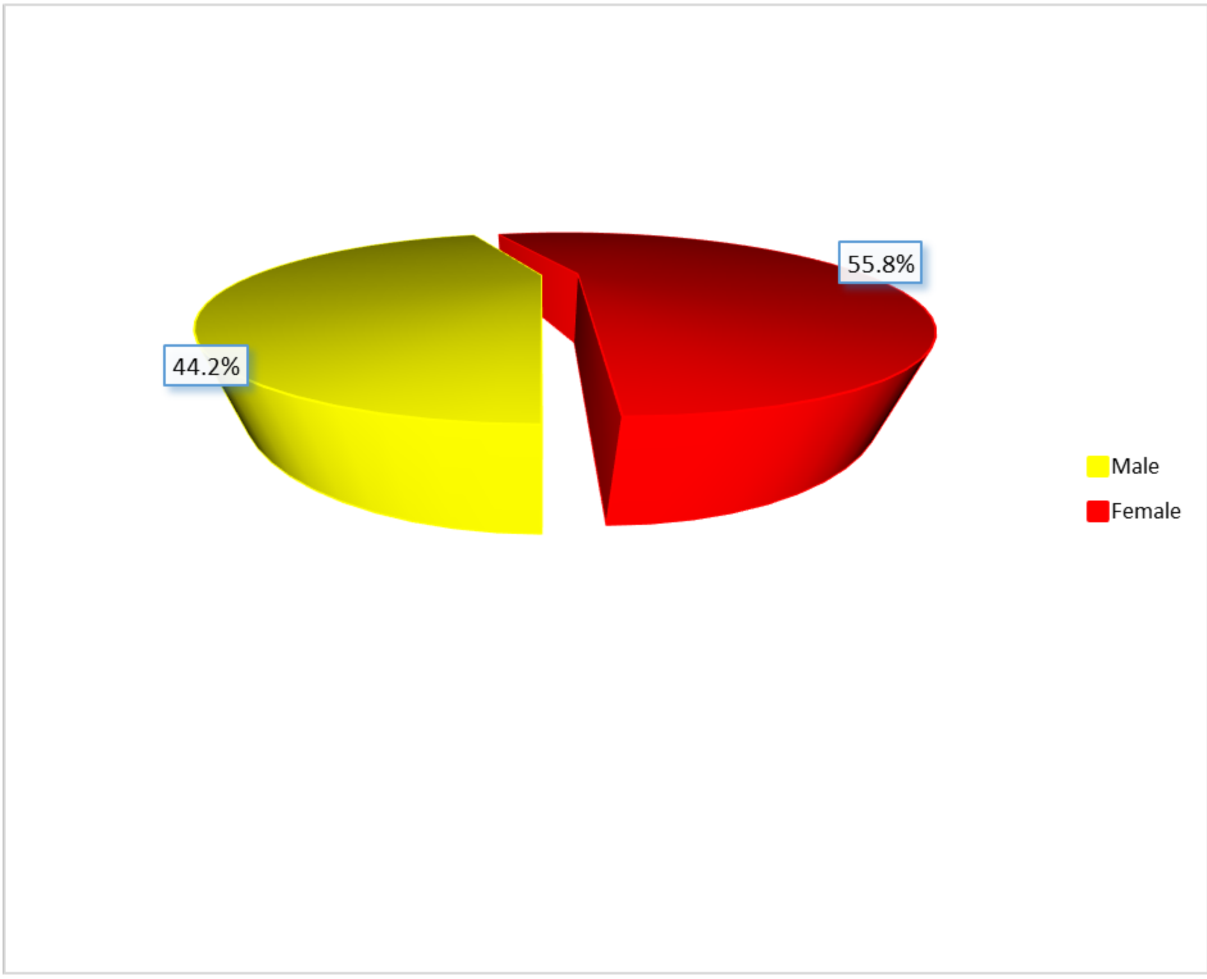


Fig 4.2: Distribution of respondents by gender

Table 4.3: Analysis of Respondents by Marital Status

Marital Status	Frequency	Percent
Single	63	46.0%
Married	73	53.3%
Widowed	1	0.7%
Total	**137**	**100.0%**

Source: Field Survey (2016)

Table 4.3 shows that 63 (46.0%) of the respondents are single, 73 (53.3%) are married while only 1 (0.7%) is widowed. This result showed that a larger percentage of our respondents are married. This is further shown in the Pie chart below:

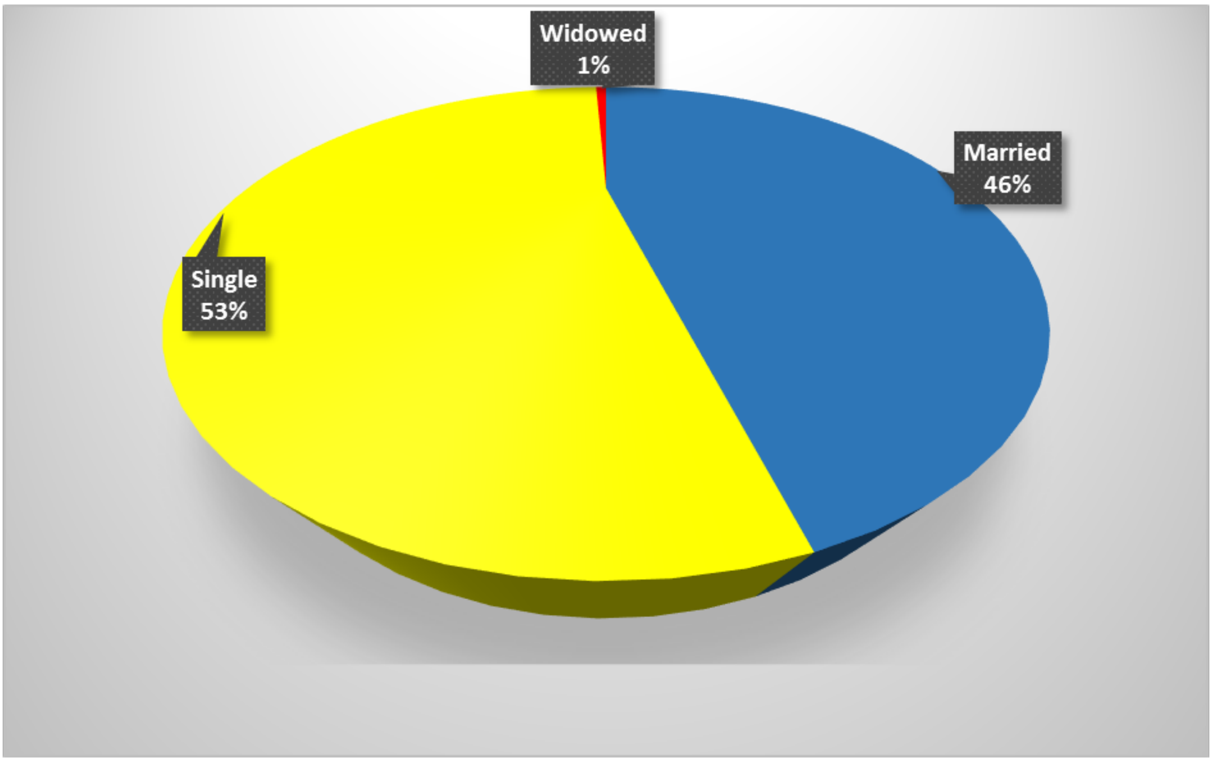


Fig 4.3: Distribution of respondents by marital status

Table 4.4: Analysis of Respondents by Highest level of Education

Highest Level of Education	Frequency	Percent
Primary	4	2.9%
Secondary	42	30.7%
Diploma	21	15.3%
Degree	70	51.1%
Total	**137**	**100.0%**

Source: Field Survey (2016)

Table 4.4 shows that 4 (2.9%) of the respondents have obtained their primary school certificate, 42 (30.7%) have obtained their secondary school certificate, 21 (15.3%) possesses a minimum of Diploma Certificate while 70 (51.1%) have their first degree. This is an indication that all the respondents have one form of education or the other, can read and interpret the questionnaire appropriately. This is further represented in the Bar Chart below:

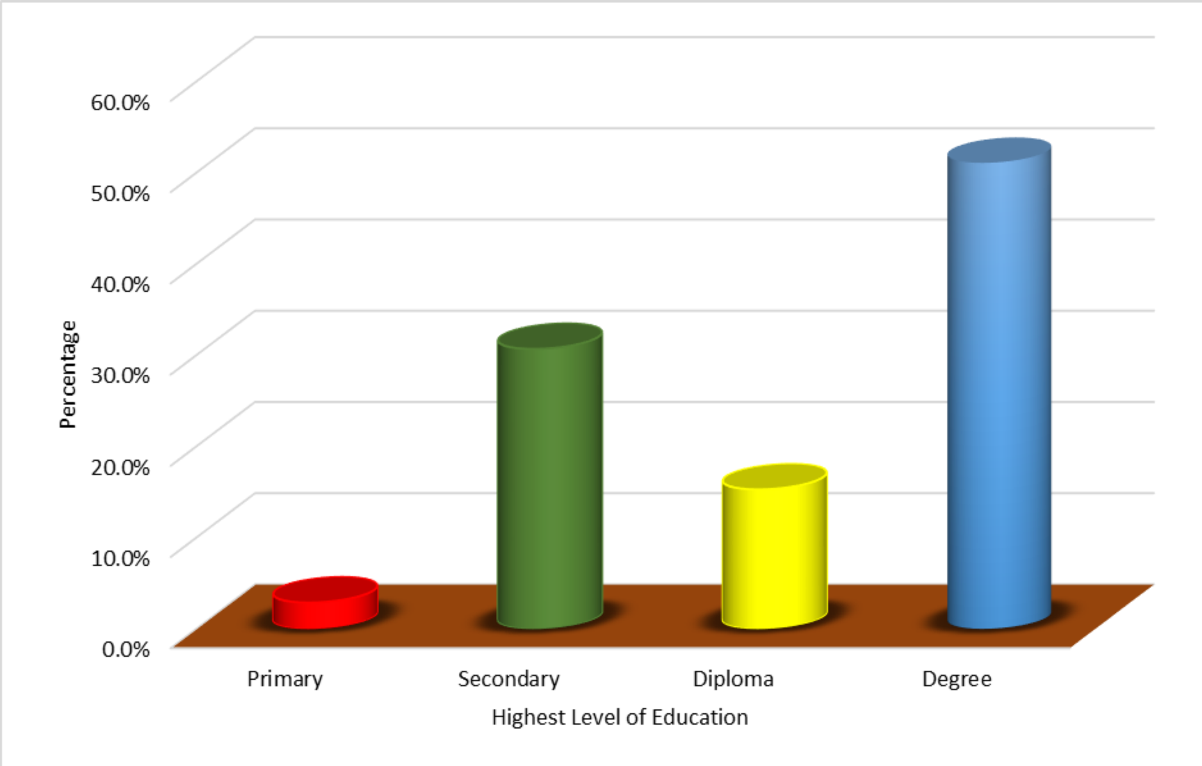


Fig 4.4: Distribution of respondents by highest level of education

Table 4.5: Analysis of Respondents by Sector of Business

Sector of business	**Frequency**	**Percent**
Artisan and Services	49	35.8%
General Trading	76	55.5%
Urban/Commercial Farming	6	4.4%
Small Scale Manufacturing	6	4.4%
Total	**137**	**100.0%**

Source: Field Survey (2016)

Table 4.5 above showed that 49 of the respondents representing 35.8% are Artisans and service renders, 76 (55.5%) are in the general trading, 6 (4.4%) are into urban/commercial farming while 6 (4.4%) are into small scale manufacturing. This result showed that a larger percentage of the respondents are general traders. This is so, considering the location of the study, the people of the location are predominantly traders. This result is further represented in the bar chart below:

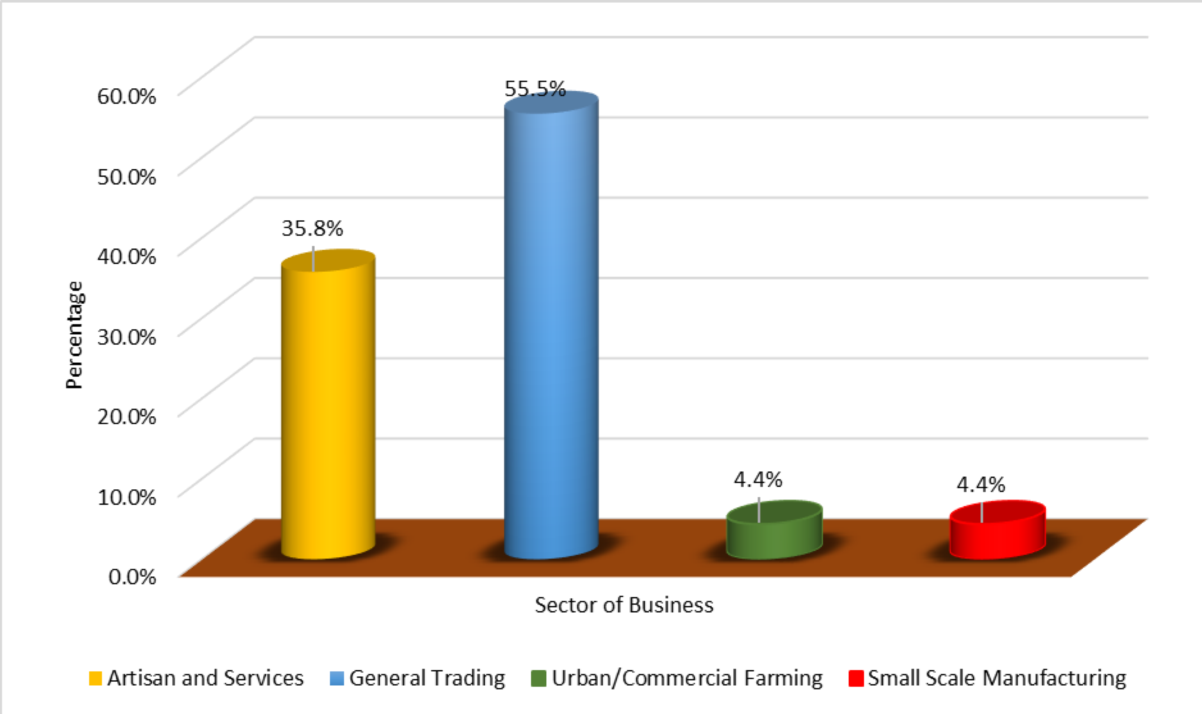


Fig 4.5: Distribution of respondents by sector of business

Table 4.6: Analysis of Respondents by Experience

Business Years of Operation	Frequency	Percent
Less than 2 Years	32	23.4%
2-5 Years	42	30.7%
6-10 Years	31	22.6%
Above 10 Years	32	23.4%
Total	**137**	**100.0%**

Source: Field Survey (2016)

The above table 4.6 revealed that 32 (23.4%) of the respondents have been in business for less than 2 years, 42 (30.7%) have been in business for 2-5 years, 31 of the respondents representing 22.6% have been in business for 6-10 years while 32 (23.4%) have been in business for more than 10 years. This result is further represented in the bar chart below:

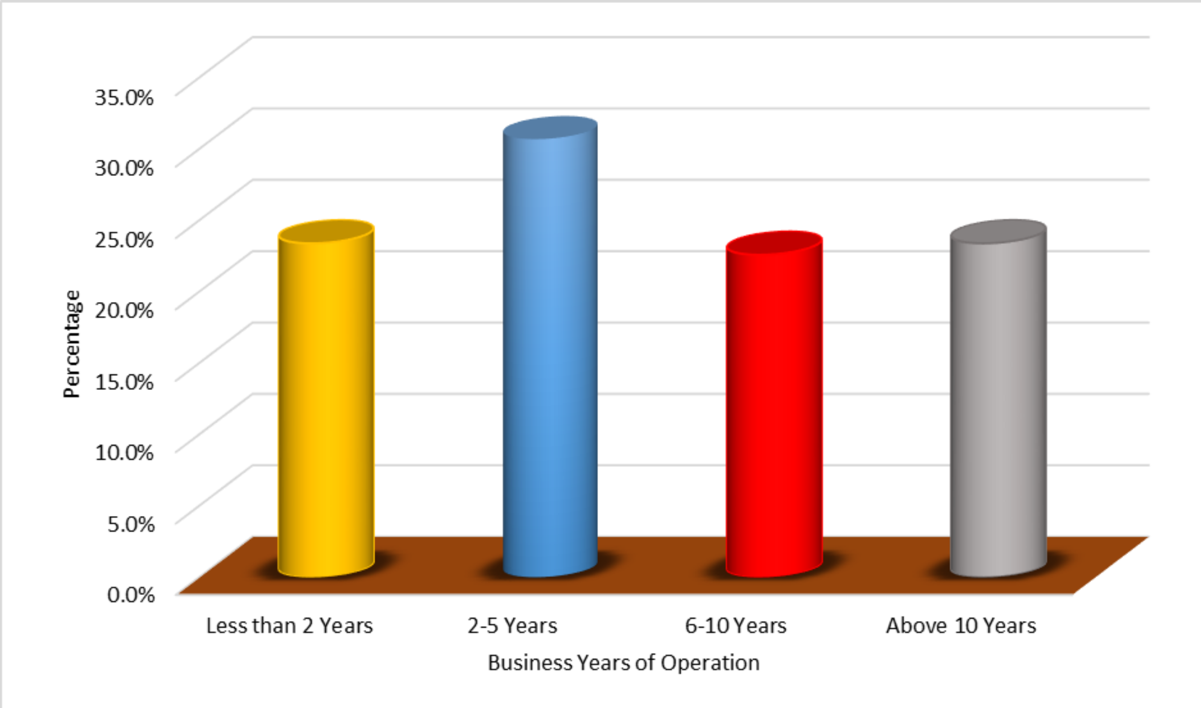


Fig 4.6: Distribution of respondents by business years of operation

Table 4.7: Analysis of Respondents by Form of Business Ownership

Form of Business Ownership	Frequency	Percent
Sole Proprietorship	114	83.2%
Partnership	9	6.6%
Limited Liability	13	9.5%
Joint Venture	1	0.7%
Total	**137**	**100.0%**

Source: Field Survey (2016)

The above table showed the respondents by their form of business ownership. The table revealed that 114 of the respondents representing 83.2% are sole proprietors, 9 (6.6%) are into partnership, 13 (9.5%) are into limited liability while only 1 (0.7%) is in a joint venture. This is an indication that a large percentage of the respondents are sole proprietors. This result is further represented in the bar chart below:

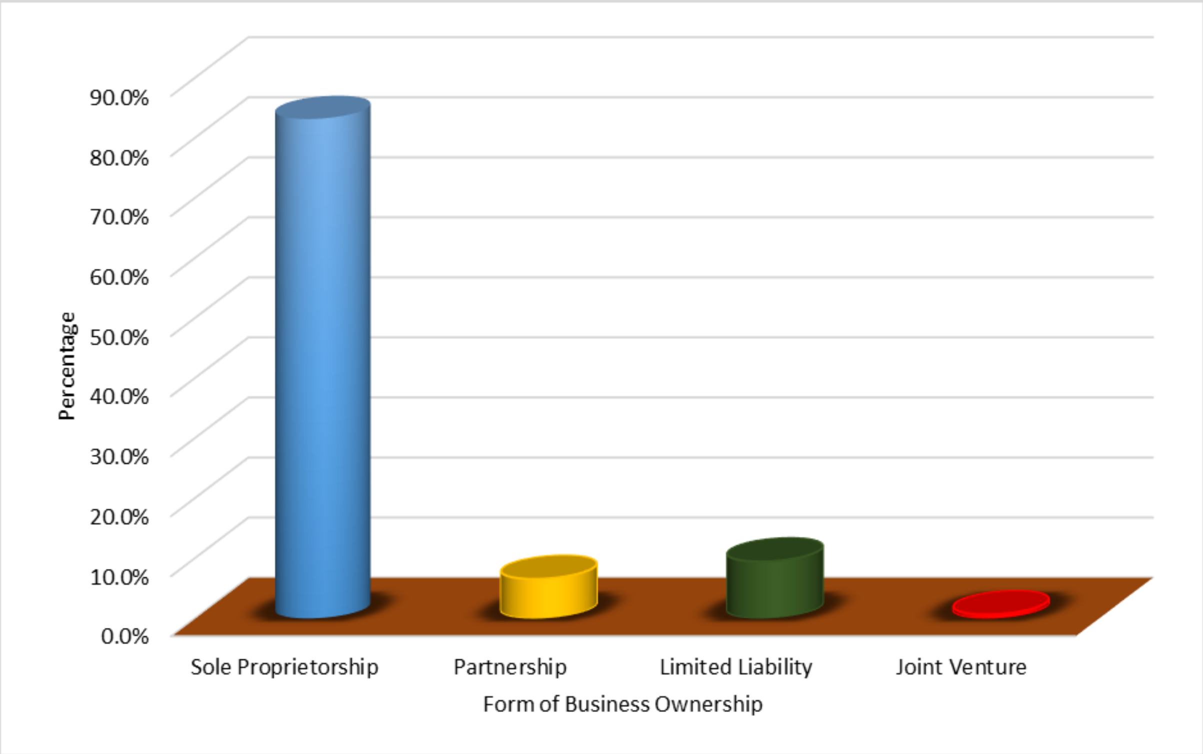


Fig 4.7: Distribution of respondents by form of business ownership

Table 4.8: Analysis of Respondents by Source of Business Finance

Source of Business Finance	Frequency	Percent
Personal Savings	49	35.8%
Loans from Money Lenders	22	16.1%
Loans from Microfinance bank	8	5.8%
Loans from Cooperative Society	24	17.5%
Loans from Family and Friends	34	24.8%
Total	**137**	**100.0%**

Source: Field Survey (2016)

From table 4.8 above, it was revealed that 49 of the respondents representing 35.8% run their business from personal savings, 22 (16.1%) source fund from money lenders, only 8 (5.8%) obtained loan from microfinance bank, 24 (17.5%) source fund from cooperative society while 34 (24.8%) obtained assistance/loans from family and friends. This result indicate that more of the respondents run their businesses from personal savings. This result is further represented in the bar chart below:

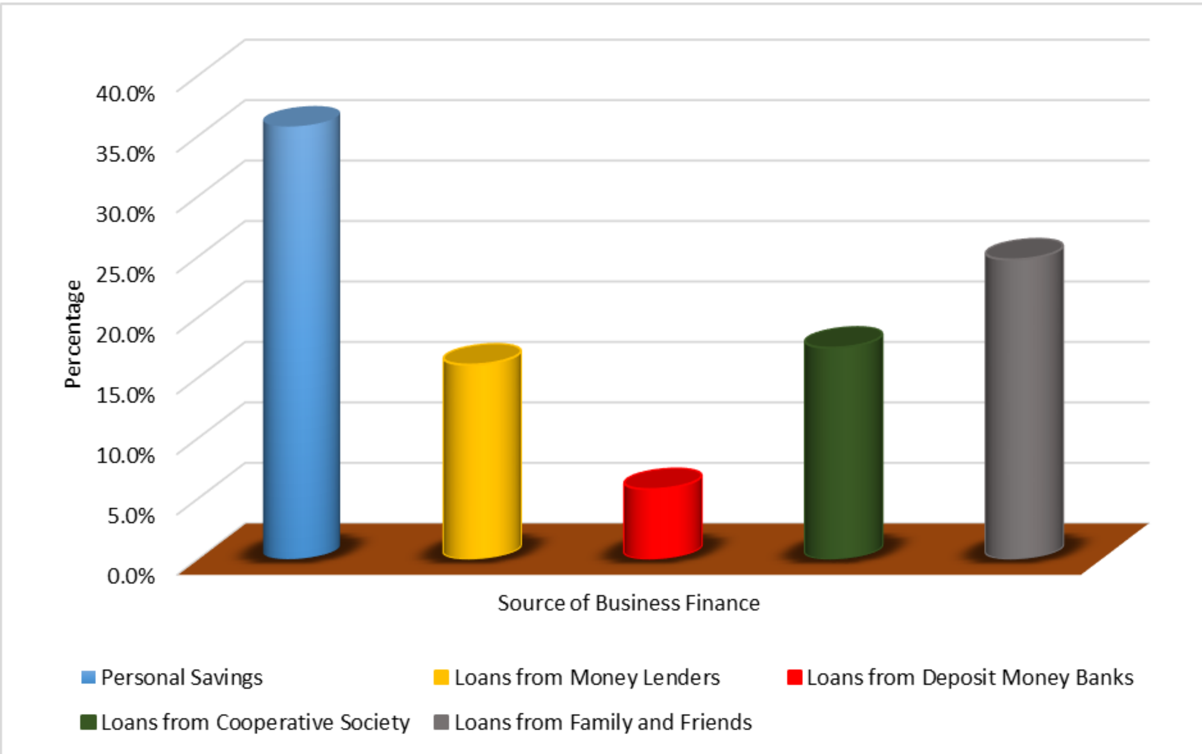


Fig 4.8: Distribution of respondents by source of business finance

4.3 Resolving of Research Questions

Research Question 1: What is the performance of small scale business enterprises financed by personal savings?

Table 4.9: Response analysis on the performance of small scale business enterprises financed by personal savings

Variable	Frequency	Percentage
High Performance	26	53.06%
Low Performance	23	46.94%
Total	**49**	**100%**

Source: Researcher's result (2016)

Table 4.9 above showed the percentage analysis of the performance of small scale business enterprises financed by personal savings. The result showed that of the 49 of the respondents who financed their business through personal savings, 26 of them representing 53.06% obtained high performance while 23 (46.94%) obtain low performance. This implies that the small scale owners that utilized personal savings performed well and 53.06% had high performance. This therefore resolves the first research question that seeks to know the performance of small scale business owners that utilize personal savings source of finance.

Research Question 2: What is the performance of small scale business enterprises financed by money lenders?

Table 4.10: Response analysis of the performance of small scale business enterprises financed by money lenders

Variable	Frequency	Percentage
High Performance	14	63.64%
Low Performance	8	36.36%
Total	**22**	**100%**

Source: Researcher's result (2016)

Table 4.10 above revealed that 14 of the 22 respondents who obtained loan from money lenders representing 63.64% are performing well while 8 (36.36%) are not performing well. This implies that small scale Business owners that utilize money lenders source of finance perform well. This resolves the second research question that seeks to know the performance of small scale business enterprises financed by money lenders.

Research Question 3: What is the performance of small scale business enterprises financed by cooperative society?

Table 4.11: Response analysis of the performance of small scale business enterprises financed by Cooperative Society

Variable	Frequency	Percentage
High Performance	13	54.17%
Low Performance	11	45.83%
Total	**24**	**100%**

Source: Researcher's result (2016)

The result of table 4.11 above showed that of the 24 respondents who claimed to have obtained loan from cooperative society, 13 of them representing 54.17% reported high performance while 11 (45.83%) reported low performance. The results reveal that small scale business owners that utilized finance from cooperative societies performed well with 54.17%.This satisfies the third research question that seeks to know the performance of small scale businesses that utilized cooperative society source of finance.

Research Question 4: What is the performance of small scale business enterprises financed by family and friends?

Table 4.12: Response analysis of the performance of small scale business enterprises financed by Family and Friends

Variable	Frequency	Percentage
High Performance	18	52.94%
Low Performance	16	47.06%

Total	**34**	**100%**

Source: Researcher's result (2016)

Table 4.12 above revealed that 18 (52.94%) of the respondents who got assistance/loan from family and friends are performing well while 16 (47.06%) showed low performance. The results Reveals that small scale Business Owners that utilized finance from family and friends perform well with 52.94%.This satisfies the fourth research Question that seeks to know the performance of small scale businesses owners that utilized family and friends source of finance.

Research Question 5: What is the performance of small scale business enterprises financed by microfinance banks?

Table 4.13: Response analysis of the performance of small scale business enterprises financed by microfinance banks

Variable	**Frequency**	**Percentage**
High Performance	3	37.5%
Low Performance	5	62.5%
Total	**8**	**100%**

Source: Researcher's result (2016)

Table 4.13 above showed that 3 (37.5%) of the respondents who obtained loan from microfinance banks to finance their business showed high performance while 5 (62.5%) of the respondents showed low performance. The results reveals that small scale business owners that utilize micro finance banks did not perform well as only 62.5% had low performance. This satisfies the fifth research question that seeks to know the performance of small scale business owners that utilize micro finance banks as a source of finance.

4.4 Test of Hypotheses

Hypothesis 1: There is no significant relationship between business financed by personal savings and the performance of small scale business enterprises

Table 4.14: Testing of the relationship between businesses financed by personal savings and the performance of small scale business enterprises

Correlations

		Performance of Small Scale Business Enterprises	**Business Financed by Personal Savings**
Performance of Small Scale Business Enterprises	Pearson Correlation	1	.224**
	Sig. (2-tailed)		.008
	N	137	137
Business Financed by Personal Savings	Pearson Correlation	.224**	1
	Sig. (2-tailed)	.008	
	N	137	137

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Researcher's result (2016)

The relationship between business financed by personal savings and the performance of small scale business enterprises was investigated using Pearson product-moment correlation coefficient. Preliminary analyses were performed to ensure no violation of the assumptions of normality and linearity. There was a small, positive correlation between the two variables (r= 0.224, n=137, p<.05). From the result, business financed by personal savings helps to explain 5% of the variance in the performance of small scale business enterprises. Since the p-value obtained is less than 0.05 level of significance, the null hypothesis is therefore rejected.

Hypothesis 2: There is no significant relationship between business financed by money lenders and the performance of small scale business enterprises

Table 4.15: Testing of the relationship between businesses financed by money lenders and the performance of small scale business enterprises

Correlations

		Performance of Small Scale Business Enterprises	**Business Financed by Money Lenders**
Performance of Small Scale Business Enterprises	Pearson Correlation	1	.147
	Sig. (2-tailed)		.087
	N	137	137
Business Financed by Money Lenders	Pearson Correlation	.147	1
	Sig. (2-tailed)	.087	
	N	137	137

Source: Researcher's result (2016)

Table 4.15 above showed a Pearson product moment correlation coefficient which was run to determine the relationship between business financed by money lenders and the performance of small scale business enterprises. Preliminary analyses were performed to ensure no violation of the assumptions of normality and linearity. There was a small, positive correlation between the two variables (r= 0.147, n=137, p>.05). From the result, business financed by money lenders only helps to explain 2.16% of the variance in the performance of small scale business enterprises. The p-value however showed no significant relationship between businesses financed by money lenders and the performance of small scale business enterprises. The null hypothesis is therefore retained.

Hypothesis 3: There is no significant relationship between business financed by cooperative society and the performance of small scale business enterprises

Table 4.16: Testing of the relationship between businesses financed by cooperative society and the performance of small scale business enterprises

Correlations

		Performance of Small Scale Business Enterprises	**Business Financed by Cooperative Society**
Performance of Small Scale Business Enterprises	Pearson Correlation	1	.151
	Sig. (2-tailed)		.079
	N	137	137
Business Financed by Cooperative Society	Pearson Correlation	.151	1
	Sig. (2-tailed)	.079	
	N	137	137

Source: Researcher's result (2016)

Table 4.16 above showed a Pearson's product-moment correlation which was run to assess the relationship between business financed by cooperative society and the performance of small scale business enterprises. Preliminary analyses showed the relationship to be linear with both variables normally distributed, as assessed by histogram and there were no outliers. There was a small positive correlation between business financed by cooperative society and the performance of small scale business enterprises, (r= 0.151, n=137, p>.05), with business financed by cooperative society explaining only 2.28% of the variance in the performance of small scale business enterprises. The p-value obtained (0.79) was found to be greater than 0.05 level of significance, hence the null hypothesis was accepted.

Hypothesis 4: There is no significant relationship between business financed by family and friends and the performance of small scale business enterprises

Table 4.17: Testing of the relationship between businesses financed by family and friends and the performance of small scale business enterprises

Correlations

		Performance of Small Scale Business Enterprises	**Business Financed by Family and Friends**
Performance of Small Scale Business Enterprises	Pearson Correlation	1	.024
	Sig. (2-tailed)		.778
	N	137	137

Business Financed by Family and Friends	Pearson Correlation	.024	1
	Sig. (2-tailed)	.778	
	N	137	137

Source: Researcher's result (2016)

From table 4.17 above, the relationship between businesses financed by family and friends and the performance of small scale business enterprises was investigated using Pearson product-moment correlation coefficient. Preliminary analyses were performed to ensure no violation of the assumptions of normality, linearity and homoscedasticity. Result showed a small positive correlation between the two variables [r= 0.024, n=137, p>0.05]. The result showed that businesses financed by family and friends explain only 0.06% of the total variance in the performance of small scale business enterprises with the p-value obtained (0.778) greater than the 0.05 level of significance. The null hypothesis is therefore retained.

Hypothesis 5: There is no significant relationship between business financed by banks and the performance of small scale business enterprises

Table 4.18: Testing of the relationship between businesses financed by deposit money banks and the performance of small scale business enterprises

Correlations

		Performance of Small Scale Business Enterprises	Business Financed by Banks
Performance of Small Scale Business Enterprises	Pearson Correlation	1	.116
	Sig. (2-tailed)		.179
	N	137	137
Business Financed by Banks	Pearson Correlation	.116	1
	Sig. (2-tailed)	.179	
	N	137	137

Source: Researcher's result (2016)

A Pearson Product-Moment Correlation coefficient was conducted to determine if there is any relationship between businesses financed by deposit money banks and the performance of small scale business enterprises. Preliminary analysis conducted to ensure that the assumptions of normality, linearity and homoscedasticity are not violated showed no violations. The result as shown above, revealed a small correlation between the two variables [r= 0.116, n=137, p>0.05], with businesses financed by deposit money banks explaining only 1.35% of the total variance in the performance of small scale business enterprises. The p-value obtained (0.18) is shown to be greater than 0.05 level of significance. Hence, the null hypothesis is retained.

Hypothesis 6: There is no significant relationship between businesses financed by personal savings, money lenders, cooperative societies, family and friends, and banks and the performance of small scale business enterprises

Table 4.19: Testing of the relationship between businesses financed by personal savings, money lenders, cooperative societies, family and friends, and banks and the performance of small scale business enterprises

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	.856	.502		1.706	.090
Business Financed by Personal Savings	.289	.098	.252	2.938	.004
Business Financed by Money Lenders	.144	.095	.131	1.522	.130
Business Financed by Cooperative Society	.074	.083	.080	.895	.373
Business Financed by Family and Friends	.076	.112	.059	.673	.502
Business Financed by Banks	.112	.103	.097a	1.087	.279
a. Dependent Variable: Performance of Small Scale Business Enterprises					

Source: Researcher's result (2016)

A multiple regression was run to determine the relationship between the various sources of finance (businesses financed by personal savings, money lenders, cooperative societies, family and friends, and banks) and the performance of small scale business enterprises. Result showed that the model (combination of all the sources of finance) as a whole can predict the performance of small scale business enterprises. And that the model as a whole explains 10% of the performance of small scale business enterprises, R^2 = 0.100, F(5, 131) = 2.921, p< .05. Business Financed by Personal Savings makes the strongest unique contribution in explaining the performance of small scale business enterprises (with a Beta value of 0.252) while Business Financed by Family and Friends make less of the contribution (with a Beta value of 0.059). Also, only Business Financed by Personal Savings makes a statistically significant unique contribution to the equation with a P-value of 0.004 which is less than 0.05 level of significance.

4.5 Summary

This chapter focused mainly on the presentation of data and its analysis. It provided answers to the research questions and also tested all the hypothesis formulated for the study.

CHAPTER FIVE

DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

This chapter is which is the fifth and also the last chapter, is devoted to the discussion of the findings of this study, the study conclusion, the recommendation based on the findings of the study, the contribution to knowledge and the suggestions for further research.

5.1 Discussion of Findings

The general objective of this research is to investigate the performance of small scale business financed by five financing source namely; money lenders, personal savings, loans from micro finance banks, cooperative societies and loans form family and friends, based on the analysis of data in this chapter four the following were found out.

The first hypothesis tested the relationship between small scale business financed by personal savings and the performance of small scale business. The results revealed that there is a positive relationship between the two variables, Business financed by personal savings helps to explain 5% of the variance in the performance of small scale enterprises. The study revealed that most small scale business utilizes personal savings for their capital and that this saves them from paying any interest or loans. This supports Evbuomwa et al (2012), who found out that majority of small business owners relied mostly on own funds to fiancé their business. This findings supports Oladele, Oloowokere and Akinruwa (2014). They also found out that there exist a significant level of relationship between personal savings and performance of small scale business. This small scale owner that utilizes this personal savings to finance his business escapes from the cost of borrowing in form of interest rate. Thereby saving that cost which can in turn, impact on his profit. This observation is supported by Kyokutamba (2011), who studied the cost of borrowing and performance of small scale business, she noted that interest rate that small scale business owners incur can reduce their profit. This finding satisfies the first objective stated for the study that seeks to investigate the performance of business financed by owners' personal savings. This finding supports the pecking order theory of small business that states that businesses priorities internal financing to debt before equity.

The second hypothesis tested the relationship between small scale businesses financed by money lenders and the performance of small scale business enterprises. It was revealed that there is no significant relationship between businesses financed by money lenders and the performance of small scale businesses revealing that most small scale business owners don't patronise them. This may be pointed to the fact that they perceive money lender source of financed may be risky and difficult to payback because of high interest rate. This result supports Oladele et al. (2014), who found out money lender source of finance have not actually supported the performance of the businesses in Ado-Ekiti metropolis. They were of the opinion that small scale business owners that utilised the source of finance have no alternative source of finance hence they have to pay the high rate of interest.

This finding also support Olusola and Olusola (2013), who found that most small scale business that complained of high rate of interest paid on loan accessed patronized money lender source of finance. Olusola et al (2015) and Oladele et al (2014), maintain the opinion that small scale business that utilized this source had no option, because the money lenders are able to afford larger volume of loans and over a relatively longer period of repayment. This finding satisfies the second objective stated for the study that seeks to investigate the performance of business financed by money lenders.

Hypothesis Three tested if there is a significant relationship between business financed by cooperation society and the performance of small scale businesses. The study revealed that there is no relationship between the two variables. The study also revealed that only 17.5% percent of the business owners utilized loans form cooperative, indicating that most of them don't belong to any cooperative society. This may further be a reason why most of them didn't utilize this source. It was observed that many cooperatives for small business owners are formed in this study area. This implies that only 17.5% of the small scale are benefiting from these funds. This supports Oladele et al. (2014), who found that reasonable number of SME owners are not enjoying the fuel support of cooperatives as a financial source that can boast their business performance. However the study found out that 54.17% of those business owners that utilized cooperation societies as a sources of their business performed had high performance implying that the source of finance is beneficial to them this finding as in line with Otto and Ukpere (2011). This finding satisfies the third objective for this study.

The fourth hypothesis tested if there is a significant relationship between small business financed by family and friends. The results revealed that there is no significant relationship between both variables, it was also found out from the analysis of research question four that 52.94% of business owners that utilized family and friends source of financed had high level of performance. From the study of financed had high level of performance from the survey, it was also revealed that after the personal saving sources of finance, the small scale business owners, preferred, loans or funds for family and friends, mainly because it attracted very little or no interest rate. This supported the finding of Oladele et al. (2014). This finding satisfies the fourth objectives for this study.

The fifth hypothesis tested the significant relationship between loans from microfinance bank and performance of small scale business. The study revealed that there is no significant relationship between variable, which could be explained by the low patronage of small business to this source of finance. From the survey, only 5.8% of the respondents utilized this source of financed. This could further be explained by the ‘phobia’ of this source of finance by the small scale business owners. They complain of the interest rate and sometime stringent requirements of these banks. Small business owners are scared of this source maybe because they are not fully aware and sensitized. It was observed that they don't even want to consider or have a good knowledge about this source. It was also found that 62.3% of the business that utilized this source had low performance. This satisfies the fifth objective of this study. This finding is in line with the pecking order theory for small business and the financial growth theory. This finding areas with Akingunola (2011), who observed and found a demand supply gap of micro loans. It also in line with the study of Oladele et al (2014) and Mayenga and Mashenene (2014).

The sixth hypothesis tested the relationship between the sources of finance studied (Personal savings, money lenders, cooperative societies, family and friends and microfinance banks). Result showed that the combination of all the sources of finance can predict the performance of small scale business which implies that all can influence performance. This results is also in support of Oladele et al (2014), who found that all the sources of finance studied a significant in predicting performance of small scale business. This finding satisfies the sixth objectives of the study.

5.2 Conclusion

The study analysed the performance of small business utilising personal saving, loans from cooperatives, money lenders, family and friend and microfinance banks. These formed the independent variables while performance measured by sales volume and profitability formed the dependent variable.

Small scale business owners utilize mostly their personal savings as their capital whether it is enough or not as they are mostly scared of interest rate from other sources. These small scale owners don't really consider whether the owner capital is enough for them or not, they rather remain small or not do business at all than for some of them to source financing.

Small scale business owners don't often utilize money lender source of finance as they perceive it to be risky because of the interest rate charged. They prefer cooperative societies sources and family & friends. But most of them are not members of the cooperative society as they are not aware of some benefit it can bring. Majority of small scale business owners surveyed don't utilized microfinance bank sources of finance because of fear of the unknown. They don't even want to inquire about their terms and conditions so they resort to other sources of finance.

The study concludes that all the sources of finance study can predict the performance of small scale businesses in Delta State.

5.3 Recommendations

Based on the research findings the following recommendation are advanced:

1. Proper sensitization and encouragement of the need for small scale business owners to look outside their personal savings should be done by all government small business stakeholders. Examples, the Small and Medium Enterprises Development Agency (Smedan), Bank of Industry, Ministry of Commerce, etc.
2. The money lenders under the informal financial market should be registered with the government so that their dealing with the small scale business owners can be accessed, since they can give large volume of loans.
3. Government should ensure through her regulatory bodies that microfinance bank loans should be low and affordable and also organise enlightenment programs regularly for these small scale business owner, so that they can utilize that source without fear of the unknown

4. Government should encourage small scale business owners to go into farming and manufacturing. This will impact on the Gross Domestic Product (GDP) of the economy. It was observed that only 8.8% of the sample was involved in farming and manufacturing activities in a small scale.

5.4 Contribution to Knowledge

This work specifically contributes to these areas:

1. The study has provided empirical evidence on sources of financing and performance of small scale business in Delta state Nigeria.
2. The study has established that most small scale business owners in Delta State are not involved in small scale manufacturing that will boast the gross domestic product, rather they are more focused on general trading.
3. The study has shown that all the five sources of finance put together can predict the performance of small scale business in Delta State.
4. The study revealed the individual impact of the five sources of finance studied, (personal saving, loans from, microfinance bank, family & friends, cooperative sources

and money lenders) with performance of small scale businesses in Delta State.

5. The study established that individuals between the age of 18-50 are more engaged in small business in Delta State.

5.5 Suggestions for Further Research

The study focused on financing sources on performance of small businesses in Delta State. It looked at only five financing options and two performance variables to measure performance; future researchers can therefore look at:

1. Other financing sources apart from the five studied namely, personal savings, loans from money lenders cooperative societies, family and friends and microfinance banks.
2. Other performance variables apart from the sales level and profitability used in this study
3. Other locations in Nigeria other than Delta State

Other sections of small scale businesses apart from the four studied (Artisans and services, general trading, small scale, manufacturing and Urban/ rural farming) can be looked at by other researchers.

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APPENDIX I

QUESTIONNAIRE

Department of Banking and Finance,
Delta State University,
Asaba.
20^{th} August, 2016.

Dear Respondents

QUESTIONNAIRE ON FINANCING AND PERFORMANCE OF SMALL SCALE BUSINESS ENTERPRISE

I am Ubiomoh Emuobo Princess, a post-graduate student of Delta State University Asaba, pursuing a Masters of Science (MSc.) Degree in Banking and Finance. As part of the requirements for the fulfilment of the award, I am required to present a research report on the topic, **Finance Sources on Performance of Small Scale Business in Delta State.**

In this regard, your response to this questionnaire will go a long way towards ensuring the success of this research. The study is purely academic, therefore, be rest assured that your responses will be used only for academic purpose as your responses will be treated with utmost confidentiality.

Thank you in advance.

Yours Faithfully,

Ubiomoh Emuobo Princess

SECTION A

DEMOGRAPHIC CHARACTERISTICS

Age: 18-30 [ ] 31-50 [ ] 51-70 [ ] 71 and Above [ ]

Gender: Male [ ] Female [ ]

Marital Status: Single [ ] Married [ ] Divorced [ ] Widowed [ ]

Highest Level of Education: Primary [ ] Secondary [ ] Diploma [ ] Degree [ ]

What Sector of Business are you engaged in?

[ ] Artisan and Services (e.g. hair dressing, tailor, school, mechanic, etc.)

[ ] General Trading (Wholesale and retail)

[ ] Urban/Commercial Farming (Poultry, fishery, plantain, selling, palm oil)

[ ] Small Scale Manufacturing (Cream, soap, paint production, etc.)

How long have you been in Business? Less than 2 years [ ] 2-5 years [ ]
6-10 Years [ ] above 10 Years [ ]

What form of business ownership do you operate?

[ ] Sole proprietorship
[ ] Partnership
[ ] Limited Liability

[ ] Joint Venture
Others (Specify) ____________________

What is the source of Business finance?

[ ] Personal savings (Daily pay, Esusu, Savings at Banks)

[ ] Loan from money lenders

[ ] Loans from deposit money banks

[ ] Loans from cooperative society

[ ] Loans from family and friends

Instruction: From section B through Section G, please tick [√] the option that best suits your opinion using the keys below:
SA: Strongly Agree [4] **A:** Agree [3] **D:** Disagree [2]
SD: Strongly Disagree [1]

SECTION B
QUESTIONNAIRE ON PERFORMANCE OF SMALL SCALE BUSINESS ENTERPRISES

S/N	Statement	SA	A	D	SD
1	I pay my staff promptly and regularly				
2	I give monetary gift to loyal customers				
3	Through this business, I can meet all my financial needs				
4	I always have enough money to carryout maintenance when the need arises without taking loans from external body				
5	Through this business, I can take care of my family very well				
6	The profit I make from this business far surpasses my expenses				
7	Sales from this business is always increasing				
8	My staff are highly paid				
9	My business savings at the bank is increasing				
10	With this business I don't need a government or any other job				

SECTION C

QUESTIONNAIRE ON BUSINESS FINANCED BY PERSONAL SAVINGS

S/N	Statement	SA	A	D	SD
1	I started my business with my personal savings				
2	When I run out of cash I fall back to my savings				
3	Sometimes I use my personal savings for running cost				
4	Any money I get as a gift, I add it to the business				
5	I always convert the profit I make from the business into capital to increase the business				
6	It is better for the business to go down than for me to source fund from external body				
7	I would rather not trade than to buy goods on credit and pay later				
8	I hate taking loan from the bank or any other body				
9	I hate begging money from family and friends				
10	I believe I can make it without external loan or assistance from family and friends				

SECTION D

QUESTIONNAIRE ON BUSINESS FINANCED BY MONEY LENDERS

S/N	Statement	SA	A	D	SD
1	I collected money from money lenders to start my business				
2	Money lenders are not known to monitor your business as banks do				
3	When I run out of cash in my business, I run to money lenders for bailout				
4	I prefer money lenders to other sources of finance				
5	Borrowing money from lenders is very risky				
6	If you take loan from money lenders, it will be difficult to pay back				
7	I don't like money lenders because their interest rate is too high				
8	I often source for fund from money lenders in order to cover running cost				
9	I will advise other business people to source for fund from money lenders				
10	Money lenders are usually very flexible in their terms and conditions				

SECTION E

QUESTIONNAIRE ON BUSINESS FINANCED BY COOPERATIVE SOCIETY

S/N	Statement	SA	A	D	SD
1	I collected money from cooperative society to start my business				
2	I joined cooperative society so that I can assess loan				
3	There is a lot to benefit from cooperative society				
4	Cooperative societies are known to assist their members in terms of finance				
5	I use loan gotten from cooperative societies to finance my business and for personal use				
6	Because I am a bonafide member of cooperative society, I always have access to loan				
7	I always run to cooperative society when I run out of cash in my business				
8	Most cooperative societies do not require collateral				
9	I prefer using cooperative society to source for fund for capital investment				
10	It is much easier assessing funds from cooperative society than any other money lending venture				

SECTION F

QUESTIONNAIRE ON BUSINESS FINANCED BY FAMILY AND FRIENDS

S/N	Statement	SA	A	D	SD
1	My families supported me when I started this business				
2	I sometimes appeal for funds from friends when the need arise				
3	At the beginning of any business season, I often run to my families for help				
4	When I run out of cash in my business my husband/wife is always there to bail me out				
5	I will rather solicit funds from family and friends than to use my personal savings in my business				
6	I prefer taking loan from families and friends than meeting any money lenders or going to the bank				
7	My families are too unconcern to assist me financially				
8	When friends assist you in your business, they will not want to pay when they patronise you				
9	Collecting money from friends is very risky because they will want you to be loyal to them for the rest of your life				
10	My friends are too self-centred to give any financial assistance				

SECTION G
QUESTIONNAIRE ON BUSINESS FINANCED BY BANKS

S/N	Statement	SA	A	D	SD
1	When I started my business, I collected loan from the Bank				
2	Loan from the bank is safer than any other source of loan				
3	I would rather collect loan from the bank than spend my personal savings				
4	When it comes to capital project, loan from the bank is the answer				
5	I would recommend anyone to collect loan from the bank				
6	Banks are usually too organise to fail				
7	The conditions required by banks are too stringent for small scale business				
8	I don’t take loan from the Banks because they are too profit oriented				
9	I would rather not do business at all than to go the bank to collect loan				
10	My bank is always there to bail me out whenever I am in financial distress				

APPENDIX II

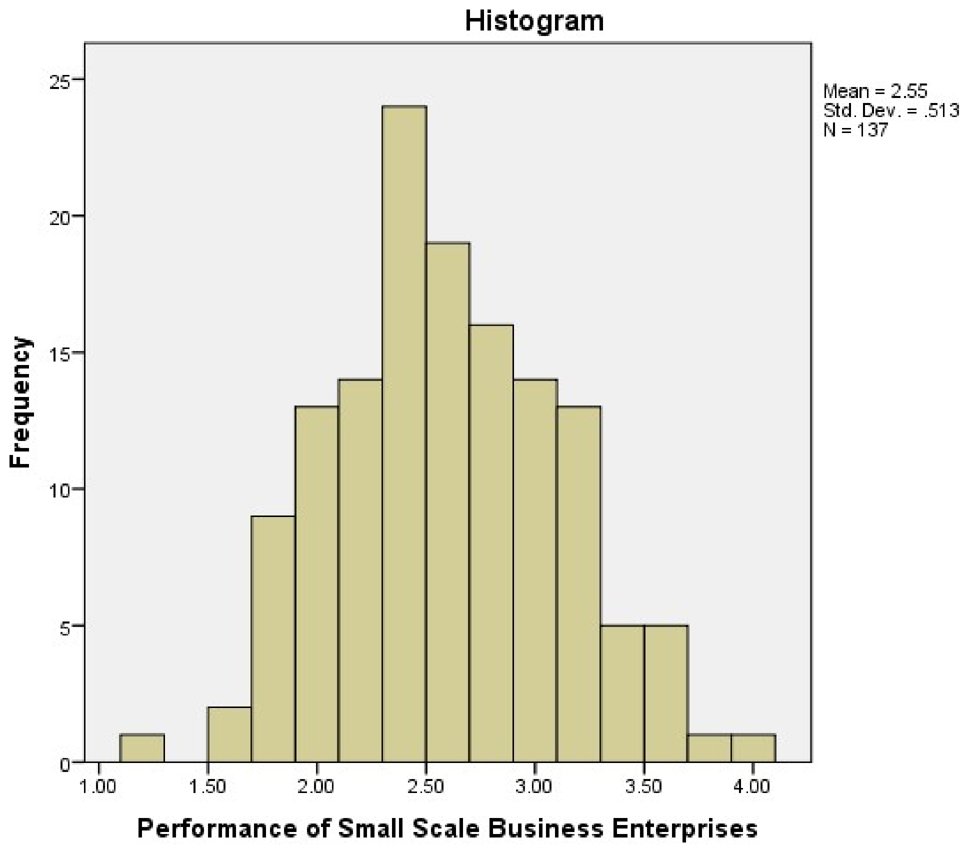
TEST OF NORMALITY

HYPOTHESIS 1

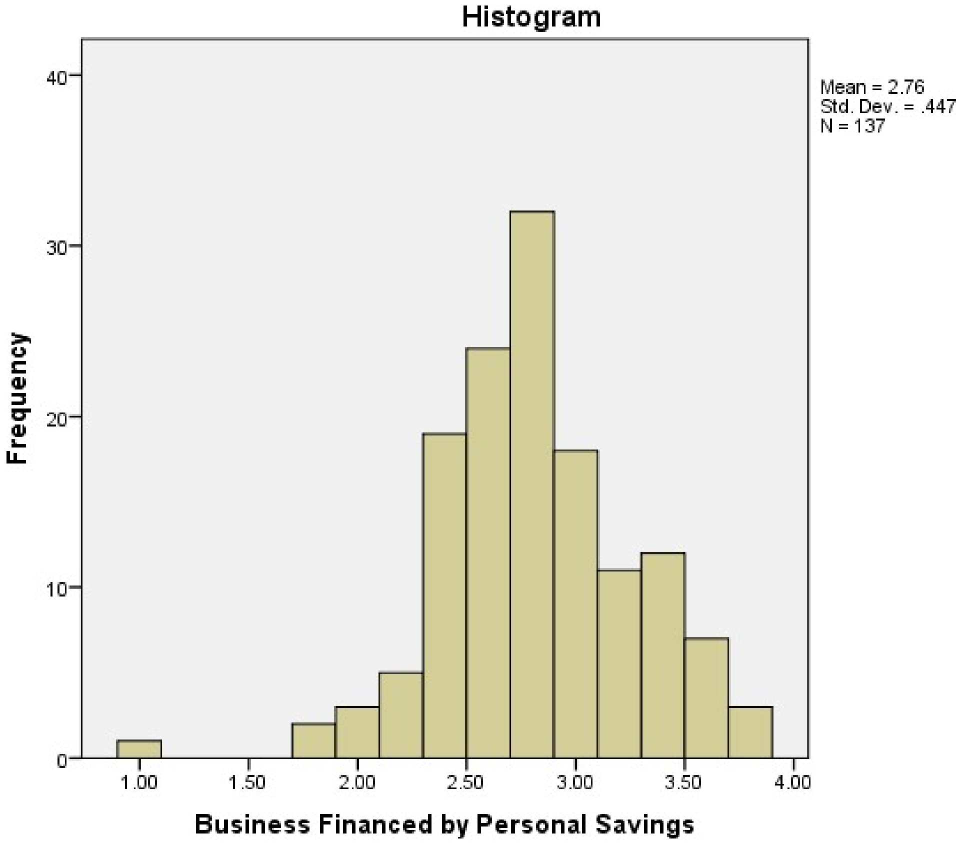
Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Performance of Small Scale Business Enterprises	137	100.0%	0	0.0%	137	100.0%
Business Financed by Personal Savings	137	100.0%	0	0.0%	137	100.0%

Performance of Small Scale Business Enterprises



Business Financed by Personal Savings

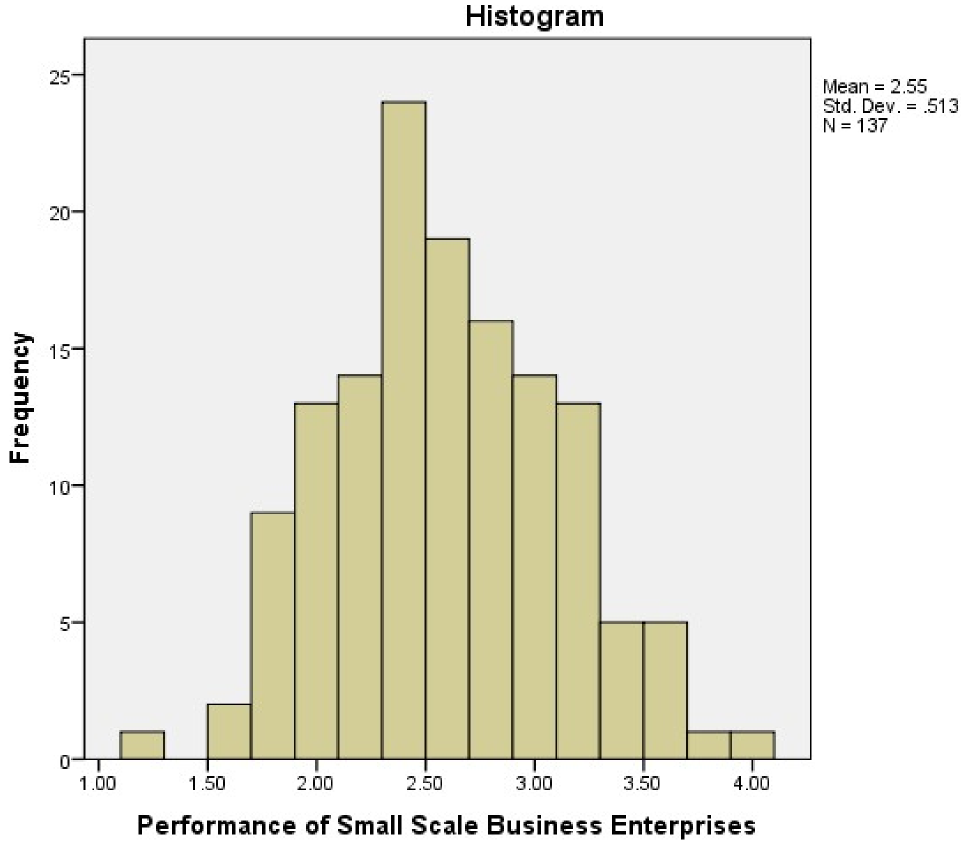


HYPOTHESIS 2

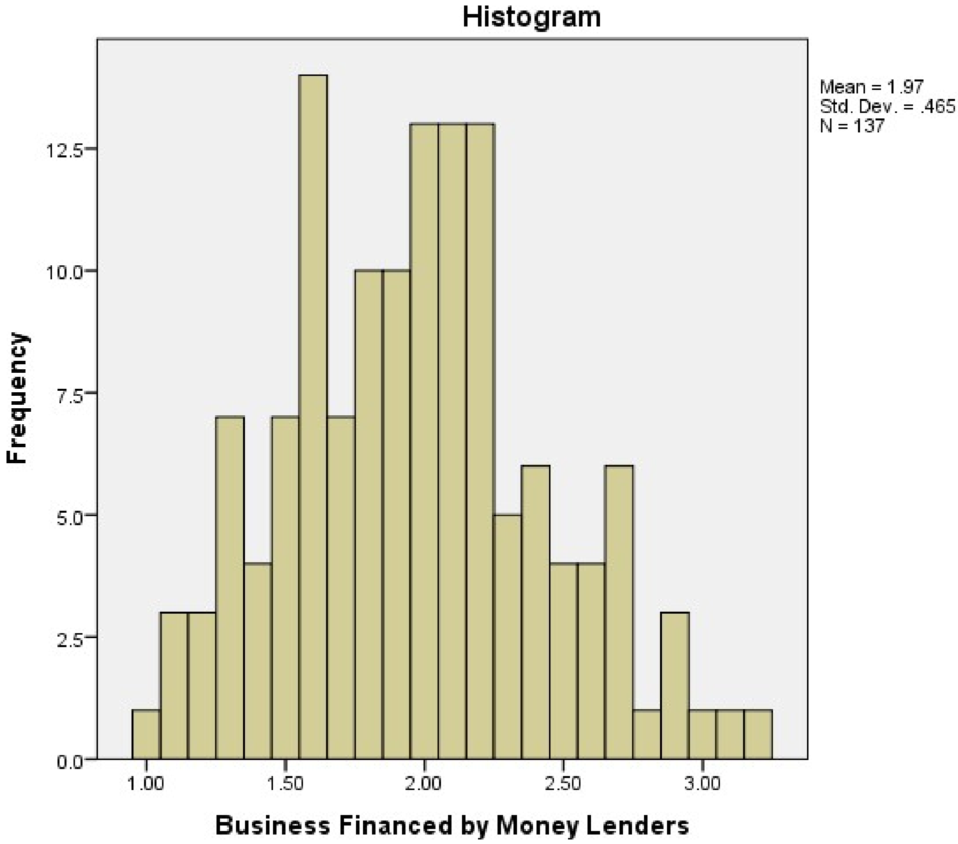
Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Performance of Small Scale Business Enterprises	137	100.0%	0	0.0%	137	100.0%
Business Financed by Money Lenders	137	100.0%	0	0.0%	137	100.0%

Performance of Small Scale Business Enterprises



Business Financed by Money Lenders

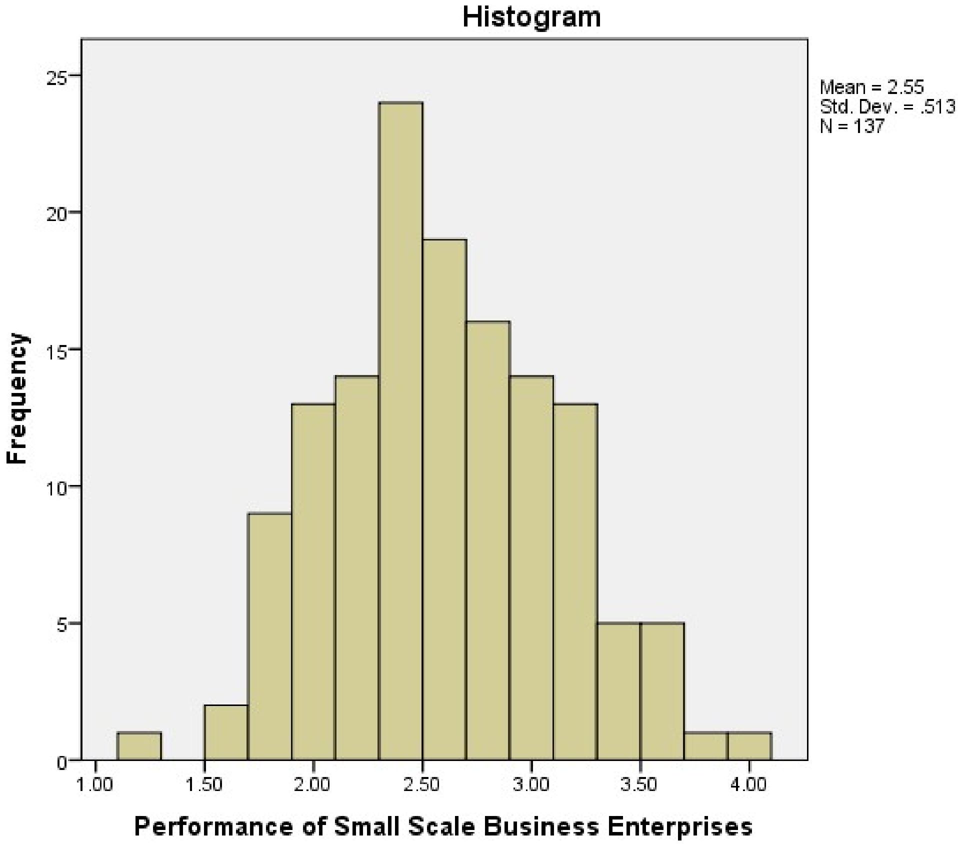


HYPOTHESIS 3

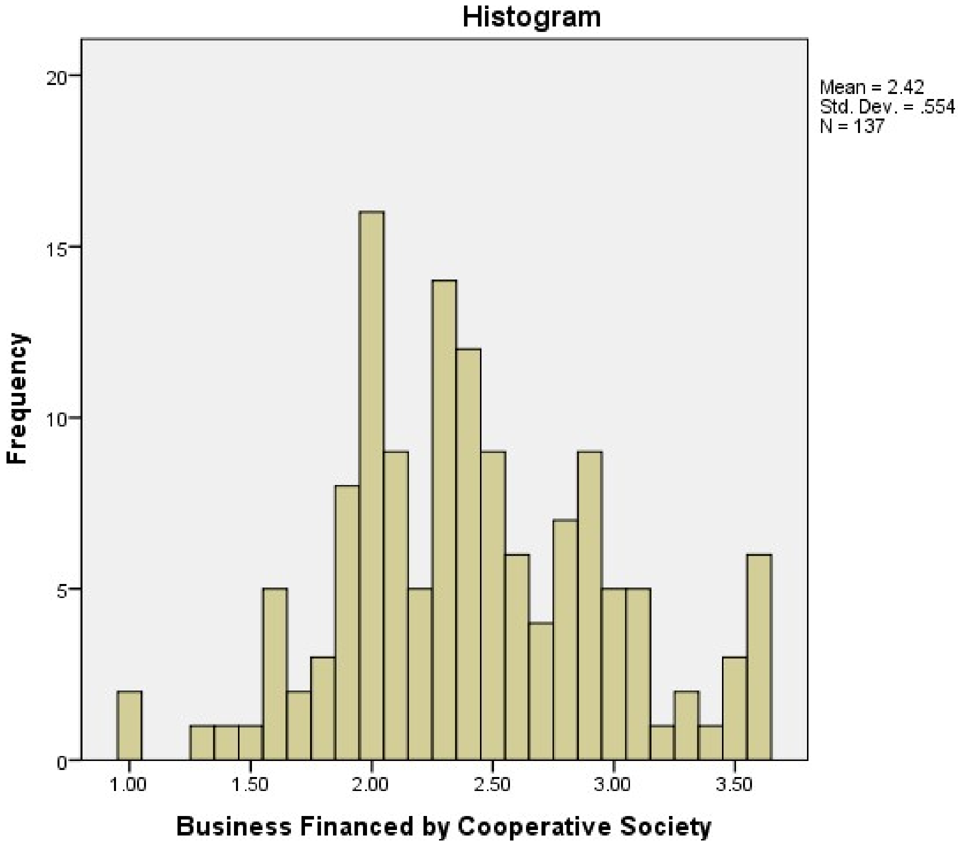
Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Performance of Small Scale Business Enterprises	137	100.0%	0	0.0%	137	100.0%
Business Financed by Cooperative Society	137	100.0%	0	0.0%	137	100.0%

Performance of Small Scale Business Enterprises



Business Financed by Cooperative Society

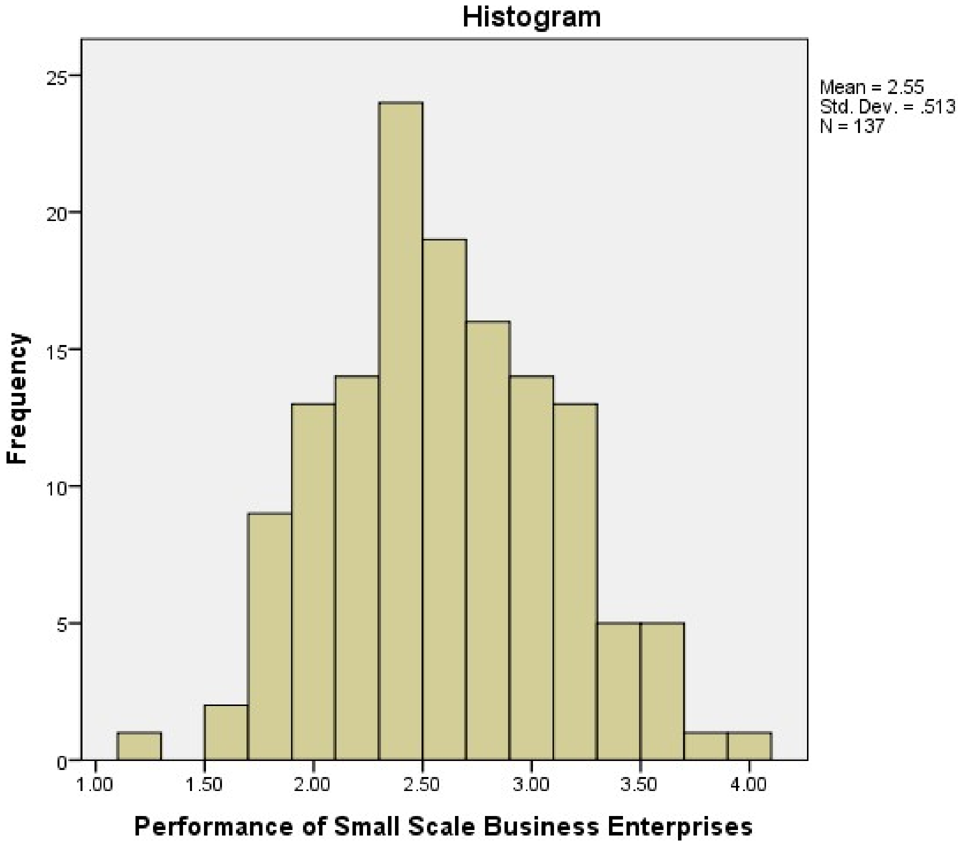


HYPOTHESIS 4

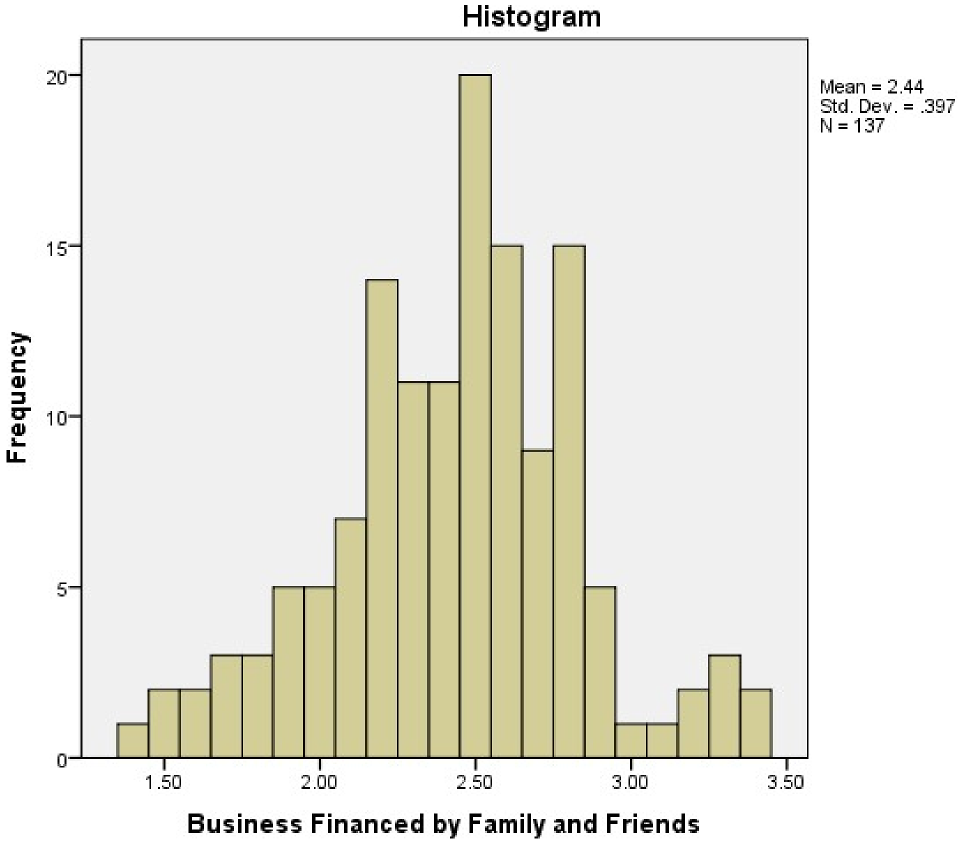
Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Performance of Small Scale Business Enterprises	137	100.0%	0	0.0%	137	100.0%
Business Financed by Family and Friends	137	100.0%	0	0.0%	137	100.0%

Performance of Small Scale Business Enterprises



Business Financed by Family and Friends

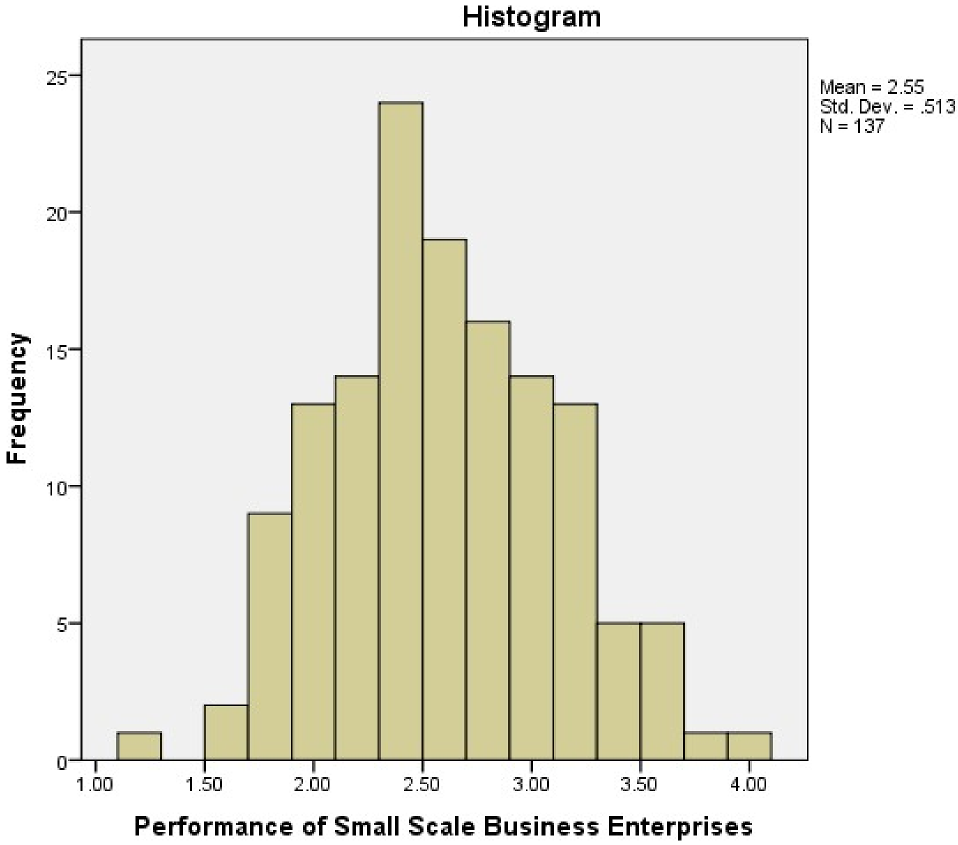


HYPOTHESIS 5

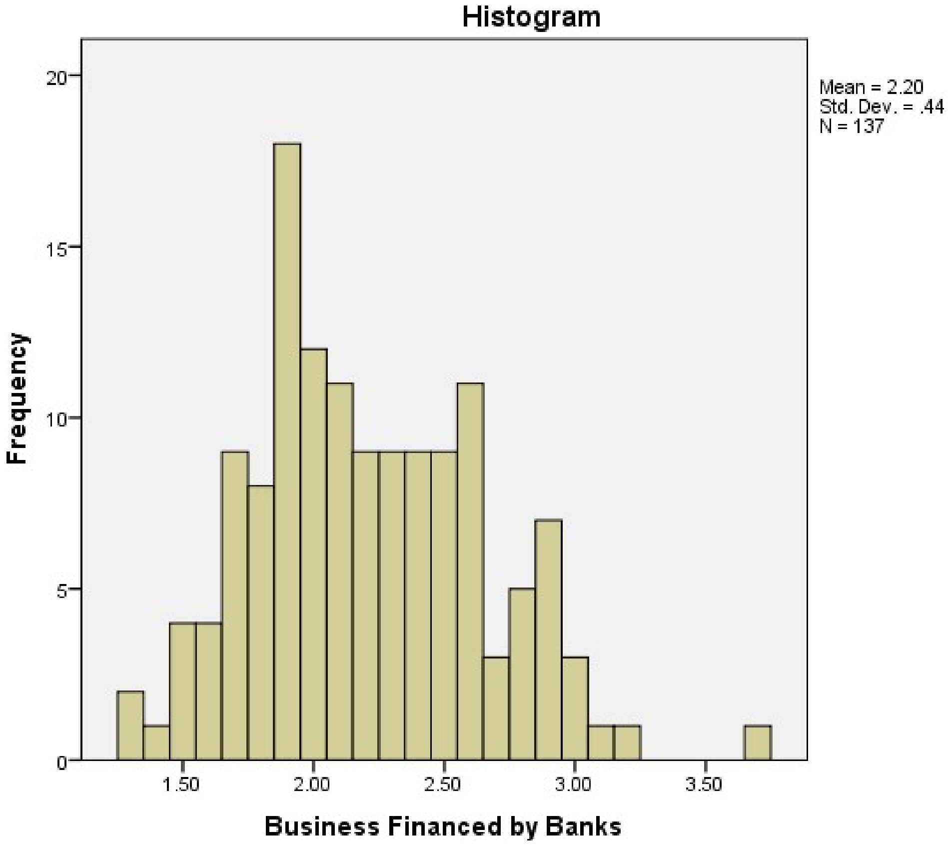
Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Performance of Small Scale Business Enterprises	137	100.0%	0	0.0%	137	100.0%
Business Financed by Banks	137	100.0%	0	0.0%	137	100.0%

Performance of Small Scale Business Enterprises



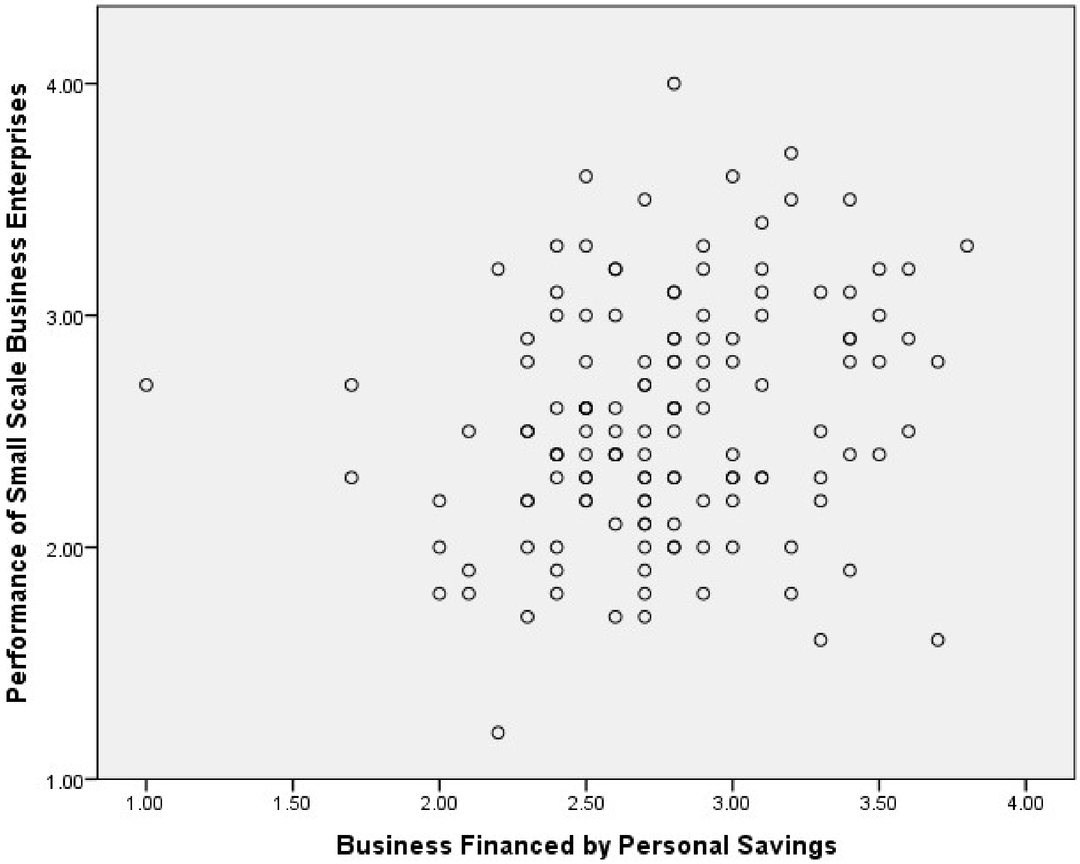
Business Financed by Banks



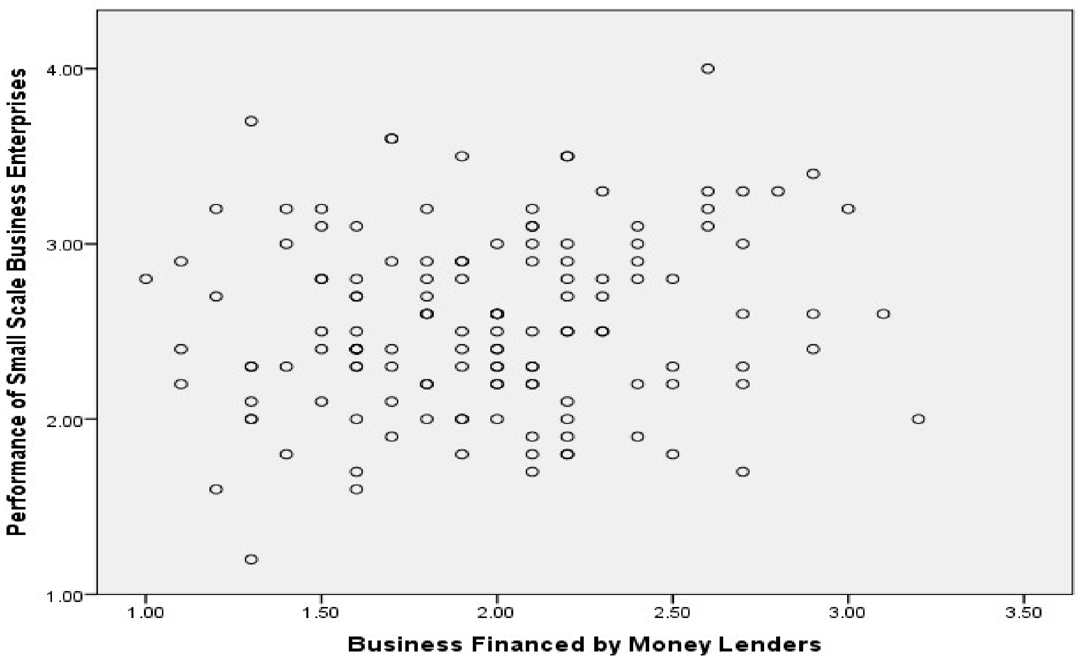
APPENDIX III

TEST OF LINEARITY

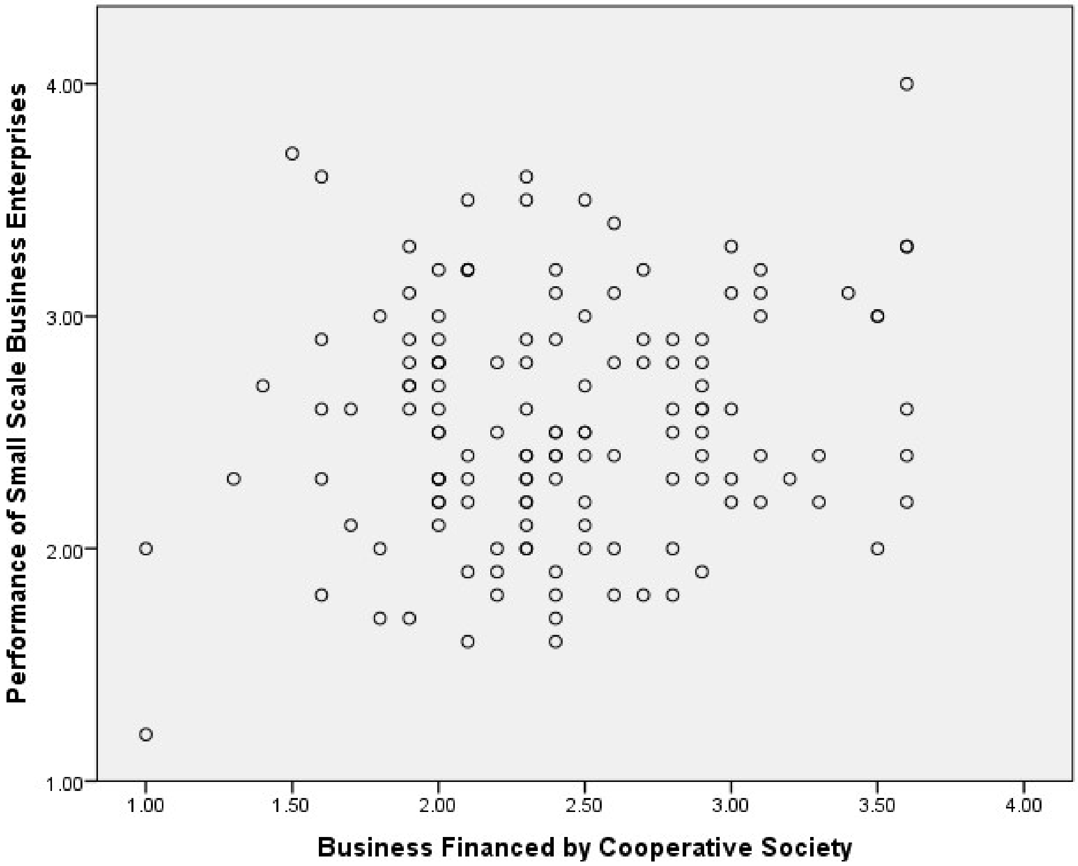
HYPOTHESIS 1



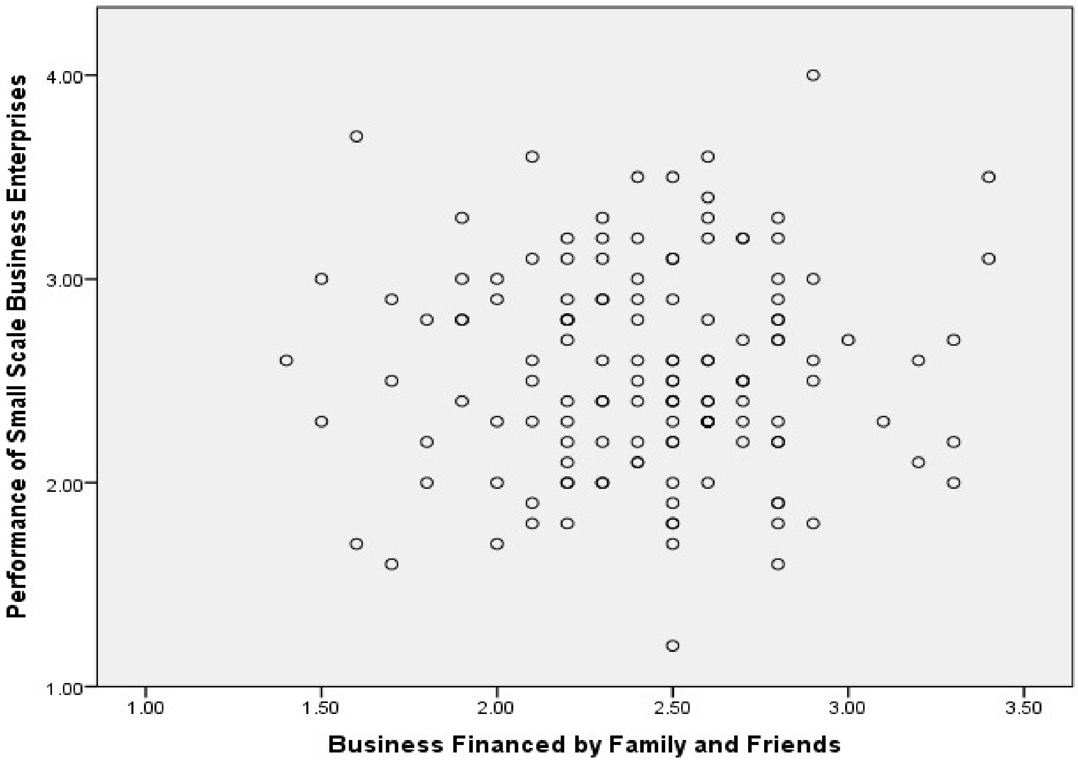
HYPOTHESIS 2



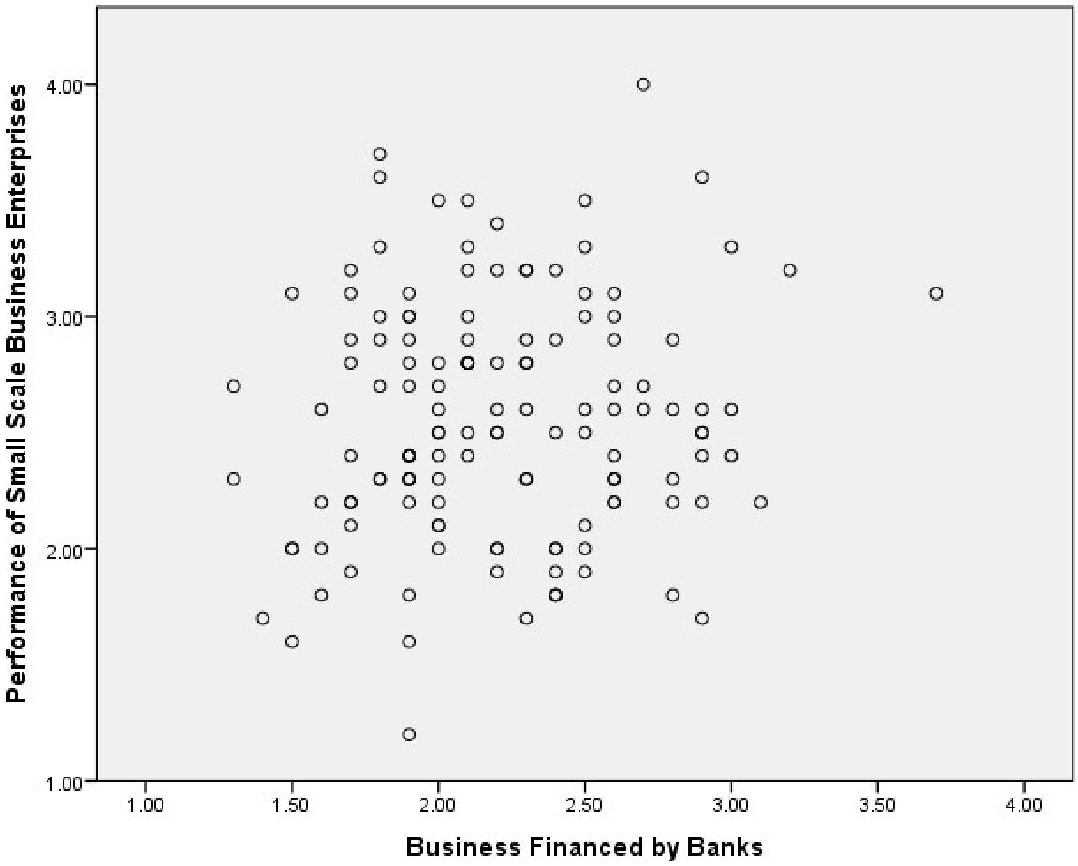
HYPOTHESIS 3



HYPOTHESIS 4



HYPOTHESIS 5



APPENDIX IV

MULTIPLE REGRESSION OUTPUT

Descriptive Statistics

	Mean	Std. Deviation	N
Performance of Small Scale Business Enterprises	2.5511	.51279	137
Business Financed by Personal Savings	2.7642	.44668	137
Business Financed by Money Lenders	1.9679	.46462	137
Business Financed by Cooperative Society	2.4197	.55371	137
Business Financed by Family and Friends	2.4365	.39702	137
Business Financed by Banks	2.2044	.44040	137

Correlations

		Performance of Small Scale Business Enterprises	Business Financed by Personal Savings	Business Financed by Money Lenders	Business Financed by Cooperative Society
Pearson Correlation	Performance of Small Scale Business Enterprises	1.000	.224	.147	.151
	Business Financed by Personal Savings	.224	1.000	-.050	.032
	Business Financed by Money Lenders	.147	-.050	1.000	.253
	Business Financed by Cooperative Society	.151	.032	.253	1.000
	Business Financed by Family and Friends	.024	-.239	.021	.031
	Business Financed by Banks	.116	-.104	.073	.288
Sig. (1-tailed)	Performance of Small Scale Business Enterprises	.	.004	.044	.039
	Business Financed by Personal Savings	.004	.	.283	.357
	Business Financed by Money Lenders	.044	.283	.	.001
	Business Financed by Cooperative Society	.039	.357	.001	.
	Business Financed by Family and Friends	.389	.002	.403	.359

	Business Financed by Banks	.089	.114	.197	.000
N	Performance of Small Scale Business Enterprises	137	137	137	137
	Business Financed by Personal Savings	137	137	137	137
	Business Financed by Money Lenders	137	137	137	137
	Business Financed by Cooperative Society	137	137	137	137
	Business Financed by Family and Friends	137	137	137	137
	Business Financed by Banks	137	137	137	137

Correlations

		Business Financed by Family and Friends	Business Financed by Banks
Pearson Correlation	Performance of Small Scale Business Enterprises	.024	.116
	Business Financed by Personal Savings	-.239	-.104
	Business Financed by Money Lenders	.021	.073
	Business Financed by Cooperative Society	.031	.288
	Business Financed by Family and Friends	1.000	.214
	Business Financed by Banks	.214	1.000
Sig. (1-tailed)	Performance of Small Scale Business Enterprises	.389	.089
	Business Financed by Personal Savings	.002	.114
	Business Financed by Money Lenders	.403	.197
	Business Financed by Cooperative Society	.359	.000
	Business Financed by Family and Friends	.	.006
	Business Financed by Banks	.006	.
N	Performance of Small Scale Business Enterprises	137	137
	Business Financed by Personal Savings	137	137

Business Financed by Money Lenders	137	137
Business Financed by Cooperative Society	137	137
Business Financed by Family and Friends	137	137
Business Financed by Banks	137	137

Variables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	Business Financed by Banks, Business Financed by Money Lenders, Business Financed by Personal Savings, Business Financed by Family and Friends, Business Financed by Cooperative Society[b]	.	Enter

a. Dependent Variable: Performance of Small Scale Business Enterprises

b. All requested variables entered.

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.317[a]	.100	.066	.49559

a. Predictors: (Constant), Business Financed by Banks, Business Financed by Money Lenders, Business Financed by Personal Savings, Business Financed by Family and Friends, Business Financed by Cooperative Society

b. Dependent Variable: Performance of Small Scale Business Enterprises

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.587	5	.717	2.921	.016[b]
	Residual	32.175	131	.246		
	Total	35.762	136			

a. Dependent Variable: Performance of Small Scale Business Enterprises
b. Predictors: (Constant), Business Financed by Banks, Business Financed by Money Lenders, Business Financed by Personal Savings, Business Financed by Family and Friends, Business Financed by Cooperative Society

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.856	.502		1.706	.090
	Business Financed by Personal Savings	.289	.098	.252	2.938	.004
	Business Financed by Money Lenders	.144	.095	.131	1.522	.130
	Business Financed by Cooperative Society	.074	.083	.080	.895	.373
	Business Financed by Family and Friends	.076	.112	.059	.673	.502
	Business Financed by Banks	.112	.103	.097	1.087	.279

Coefficients[a]

Model		95.0% Confidence Interval for B		Correlations		
		Lower Bound	Upper Bound	Zero-order	Partial	Part
1	(Constant)	-.137	1.848			
	Business Financed by Personal Savings	.095	.484	.224	.249	.244
	Business Financed by Money Lenders	-.043	.332	.147	.132	.126
	Business Financed by Cooperative Society	-.090	.238	.151	.078	.074
	Business Financed by Family and Friends	-.147	.298	.024	.059	.056
	Business Financed by Banks	-.092	.317	.116	.095	.090

Coefficients[a]

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Business Financed by Personal Savings	.934	1.071
	Business Financed by Money Lenders	.933	1.072
	Business Financed by Cooperative Society	.857	1.166
	Business Financed by Family and Friends	.906	1.103
	Business Financed by Banks	.870	1.149

a. Dependent Variable: Performance of Small Scale Business Enterprises

b.

Collinearity Diagnostics[a]

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions

				(Constant)	Business Financed by Personal Savings	Business Financed by Money Lenders
1	1	5.850	1.000	.00	.00	.00
	2	.047	11.213	.00	.03	.72
	3	.040	12.153	.01	.16	.06
	4	.035	12.853	.00	.23	.10
	5	.023	15.841	.00	.04	.04
	6	.005	32.619	.99	.54	.07

Collinearity Diagnostics[a]

Model	Dimension	Variance Proportions		
		Business Financed by Cooperative Society	Business Financed by Family and Friends	Business Financed by Banks
1	1	.00	.00	.00
	2	.03	.05	.08
	3	.49	.01	.13
	4	.28	.15	.11
	5	.18	.40	.62
	6	.01	.39	.05

a. Dependent Variable: Performance of Small Scale Business Enterprises

Residuals Statistics[a]

	Minimum	Maximum	Mean	Std. Deviation	N

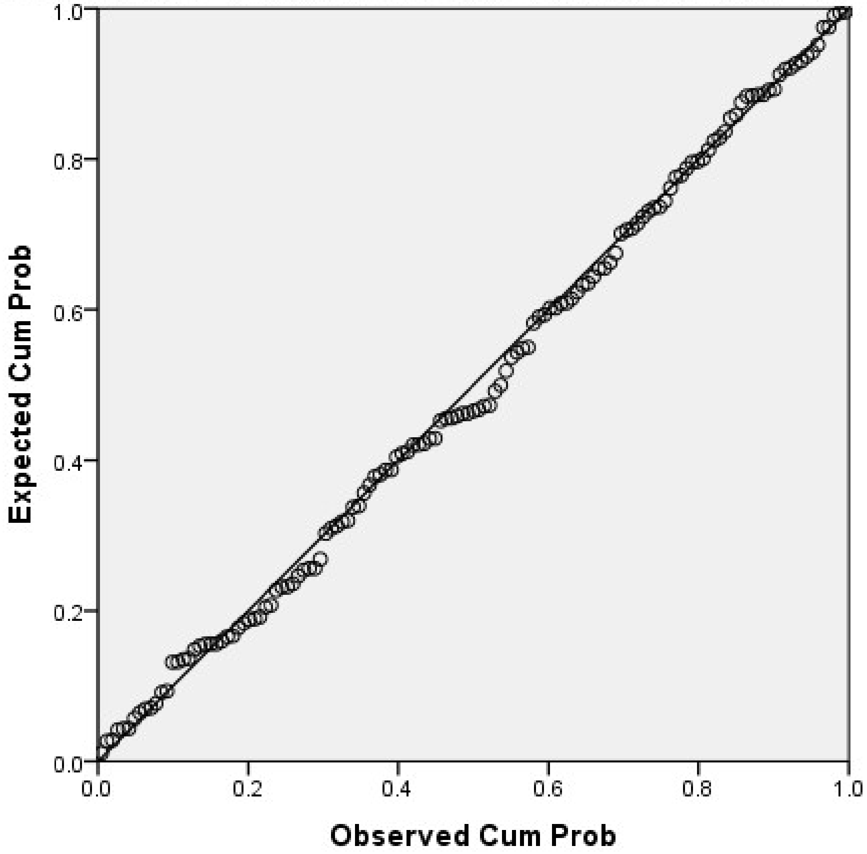
Predicted Value	2.0052	3.0104	2.5511	.16240	137
Std. Predicted Value	-3.361	2.828	.000	1.000	137
Standard Error of Predicted Value	.052	.195	.099	.030	137
Adjusted Predicted Value	1.8781	3.0112	2.5499	.16543	137
Residual	-1.13841	1.29609	.00000	.48640	137
Std. Residual	-2.297	2.615	.000	.981	137
Stud. Residual	-2.374	2.709	.001	1.005	137
Deleted Residual	-1.21581	1.39088	.00118	.51064	137
Stud. Deleted Residual	-2.417	2.778	.002	1.013	137
Mahal. Distance	.480	20.045	4.964	3.661	137
Cook's Distance	.000	.089	.008	.014	137
Centered Leverage Value	.004	.147	.036	.027	137

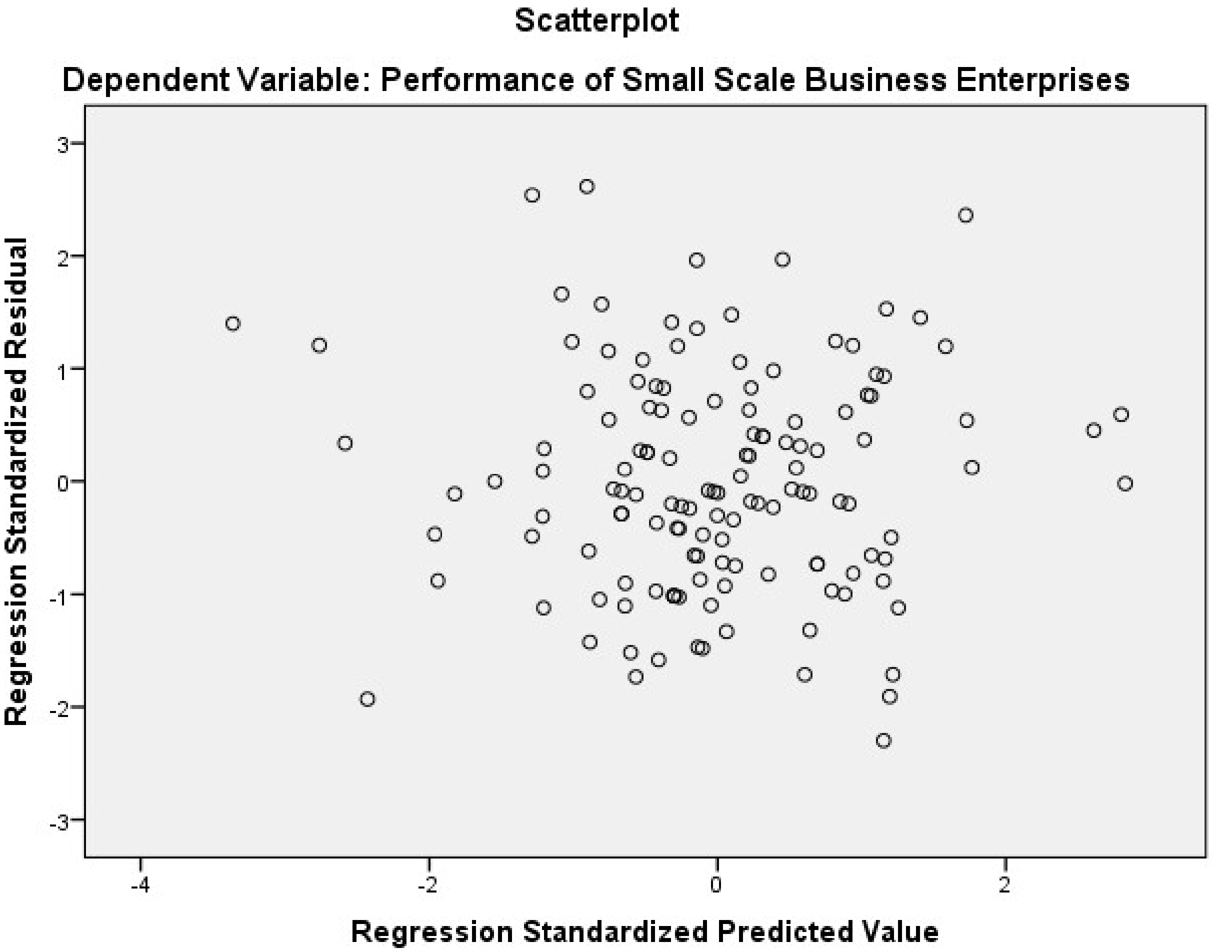
a. Dependent Variable: Performance of Small Scale Business Enterprises

Charts

Normal P-P Plot of Regression Standardized Residual

Dependent Variable: Performance of Small Scale Business Enterprises




Scatterplot
Dependent Variable: Performance of Small Scale Business Enterprises
Regression Standardized Residual
Regression Standardized Predicted Value
3
2
1
0
-1
-2
-3
-4
-2
0
2

APPENDIX V

RELIABILITY TEST OUTPUT

Reliability

Scale: Performance of small scale business enterprises

Case Processing Summary

		N	%
Cases	Valid	30	100.0
	Excluded[a]	0	.0
	Total	30	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.723	.735	10

Item Statistics

	Mean	Std. Deviation	N
Performance1	3.10	.845	30
Performance2	2.90	.845	30
Performance3	2.83	.648	30
Performance4	2.90	.662	30

Performance5	2.83	.699	30
Performance6	2.80	.761	30
Performance7	2.67	.661	30
Performance8	3.00	.910	30
Performance9	2.80	.887	30
Performance10	3.07	.907	30

Inter-Item Correlation Matrix

	Performance1	Performance2	Performance3	Performance4	Performance5
Performance1	1.000	.353	.095	.327	-.029
Performance2	.353	1.000	.473	.475	.380
Performance3	.095	.473	1.000	.362	.317
Performance4	.327	.475	.362	1.000	.485
Performance5	-.029	.380	.317	.485	1.000
Performance6	-.021	.075	.280	.233	-.194
Performance7	.062	.124	.430	.315	.100
Performance8	.583	.494	.234	.344	.000
Performance9	.120	.064	.360	.259	.167
Performance10	-.099	-.081	.137	.299	.073

Inter-Item Correlation Matrix

	Performance6	Performance7	Performance8	Performance9	Performance10
Performance1	-.021	.062	.583	.120	-.099
Performance2	.075	.124	.494	.064	-.081
Performance3	.280	.430	.234	.360	.137

Performance4	.233	.315	.344	.259	.299
Performance5	-.194	.100	.000	.167	.073
Performance6	1.000	.274	.299	.194	.270
Performance7	.274	1.000	.287	.294	.038
Performance8	.299	.287	1.000	.299	.084
Performance9	.194	.294	.299	1.000	.146
Performance10	.270	.038	.084	.146	1.000

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
Performance1	25.80	15.200	.289	.491	.717
Performance2	26.00	14.138	.467	.600	.686
Performance3	26.07	14.685	.546	.500	.680
Performance4	26.00	14.138	.651	.582	.664
Performance5	26.07	15.995	.238	.470	.721
Performance6	26.10	15.541	.283	.372	.716
Performance7	26.23	15.426	.376	.345	.703
Performance8	25.90	13.266	.562	.607	.667
Performance9	26.10	14.507	.374	.278	.703
Performance10	25.83	15.868	.156	.271	.742

Scale Statistics

Mean	Variance	Std. Deviation	N of Items

28.90	17.817	4.221	10

```
RELIABILITY
  /VARIABLES=Personal_Savings1 Personal_Savings2 Personal_Savings3 Personal_Savings4 Personal_Savings5
Personal_Savings6 Personal_Savings7 Personal_Savings8 Personal_Savings9 Personal_Savings10
  /SCALE('Business financed by personal savings') ALL
  /MODEL=ALPHA
  /STATISTICS=DESCRIPTIVE SCALE CORR
  /SUMMARY=TOTAL.
```

Reliability

Scale: Business financed by personal savings

Case Processing Summary

		N	%
Cases	Valid	30	100.0
	Excluded[a]	0	.0
	Total	30	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.778	.781	10

Item Statistics

	Mean	Std. Deviation	N
Personal_Savings1	3.83	.379	30
Personal_Savings2	3.70	.466	30
Personal_Savings3	3.67	.479	30
Personal_Savings4	3.70	.466	30
Personal_Savings5	3.77	.430	30
Personal_Savings6	3.80	.407	30
Personal_Savings7	3.57	.504	30
Personal_Savings8	3.67	.479	30
Personal_Savings9	3.77	.430	30
Personal_Savings10	3.47	.507	30

Inter-Item Correlation Matrix

	Personal_Savings1	Personal_Savings2	Personal_Savings3	Personal_Savings4	Personal_Savings5
Personal_Savings1	1.000	.488	.253	.488	.388
Personal_Savings2	.488	1.000	.772	.365	.327
Personal_Savings3	.253	.772	1.000	.617	.279

Personal_Savings4	.488	.365	.617	1.000	.499
Personal_Savings5	.388	.327	.279	.499	1.000
Personal_Savings6	.447	.400	.530	.400	.315
Personal_Savings7	.331	.161	.238	.308	.313
Personal_Savings8	.253	.154	.100	.154	.279
Personal_Savings9	-.035	-.017	-.056	-.189	-.118
Personal_Savings10	-.120	-.262	-.047	.029	.042

Inter-Item Correlation Matrix

	Personal_Savings6	Personal_Savings7	Personal_Savings8	Personal_Savings9	Personal_Savings10
Personal_Savings1	.447	.331	.253	-.035	-.120
Personal_Savings2	.400	.161	.154	-.017	-.262
Personal_Savings3	.530	.238	.100	-.056	-.047
Personal_Savings4	.400	.308	.154	-.189	.029
Personal_Savings5	.315	.313	.279	-.118	.042
Personal_Savings6	1.000	.404	.177	.118	.134
Personal_Savings7	.404	1.000	.809	.472	.279
Personal_Savings8	.177	.809	1.000	.613	.378
Personal_Savings9	.118	.472	.613	1.000	.358
Personal_Savings10	.134	.279	.378	.358	1.000

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted

Personal_Savings1	33.10	5.955	.466	.689	.758
Personal_Savings2	33.23	5.771	.434	.856	.761
Personal_Savings3	33.27	5.582	.507	.885	.751
Personal_Savings4	33.23	5.633	.502	.741	.752
Personal_Savings5	33.17	5.868	.436	.432	.761
Personal_Savings6	33.13	5.706	.561	.557	.747
Personal_Savings7	33.37	5.206	.653	.760	.729
Personal_Savings8	33.27	5.444	.575	.799	.742
Personal_Savings9	33.17	6.282	.229	.534	.785
Personal_Savings10	33.47	6.326	.148	.377	.800

Scale Statistics

Mean	Variance	Std. Deviation	N of Items
36.93	6.961	2.638	10

```
RELIABILITY
  /VARIABLES=Money_Lenders1 Money_Lenders2 Money_Lenders3 Money_Lenders4 Money_Lenders5
Money_Lenders6 Money_Lenders7 Money_Lenders8 Money_Lenders9 Money_Lenders10
  /SCALE('Business financed by money lenders') ALL
  /MODEL=ALPHA
  /STATISTICS=DESCRIPTIVE SCALE CORR
  /SUMMARY=TOTAL.
```

Reliability

Scale: Business financed by money lenders

Case Processing Summary

		N	%
Cases	Valid	30	100.0
	Excluded[a]	0	.0
	Total	30	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.784	.785	10

Item Statistics

	Mean	Std. Deviation	N
Money_Lenders1	3.27	.907	30
Money_Lenders2	2.93	.640	30
Money_Lenders3	2.90	.995	30
Money_Lenders4	3.03	.999	30
Money_Lenders5	3.00	.983	30
Money_Lenders6	3.17	.950	30

Money_Lenders7	3.13	.937	30
Money_Lenders8	3.23	.935	30
Money_Lenders9	2.93	.907	30
Money_Lenders10	2.83	.874	30

Inter-Item Correlation Matrix

	Money_Lenders1	Money_Lenders2	Money_Lenders3	Money_Lenders4	Money_Lenders5
Money_Lenders1	1.000	.269	.413	.446	.155
Money_Lenders2	.269	1.000	.531	.219	.110
Money_Lenders3	.413	.531	1.000	.454	.106
Money_Lenders4	.446	.219	.454	1.000	.386
Money_Lenders5	.155	.110	.106	.386	1.000
Money_Lenders6	.187	.189	.274	.103	.591
Money_Lenders7	.038	.360	.163	.142	.412
Money_Lenders8	.493	.085	.434	.250	.300
Money_Lenders9	.232	.170	.298	.231	-.039
Money_Lenders10	.319	.164	.178	.283	.000

Inter-Item Correlation Matrix

	Money_Lenders6	Money_Lenders7	Money_Lenders8	Money_Lenders9	Money_Lenders10
Money_Lenders1	.187	.038	.493	.232	.319
Money_Lenders2	.189	.360	.085	.170	.164
Money_Lenders3	.274	.163	.434	.298	.178
Money_Lenders4	.103	.142	.250	.231	.283
Money_Lenders5	.591	.412	.300	-.039	.000

Money_Lenders6	1.000	.671	.304	.013	-.007
Money_Lenders7	.671	1.000	.199	.133	.196
Money_Lenders8	.304	.199	1.000	.425	.555
Money_Lenders9	.013	.133	.425	1.000	.594
Money_Lenders10	-.007	.196	.555	.594	1.000

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
Money_Lenders1	27.17	23.592	.483	.458	.762
Money_Lenders2	27.50	25.707	.393	.507	.774
Money_Lenders3	27.53	22.671	.529	.653	.756
Money_Lenders4	27.40	23.076	.478	.568	.763
Money_Lenders5	27.43	23.978	.387	.599	.775
Money_Lenders6	27.27	23.651	.445	.695	.767
Money_Lenders7	27.30	23.872	.428	.611	.769
Money_Lenders8	27.20	22.510	.595	.652	.747
Money_Lenders9	27.50	24.466	.377	.403	.775
Money_Lenders10	27.60	24.248	.425	.586	.769

Scale Statistics

Mean	Variance	Std. Deviation	N of Items
30.43	28.668	5.354	10

```
RELIABILITY
  /VARIABLES=Cooperative_Society1 Cooperative_Society2 Cooperative_Society3 Cooperative_Society4
Cooperative_Society5 Cooperative_Society6 Cooperative_Society7 Cooperative_Society8 Cooperative_Society9
Cooperative_Society10
  /SCALE('Business financed by cooperative society') ALL
  /MODEL=ALPHA
  /STATISTICS=DESCRIPTIVE SCALE CORR
  /SUMMARY=TOTAL.
```

Reliability

Scale: Business financed by cooperative society

Case Processing Summary

		N	%
Cases	Valid	30	100.0
	Excluded[a]	0	.0
	Total	30	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.814	.801	10

Item Statistics

	Mean	Std. Deviation	N
Cooperative_Society1	1.80	.997	30
Cooperative_Society2	2.33	.994	30
Cooperative_Society3	2.90	.712	30
Cooperative_Society4	2.90	.712	30
Cooperative_Society5	2.33	.959	30
Cooperative_Society6	2.60	.855	30
Cooperative_Society7	2.37	.890	30
Cooperative_Society8	2.77	.728	30
Cooperative_Society9	2.50	.900	30
Cooperative_Society10	2.83	.648	30

Inter-Item Correlation Matrix

	Cooperative_Society1	Cooperative_Society2	Cooperative_Society3	Cooperative_Society4
Cooperative_Society1	1.000	.557	.165	.165
Cooperative_Society2	.557	1.000	.146	-.146
Cooperative_Society3	.165	.146	1.000	.592
Cooperative_Society4	.165	-.146	.592	1.000

Cooperative_Society5	.505	.458	.303	.303
Cooperative_Society6	.631	.568	.272	.102
Cooperative_Society7	.358	.364	.278	.169
Cooperative_Society8	-.257	-.032	-.180	-.180
Cooperative_Society9	.154	.424	-.027	-.188
Cooperative_Society10	.321	.518	-.037	-.187

Inter-Item Correlation Matrix

	Cooperative_Society5	Cooperative_Society6	Cooperative_Society7	Cooperative_Society8
Cooperative_Society1	.505	.631	.358	-.257
Cooperative_Society2	.458	.568	.364	-.032
Cooperative_Society3	.303	.272	.278	-.180
Cooperative_Society4	.303	.102	.169	-.180
Cooperative_Society5	1.000	.715	.700	.165
Cooperative_Society6	.715	1.000	.743	.122
Cooperative_Society7	.700	.743	1.000	.296
Cooperative_Society8	.165	.122	.296	1.000
Cooperative_Society9	.439	.448	.624	.395
Cooperative_Society10	.481	.436	.469	.061

Inter-Item Correlation Matrix

	Cooperative_Society9	Cooperative_Society10
Cooperative_Society1	.154	.321
Cooperative_Society2	.424	.518
Cooperative_Society3	-.027	-.037

Cooperative_Society4	-.188	-.187
Cooperative_Society5	.439	.481
Cooperative_Society6	.448	.436
Cooperative_Society7	.624	.469
Cooperative_Society8	.395	.061
Cooperative_Society9	1.000	.680
Cooperative_Society10	.680	1.000

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation
Cooperative_Society1	23.53	21.361	.496	.599
Cooperative_Society2	23.00	20.966	.545	.554
Cooperative_Society3	22.43	24.530	.267	.470
Cooperative_Society4	22.43	25.633	.108	.549
Cooperative_Society5	23.00	19.379	.784	.677
Cooperative_Society6	22.73	20.064	.800	.754
Cooperative_Society7	22.97	20.033	.765	.735
Cooperative_Society8	22.57	25.840	.074	.411
Cooperative_Society9	22.83	21.592	.540	.676
Cooperative_Society10	22.50	23.155	.537	.606

Item-Total Statistics

	Cronbach's Alpha if Item Deleted
Cooperative_Society1	.798
Cooperative_Society2	.792
Cooperative_Society3	.818
Cooperative_Society4	.831
Cooperative_Society5	.761
Cooperative_Society6	.762
Cooperative_Society7	.765
Cooperative_Society8	.835
Cooperative_Society9	.792
Cooperative_Society10	.796

Scale Statistics

Mean	Variance	Std. Deviation	N of Items
25.33	26.920	5.188	10

```
RELIABILITY
  /VARIABLES=Family_and_Friends1 Family_and_Friends2 Family_and_Friends3 Family_and_Friends4
Family_and_Friends5 Family_and_Friends6 Family_and_Friends7 Family_and_Friends8 Family_and_Friends9
Family_and_Friends10
  /SCALE('Business financed by family and friends') ALL
  /MODEL=ALPHA
  /STATISTICS=DESCRIPTIVE SCALE CORR
  /SUMMARY=TOTAL.
```

Reliability

Scale: Business financed by family and friends

Case Processing Summary

		N	%
Cases	Valid	30	100.0
	Excluded[a]	0	.0
	Total	30	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.729	.734	10

Item Statistics

	Mean	Std. Deviation	N
Family_and_Friends1	3.13	.819	30
Family_and_Friends2	2.60	.675	30
Family_and_Friends3	2.50	.731	30
Family_and_Friends4	2.90	.712	30
Family_and_Friends5	2.73	.944	30
Family_and_Friends6	3.20	.610	30
Family_and_Friends7	2.87	.819	30
Family_and_Friends8	2.93	.785	30
Family_and_Friends9	2.90	.759	30
Family_and_Friends10	2.60	.814	30

Inter-Item Correlation Matrix

	Family_and_Friends1	Family_and_Friends2	Family_and_Friends3	Family_and_Friends4
Family_and_Friends1	1.000	.100	.461	-.095
Family_and_Friends2	.100	1.000	.350	.201
Family_and_Friends3	.461	.350	1.000	.364
Family_and_Friends4	-.095	.201	.364	1.000
Family_and_Friends5	.092	.152	.400	.267
Family_and_Friends6	.359	.369	.232	.206
Family_and_Friends7	.079	-.037	.461	.568
Family_and_Friends8	.390	.078	.421	.173
Family_and_Friends9	-.089	.189	-.031	.428
Family_and_Friends10	.238	.264	.232	-.071

Inter-Item Correlation Matrix

	Family_and_Friends5	Family_and_Friends6	Family_and_Friends7	Family_and_Friends8
Family_and_Friends1	.092	.359	.079	.390
Family_and_Friends2	.152	.369	-.037	.078
Family_and_Friends3	.400	.232	.461	.421
Family_and_Friends4	.267	.206	.568	.173
Family_and_Friends5	1.000	-.024	.354	.115
Family_and_Friends6	-.024	1.000	-.014	.245
Family_and_Friends7	.354	-.014	1.000	.307
Family_and_Friends8	.115	.245	.307	1.000
Family_and_Friends9	.250	.268	.422	.336
Family_and_Friends10	.171	.097	.021	.227

Inter-Item Correlation Matrix

	Family_and_Friends9	Family_and_Friends10
Family_and_Friends1	-.089	.238
Family_and_Friends2	.189	.264
Family_and_Friends3	-.031	.232
Family_and_Friends4	.428	-.071
Family_and_Friends5	.250	.171
Family_and_Friends6	.268	.097
Family_and_Friends7	.422	.021
Family_and_Friends8	.336	.227
Family_and_Friends9	1.000	.212
Family_and_Friends10	.212	1.000

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation
Family_and_Friends1	25.23	14.806	.296	.440
Family_and_Friends2	25.77	15.220	.317	.378
Family_and_Friends3	25.87	13.499	.616	.710
Family_and_Friends4	25.47	14.602	.411	.507
Family_and_Friends5	25.63	13.895	.363	.298
Family_and_Friends6	25.17	15.385	.331	.395
Family_and_Friends7	25.50	13.914	.451	.602
Family_and_Friends8	25.43	13.978	.468	.415
Family_and_Friends9	25.47	14.464	.399	.625
Family_and_Friends10	25.77	14.944	.276	.248

Item-Total Statistics

	Cronbach's Alpha if Item Deleted
Family_and_Friends1	.723
Family_and_Friends2	.718
Family_and_Friends3	.673
Family_and_Friends4	.705
Family_and_Friends5	.715
Family_and_Friends6	.717
Family_and_Friends7	.698
Family_and_Friends8	.695
Family_and_Friends9	.706
Family_and_Friends10	.726

Scale Statistics

Mean	Variance	Std. Deviation	N of Items
28.37	17.344	4.165	10

```
RELIABILITY
  /VARIABLES=Banks1 Banks2 Banks3 Banks4 Banks5 Banks6 Banks7 Banks8 Banks9 Banks10
  /SCALE('Business financed by banks') ALL
  /MODEL=ALPHA
  /STATISTICS=DESCRIPTIVE SCALE CORR
  /SUMMARY=TOTAL.
```

Reliability

Scale: Business financed by banks

Case Processing Summary

		N	%
Cases	Valid	30	100.0
	Excluded[a]	0	.0
	Total	30	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.701	.687	10

Item Statistics

	Mean	Std. Deviation	N
Banks1	1.47	.819	30
Banks2	2.23	1.006	30
Banks3	1.97	.850	30
Banks4	2.17	.834	30
Banks5	2.10	.759	30
Banks6	2.67	.711	30
Banks7	2.07	.691	30
Banks8	2.47	.819	30
Banks9	2.47	.819	30
Banks10	2.07	.868	30

Inter-Item Correlation Matrix

	Banks1	Banks2	Banks3	Banks4	Banks5	Banks6	Banks7	Banks8	Banks9	Banks10
Banks1	1.000	.491	.221	.387	.422	.039	.248	.435	.178	.246
Banks2	.491	1.000	.493	.610	.420	.257	-.221	.072	.072	.376
Banks3	.221	.493	1.000	.349	.273	.209	-.113	-.076	-.125	.097
Banks4	.387	.610	.349	1.000	.518	.155	-.020	.034	-.067	.365
Banks5	.422	.420	.273	.518	1.000	.256	.053	.089	.089	.513
Banks6	.039	.257	.209	.155	.256	1.000	-.514	-.434	-.138	.316
Banks7	.248	-.221	-.113	-.020	.053	-.514	1.000	.674	.552	-.237
Banks8	.435	.072	-.076	.034	.089	-.434	.674	1.000	.486	.003
Banks9	.178	.072	-.125	-.067	.089	-.138	.552	.486	1.000	.052
Banks10	.246	.376	.097	.365	.513	.316	-.237	.003	.052	1.000

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
Banks1	20.20	13.959	.599	.480	.634
Banks2	19.43	13.013	.589	.674	.628
Banks3	19.70	15.597	.295	.322	.690
Banks4	19.50	14.259	.531	.525	.647
Banks5	19.57	14.323	.592	.476	.639
Banks6	19.00	17.448	.058	.426	.722
Banks7	19.60	17.352	.081	.739	.718
Banks8	19.20	15.959	.255	.609	.696
Banks9	19.20	16.234	.211	.492	.703
Banks10	19.60	15.007	.377	.416	.675

Scale Statistics

Mean	Variance	Std. Deviation	N of Items
21.67	18.299	4.278	10