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EFFECT OF INVESTMENT DECISION ON THE GROWTH OF SMALL AND MEDIUM ENTERPRISES (SMEs) IN NIGERIA

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Abstract

Small and medium enterprises (SMEs) investment forms a very important part of the Nigerian economy. The SME sector is a major engine which encourages the growth of jobs opportunities and wealth creation in the country's economic system. SMEs investment acts as a significant part that is linked to the strengthening and enhancement of the development of the country, increase in SME investment decision leads to growth in manufacturing, agriculture, services, and so on. This is because SMEs are considered as the engine that drives any economy forward including that of Nigeria. Sustainable growth and the increase of SME competitiveness will open numerous doors for employment opportunities, tangible and intangible assets (investment) in the economy. The SME sector has developed rapidly over the years. The main objective of this paper is to look at the effects of investment decision on the growth of SMEs in Nigeria. The questionnaire will be use to obtain primary data for the study. Regression has also used as a tool for data analysis. Based on data analysis it will be discovered that the rate of investment is low; the rate of growth of SMEs is also low; the rate of return on investment is moderate and the profit on investment is low. It

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will recommend that the government and the private sector should invest more for the faster growth of small and medium enterprises; the government should work hard reducing the rate of inflation in order to enhance the purchasing power of the citizen; this will go a long way to increase the rate of return on investment by small scale entrepreneurs and the government and private sector should come together and work for the growth of the economy in order to help SMEs to earn higher profit on their investment.

INTRODUCTION

Small and medium sized enterprises (SMEs) play a crucial role in economic development, both in developing and developed countries. The contribution of SMEs to the economy can be seen through the value added every year generated by SMEs such as employment, export participation, poverty alleviation, women empowerment, etc. In low income countries, it is undeniable that most of the enterprises are small scale and their labor force also works mostly for small enterprises, The investment and growth of small and medium enterprises (SMEs) is a major driver and indices for the level of industrialization; modernization; urbanization, gainful and meaningful employment for all those who are able and willing to work, equitable distribution of income, the welfare, income per capital and quality of life enjoyed by the citizenry (Aremu & Adeyemi, 2011). This is because SMEs contribute to employment growth at a higher rate than larger firms (Farouk & Saleh, 2011). Globally the SMEs is subsector is viewed as an important force of driving the economic growth and employment creation in both developing and developed countries (Ariyo, 2008; Kpleai, 2009; Birch, 1989; and Storey, 1994). SMEs (firms with 200 or fewer employees) make up the largest business sector in every world economy (Culkin & Smith, 2000). No wander governments around the globe are increasingly promoting and supporting the SME growth as part of their overall national development strategy (Abdullah & bin Dakar, 2000). Harrison and Watson (1998), point to

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the flexibility of SMEs, their simple organizational structure, their low risk and receptivity as the essential features facilitating them to be innovative.

The importance of SMEs in the development of economy, reduction in poverty, increase in employment, output, innovation in technology and uplifting in social status and standard of living is globally recognized and acknowledged in developed as well as in developing economics. Small and Medium Scale Enterprises have been acknowledged to have a prodigious potential for sustainable development. It is primarily through the growth of SMEs that employees made redundant by large firms have been absorbed back into the work force (Storey, 1994; Frank & Landstrom, 1998). Through the multiplier effect, this employment provides income to regions which stimulate local economic activities and in turn drives wealth and further employment generation (Walker & Webster 2004). In order to compete successfully locally and globally, micro, small and medium enterprises must strive to produce products that meet globally accepted standards.

In Nigeria the importance of investment decision to the growth of Small and medium scale businesses as the creators of employment is widely recognized. In 2002, 98% of all businesses in the manufacturing sector were SMEs operating in Nigeria, providing 76% of the workforce and 48% of all industrial output in terms of value added (Mahmoud, 2005; Odeyemi, 2003; SMEDAN, 2006). SME employs 87.9% of the workforce in the private sector (Kadiri, 2012; Olukayode & Somoye, 2013). In the agriculture and manufacturing sectors, SMEs employ more than 80% of the total workforce. In the last few years, an increase in employment of SMEs has also translated to the increase in their contribution to GDP thereby highlighting the significance of investment in SMEs in Nigeria.

Statement of the problems

SMEs are faced with the challenge of accessing funds due to the informal nature of their operations, inadequate accounting standards, controls and management of resources as well as the high cost of accessing funds. Therefore, one of the major problems of SMEs is finance (Nadada, 2013). There are in numbers of challenges faced by investors to make investment

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decisions with regards to SMEs some of them include the economy condition. For example the Nigerian economy has just come out of the recession, high level of inflation, low profit as well as low rate of return on investment from SMEs, unemployment, high dependent on imported input especially equipment's, multi-taxation, poverty among others. The National Bureau of Statistics (NBS) revealed that in 2012, 69% of Nigerians out of the total population of 163 million were relatively poor despite the vast human and natural resources the country is endowed with. The implication is that when there is poverty there must be low income leads to low demand which in turn results in low investment and so the low level of capital which again leads to low productivity, the main reason of the poverty in these countries is the low level of demand. Consequently, the small size of the market becomes a hurdle in the path of inducement to invest. How can investment decision induce growth in the SMEs sub-sector in Nigeria? This study is set to address this question.

Objectives of the Study
- To determine the effect of investment decision on the growth of small and medium enterprises.
- To assess the rate of return on investment decision on the growth of small and medium enterprises.
- To investigate the impact of investment decision on the growth of small and medium enterprises.

Scope of the study
The attention of the research will be focused on the role played by investment decision on the growth of SMEs within Bauchi metropolis in Bauchi Local Government Area of Bauchi State.

Justification for the study
This study is important because it will provide initial empirical information on the relationship between investment decisions on the growth of SMEs in Nigeria. The information generated will provide a useful feedback to

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financial policy makers, agriculture, manufacturing and other stakeholders on the effectiveness of existing SMEs. The data gathered will also be useful to small and medium enterprises SMEs as it would enhance an understanding of the determinants of investment decision on the growth of SMEs and foster the design and implementation of programmes that will be of immense benefit to SMEs, an often-forgotten segment on which the survival of the Nigerian polity depends.

Literature Review

Central Bank of Nigeria (2010) defined Small and Medium Scale Enterprises (SMEs) as an enterprise that has an asset base (excluding land) of between N5Million – N500Million and labour force of between 11 and 300. Alternative Securities Market (ASEM) for emerging businesses (2013) defined SMEs as an enterprise with an asset base excluding land and building of N10million to less than N100million with 10 – 49 employees for "SMALL" and N100million to less than N1billion with 50 – 199 employees for "MEDIUM". Banji (2010) defined SMEs as business with turnover of less than N100million and/or less than 300 employees. It can be observed that the scope of these definitions is within the same framework, but notwithstanding, the study adopts the definition of ASEM.

There are several constraints that impede the investment of SMEs in Nigeria. These constraints include low quality of labor and investment, unfavorable business environment, modest capacity of owner/manager, and lack of financing. With regards to low quality of labor and investment, majority of SMEs in Nigeria operate under poor investment and low-skilled labor that result in their low productivity. Furthermore, the business environment in Nigeria remains unfavorable for the development of SMEs, particularly because of institutional and legal barriers. In developing countries such as Nigeria where the quality of institutions is low, SMEs find it very hard to obtain business license and establish their business as they have to go through a lot of procedures as well as regulations.

Empirical evidence across countries has confirmed the impact of regulatory burden on SMEs development (Peci, Kutllovci, Tmava, & Shala, 2012;

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Samitowska, 2011). Further the capacity of SMEs owners/managers is often low. Internal management of Nigeria SMEs is often underdeveloped, unprofessional and weak that mainly based on the limited and personal experiences of the owners. There is usually no clear distinction between the rights and duties of owners, employers and employees. Most enterprises lack strategies and long-term business plans and operate with poor trained professional staff (MPI, 2005, p. 16). However, the most important factor that impedes the performance of SMEs in Nigeria is the lack of capital. SMEs are generally considered as riskier than large firms because they have lower survival rate, larger variance of profitability and growth (OECD, 1998). As a result, they often suffer from credit rationing or higher loan interest rate. In Nigeria, according to a recent research conducted by Kast and lapied (2006), 75% of the SMEs would like to seek bank loans but only about 30% succeeded. Not only is the lending procedure too complicated but the interest rate charged to SMEs is also exorbitantly high. SMEs in Nigeria are in greater disadvantage compare to large enterprise in obtaining capital.

According to the Organization for Economic Cooperation and Development (OECD) the characteristics of SMEs not only reflect the economic patterns of the country but also the social and cultural dimensions. These differing patterns are noticeable reflected within different definitions and criteria of SMEs adopted by different countries. Whereas some refer to the number of employees as their distinctive criteria for defining SMEs, others use invested capital, and some other use a combination of the number of employees, invested capital, sales and industry type (Dababneh & Tukan, 2007). World Bank, SME Country Mapping (2001).

National Council of Industry under the Ministry of Industry NERFUND, National Economic Reconstruction Fund NASSI, National Association of Small Scale Industrialists NASME and National Association of Small and Medium   Enterprises.

Despite the disparity in the comparative definitions of SMEs, the enterprises have some common characteristics, of which the foremost is that ownership and management are borne by one individual/ family (Scott, & Bruce, 1987) and therefore, decisions are often subjective. Secondly, SMEs

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require small capital base in general, disregarding of the industry and the country where they are based. Nevertheless, they are often having difficulty in attracting funds for expansion as a resolution of which they have to bank heavily on personal sources.

Thirdly, in practice, the management proprietor hardly differentiates his personal fund from the company's funds and this largely contributes to the inefficiency and non-functioning of many SMEs. For them, most SMEs operate with labor intensive technology. They find it less easy to shift from one product line to something radically different; in fact, most SMEs tie their objectives more closely to the product line than in other matters such as the use of capital. In most SMEs there is less organizational differentiation, higher employee turnover and higher labor investment ratio. Lastly, the rate of business dearth is high, probably due to reasons of low capital, lack of relationship between business life and that of promoter, inadequate market information and low level of operation, amongst other factors (Nweze, 2009).

Developing and developed countries Nigeria SMEs is playing a very important and the major role in the development of the economy, particularly in the manufacturing sectors. Studies done by the Federal Office of Statistics shows that 97% of all businesses in Nigeria employ less than 100 employees. The earlier definition of SMEs shows that 97% of all businesses in Nigeria are, to use the term, small business. The SME sector provides, on average, 50% of Nigeria's employment, and 50% of its industrial output (Ariyo, 2005). SMEs comprise 70% to 90% of the business establishment in the manufacturing sector in Nigeria (Oyelaran – Oyeyinka, 2010; Frimpong, 2013). SMEs provide over 90% of employment opportunities available in the manufacturing sector and account for about 70 % of aggregate employment created per annum. Moreover, to the potential of SMEs to serve as bedrock for entrepreneurial skills development, even distribution of income, wealth creation, employment generation, and sustainable economic development. SMEs in Nigeria is seen as the creativity and ingenuity of entrepreneurs in the utilization of the abundant non- oil, natural resources of this nation will provide a sustainable platform and

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spring board for industrial development and economic growth as is the case in the industrialized and economically developed societies (Schmiemann, 2008; Ebiringa, 2011; Onwumere, 2000).

A survey conducted by the Federal Bureau of Statistics (FBS) across the 36 states of the federation and the Federal Capital Territory (FCT) analyzed by the Minister of Trade and Commerce, Olusegun Aganga; shown that there was a total of 17.28 million SMEs in the country out of which 17.26 million are micro enterprises valued at less than N5 million (This Day Newspaper, July 20, 2012; NBS, 2012). It shows micro businesses had an increase in some states, and it shows that micro enterprises represent about 99 per cent of MSMEs in the country. The performance of the SMEs differs from country to country and from one type of business to another.

Lagos State had the highest number of SMEs in the country with 17 per cent of the national figure, followed closely by Kano State, with Osun state hosting the fewest SMEs with only 0.4 percent of the national figure (This Day Newspaper, July 20, 2012; NBS, 2012). From the percentage of micro, small and medium enterprises in the Nigerian economy, it can be seen that micro enterprises constitute the dominant enterprises in this economy. It testifies to the fact that SMEs and especially micro enterprises have the majority of the workforce. SMEs in general play a key role in the economy.

Methodology

Descriptive survey research design was adopted for this study. This design enabled the researcher to systematically collect data from a sample drawn from the population of interest through with the use of a research data collection instrument carefully chosen and designed. The research design for the study was adopted because it has both descriptive and exploratory attributes that will enable the researcher to collect data from a sample scientifically and carefully selected from the population of interest using an appropriate sampling technique. It also facilitates the use of simple frequency/percentage analysis and inferential statistical tools to analyze the data.

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Study Area

The study will be conducted at the Bauchi state investment cooperation, Bauchi state, Nigeria.

Study Design and Subjects

The sampling techniques to be adopted for the study is going to be stratified sampling techniques, this call for the decision of the population of the study into strategic groups that will be drawn from the various departments (Management Financial Personnel or Potential Investors). The study will be conducted in 2 phases. First of all, investment decision variable will be conducted from secondary data (publications of journals, CBN Bulletins, magazines etc.) Secondly, an analytical study design will used to evaluate the relationship between investment decision variable with the growth of small and medium enterprises SMEs in Nigeria.

Population of the Study

The population of this study will cover the entire managerial staff of Small and Medium Enterprises SMEs situate in Bauchi metropolis, Bauchi Local Government Area.

Sampling Technique

The sampling technique that will use in choosing the sample size for the purpose of this study is simple random sampling, where the SMEs in the defined population have equal chances of being selected for the sample.

Data Analysis

For the purpose of this study, regression analysis will be used to analyze the data.

Instrument for Data Collection

For the purpose of this study, designed questionnaires will be used for the purpose of collecting primary data from selected managerial staff of small and medium enterprises SMEs who serve as the sample of respondents. To

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test the validity of the data collection instrument used (Questionnaires), the researcher will consult with experts in the field to assess the extent to which each of statements in the questionnaires is relevant to the study.

Results

The result deals with the presentation, analysis and interpretation of data gathered in respect of this research study. The data gathered are displayed in a tabular form to make it easily comprehensible and accessible for statistical analysis using the statistical tools mentioned above. The application of data in testing hypothesis was based on the results derived from the analysis of data using descriptive statistics and regression analysis which were done with the aid of Statistical Package for the Social Sciences (SPSS) Version 23 (SPSS V23). It is important to state here that a total of 100 copies of the research questionnaire were administered to the 100 respondents selected for the study. However, only 90 questionnaires were appropriately filled and returned by the respondents, which were scrutinized and found to be valid for use in the study. This implies that a response rate of 90% was achieved in the study which is deemed to be a very good response rate for the study to be executed. This also implies that the basis for data analysis in this study is 90 and not 100.

Analysis of Responses Gathered from Questionnaire

Information supplied by respondents in the returned questionnaires were analyzed using descriptive statistics (frequency/percentage) analysis and the results are presented in tabular form.

Demographic Profile of the Respondents

The presentation of data in this study began with the presentation of the bio-demographic characteristics of respondents.

Table 1:

Gender distribution of Respondents

	Frequency	Percent	Valid Percent	Cumulative Percent

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Valid	Male	67	74.4	74.4	74.4
	Female	23	25.6	25.6	100.0
	Total	90	100.0	100.0	

Source: *Researcher's Field Survey, 2020.*

Table 1. Shows the gender distribution of respondents in this study. The Table shows that 67 respondents which represents 74.4% of the respondents were males while 23 respondents which represents 35.6% were females. This implies that majority of the respondents in this study were males.

Table 2:

Age Category Distribution of Respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 20 years	6	6.7	6.7	6.7
	20-29 years	34	37.8	37.8	44.4
	30-39 years	19	21.1	21.1	65.6
	40-49 years	30	33.3	33.3	98.9
	50 years and above	1	1.1	1.1	100.0
	Total	90	100.0	100.0	

Source: *Researcher's Field Survey, 2020.*

Table 2. Shows the age distribution of respondents in this study. The Table shows that 6 of the respondents representing 6.7% were 'less than 20 years'. 34 representing 7.8% were in the age category '20-29 years'; 19 representing 21.1% were in the age category '30-39 years'; 30 representing 33.3% were in

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the age category '40-49 years', while 1 representing 1.1% was in the age category '50 years and above'. This implies that majority of the respondents in this study were in the age category '40-49 years'.

Table 3:

Marital Status Distribution of Respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Married	48	53.3	53.3	53.3
	Single	35	38.9	38.9	92.2
	Divorced	3	3.3	3.3	95.6
	Widowed	4	4.4	4.4	100.0
	Total	90	100.0	100.0	

Source: *Researcher's Field Survey, 2020.*

Table 3. Shows the marital status distribution of respondents in this study. The Table shows that 48 respondents representing 53.3% of the respondents were married. 35 representing 38.9% were single; 3 representing 3.3% were divorced, while 4 representing 4.4% were widowed. This implies that majority of the respondents in this study were married.

Table 4:

Highest Educational Qualification Distribution of Respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SSCE	8	8.9	8.9	8.9
	ND/NCE	26	28.9	28.9	37.8
	HND/BSC	35	38.9	38.9	76.7
	PGD	14	15.6	15.6	92.2
	Master's Degree/MSC	6	6.7	6.7	98.9
	PhD	1	1.1	1.1	100.0
	Total	90	100.0	100.0	

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Source: *Researcher's Field Survey, 2020.*

Table 4. Shows the highest educational qualification distribution of respondents in this study. The Table shows that 8 respondents representing 8.9% were holders of SSCE; 26 representing 28.9% were holders of ND/NCE; 35 representing 38.9% were holders of HND/BSC; 14 representing 15.6% were holders of PGD; 6 representing 6.7% were holders of Master's Degree/MSC, while 1 representing 1.1% was a PhD holder. This implies that majority of the respondents in this study had HND/BSC as their highest educational qualification.

Table 5:

How long have you been working in the microfinance bank?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 2 years	2	2.2	20.0	20.0
	3-5 years	6	6.7	60.0	80.0
	6-9 years	2	2.2	20.0	100.0
	Total	10	11.1	100.0	
Missing	System	80	88.9		
Total		90	100.0		

Source: *Researcher's Field Survey, 2020.*

Table 5. Shows the distribution of number of years respondents have spent working in the microfinance banking sector. The Table shows that only 10 respondents (staff of LAPO microfinance bank) responded to this question out of which 2 representing 2.2% had spent less than 2 years. 6 representing 6.7% had spent 3-5 years, while 2 representing 2.2% had spent 6-9 years. This implies that majority of the respondents that are staff of microfinance bank in this study have spent 3-5 years working in the bank.

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Table 6:

Position held in the microfinance bank?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Manager	1	1.1	10.0	10.0
	Customer Care Officer	3	3.3	30.0	40.0
	Marketer	1	1.1	10.0	50.0
	Junior Staff	5	5.6	50.0	100.0
	Total	10	11.1	100.0	
Missing	System	80	88.9		
Total		90	100.0		

Source: *Researcher's Field Survey, 2020.*

Table 6. Shows the distribution of positions held in the microfinance banks by respondents who were staff of the microfinance bank. The Table shows that only 1 representing 1.1% was a manager; 3 representing 3.3% were customer care officers; 1 representing 1.1% was a marketer, while 5 representing 5.6% were junior staff. This implies that majority of the respondents who were staff of the microfinance bank were junior staff.

Table 7:

Type of Entrepreneurial Business

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Manufascturing	5	5.6	6.3	6.3
	Consumer Goods Trader	17	18.9	21.3	27.5
	Electrical/automobile/motorcycle spare parts business	10	11.1	12.5	40.0

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	Information Communication Technology	7	7.8	8.8	48.8
	Agriculture/Agro-allied business	8	8.9	10.0	58.8
	Building materials/Timber business	5	5.6	6.3	65.0
	Others	28	31.1	35.0	100.0
	Total	80	88.9	100.0	
Missing	System	10	11.1		
Total		90	100.0		

Source: *Researcher's Field Survey, 2020.*

Table 7. Shows the distribution of type of businesses respondents in this study were engaged in. The Table shows that only 80 respondents who were entrepreneurs responded to this question out of which 5 representing 5.6% were into manufacturing; 28 representing 31.1% were into consumer goods trading; 10 representing 11.1% were into electrical/automobile/motorcycle spare parts business; 7 representing 7.8% were into Information Communication Technology; 8 representing 8.9% were into agriculture/agro-allied; 5 representing 5.6% were into building materials/timber business, while 17 representing 18.9% were into other businesses not specified in this study. This implies that majority of the respondents in this study were engaged in consumer goods trading business.

Table 8:

Length of period been in current business

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 2 years	16	17.8	20.0	20.0

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	3-5 years	37	41.1	46.3	66.3
	6-9 years	16	17.8	20.0	86.3
	10-12 years	6	6.7	7.5	93.8
	13 years and above	5	5.6	6.3	100.0
	Total	80	88.9	100.0	
Missing	System	10	11.1		
Total		90	100.0		

Source: *Researcher's Field Survey, 2020.*

Table 8. Shows the distribution of length of period respondents have been engaged in their current businesses. The Table shows that 16 representing 17.8% had spent less than 2 years in their current businesses; 37 representing 41.1% had spent 3-5 years, 16 representing 17.8% had spent 6-9 years; 6 representing 6.7% had spent 10-12 years, while 5 representing 5.6% had spent 13 years and above in their current businesses. This implies that majority of the respondents in this study have spent 3-5 years in their current businesses.

Distribution of responses on Microfinance Bank and Entrepreneurial Development

The distribution of respondents' responses on questions pertaining to microfinance bank are also presented in tabular forms.

Table 9:

Has your business ever been supported/empowered financially by a microfinance bank?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	33	36.7	41.3	41.3
	No	47	52.2	58.8	100.0
	Total	80	88.9	100.0	
Missing	System	10	11.1		

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Total	90	100.0		

Source: *Researcher's Field Survey, 2020.*

Table 9. Shows the distribution of responses on whether respondents' businesses have ever been supported/empowered financially by microfinance bank. The Table shows that only 80 respondents who were entrepreneurs in this study responded to this question out of which 33 representing 36.7% have ever had their businesses supported/empowered financially by microfinance bank before, while 47 representing 52.2% have never had their businesses supported/empowered financially by microfinance bank before. This implies that majority of the respondents in this study have never had their businesses supported/empowered financially by microfinance bank.

Table 10:

Do you agree that microfinance banks have no importance in the economic development of Bauchi LGA?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	12	13.3	13.3	13.3
	Agree	23	25.6	25.6	38.9
	Disagree	30	33.3	33.3	72.2
	Strongly Disagree	25	27.8	27.8	100.0
	Total	90	100.0	100.0	

Source: *Researcher's Field Survey, 2020.*

Table 10. Shows the distribution of responses on whether microfinance banks have no importance in the economic development of Bauchi LGA. The Table shows that 12 representing 13.3% of the respondents strongly agreed; 23 representing 25.6% agreed; 30 representing 33.3% disagreed, while 25 representing 27.8% strongly disagreed. This implies that majority of the

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respondents in this study disagreed that microfinance banks have no importance in the economic development of Bauchi LGA.

Table 11:

Do you agree that microfinance banks have programmes that are geared towards the growth of small scale businesses in Bauchi LGA?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	30	33.3	33.3	33.3
	Agree	43	47.8	47.8	81.1
	Disagree	15	16.7	16.7	97.8
	Strongly Disagree	2	2.2	2.2	100.0
	Total	90	100.0	100.0	

Source: *Researcher's Field Survey, 2020.*

Table 11. Shows the distribution of responses on whether microfinance banks have programmes that are geared towards the growth of small scale businesses in Bauchi LGA? The Table shows that 30 representing 33.3% of the respondents strongly agreed; 43 representing 47.8% agreed; 15 representing 16.7% disagreed, while 2 representing 2.2% strongly disagreed. This implies that majority of the respondents in this study agreed that microfinance banks have programmes that are geared towards the growth of small scale businesses in Bauchi LGA.

Table12:

Do you agree that microfinance banks have been supporting small businesses and entrepreneurs through financial loans in Bauchi LGA?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	30	33.3	33.3	33.3

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Agree	42	46.7	46.7	80.0
Disagree	11	12.2	12.2	92.2
Strongly Disagree	7	7.8	7.8	100.0
Total	90	100.0	100.0	

Source: *Researcher's Field Survey, 2020..*

Table 12. Shows the distribution of responses on whether microfinance banks have been supporting small businesses and entrepreneurs through financial loans in Bauchi LGA. The Table shows that 30 representing 33.3% of the respondents strongly agreed; 42 representing 46.7% agreed; 11 representing 12.2% disagreed, while 7 representing 7.8% strongly disagreed. This implies that majority of the respondents in this study agreed that microfinance banks have been supporting small businesses and entrepreneurs through financial loans in Bauchi LGA.

Table 13:

Do you agree that there is no problem or much stress in obtaining financial loan for your business from microfinance banks in Bauchi LGA?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	22	24.4	24.4	24.4
	Agree	38	42.2	42.2	66.7
	Disagree	21	23.3	23.3	90.0
	Strongly Disagree	9	10.0	10.0	100.0
	Total	90	100.0	100.0	

Source: *Researcher's Field Survey, 2020.*

Table13. Shows the distribution of responses on whether there is no problem or much stress in obtaining financial loans for businesses from microfinance banks in Bauchi LGA? The Table shows that 22 representing

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24.4% of the respondents strongly agreed; 38 representing 42.2% agreed; 21 representing 23.3% disagreed, while 9 representing 10.0% strongly disagreed. This implies that majority of the respondents in this study agreed that there was no problem or much stress in obtaining financial loans for businesses from microfinance banks in Bauchi LGA.

Table14:

Do you agree that microfinance banks have helped SMEs to grow in Bauchi LGA?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	29	32.2	32.2	32.2
	Agree	31	34.4	34.4	66.7
	Disagree	22	24.4	24.4	91.1
	Strongly Disagree	8	8.9	8.9	100.0
	Total	90	100.0	100.0	

Source: *Researcher's Field Survey, 2020.*

Table14. Shows the distribution of responses on whether microfinance banks have helped SMEs to grow in Bauchi LGA? The Table shows that 29 representing 32.2% of the respondents strongly agreed; 31 representing 34.4% agreed; 22 representing 24.4% disagreed, while 8 representing 8.9% strongly disagreed. This implies that majority of the respondents in this study agreed that microfinance banks have helped SMEs to grow in Bauchi LGA.

Table15:

Do you agree that microfinance banks have helped boost the economy of Bauchi LGA?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	24	26.7	26.7	26.7
	Agree	35	38.9	38.9	65.6
	Disagree	22	24.4	24.4	90.0

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Strongly Disagree	9	10.0	10.0	100.0
Total	90	100.0	100.0	

Source: *Researcher's Field Survey, 2020.*

Table 15. Shows the distribution of responses on whether microfinance banks have helped boost the economy of Bauchi LGA? The Table shows that 24 representing 26.7% of the respondents strongly agreed; 35 representing 38.9% agreed; 22 representing 24.4% disagreed, while 9 representing 10.0% strongly disagreed. This implies that majority of the respondents in this study agreed that microfinance banks have helped boost the economy of Bauchi LGA.

Table 16:

Do you agree that entrepreneurs in Bauchi metropolis depend on microfinance banks?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	19	21.1	21.1	21.1
	Agree	24	26.7	26.7	47.8
	Disagree	29	32.2	32.2	80.0
	Strongly Disagree	18	20.0	20.0	100.0
	Total	90	100.0	100.0	

Source: *Researcher's Field Survey, 2020.*

Table 16 shows the distribution of responses on whether entrepreneurs in Bauchi metropolis depended on microfinance banks. The Table shows that 19 representing 21.1% of the respondents strongly agreed; 24 representing 26.7% agreed; 29 representing 32.2% disagreed, while 18 representing 20.0% strongly disagreed. This implies that majority of the respondents in this study disagreed that entrepreneurs in Bauchi metropolis depended on microfinance banks.

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Table 17:

Do you agree that microfinance bank does not play any role in the economy of Bauchi metropolis?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	8	8.9	8.9	8.9
	Agree	19	21.1	21.1	30.0
	Disagree	41	45.6	45.6	75.6
	Strongly Disagree	22	24.4	24.4	100.0
	Total	90	100.0	100.0	

Source: *Researcher's Field Survey, 2020.*

Table 17. Shows the distribution of responses on whether microfinance bank does not play any role in the economy of Bauchi metropolis? The Table shows that 8 representing 8.9% of the respondents strongly agreed; 19 representing 21.1% agreed; 41 representing 45.6% disagreed, while 22 representing 24.4% strongly disagreed. This implies that majority of the respondents in this study disagreed that microfinance bank does not play any role in the economy of Bauchi metropolis.

Table 18:

Do you agree that microfinance banks do not help SMEs in Bauchi metropolis?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	10	11.1	11.1	11.1
	Agree	15	16.7	16.7	27.8
	Disagree	45	50.0	50.0	77.8
	Strongly Disagree	20	22.2	22.2	100.0
	Total	90	100.0	100.0	

Source: *Researcher's Field Survey, 2020.*

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Table 18. Shows the distribution of responses on whether microfinance banks do not help SMEs in Bauchi metropolis? The Table shows that 10 representing 11.1% of the respondents strongly agreed; 15 representing 16.7% agreed; 45 representing 50.0% disagreed, while 20 representing 22.2% strongly disagreed. This implies that majority of the respondents in this study disagreed that microfinance banks do not help SMEs in Bauchi metropolis.

Table 19:

Do you agree that the unstable economy and politics in Nigeria is one of the non-financial problems/challenges militating against the effective financing of entrepreneurs by microfinance banks in Bauchi LGA?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	47	52.2	52.2	52.2
	Agree	27	30.0	30.0	82.2
	Disagree	9	10.0	10.0	92.2
	Strongly Disagree	7	7.8	7.8	100.0
	Total	90	100.0	100.0	

Source: *Researcher's Field Survey, 2020.*

Table 19. Shows the distribution of responses on whether one of the non-financial challenges/problems militating against the effective financing of entrepreneurs in Bauchi LGA was the unstable economy and politics in Nigeria? The Table shows that 47 representing 52.2% of the respondents strongly agreed; 27 representing 30.0% agreed; 9 representing 10.0% disagreed, while 7 representing 7.8% strongly disagreed. This implies that majority of the respondents in this study strongly agreed that one of the non-financial challenges/problems militating against the effective financing of entrepreneurs in Bauchi LGA was the unstable economy and politics in Nigeria.

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Tests of Hypotheses

The main statistical tool used to test the hypotheses in this study is the regression analysis. This study used the Ordinary Least Squares (OLS) technique of the regression analysis to establish linear relationships between microfinance bank and entrepreneurial development in Bauchi LGA as well as determining if financial problems/challenges were the only problem militating against the effective financing of entrepreneurs by microfinance banks in Bauchi LGA. The first model that depicts the relationship between microfinance bank and entrepreneurial development in Bauchi LGA adopted in this study is given as:

$Y = \beta_0 + \beta_1 X_1 + \varepsilon$

Where:

Y = Dependent variable (Entrepreneurial development)

β_0 = Intercept of the regression model

X_1 = Independent variable (Microfinance bank)

β_1 = Model slope or regression coefficient corresponding to the independent variable (X_1)

ε = Random error term

Similarly, the second model used to determine if financial problems/challenges were the only problem militating against the effective financing of entrepreneurs by microfinance banks in Bauchi LGA. The model specification is given as:

$Y = \beta_0 + \beta_1 X_1 + \varepsilon$

Where:

Y = Dependent variable (Entrepreneurial development)

β_0 = Intercept of the regression model

X_1 = Independent variable (Problems/challenges of microfinance bank)

β_1 = Model slope or regression coefficient corresponding to the independent variable (X_1)

ε = Random error term

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Hypothesis 1:

H_0: There is no significant relationship between microfinance banks and entrepreneurship development in Bauchi LGA.

H_1: There is significant relationship between microfinance banks and entrepreneurship development in Bauchi LGA.

Hypothesis 2:

H_0: Microfinance banks have not significantly impacted on the development of entrepreneurship in Bauchi LGA.

H_1: Microfinance banks have significantly impacted on the development of entrepreneurship in Bauchi LGA.

The results of the regression analysis given in Tables 21 to 23 were used to test hypothesis 1 and hypothesis 2 in this study.

Table 21: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.491[a]	.242	.233	.52936

a. Predictors: (Constant), AMB

Source: *Researcher's SPSS OLS-Regression Analysis Output, 2020*

Table 22: ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	7.852	1	7.852	28.019	.000[b]
	Residual	24.660	88	.280		
	Total	32.512	89			

a. Dependent Variable: Entrepreneurial Development
b. Predictors: (Constant), AMB

Source: *Researcher's SPSS OLS-Regression Analysis Output, 2020.*

Table 23: Regression Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		

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1	(Constant)	1.226	.204			6.021	.000
	Activities of Microfinace Banks	.516	.098	.491		5.293	.000

a. Dependent Variable: Entrepreneurial Development

Source: Researcher's SPSS OLS-Multiple Regression Analysis Output, 2020.

Hypothesis 3:

H_0: Financial problems/challenges are not the only problem militating against the effective financing of entrepreneurs by microfinance banks (There are other non-financial problems/challenges) in Bauchi LGA.

H_1: Financial problems/challenges are the only problem militating against the effective financing of entrepreneurs by microfinance banks in Bauchi LGA.

Table 24: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.087[a]	.008	-.004	.60552

a. Predictors: (Constant), PCMB.

Source: *Researcher's SPSS OLS-Regression Analysis Output, 2020.*

Table 25: Regression ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.246	1	.246	.671	.415[b]
	Residual	32.265	88	.367		
	Total	32.512	89			

a. Dependent Variable: Entrepreneurial Development

b. Predictors: (Constant), PCMB

Source: *Researcher's SPSS OLS-Regression Analysis Output, 2020.*

Table 26: Regression Coefficients[a]

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	Model	**Unstandardized Coefficients**		**Standardized Coefficients**	**T**	**Sig.**
		B	Std. Error	Beta		
1	(Constant)	2.358	.134		17.663	.000
	The unstable economy and politics in Nigeria is one of the major problems/challenges militating against the effective financing of entrepreneurs by microfinance banks in Bauchi LGA.	-.055	.067	-.087	-.819	.415

a. *Dependent Variable: Entrepreneurial Development*

Source: Researcher's SPSS OLS-Multiple Regression Analysis Output, 2020.

Discussion of Findings

This study was conducted with the main objective of examining the effect of investment decision on the growth of small and medium enterprise in Nigeria in Bauchi Local Government Area of Bauchi state. The data gathered for the study were analyzed using frequency/percentage analysis and regression analysis and the following findings were made from the results of the data analyses:

The regression analysis revealed that there is a statistical significant relationship between Microfinance Bank and Entrepreneurial development in Bauchi LGA at 5% level of significance.

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The regression result also revealed that Microfinance Banks significantly impacted positively on Entrepreneurial development in Bauchi LGA at 5% level of significance.

The regression analysis also revealed that financial problems/challenges were not the only problems militating against the effective financing of entrepreneurs by microfinance banks in Bauchi LGA as there are other non-financial problems/challenges militating against the effective financing of entrepreneurs such as the unstable economic and political system in Nigeria.

The frequency/percentage analysis also revealed that microfinance banks play a very important role in entrepreneurial development in Bauchi LGA through developing programmes geared towards the growth of small scale businesses, provision of financial loans to small scale businesses and other entrepreneurs to boost economic growth and development in Bauchi LGA. The analysis also revealed that microfinance banks also provide financial and investments advices to SMEs so that they can do better in their business which ultimately leads to growth and development of the economy of Bauchi LGA.

The frequency/percentage analysis also revealed that the procedure for businessmen and other entrepreneurs to obtain financial loans from microfinance banks to boost their businesses was less problematic and not stressful.

The Frequency/percentage analysis also revealed that the microfinance bank in Bauchi LGA has helped to boost economic growth in Bauchi LGA through supporting SMEs with financial loans and investments advices.

Conclusion

It is no doubt that microfinance banks contribute significantly to the growth and development of entrepreneurship in Bauchi LGA and Nigeria at large. This research study was carried out with the main objective of examining the impact of microfinance bank on entrepreneurial development in Bauchi Local Government Area of Bauchi state. Findings from the study also revealed that microfinance banks had a significant relationship with

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entrepreneurial development in Bauchi LGA through developing programmes geared towards the growth and development of small scale businesses, provision of financial loans to small scale businesses and other entrepreneurs, and supporting SMEs with financial and investments advices so that their businesses would grow positively and boost economic development in Bauchi LGA. Microfinance Banks significantly impacted positively on Entrepreneurial development in Bauchi LGA. Findings from the results also revealed that microfinance banks significantly impacted positively on entrepreneurial development in Bauchi LGA. Findings also revealed that financial problems/challenges were not the only problems militating against the effective financing of entrepreneurs by microfinance banks in Bauchi LGA as there were other non-financial problems/challenges such as the unstable economic and political system in Nigeria.

Recommendations

In line with the findings of this study, the following recommendations are made:

(i) Sensitization programmes on the functions and activities of microfinance bank should be carried out on small scale businessmen and entrepreneurs in the local government through public seminars in order to give them proper orientation on the activities of microfinance banks and how they can help them to improve their businesses.

(ii) Microfinance banks in Bauchi LGA should be strengthened to embrace all kinds and manner of entrepreneurship even those devoid vocational inclinations.

(iii) Adequate financial, physical and human resources should be made available by various stakeholders in the local government area and state at large not only for existing businesses but also for potential ones.

(iv) Microfinance banks should increase the provision of other non-financial services such as financial and investments advice,

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commodity marketing, micro-insurance, leasing, and so on to all categories of entrepreneurs.

(v)   The Federal government of Nigeria in a bid to ensure provision of proper and effective services by microfinance banks to entrepreneurs should come up with laws that would enable the Central Bank of Nigeria (CBN) to be fully involved in the regulation and coordination of microfinance banks and other similar financial institutions especially in rural and semi- urban centers rather than leave them totally under the supervision of state/local government authorities.

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