INFORMAL FINANCING AND THE PERFORMANCE OF SMALL AND MEDIUM SCALE ENTERPRISES (SMEs)

Eyitayo Francis Adanlawo*
Department of Communication Science, University of Zululand, South Africa
Makhosazana Vezi-Magigaba
Department of Business Management, University of Zululand, South Africa

ABSTRACT

Small and Medium Scale Enterprises are regarded as the promoters of nations' economic growth. For SMEs to make a meaningful contribution to economic growth, finance is a crucial factor. The difficulty in accessing formal finance led SMEs operators to source for finance in informal markets. This study theoretically provided recent information on informal micro credit financing for SMEs and also examined the impact of micro credit financing on the performance of SMEs. In order to gain insight into various ways in which different forms of informal micro credit financing affect the performance of SMEs, the study reviewed various published research studies on the problem statement. Financial Liberalization Theory was used to support the study, based on the role of informal credit financing in liberating SMEs from financial constrain and contribution towards their performance. The findings from the content analysis of the reviewed literature provided an exhaustive and precise discourse of the effect that informal financing had on the performance of SMEs. The study concluded that informal micro credit financing contribute immensely to the performance of SMEs. The study recommends that SMEs should explore more on the use of informal micro credit financing sources such as personal savings and cooperative societies. Formation of more cooperative societies should be encouraged by government. Bank interest rate on loans should be reduced by government, especially, to SMEs operators.

Keywords:
Informal Micro Credit Financing, Performance, Financial Liberalization Theory (FLT).Small and Medium Scale Enterprises (SMEs)
JEL Classification: D25, D53, G23
Article Received: 18 October 2020, Revised: 3 November 2020, Accepted: 24 December 2020

Introduction

Small and Medium Scale Enterprises (SMEs) have been recognised as significant performant in economic growth (Hashim and Wafa, 2002; Schlogl, 2004; Obokoh et al., 2014). According to Siyanbola and Gilman (2017), SMEs in advanced nations constitute over 90% of all business with contribution of over 55% to GDP. In developing nations, Ghana for instance, SMEs constitute 70% (Benzing et al., 2009), while in South Africa, it accounts for over 90% of registered businesses (Olawale and Garwe, 2010). SMEs account for about 90% of Nigeria's manufacturing (Oyelaran-Oyeyinka et al., 2007). The dominance of SMEs in most nations' business economy shows its potential in transforming any nation economy. Though, series of factors have been identified as constrains to its performance. Researchers (Taiwo et al., 2016; Ikotun et al., 2017) identify insufficient financial credits as a major factor hampering the performance of SMEs. Governments have formulated series of policy to boost financial support to SMEs, unfortunate, little benefits were derived from these policies. The emergence of microfinance brought relief to business community as they belief that it will improve their access to loans which were difficult in commercial banks due to collateral securities (Ikotun et al., 2017). Inability to get loan from formal financial institutions based on collateral based lending have been identified as constrain to performance of SMEs (Osuka et al., 2018). Onakoya et al. (2013) intensify on collateral as a major hindrance to formal financing accessibility. Therefore, the resultant is to informal and semi-formal financing.

SMEs performance is positively linked to informal finance (Allen et al., 2019; Samawi et al., 2016; Gbandi and Amissah, 2014). Informal microfinance, have been able to expand businesses and contribute to household income which invariably have positive impact on food security, children's education and savings for future (Ikotun et al., 2017). The impact of informal micro financing, especially, cooperative society cannot be estimated, as they form the major means of initial capital funding for most SMEs (Eton et al., 2017; Omondi and Jangogo, 2018). Given the great potentials of SMEs to bring about social and economic development, it is of no surprise that the performance and financing of SMEs is of huge concern. Having access to finance gives SMEs the chance to perform and to acquire better technologies for production, therefore ensuring their competiveness. Performance is defined diversely by business organisations; some focus on profit margin, productivity, growth, and viability, while, some believe in customers' satisfaction and image making.

In whichever definition is given to performance of SMEs, performance cannot be attained without sufficient finance. According to Oladele et al. (2014), access to finance is a major influence to performance of SMEs. However, there is a huge challenge for SMEs globally when it comes to sourcing for initial and expansion capital (Taiwo et al., 2016). Omondi and Jangogo (2018) assert that SMEs funding by formal financial markets have been hindered by lack of collateral, this leaves most of the SMEs to result to informal finance. Little research have been conducted on which source of informal finance is being used by SMEs owners and what are their effect/impact on the performance of SMEs. This gap motivates this study. The study is carried out theoretically to determine the source(s) of informal finance to SMEs operators and as well examine the effect/impact of these sources based on past research conducted on the problem stated. This study has been designed to provide theoretical evidence on the role that informal financing play on the performance of SMEs.

Research Objectives

The main objective of the study is to access the role of informal micro credit finance among SMEs:

i. Identify various sources of informal financing and their influence on the performance of SMEs

ii. To determine the overall impact of informal financing on SMEs performance.

Theoretical Relevance

Financial liberalization Theory was adopted for its relevance to this study. The theory was proposed by McKinnon and Shaw in the year 1973. The notion of financial repression was promoted as a monetary framework with arrangements that contort local budgetary markets and credit controls. The perception is that such a framework meddles with the fiscal improvement of a nation. The anticipation of the theory is that absence of repression would be related with higher genuine financing costs as controls would invigorate reserve funds which would prompt more elevated levels of ventures and thus, financial development. McKinnon and Shaw recommend that progression of budgetary markets would allow penetration of financial institutions among the helpless populace. The accessibility of finance to the helpless populace is believed by the proponents of the theory as an imperative tactic towards accomplishing financial growth. Access to credit facilities is posited to offer opportunity to the powerless people in expediting their business exercises (McKinnon and Shaw, 1973).

In support of the theory, Ang and McKibbin (2007) proclaim that the capability of financial institutions to operate impressively have been hindered by financial despotism. On the other hand, Fry (1995) criticized McKinnon and Shaw theory on the basis that financial liberalisation will probably hinder economic growth rate because of credit restrictions. This study adopts financial liberalisation theory based on the state of the economy of developing nations, of which Nigeria is one. According to Obokoh (2008), SMEs need access to finance to be liberated from financial constrain. The advent and embracing of different forms of informal credit financing such as mobile bankers, cooperative society, money lender and trade credits will liberate SMEs from financial constrain and improve their performance in relations to sales volume, profitability and market shares. Government's interventions in determining credit flows through a system of subsidies, interest rate ceilings, credit allocation and direct intervention will alleviate SMEs from the financial constrain vicious circle.

Literature Review

Informal Financing and Performance of SMEs

SMEs have been identified as economic driving force (Ikotun, 2017; Taiwo et al., 2016; Adanlawo, Vezi-Magigaba and Owolabi, 2021), for this assertion to be sustained, this sector must have access to finance. Unfortunately, formal financing has been recognised as inaccessible to many SMEs because of collateral security. The situation led most SMEs operators to source for fund in informal markets. Finance is believed to determine the performance of SMEs in several ways (Taiwo et al., 2016), access to finance has been found to have significant influence on the performance of SMEs (Omondi and Jangongo, 2018; Moses and Adebisi, 2013). According to Eton et al. (2017); Lawal et al. (2018) formal and informal finance are the two essential components of finance to SMEs, formal financing is regulated by government, while informal is not. Studies have shown that the performance of formal financing is not proficient lately (Gbandi and Amissah, 2014; Rambe and Mpiti, 2017). Evidence from CBN report (2017) shows that loans to SMEs from commercial have reduced in Nigeria over the years.

Moses and Adebisi (2013) declare that informal financing has the capability to close the gap created by formal form of financing. Informal financing is considered to be a supplement when finance is denied in a formal market. According to Adams and Hunter (2019), smaller scale of informal finance operates as a connecting factor between lenders and borrowers. Ngalawa and Viegi (2013) assert that some form of informal finance have the same basic features as formal financial system that encourage constant savings and provides advances. According to Oladele et al. (2014), connection exists between informal finance sources and business' performance. This implies that finance is a major factor contributing to SMEs performance. In view of Mungiru and Njeru (2015), informal financing such as (cooperative society and trade credit) positively affect the performance of SMEs. Akingunola (2011) also emphasizes worthiness of informal financing on the performance of SMEs and economic growth.

Similarly, Lawal et al (2018) posit that informal financing have significant positive effect on SMEs performance. Similarly, Eton et al. (2017) also support the notion that extending credit to SMEs enables them to expand business and increase production. In view of Kateregа et al. (2015), SMEs' financing decision is a noteworthy prognosticator of its performance. Essien and Arene (2014) aver that access to informal credit is influenced by sex, age and social capital of the borrower. In support of Essien and Arene, Ikotun et al. (2017) assert that women most times, are denied access to finance from micro-credit finance based on their gender. Notwithstanding the challenges encountered in accessing informal financing, it is believed to be easier in its accessibility to SMEs operators compared to formal source of financing. Informal micro credit financing have become more popular over the years and different forms come-up as entrepreneurs see it as an opportunity to liberate from economic poverty.

Various Source of Informal Finance to SMEs.

Various forms of informal finance are available in most Africa countries, below is the overview of commonest ones:

Personal savings

Personal savings is identified by Terungwa (2011) as a personal mobilization of funds by which an individual who has plan to venture into business in future set a certain amount of money aside for this purpose. Gulani and Usman (2012) identify personal savings as an important contributor to the finance of SME. The study of Adelakun (2011) found personal savings as a major contributor; it contributes 96.4% of funding to SMEs in Nigeria. Similarly, Ojo (2009) declares that personal savings constitute 96.4% of SMEs funding. The findings corroborate the research conducted by the Nigerian Institute for Social and Economic Research (NISER) in 1983/84 which indicates that personal savings fund 73% of SMEs. Gulani and Usman (2012) postulate personal savings to be the utmost convenient means of small business financing.

Relative and friends contribution

Contributions from family and friends is posited to be an alternate means to business finance. Abd-Wahab and Abdesamed, (2012) avow that family finance is the commonest and cheapest source of informal financing among rural SMEs. As people tends to be their brothers' keeper, most times they contribute certain amount of money to assist friends and family members in their business without interest. Even when interest is charged, it is at a very minimal rate, usually below 5%. According to Kadiri (2012), collateral is not required for funds from family and friends. Because collateral is not required, most times, the beneficiary do not remit back the fund as earlier agreed; thus, make assessment of fund difficult for another friend or member of family in need. Despite its challenges, it does account for considerable amount of financing to SMEs. Khan (2015) avows that friends and family members or relatives account for 61% of informal financing to SMEs.

Savings collection

Savings collection is a method by which a savings collector collects certain amount of money at an agreed time of collection, most times daily or weekly and gives back the accumulated sum of money at an agreed date. The collector removed one time contribution for the service rendered for saving the money. The motivation for participating in this form of savings is mostly based on earlier established financial relationship with the collector (Kadiri, 2012). Normally, participants are not granted credit, they receive the amount saved with the collector. Sometimes, the collectors give out part of the money with him/her as loans and receive interest on it before the agreed date of giving back the accumulated sum to the saver. It is unethical for the collector to give out the money, when he/she does, it is at his/her own risk. According to Adebayo (2015), the main challenge is that the amount intended to save is known from the commencement. It is too rigid, it does not give opportunity for adjustment whether to decrease or increase based on market situation. The importance of savings collecting in SMEs financing cannot be quantified, as it is used most times by traders to restock supplies, thereby, enlarge their business (Mwangi and Brown, 2015).

Trade credit

Martínez-Sola et al. (2014) refer trade credit to situation whereby the seller firm acts as a financial intermediary to smaller business that has restricted access to capital markets, thereby, financing the business customers' growth. According to García-Teruel and Martínez-Solano (2010), business organisations with better access to credit at a lower costs can perform the role of financial mediators to smaller businesses that find access to credit difficult by granting finance. Trade credit increases the chance of small businesses to obtain bank credits, as it transfers information about the (small business) borrower's creditworthiness to the financial institution. Ologunde et al. (2015) declare the importance of trade credit to small and medium-sized enterprises (SMEs) as a fundamental means to finance and an alternative source to bank finance.

According to Martínez-Sola et al. (2014), seller's investment in trade credit facilitates business by reducing uncertainty about product quality. Allen et al. (2019) assert that granting trade credit does not only enable small business to credit but also improves bigger firm's sales that leads to higher profitability. Yang and Birge (2018) suggest the use of trade credit for value increase to firm when there is instability in financial markets, thereby, inferring an ideal trade credit strategy. Fanta (2015) asserts from debtor's perspective, that trade credit has two important purposes as an alternative means of financing and an indicating tool for bank credit acquirement. A primary function of trade credit according to Yang (2011) is to alleviate customers' financial resistances, thereby, expediting increased sales and market share growth. Despite the advantages of trade credit, it thus has its demerits. According to Yang and Birge, 2018), a more common risk associated with trade credit is payment timing. Extending payment further than the agreed trade credit terms is exceedingly habitual. Trade credit has the capability to eradicate the restrain encountered through bank financing (Cai et al., 2014).

Cooperative society

This is common in most Africa countries. Cooperative society is defined as a native system adopted by a group of people to make joint efforts in satisfying individuals' needs (Oluyombo, 2012). Cooperative society is owned by members with the motive to providing small scale financial services to members (Ademilua, 2017). Regardless of how cooperative is defined, the common goal is to solve/satisfy members' need. In that sense, cooperative is meant to provide its members with some benefits and opportunities which ordinarily will cost more if it is to be derived outside the cooperatives. Therefore, cooperative societies are voluntary associations in which people come together to enhance their economic interest. In a report by International Labour Conference (2011), cooperatives have significantly contributed to economic growth throughout the world. The report states that cooperatives account for an estimated 100 million jobs and are economically significant in a large number of countries.

Similarly, Kareem et al. (2012) affirm that co-operative societies have effect on member's welfare and play substantial role in poverty alleviation in most developing nations. Studies have shown that cooperative society provides the best funding alternative for SMEs than every other economic structure (Oluyombo, 2012; Oladejo, 2013). Though, it has its own setbacks, Kareem et al. (2012) identify lack of managerial talent as a factor inhibit cooperative societies. Likewise, Oladejo (2013) recognises insufficient accumulated capital for SMEs need as a factor that has militated against the efficiency of cooperative societies. Ademilua (2017) classify poor and inadequate record keeping as a problem encountered by most cooperative societies. Notwithstanding the challenges faced by cooperative societies, they still possess the capability to propel SMEs to solid footing.

Money lenders

Money lenders offer credit to whoever is interested at an exorbitant rate of interest. The interest charged on credit given by money lenders is higher than any other form of financing. This source of informal finance cater for short-term needs. Ngoma et al. (2017) assert that they serve as last resort to borrowers in time of difficulties. Quaye and Sarbah (2014) aver that money lenders make funds available to businesses or individuals who are ready to agree to their payment terms. Since fund is available to anyone that needs it, money lenders charge high interest rates and even use violence to enforce payment to cover risk taken, (Allen et al., 2019). Borrower from money lenders needs to be ready to pay interest higher than the banks' (Gulani and Usman, 2012). The last resort function of money lenders make them inevitable in the society as they always available during raining time.

Conclusion and Recommendation

The reviewed literature portrays informal micro credit finance as pertinent to the performance of SMEs. The contribution of informal financing is dominant to SMEs performance. Evidences revealed that informal micro credit financing had positive significant on the performance of SMEs. Though, there is a little stigma attached to gender most times, especially in Nigeria. Women are denied access to finance from micro-credit finance based on their gender. Aside from this, informal financing is performing exceedingly. Past research studies on the problem statement portray relationship between informal sources of finance to SMEs operators and the performance of SMEs. Thus, informal micro credit finance have significant effect on the performance of SMEs. As the theory (Financial Liberation Theory) depicts, most SMEs operators are liberated from financial constrain with access to micro credit finance. The turn to different forms of informal credit financing such as savings collection, cooperative society, money lender and trade credits has improve SMEs performance in relations to sales volume, profitability and market shares. The study revealed that informal micro credit financing practices such as cooperative societies and personal savings constitute larger contribution to SMEs financing which invariably lead to significant improvement in the performance of SMEs. Thus, informal micro credit financing practices constructs such as personal savings, savings collection, trade credits and cooperatives are strong predictors of SMEs performance. This study portray informal micro credit financing as a noteworthy player in the finance of SMEs.

This study recommends the following:

Savings in informal finance sources should be encouraged through regulation, as personal savings constitute a large proportion of most SMEs start-up capital. SMEs operators should explore cooperative societies and personal savings as alternative to formal financing of their business activities. Also, SMEs operators should be encouraged by the government to join and involve in cooperative societies that will facilitate their access to fund. Government should reduce interest on bank loans, especially, to SMEs operators to improve the performance of their business as formal financing is still regarded as the best means to SMEs financing, also, women participation is SMEs should be encouraged.

Acknowledgement

No funding was sourced for this study. We, the authors have no conflict of interest.

References

[1] Abd-wahab, K. & Abdesamed, H. (2012). Small and medium enterprises (SMEs) financing practice and accessing bank loan issues-The case of Libya. *Proceedings of world academy of science, engineering and technology*, 1535.

[2] Adams, D. & Hunter, R. (2019). *Informal finance in low-income countries*. London: Routledge.

[3] Adanlawo, E.F., Vezi-Magigaba, M. & Owolabi, C. (2021). Small and medium scale enterprises in Nigeria: the effect on economy and people's welfare. *African Journal of Development Studies*, 11(2).

[4] Adebayo, P. (2015). Developing Informal Financing Option for Rural SMEs Growth: a Case of Selected Local Government Areas of Kwara State, Nigeria. *International Journal of Management Sciences and Business Research*, 4(9), 74-84.

[5] Ademilua, V. (2017). Influence of cooperative society membership on women owned SMEs in West Africa. *Global Scientific Journal*, 5(12), 10.

[6] Adelakun, O. (2011). The Nexus of Private Savings and Economic Growth in Emerging Economy: A Case of Nigeria. *Journal of Economics and Sustainable Development*, 2(6), 31-45.

[7] Akingunola, R. (2011). Small and medium scale enterprises and Economic growth in Nigeria: an assessment of financing options. *Pakistan Journal of Business and Economic Review*, 2, (1).

[8] Allen, F., Qian, M. & Xie, J. (2019). Understanding informal financing. *Journal of Financial Intermediation*, 39, 19-33. doi:10.1016/j.jfi.2018.06.004

[9] Ang, J. & McKibbin, W. (2007). Financial liberalization, financial sector development

and growth: evidence from Malaysia. *Journal of Development Economics*, 84(1), 215-233.

[10] Benzing, C., Chu, H. & Kara, O. (2009). Entrepreneurs in Turkey: A Facto analysis of Motivations, Success Factors, and Problems. *Journal of Small Business Management*, 47(1), 58-91.

[11] Cai, G., Chen, X. & Xiao, Z. (2014). The roles of banks and trade credits: Theoretical analysis and empirical evidence. *Production and Operations Management*, 23(4), 583-598.

[12] Central Bank of Nigeria (2014). Financial Bulletin.

[13] Essien, U. & Arene, C. (2014). An analysis of access to credit markets and the performance of small scale agro- based enterprises in the Niger delta region of Nigeria. *International Journal of Food and Agricultural Economics*, 2(3), 105-120.

[14] Eton, M., Mwosi, F., Mutesigensi, D. & Ebong, C. (2017). Credit Financing and Performance of SMEs in Lira Municipality, *Uganda Research Journal of Finance and Accounting*, 8(8).

[15] Fanta, A. (2015). Informal Finance as Alternative Route to SME Access to Finance: Evidence from Ethiopia. *Journal of Governance and Regulation*, 4(1), 94-102.

[16] Fry, M. (1995). Foreign Debt Instability: An Analysis of National Saving and Domestic Investment Responses to Foreign Debt Accumulation in 28 Developing Countries. *Journal of International Money and Finance*, 8(3), 315-344.

[17] García-Teruel, P. & Martínez-Solano, P. (2010). Determinants of trade credit: A comparative study of European SMEs. *International Small Business Journal*, 28(3), 215–233.

[18] Gbandi, E. & Amissah, G. (2014). Financing options for small and medium enterprises (SMEs) in Nigeria. *European scientific journal*, 10(1).

[19] Gulani, M. & Usman, A. (2012). Financing small and medium scale enterprises (SMEs): A challenge for entrepreneurial development in Gombe State. *Asian Journal of Business and Management Sciences*, 2 (9), 17-23.

[20] Hashim, M. & Wafa, S. (2002). *Small and medium sized enterprises in Malaysia: Development issues.* Petaling Jaya, Malaysia: Prentice Hall.

[21] Ikotun, A., Ademola, S. & Oloyede, O. (2017). Role of microfinance on the performance of women entrepreneurs in South Western Nigeria. *International Journal of Innovative Research and Knowledge*, 2(5).

[22] International Labour Conference, Report V (1): Promotion of cooperatives (2011).

[23] Kadiri, I. (2012).Small and Medium Scale Enterprises and Employment Generation in Nigeria: The Role of Finance. *Kuwait Chapter of Arabian Journal of Business and Management Review*, 1(9), 79-93.

[24] Kareem, R., Arigbabu, Y., Akintaro, J. & Badmus, M. (2012). The Impact of Co-Operative Society on Capital Formation (A Case Study of Temidire Co-Operative and Thrift-Society, Ijebu-Ode, Ogun State, Nigeria. *Global Journal of Science Frontier Research*, X11(1).

[25] Katerega, Y., Ngoma, M., Masaba, A., Nangoli, S., Waswa, Y. & Namiyingo, S. (2015). Financing decision: A vital key to explaining small and medium enterprises (SMEs) financial performance. *Journal of Economics and International Business Management*, 3(2), 51-58.

[26] Khan, M. (2015). Sources of finance available for SME sector in Pakistan. *International Letters of Social and Humanistic Sciences*, 47, 184-194.

doi:10.18052/www.scipress.com/ILSHS.47.184

[27] Lawal, F., Adegbuyi, O., Iyiola, O., Ayoade, O. & Taiwo, A. (2018). Nexus between informal networks and risk-taking: Implications for improving the performance of small and medium enterprises (SMEs) in Nigeria. *Academy of Strategic Management Journal*, 17, (2).

[28] Martínez-Sola, C., García-Teruel, P. and Martínez-Solano, P. (2014). Trade credit and SME profitability. *Small Business Economics,* 42(3), 561-577.

[29] McKinnon, R. & Shaw, E. (1973). *Financial deepening in economic development.* Washington, USA: Brookings Institution.

[30] Moses, O. & Adebisi, J. (2013). Small business financing in Nigeria: An investigation of the angel option. *Canadian Social Science,* 9(2), 93-98.

[31] Mungiru, J. & Njeru, A. (2015). Effects of Informal Finance on the Performance of Small and Medium Enterprises in Kiambu County. *International Journal of Scientific and Research Publications*, 5(11).

[32] Ngalawa, H. & Viegi, N. (2013). Interaction of formal and informal financial markets in quasi-emerging market economies. *Economic Modelling*, 31, 614-624.

[33] Ngoma, M., Ernest, A., Nangoli, S. & Christpher, K. (2017). Internationalization of SMEs; Does entrepreneurial orientation matters? *World Journal of Entrepreneurship, Management and Sustainable Development*, 2017.

[34] Nguyen, H., Nguyen, T., Dang, X. and Nguyen, H. (2019). Informal financing choice in SMEs: do the types of formal credit constraints matter? *Journal of Small Business & Entrepreneurship*, DOI: 10.1080/08276331.2019.1692441

[35] Obokoh, L. (2008). Small and Medium Sized Enterprises Development under Trade Liberalization: Survey of Nigerian Experience. *International Journal of Business and Management*, 3(12), 92-101.

[36] Obokoh, L., Monday, J. & Ojiako, U. (2014). The effects of microfinance banks on indigenous manufacturing SMEs' access to finance in Nigeria. Proceedings of the 8th *International Business Conference*, 19-21.

[37] Oladejo, M. (2013). Does Cooperative Financing Method Influence Micro-credit delivery? An Empirical Investigation of South Western States of Nigeria. *International Journal of Academic Research in Management*, 2(4), 83-98.

[38] Oladele, P., Olowookere, B. & Akinruwa, T. (2014). Sources of Finance and Small and Medium Scale Enterprises' Performance in Ado-Ekiti Metropolis. *European Journal of Business and Management*, 6(28).

[39] Olawale, F. & Garwe, D. (2010). Obstacles to the rowth of new SMEs in South Africa; A principal component analysis approach. *African Journal of Business Management*, 4(5), 729-738.

[40] Ologunde, A., Monday, J. & James-Unam, F. (2015). The Impact of Strategic Human Resources Management on Competitiveness of Small and Medium Scale Enterprises in the Nigerian Hospitality Industry. *African Research Review: An International Multidisciplinary Journal*, 9(4), 264-276.

[41] Oloyede, J. (2008). Informal Financial Sector, Savings Mobilization and Rural Development in Nigeria. *Journal of African Economic and Business Review,* 6(1).

[42] Omondi, R. & Jagongo, A. (2018). Microfinance services and financial performance of small and medium enterprises of youth SMEs in Kisumu County, Kenya *International Academic*

Journal of Economics and Finance, 3(1), 24-43.

[43] Onakoya, A., Fasanya, I. & Abdurrahman, H. (2013). Small and Medium Scale Enterprises Financing and Economic Growth in Nigeria. *European Journal of Business and Management*, 5(4).

[44] Osuka, B., Ihejirika, P. & Chinweze, R. (2018). Human Capital Development in Nigeria: Does Financial Deepening Matters? *Journal of Resources Development and Management*, 43, 12-34.

[45] Oyelaran-Oyeyinka, B., Adelaja, M. & Abiola, B. (2007). *SMEs Clusters in Nigeria: Institutions, Policies and Support Systems*. Ibadan, Nigeria: Booksellers Publishers.

[46] Quaye, I. and Sarbah, A. (2014). Assessing alternative sources of financing for small & medium scale enterprises in Ghana Case study of savings and loans companies (S&Ls) in the Greater Accra region of Ghana. *International Journal of Advancements in Research & Technology,* 3(7), 123-136.

[47] Samawi, A., Mdanat, M., Yosef, F. & Abutayeh, B. (2016). Formal versus informal financing of smes in the Libyan context: the case of Ghrian city. *Proceedings of 33rd international business research conference, 4-5 January 2016, flora grand hotel, Dubai, UAE.*

[48] Schlogl, H. (2004). Small and Medium Enterprises: Seizing the potential. *Organizational for Economic Cooperation and Development*, 243, 46-48.

[49] Siyanbola, T. & Gilman, M. (2017). Extent of employee turnover in Nigerian SMEs. *Employee Relations,* 39(3).

[50] Taiwo, J., Falohun, T. And Agwu, E. (2016). SMEs Financing and Its Effects on Nigerian Economic Growth**.** *European Journal of Business, Economics and Accountancy,* 4(4).

[51] Terungwa, A. (2011). An empirical evaluation of small and medium enterprises equity schemes in Nigeria. *Journal of Accounting and Taxation*, 3(5), 79-90.

[52] Yang, X. (2011). Trade Credit versus Bank Credit: Evidence from Corporate Inventory Financing. *Quarterly Review of Economics and Finance,* 51(4), 419–434. doi:10.1016/j.qref. 2011.07.001

[53] Yang, S & Birge, J. (2018). Trade credit, risk sharing, and inventory financing portfolios. Trade credit, risk sharing, and inventory financing portfolios. *Management Science,* 64 (8), 3469-3970.