The Effect of Finance, Infrastructure and Training on the Performance of Small and Medium Scale Enterprises (SMEs) in Nigeria.

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ABSTRACT

Small and Medium Scale Enterprises (SMEs) play significant roles in providing employment opportunities, alleviating poverty, empowering communities, provision of goods and services, contributing toward the GDP, and achieving sustainable growth and development of the Nigerian economy. The aims of this research is to examine the effect of finance, infrastructure, and training on the performance of SMEs in Nigeria. This study used Kano State as a case study, and descriptive survey research design was used in this study. Sample size of 310 SMEs was drawn through simple random sampling out of the population of 1530 registered SMEs in Kano State, Nigeria. Primary data was employed in this study, and the data was collected through administering of close-ended structured questionnaires, but only 299 respondents respond to the questionnaires that were used for this study analysis. Statistical Package for Social Science (SPSS) software was used to analyze the respondent's profile while Structural Equation Modeling (SEM) through Analysis of Moment Structure (AMOS) software was used to test the hypotheses of this study. The findings indicate that finance, infrastructure, and training have a positive and significant effect on the performance of SMEs in Nigeria. This suggests that there is a dire need for finance, infrastructure, and training to be given adequate concentration as they serve as the engine of boosting the performance of SMEs in Nigeria. Thus, it is recommended that the Government should undertake policy development work aimed at making access to fund easier for SMEs with growth potential and reduce the interest rate. The existing infrastructural facilities such as road, electricity, water supply, and telecommunication should be improved to a high standard by the Government. The Government should also encourage the SMEs entrepreneurs to make use of Entrepreneurial Development Programme (EDP) that is aimed at improving the

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skill level in the SMEs sector, and the SMEs entrepreneurs should inculcate the habit of training and developing their management and workforce in order to build a strong capacity for meeting these challenges.

1. INTRODUCTION

Small and Medium Scale Enterprises (SMEs) are recognized as the driving force for developed and developing countries across the globe for playing an important role in economic growth and sustainable development (Ariyo, 2005). SMEs occupy or contain a place of pride in virtually every country or state. Because of their significant roles in the growth and development of various economies, they have aptly been regarded as "the engine of growth" and "catalysts for the socio-economic transformation of any country". SMEs serve as a veritable vehicle for the achievement of national economic objectives for poverty reduction at low investment cost and employment generation as well as the development of entrepreneurial capabilities, which include indigenous technology. In same vein intrinsic benefits of vibrant and healthy SMEs include access to infrastructural facilities occasioned by the present or existence of such SMEs in their surroundings, and the stimulation of economic activities which include suppliers of several items and distributive trades for items produced or required by SMEs, stemming from rural-urban migration, and also enhancement or strengthening of standard of living of employees or workers of the SMEs and their dependents as well as those that are directly or indirectly related to them (Onugu, 2005). SMEs worldwide can boast of being the major employers of labour and the likes mentioned above if it is compared to the major industries including the multinationals.

Cook and Nixson (2000) argues that the interest in the growth and development of SMEs and their contribution to the development process continue to move at the forefronts of the policy debates in developing countries. The advantages claimed for SMEs are many, which includes greater likelihood that SMEs will utilize labour intensive technologies; encouragement of entrepreneurship and thus have an immediate impact on employment generation; there can quickly be established rapidly and put into operation to produce quick returns; their development can encourage the process of both inter and intra-regional decentralization; and there may become a countervailing force against the economic power of Larger Scale Enterprises (LSE). However, the growth and development of SMEs is seen as accelerating factors for the achievement of wider economic and socio-economic objectives or goals, including poverty alleviation (Hallberg, 2000).

Ekwem (2011) SMEs is of types and sizes, and the measures used to classify SMEs are employment, assets, and revenue. He further, states that the definitions of SMEs does not remain constant it's changes or varies from one organization/association to another, country to country, industry to industry, and from one financial institution to another. The variation on the concept of SMEs depend on the level of development of the country, industry, and the rest in question, and at the same time with the level of its economic activity and industrial growth. NCI (2003) opined that Small Scale Industries are those industry that have a total cost (including working capital but without cost of land) above one million five hundred thousand naira but not exceeding fifty million, with a number of employees between eleven to one hundred workers, while the Medium Scale Industry are those industries that have a total cost (excluding cost of land but including working capital) above fifty million naira exceeding two hundred million employing employees between one hundred and one and three hundred workers. The major characteristic attributed to SMEs is flexibility (Levy & Powell, 2005). Storey and Cressy (1996) opined that SMEs are more flexible than large firms hence they bring about innovation in terms of their goods and service. SMEs usually operate on a flat management structure and are associated with small management teams and in most cases, SMEs managers work closely together on a day to day basis (Onugu, 2005), and also the characteristics of SMEs can be seen as an enterprise that is relatively small, with the owner be in control of all its affairs, this makes him take faster decisions and actions, he can be known by all the employees and can change line of business at any time unlike large companies. But they face the problem of inadequate accountability, weak record-keeping and difficulty in accessing funds (Mohammed & Nzelibe, 2014).

2. LITERATURE REVIEW

2.1 Performance of SMEs

Numerous scholars have been drawn to investigate the performance of SMEs extensively, as its activity contributes not only to macroeconomic outcomes but also to its performance. Performance improvement is the primary goal of entrepreneurial firms, as it demonstrates the level of success of its business operations (Murphy, Trailer & Hill, 1996). Organizational performance can be explained in different kind of perspectives and there are several aspects that are mutually considered to define organizational performance comprehensively, rather than financial measure of profits that are heavily criticized and profitability reflects the overall performance of profit organizations (Daft, 1998). Profitability may be expressed in terms of earning per share, return on investment or net income. Employee morale, market share, and social legitimacy (see institutional theory part) may be considered as part of the overall performance in an extremely

competitive business world (Rauf, 2007). The concept of organization performance can be express with an open question with little studies using a consistent measures and definitions (Kirby, 2005). Therefore, Sandberg at al. (2002) stressed that the performance of SMEs is the ability and desire to contribute to wealth and job creation through enterprises or businesses start-up, growth, and survival. And also GEM (2004) claimed that the performance is an act of doing something successfully; performing well; using knowledge as distinguished from merely possessing it. However, performance seems to be conceptualized, operationalized and measured the different methods of ways of making the cross-comparison difficult.

Performance measurement is a current issue in academia, as well as in the business community (Wegelius-Lehtonen, 2001). Various studies have been carrying out on the issue of performance measurement and at the same time, the definition or what constitute performance measurement are still debated. Neely (1998) posits that "Performance Measurement is an act of quantifying the efficiency of past doing and actions through the acquisition, collation, sorting, analysis, interpretation and dissemination of appropriate data". Moullin (2003) thought that while Neely's definition describes the process, "it does not give much guidance to organizations about what it is essentially all about." He suggests that another definition may be more apt: "performance measurement is evaluating how well organizations are managed, govern, and the value they deliver to customers and other stakeholders" (Moullin, 2003). Moullin (2003) argued that his definition clearly shows the purpose of performance measurement and emphasizes the assessment both of the value an organization gives to its various stakeholders and the way the organization is managed. Velimirovic et al. (2011) states that the KPI to measure performance, are financial and non-financial indicators that organization do use to know how successful they were in achieving long lasting goals or objectives. The KPI is static and stable indicators that carry more meaning when comparing information and other facts. It really helps to remove the emotion away from the object of the business or companies, and at the same time get one focused on the things that job is really about, and that is to make profit. The combinations of this two measures (economic and non-economic) will help the owners or managers of SMEs to achieve wider perspective on measuring and comparing their entrepreneurial performance effectively, in particularly the extent of effective and efficient utilization of the resources, competitively to face the growing external pressure including globalization (Chong, 2008). To capture different aspects of firm performance, multiple measures like financial and non-financial, should be employed (Knight, 2000; Wiklund & Shepherd, 2005).

Researchers to date make use of both objective and subjective indicator to measure the performance of SMEs. This study won't be an exception. But due to the sensitivity attached to profit figures or financial figures in Nigeria, SMEs

owners or managers do not provide their financial details (Watson, 2007). This creates difficulties in research to obtain a direct measure of the performance of SMEs. As a result of such, this study make used of indirect questions that capture financial information's from the SMEs owners or managers while the non-financial information from the SMEs owners or managers are always available for consumption.

2.2 Finance

Finance is a field and concept that deals with assets and also liabilities over a period under conditions of certainty and uncertainty. Finance also applied the theories of economics at some level or time. Finance can also be defined and explained as the science of money (capital) management. The key point in finance is the time value of money (capital), which states that the purchasing power of one unit of currency can change or vary over a given period. Finance aims to price assets that are based on their risk level, and also their expected rate of return (Agnew, 2003). According to Boateng (2004) Finance is a resource (capital) that is used to start innovate and expand a business to achieve success. Capital is vital to the success of the enterprise as it forms the foundation of the enterprise. Agnew (2003) suggested that no firm can survive or operate well without money (capital) to hire employees, develop products, establish markets and attract customers. Winton and Yerramilli (2008) noted that once the market opportunity and the strategy for seizing the opportunity have been well defined a firm may begin to examine the financial requirements in terms of asset needs and operating needs. Finance for business is vital as it forms the foundation of SMEs (Boatang, 2004).

2.3 Infrastructure

Infrastructure is the physical and organizational structure that is essential and needed for the operation of a society or enterprise (Oxford, 2009). And it is the services and facilities necessary for an economy to function (Sullivan & Steven, 2003). Infrastructure can be defined and explain as a set of interconnected elements that issue or provide a framework that support the entire structure for development, and it is an essential term for judging a region's or country progress that is around the circle of development. The term refers to technical structures that guide and support the society, in terms of water supply, electricity grids, bridges, roads, telecommunications, sewers, and also infrastructure is explain as the physical components of interrelated systems that provide products and services essential to sustain, enable, or enhance societal living conditions (Fulmer, 2009). Functionally, infrastructures facilitate the production of products and services, and also facilitate the distribution of finished goods to the markets, as well as promote the essential social services such as hospitals and school; for

example, roads enable the transport of raw materials to a factory (American, 2009).

Infrastructure is the totality of fundamental physical facilities upon which all other ranging from economic, social and political activities significantly depend on (Ukong & Iniodu, 1991). According to Hirschman (1958) infrastructure are those services without which primary, secondary, and tertiary production cannot work and function and that will lead to negative SMEs performance. In a study carried out by Rao and Srinivasu (2013) opined that infrastructure in general, is a set of facilities through which products and services are produced to the citizens and the infrastructure installation does not produce goods and services directly but provides inputs for all other economic, social and political activities. Nkechi et al. (2012) opined that it is a universal belief that infrastructural facilities aid the development of the mind, body and assist productivity in any environment and at the same time increase SMEs performance effectively and efficiently. Infrastructure is classified into sub-groups, depending on the issue of interest. The division is between economic infrastructure and social infrastructure, and economic infrastructure includes structures such as roads, railways, port facilities, power facilities and telecommunications networks, while social infrastructure includes facilities such as educational institutions, hospitals, justice facilities and community facilities (Shanks & Barnes, 2008).

In a study conducted by Kessides (1993) opined that infrastructure contributes to economic growth, acting through both demand and supply (SMEs function: buying and selling) in an aggregate sense, the character and availability of infrastructure influence the high productivity of private capital, public investment, and it also complements private investment. At the microeconomic level, the effect of infrastructure is seen specifically through reduced costs of production, infrastructure thereby affects profitability, level of output, income and employment, particularly for small and medium scale enterprises. Infrastructure also has an impact on the costs and service quality in international trade (trade logistic), which determines competitiveness in export/import markets. Infrastructure contributes to the diversification of the economy in rural areas, for example, by facilitating the growth of alternative employment and consumption possibilities. Infrastructure (especially telecommunication) provides access to applications of modern technology in many sectors. Infrastructure development is a phenomenon because its improved transport, which reduce workers' time spent on non-productive activities or which improve health status (example, better access to clean water and sanitation), raise the economic return to labour. By the same token, the lack of affordable access to adequate infrastructure is an essential factor determining the nature and persistence of poverty. Finally, infrastructure has an impact on domestic transaction costs and access to market information – thus permitting the economy to enjoy efficiency gains from policies of market liberalization

2.4 Training

Training is analyzed and explains as the acquisition of skills, knowledge, and competencies which is as a result of the teaching of vocational or practical knowledge that actually relate to a particular useful competency, and also training has a specific goal or objective of improving one's capacity, productivity, capability, and performance. Industrial Training Fund (2006) opined that training is an act and procedure through which knowledge, talents, and skills of employees or workers are enhanced. An empirical study carried out by Thaker (2008) stated that training is an organized step through which people acquired knowledge and skills for a definite purpose. Training is considered essential to the performance of SMEs; it is described as the vehicle that takes the organization to their destination towards achieving success within the stipulated time frame. The importance of training to the survival of modern organizations cannot be overemphasized. For any SMEs to survive the competitive business world, it must train and retrain its employees (human resource) in consonance with its remote and immediate operational environment. Training of workers or employees of SMEs will result in an increase in the productivity, and it will also help the employees to attain and achieve self-fulfillment of personal objectives as they work towards achieving organizational goals, and it is pertinent to acknowledge and note that technological growth of any country strictly depends on the bulk of trained employees (human resources) (Oforegbunam & Okorafor, 2010).

Bruderl et al. (1992) opined that human capital theory in the entrepreneurial context argue that although the general application of human capital is on employees. Therefore, there is no any purpose why it should not be applicable to entrepreneurs as well, and accordingly, entrepreneurs, which have higher general and a particular human capital, is expected to show higher level of productivity and performance than those with lower levels of general and particular human capital. SMEs with training programmes had more favourable performance trends in a number of areas including revenues, profitability, employee relations, quality of product and service delivering and their business viability and outlook (Betcherman et al. 1997). Magableh and Almahroug (2007) stated that the factors that influence SMEs achievements are not the same from one geographical region or location to another. It is well believed that the achievement or success factors can be categories in two groups, which are known as external and internal factors. The example of external factors involves things that have to do with the social and political environment, surrounding the economy, legislation and rules, availability of funds and the rest. And the example of internal factors also involves something like training, management skill, experience and education and the rest.

2.5 Theoretical Framework

This study investigated three major factors that seem to have a relationship with the performance of SMEs, namely: finance, infrastructure, and training. The variable were identify based on the literatures reviewed and the theories guiding the study ranging from Pecking Order Theory opined by Myer's and Majluf in 1984, Government Expenditure Theory develop by Keynes in 1936 and Human Capital Theory purports by Schultz in 1961. Therefore, this study integrates their works and develops a model that serves as a guide or direction to the study.
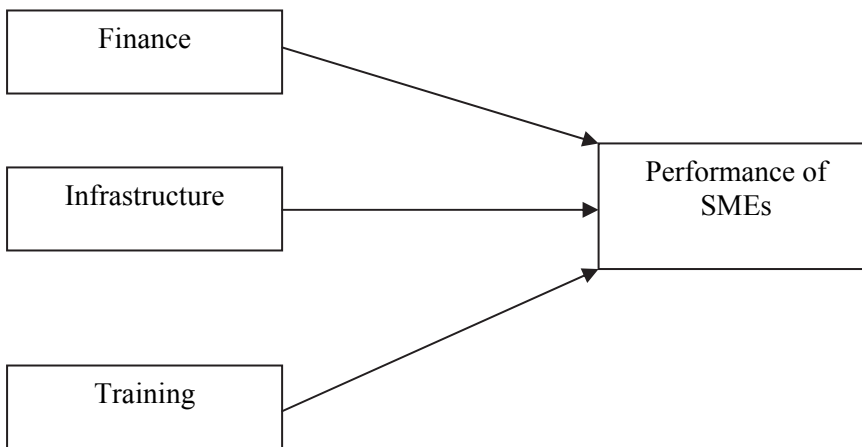

Figure 1: Conceptual Model

2.6 Hypotheses development of the study

2.6.1 Finance and Performance of SMEs

Elsenhardt and Martin (2000) made use of the resource-based theory to demonstrate the impact of financial capital on the performance of SMEs. Access to finance or capital to purchase fixed and current assets are essential to sustain a firm's competitive advantage. In another Empirical studies conducted by Wiklund and Shephered (2005) posits that SMEs need financial capital to obtain physical resources in order to take advantage of business opportunities and lack of physical resources is a critical failure factor on the performance of SMEs, which clearly show that financial resources have effect on firm performance. In a previous study conducted by Sha (2006) reviewed that access to finance strongly influences the performance of SMEs, these indicate that firms with access to funding, will perform better than those without access to finance. Furthermore, some studies such as (Chittithaworn, 2011; Fatoki, 2011; Jasra et al., 2011; Ahmad et al., 2012; Machirori, et al., 2012; Olugbenga, 2012; Mbuqua, 2013;

Nabintu, 2013; Ofoeqbu, 2013; Kinyua, 2014; Ojokuku, 2014) found that finance has significant effect on the performance of SMEs, while studies carried out by (Philip, 2011; Okpara, 2011) found inverse results.Therefore, to uncover the effect of finance on the performance of SMEs the following hypothesis was formulated:

H_A1: *Finance has a significant effect on the performance of SMEs in Nigeria.*

2.6.2 Infrastructure and Performance of SMEs

Beyene (2002) discovered that the availability of good infrastructure facilities provides a conducive environment for SMEs to flourish and facilitate the generation of economic growth. They are no way SMEs performance can be optimized in the absence of adequate power supply, water supply, transportation and effective telecommunication system on ground. Successful competition in the regional and global market hinges on the availability of an appropriate and efficient infrastructure. Low cost and high-quality infrastructure services tend to improve the performance of SMEs, and the study opined that infrastructure influence the performance of SMEs. In a survey conducted Ogunmola (2012) reviewed that the role play by infrastructure in SMEs performance cannot be overlooked because infrastructure such as power, good road network, steady water supply, efficient communication system and market are referred to as flavour on performance of SME. The absent of the aforementioned facilities in the life of Enterprises acts as a catalyst to some of the Enterprises less performance which invariably can result in winding up of the business if urgent steps are not taken on time. On the influence or effect of infrastructure on business performance, Ebert and Memillen (1999) revealed that firms are more productive in environments where stocks of public infrastructure are available, with an evidence they found that infrastructure provides the means by which the close spatial proximity of SMEs performance will be achieved, and economic activities can lead to increased productivity for all parties. In addition some studies such as (Ahamd et al. 2012; Okeyo et al. 2014; and Amwele, 2013), found that infrastructure influence the performance of SMEs, while (Okpara, 2011; Olugbenga, 2012; Kinyua, 2014) indicated that infrastructure did not influence the performance of SMEs. Therefore, base on the following evidence the following hypothesis was formulated:

H_A2: *Infrastructure has a significant effect on the performance of SMEs in Nigeria.*

2.6.3 Training and Performance of SMEs

The effect of training programmes to the overall firm's performance has been emphasized by several scholars (Arago'n, et al., 2003; Garci'a, 2005). Human

capital theory stressed that implementation of training programs enhance employee's skills and competencies, which in turn increase firm's productivity or performance, showing a strong effect of training on the performance of SMEs (Snell & Dean, 1992; Lepak & Snell, 1999). Empirical study conducted by Baever and Hutchngs (2005) discovered that implementation of various training programmes fosters learning, and also improve the overall competence of the organization members or employees, and it is believed that training implementation lead to higher performance of SMEs. Moreover, notable resources based theorists propose that the implementation of training programs can be thought as a strategic intent that ensure and improve lasting competitiveness (Wernerfelt, 1984; Barney, 1986). If the training programmes are consistent with the overall business strategy, the training programmes will foster and encourage employees to achieve strategic objectives, and thereby lead to superior firm's performance (Arthur 1994; Garci'a 2005). Although many studies have indicated that training implementation has significant influence on SMEs performance (Snell & Dean, 1992; Lepak & Snell, 1999; De Kok 2002; Ng & Siu 2004; Garci'a 2005; Mako 2005; Del Valle et al., 2009; Olsen & Eikebrokk, 2009; Yahya et al., 2012; Ubeda et al., 2013; Thaimuta & Moronge, 2014). It has been discovered that some studies found inverse results (Westheld & Storey 1997; Cosh, et al., 1998). Therefore, base on the following evidence the following hypothesis was formulated:

H_A3: *Training has a significant effect on the performance of SMEs in Nigeria.*

3. METHODOLOGY

This study is aimed to examine the effect of finance, infrastructure, and training on the performance of SMEs in Nigeria. A sample of 310 SMEs irrespective of its nature was drawn out of the population of 1530 registered SMEs in Kano State, Nigeria, through Krejcie and Morgan 1970 table of sample size determination. A structured questionnaire with closed-ended questions was used to gather the study data, with a rating scale from 1-10. A total of 310 questionnaires were distributed to the sample SMEs in Kano State, Nigeria. Out of the questionnaires distributed only 299 respondents respond to the questionnaires that were used in the analysis of this study. The questionnaire was group into five parts. Part one comprises of the demographic profile of the respondents. Part two includes items on the performance of SMEs. Part three consists of items on finance. Part four consists of items on infrastructure. Part five comprises of items on training. Structural Equation Modeling (SEM) were used to test the hypotheses under study through AMOS Software. Pilot study was conducted known as Exploratory Factor Analysis (EFA) with 120 respondents (SMEs) in the study area to affirm the consistency of all the items in the questionnaire, and to determine the dimension of each construct of the study, and

also it is performed through SPSS Software. Confirmatory Factor Analysis (CFA) was used to ascertain the validity of the measurement model before the commencement of Structural Equation Modeling (SEM)/Structural Model, and it is performed through AMOS software. The recommended factor loading value for both EFA and CFA is 0.60 and above (Zainudin, 2014).

3.1 Reliability and Validity

Reliability and validity were used in this study through unidimensionality, internal reliability and validity to ascertain or evaluate the fitness of the measurement models (Hair et al., 2010). Zainudin (2014) stressed that unidimensionality is achieve when the measuring items have acceptable factor loading for the respective latent construct and the recommended factor loading value for both EFA, and CFA latent construct is 0.60 and above. The internal reliability is achieved in this study when the Cronbach's Alpha of each construct that comprises of finance, infrastructure, training and performance of SMEs are 0.70 and above which indicates that the items used for the measurement model are technically free from error (Hair, 2010). Zainudin (2014) validity is access through convergent validity, discriminant validity, and construct validity. Convergent validity is achieved when all items in the measurement model are statistically significant. The convergent validity is verified by computing the composite reliability (CR) and average variance extracted (AVE) for each construct. The recommended value of the CR and AVE are 0.60 and 0.50 above (Zainudin, 2014). Discriminant validity is achieved when the measurement model is free from redundant items. Construct validity is achieved when the fitness indexes for a construct achieved the regard level. The fitness indexes indicate how fit is the items in measuring their respective latent construct. The fitness index for acceptance value is presented in Table 1 below.

Table 1: Index Category and the Level of Acceptance for Every Index

Name of Category	Name of Index	Level of Acceptance	Comments
Absolute Fit	Chisq	P > 0.05	Sensitive to sample size > 200
	RMSEA	RMSEA < 0.08	Range 0.05 to 0.1 is acceptance
	GFI	GFI > 0.90	GFI = .95 is a good fit
Incremental Fit	CFI	CFI > 0.90	CFI = 0.95 is a good fit
	TLI	TLI > 0.90	TLI = 0.95 is a good fit
	NFI	NFI > 0.90	NFI = 0.95 is a good fit

Parsimonious Fit	Chisq/df	Chi square/df < 5.0	The value should be less than 5.0.

Zainudin (2014).
Note: RMSEA: Root Mean Square of Error.
GFI: Goodness of Fit Index.
CFI: Comparative Fit Index.
           TLI: Tucker-Lewis Index.
NFI: Normal Fit Index.
Chisq/df: Chi Square/Degree of Freedom

4.   FINDINGS AND DISCUSSIONS

Table 2: Exploratory Factor Analysis

Construct	Items	Factor Loading	Dimensions Matrix	Cronbach's Alpha	Number of items	Internal Reliability
Performance of SMEs	TR1	0.806	1	0.931	6	Excellent
	TR2	0.866				
	TR3	0.854				
	TR4	0.855				
	TR5	0.899				
	TR6	0.901				
Finance	F1	0.910	1	0.869	4	Excellent
	F2	0.857				
	F3	0.832				
	F4	0.795				
Infrastructure	INFR1	0.849	1	0.751	3	Good
	INFR2	0.829				
	INFR3	0.774				
Training	TR1	0.902	1	0.955	8	Excellent
	TR2	0.717				
	TR3	0.847				
	TR4	0.944				
	TR5	0.865				
	TR6	0.945				
	TR7	0.875				
	TR8	0.932				

From Table 2 all the constructs show high internal consistency, and the items loading in all the constructs are above 0.70. The reliability coefficient of performance of SMEs was 0.932 and 0.931 for the Cronbach's Alpha, the

reliability coefficient for finance was 0.870 with a Cronbach's Alpha value of 0.869. The reliability coefficient for infrastructure was 0.752, and with a Cronbach's Alpha value of 0.751, while the reliability coefficient for training was 0.958 and 0.955 for the Cronbach's Alpha. All the Cronbach's Alpha value was above the recommended value of 0.70 (Zainudin, 2014), indicating an acceptable internal consistency. From the above results and analysis, it clearly shows that the items on each construct of the pilot study were reliable and recommended for further Analysis.

Table 3: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		Performance of SMEs	0.862
		Finance	0.755
		Infrastructure	0.678
		Training	0.918
Bartlett's Test of Sphericity	Performance of SMEs	Approx. Chi-Square	638.937
		Df	15
		Significance	0.000
	Finance	Approx. Chi-Square	262.121
		Df	6
		Significance	0.000
	Infrastructure	Approx. Chi-Square	85.537
		Df	3
		Significance	0.000
	Training	Approx. Chi-Square	1150.703
		Df	28
		Significance	0.000

The KMO and Bartlett's Test in Table 3 shows that the Kaiser-Meyer-Olkin of performance of SMEs, finance, infrastructure and training are 0.862, 0.755, 0.678 and 0.918 indicating that above 80%, 70%, 60% and 90% of the four constructs of the variance in the measured variable are common variances. The Bartlett's Test of Sphericity value of the data indicate statistical significant on the four constructs (Chi-Square with degree of freedom 15 = 638.937, P = 0.000, 6 = 262.121, P = 0.000, 3 = 85.537, P = 0.000, and 28 = 1150.703, P = 0.000). This Kaiser-Meyer-Olkin and Bartlett's Test of Sphericity value shows that the data on the performance of SMEs, finance, infrastructure, and training are suitable and reliable for further analysis.

Table 4: Profile of the Respondents

Respondents Characteristics	Frequency	Percentage (%)
Response Rate		
Returned	299	96.5
Unreturned	11	3.5
Gender		
Male	208	69.6
Female	91	30.4
Age		
Less than 30 Years	83	27.8
30-39 Years	112	37.5
40-49 Years	57	19.1
50-59 Years	32	10.7
60-69 Years	10	3.3
70-above	5	1.7
Marital Status		
Single	95	31.8
Married	181	60.5
Divorced	14	4.7
Widow	9	3.0
Education Qualification		
Not Attended	11	3.7
Primary School	8	2.7
Secondary School	27	9.0
Diploma/NCE	93	31.1
Degree/HND	103	34.4
Post Graduate Degree	57	19.1
Category		
Owner/Proprietor	119	39.8
Manager	125	41.8
Both (Owner and Manager)	55	18.4
Year of Operation		
Less than 5 Years	112	37.5
5-10 Years	131	43.8
11-15 Years	9	3.0
16-20 Years	14	4.7
Above 20 Years	33	11.0
Type of Business		
Partnership	72	24.1
Sole-Proprietorship	133	44.5
Private Limited Liability Company	71	23.7
Public Limited Liability Company	23	7.7

Equity of Ownership		
Locally Owned	227	75.9
Foreign Owned	42	14.0
Locally and Foreign Owned	30	10.0
Sector of Business Operation		
Service	81	27.1
Manufacturing	61	20.4
Construction	72	24.1
Agriculture	27	9.0
Trading	58	19.4
Company Annual Sales		
Less than N10m	16	5.4
N11m-N30m	50	16.7
N31m-N50m	20	6.7
N51m-N70m	166	55.5
N71m-N90m	7	2.3
N91m-N100m	7	2.3
N101m-Above	33	11.0
Number of Employees		
Less than 10 Employees	24	8.0
11-20 Employees	77	25.8
21-40 Employees	28	9.4
41-60 Employees	133	44.5
61-70 Employees	6	2.0
71-90 Employees	9	3.0
91-100 Employees	4	1.3
Above 111 Employees	18	6.0

Table 4 presents the findings of the respondents profile, and it was analyzed as follows: The result revealed that two hundred and eight respondents representing (69.6%) of the sample size were male. One hundred and twelve respondents representing (37.5%) of the sample size were of the age group between 30-39 years. One hundred and eighty-one respondents representing (60.5%) of the sample size were married. One hundred and three respondents representing (34.4%) of the sample size were degree/HND holders. One hundred and twenty-five respondents representing (41.8%) of the sample size were managers of their enterprises. One hundred and thirty-one respondents representing (43.8%) of the sample size has been in operation for between 5-10 years. One hundred and thirty-three respondents representing (44.5%) of the sample size were sole-proprietorship. The result shows that two hundred and twenty-seven respondents representing (75.9%) of the sample size own business locally. The result shows that eighty-one respondents representing (27.1%) of the sample size operate under service sector. One hundred and sixty-six respondents representing

(55.5%) of the sample size annual sales were between N51-N70m, and one hundred and thirty-three respondents representing (44.5%) of the sample size employees were between 41-60 employees.

Confirmatory Factor Analysis (Measurement Model)

The measurement model shows how fit the model of the study his, and it's comprises of the factor loading of each item with its R^2 and fitness indexes that shows if you have achieved your model or not are shown in Figure 2.
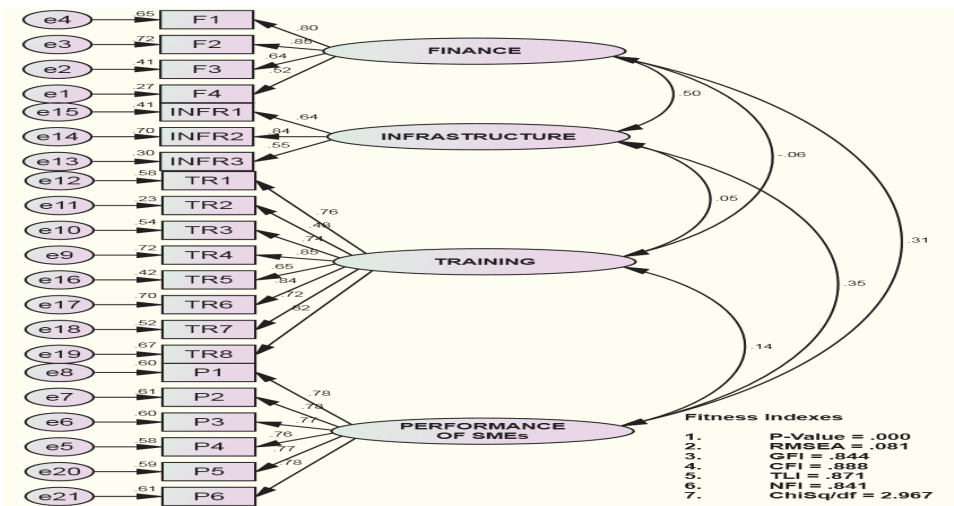

Figure 2: The Factor Loading for all Items of the Respective Constructs (The Measurement Model)

Table 5: Items Description and Items Deleted

Item Label	Factor Loading	R^2
F1	0.80	0.65
F2	0.85	0.72
F3	0.64	0.41
F4	0.54	0.27
INFR1	0.64	0.41
INFR2	0.84	0.70
INFR3	0.55	0.30
TR1	0.76	0.58
TR2	0.48	0.23
TR3	0.74	0.54
TR4	0.85	0.72
TR5	0.65	0.42

TR6	0.84	0.70
TR7	0.72	0.52
TR8	0.82	0.67
P1	0.78	0.60
P2	0.78	0.61
P3	0.77	0.60
P4	0.76	0.58
P5	0.77	0.59
P6	0.78	0.61

Note: Items was deleted.

The CFA results in Table 5 shows the four constructs that involves finance, infrastructure, training and performance of SMEs in figure 2 which are shown in Table 5 showing the factor loading for each item together with its R^2. Most of the factor loading are above the recommended value of 0.60, except F4 with a value of 0.54 and INFR3 with a value of 0.55 which all need to be deleted before proceeding to the next analysis. .

Table 6: The Fitness Indexes for Measurement Model

Name of Category	Name of Index	Index Value	Comments
Absolute Fit	RMSEA	0.081	The Required Level is not Achieved
	GFI	0.844	The Required Level is not Achieved
Incremental Fit	CFI	0.888	The Required Level is not Achieved
	TLI	0.871	The Required Level is not Achieved
	NFI	0.841	The Required Level is not Achieved
Parsimonious Fit	Chisq/df	2.967	The Required Level is Achieved

The CFA result confirms that the model was not accepted for further analysis. According to Figure 2 and Table 6, the CFA results shows that the RMSEA = 0.081, GFI = 0.844, CFI = 0.888, TLI = 0.871, NFI = 0.841, and Chisq/df = 2.967. The values indicate that all the fitness indexes for the pooled constructs do not achieve the required level except the Chisq/df, and the proposed model does not adequately fit the data. In general, the result of the assessment of the measurement model did not show a solid evidence of unidimensionality, convergent validity, and reliability. Therefore, to achieve the fitness indexes of the measurement model, a modification need to be carry out in the model

whereby any factor loading with less than 0.60 will be deleted. In addition for the purpose of this study a latent construct that also make the measurement model not to achieve its fitness indexes even though the factor loading is above 0.60 will be correlated or deleted if it won't affect the model. The new modification model is presented in figure 3 below.
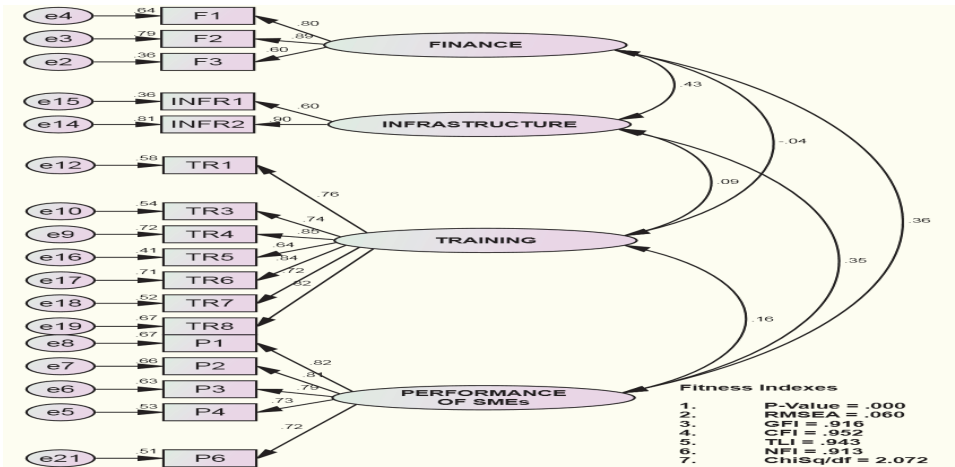

Figure 3: The New Factor Loading after Four Items were deleted (The New Measurement Model)

Table 7: Items Description and Items Deleted

Item Label	Factor Loading
F1	0.80
F2	0.89
F3	0.60
INFR1	0.60
INFR2	0.90
TR1	0.76
TR3	0.74
TR4	0.85
TR5	0.64
TR6	0.84
TR7	0.72
TR8	0.82
P1	0.82
P2	0.81
P3	0.79
P4	0.73
P6	0.72

Note: All items have met the recommended value.

Table 8: The Fitness Indexes for New Measurement Model

Name of Category	Name of Index	Index Value	Comments
Absolute Fit	RMSEA	0.060	The Required Level is Achieved
	GFI	0.916	The Required Level is Achieved
Incremental Fit	CFI	0.952	The Required Level is Achieved
	TLI	0.943	The Required Level is Achieved
	NFI	0.913	The Required Level is Achieved
Parsimonious Fit	Chisq/df	2.072	The Required Level is Achieved

Note: The fitness index has improved after the modification has taken place in the measurement model.

According to Figure 3 and Table 8, the CFA results shows that the RMSEA = 0.060, GFI = 0.916. CFI = 0.952, TLI = 0.943, NFI = 0.913, and Chisq/df = 2.072. The fitness indexes, as shown in Table 27, indicates that the measurement model signifies a satisfactory fit of the data and the result of all the fit indexes yielded adequate fit. In general, the result of the assessment of the measurement model shows solid evidence of unidimensionality, convergent validity, and reliability. Certainly, the model has enough measurement properties and hence can proceed with further analysis.

Table 9: The Measurement Model Results for Each Construct (After Modification)

Construct	Item	Factor Loading	Cronbach's Alpha (Above 0.70)	C.R. (Above 0.60)	AVE (Above 0.50)
Finance	F1	0.80	0.801	0.910	0.593
	F2	0.89			
	F3	0.60			
Infrastructure	INFR4	0.60	0.704	0.811	0.594
	INFR5	0.90			
Training	TR3	0.76	0.906	0.882	0.601
	TR5	0.74			
	TR6	0.85			

	TR7	0.64			
	TR8	0.84			
	TR9	0.72			
	TR11	0.82			
Performance of SMEs	P1	0.82	0.882	0.733	0.588
	P2	0.81			
	P3	0.79			
	P4	0.73			
	P6	0.72			

From Table 9 the model has sufficient measurement properties on each single factor model based on its Cronbach's Alpha, Composite Reliability, and Average Variance Extracted. Therefore, with the above result, the model is adequately fit for further analysis. And the missing items are deleted as a result of low factor loading and redundant items.

Table 10: The Discriminant Validity Index Summary

Construct	Training	Finance	Performance of SMEs	Infrastructures
Training	0.770			
Finance	-0.045	0.771		
Performance of SMEs	0.163	0.357	0.775	
Infrastructure	0.090	0.433	0.351	0.767

From Table 10 the diagonal value (in bold) is the Square root of AVE while other values are the correlation between the respective constructs. The discriminant validity of all constructs are achieved when the diagonal value (in bold) is higher than the values in its row and column. With this, it is concluded that the discriminant validity for all the four constructs is achieved and recommended for further analysis.

Table 11: The Assessment of Normality Distribution for Items in the Respective Construct

Variable	Min	max	skew	c.r.	kurtosis	c.r.
P6	1.000	10.000	-.627	-4.424	-.713	-2.515
TR8	1.000	10.000	-1.327	-9.370	.836	2.950
TR7	1.000	10.000	-.841	-5.938	-.660	-2.330
TR6	1.000	10.000	-1.101	-7.771	.110	.387
TR5	1.000	10.000	-.442	-3.118	-1.233	-4.351

INFR1	1.000	10.000	.123	.869	-1.140	-4.023
INFR2	1.000	10.000	.248	1.753	-1.067	-3.765
TR1	1.000	10.000	-.981	-6.925	.128	.451
TR3	1.000	10.000	-1.059	-7.478	.335	1.182
TR4	1.000	10.000	-1.099	-7.755	.314	1.109
P1	1.000	10.000	-.364	-2.572	-1.195	-4.219
P2	1.000	10.000	-.409	-2.890	-.953	-3.365
P3	1.000	10.000	-.450	-3.175	-.871	-3.074
P4	1.000	10.000	-.642	-4.532	-.671	-2.368
F1	1.000	10.000	.886	6.251	-.537	-1.896
F2	1.000	10.000	.533	3.760	-.990	-3.494
F3	1.000	10.000	.898	6.340	-.230	-.812
Multivariate					147.672	50.233

From Table 11 the result indicates that the Skewness and Kurtosis meet the recommended value of -1 to +1 (Skewness) and -2 to +2 (Kurtosis). This result clearly shows that the data used in this study was normally distributed and also the normality is achieved. With this, the data is suitable to proceed with further analysis that is the Structural Equation Modeling (SEM)/Structural Model.
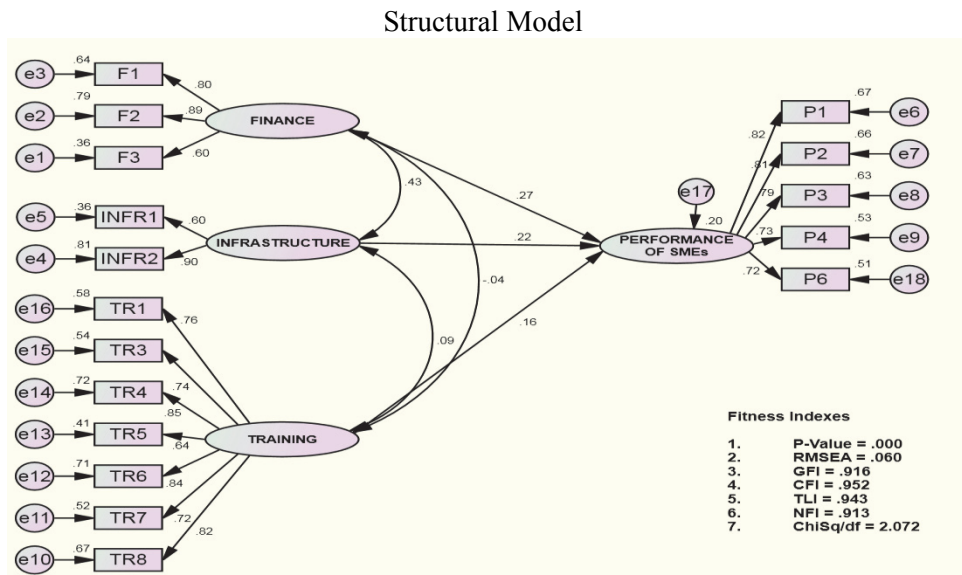
Structural Model

Figure 4: The Standardized Path Coefficients for the Model

Table 12: The Standardized Path Coefficients for the Model

Constructs	Path	Constructs	Estimate
Performance of SMEs	<---	Finance	0.268
Performance of SMEs	<---	Infrastructure	0.221
Performance of SMEs	<---	Training	0.155

The result in Table 12 indicates that when finance goes up by 1 standard deviation, performance of SMEs goes up by 0.268 of standard deviations. When infrastructure goes up by 1 standard deviation, performance of SMEs goes up by 0.221 of standard deviations, and also when training goes up by 1 standard deviation, performance of SMEs goes up by 0.155 of standard deviations.

Table 13: The Correlation Estimate for Each Pair of Exogenous Construct

Constructs	Path	Constructs	Estimate
Finance	<-->	Infrastructure	0.433
Infrastructure	<-->	Training	0.090
Finance	<-->	Training	-0.045

The result in Table 13 indicates that 0.433 is the estimated correlation that exists between finance and infrastructure. 0.090 is the estimated correlation between infrastructure and training, while -0.045 is the estimated correlation between finance and training. The result in Table 12 shows a good correlation between the constructs.

Table 14: The Squared Multiple Correlation (R^2)

Variable	Estimate (R^2)
Performance of SMEs	0.199

The result in Table 14 of the squared multiple correlations indicate that it is estimated that the predictors of the performance of SMEs explain 19.9 percent of its variance. In other words, the error variance of performance of SMEs is approximately 80.1 percent of the variance of the performance of SMEs itself.
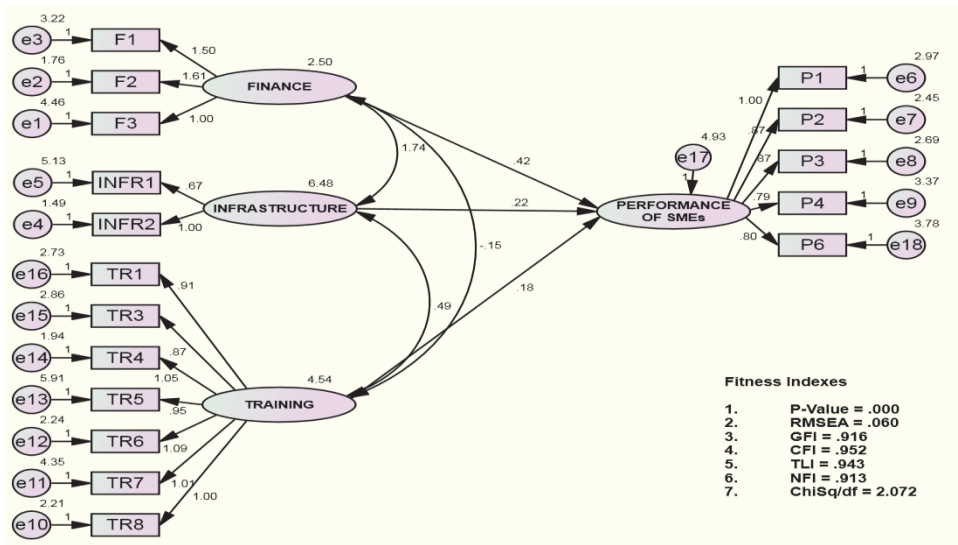
Figure 5: The Regression Path Coefficients for the Model

The regression weight indicates the estimate of the beta coefficient that measures the effects of every exogenous construct on the endogenous construct.

Table 15: The Regression Weights for every Path Estimate and it's Significant

Hypothesized Path			Beta Coefficients	C.R.	P-Value	Result
Performance of SMEs	<--	Finance	0.420	3.520	***	Significant
Performance of SMEs	<--	Infrastructure	0.216	2.695	0.007	Significant
Performance of SMEs	<--	Training	0.181	2..573	0.010	Significant

Note: *p<0.05, **p<0.01, ***p<0.001

In Table 15 the path (arrow) and its coefficient are presented in bold, which indicate the effects of every exogenous construct on the respective endogenous construct. And to achieve the objective of these study three hypotheses has been developed which are interpreted or analyzed below:

Hypothesis 1 examined the effect of finance on the performance of SMEs, and it was hypothesized that finance has a significant effect on the performance of SMEs in Nigeria. The result in Table 15 indicates that the probability of getting a

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critical ratio as large as 3.520 in absolute value is less than 0.001. In other words, the regression weight for finance in the prediction of performance of SMEs is significantly different from zero at the 0.001 level (two-tailed). The research result as shown in Table 15 indicates that the proposed effect was statistically significant (β= 0.42, P< 0.001). The beta coefficient for the effect of finance on the performance of SMEs was 0.420, which mean for every unit increase; finance increased performance of SMEs by 0.420. The positive regression coefficient revealed a positive influence by finance on performance of SMEs as predicted in the hypothesis. Hence, the hypothesis was supported, and the objective of this study was achieved. The result of this study is consistent with several studies (Chittithaworn, 2011; Fatoki, 2011; Jasra et al., 2011; Ahmad et al., 2012; Machirori et al., 2012; Olugbenga, 2012; Mbuqua, 2013; Nabintu, 2013; Ofoeqbu, 2013; Kinyua, 2014; Ojokuku, 2014) which indicates that finance has positive and significant influence on the performance of SMEs. This study shows that finance is essential for SMEs in Nigeria, whereby without adequate finance in place SMEs cannot achieve its performance because the finance is used to keep so many things in proper shape as it is used to purchase material for the enterprise, pay employees, carry on with advertisement, promotional strategy, and day to day activities that the SMEs required for it to flourish very well, that is why in this study it was indicated that finance has strong effect on the performance of SMEs in Nigeria. But the finding of this study is contrary to the findings of Philip (2011) and Okpara (2011) studies which indicate that finance has no influence on the performance of SMEs, meaning that finance is not the factor that influence performance is something else.

Hypothesis 2 examined the effect of infrastructure on the performance of SMEs, and it was hypothesized that infrastructure has a significant effect on the performance of SMEs in Nigeria. The result in Table 15 indicates that the level of significant for Regression Weight shows that the probability of getting a critical ratio as large as 2.695 in absolute value is 0.007. In other words, the regression weight for infrastructure in the prediction of performance of SMEs is significantly different from zero at the 0.01 level (two-tailed). According to Table 15 the result reveals that the proposed effect was statistically significant (β= 0.22, P< 0.01). The beta coefficient for the effect of infrastructure on the performance of SMEs was 0.216 per unit increase, and the infrastructure that increased the performance of SMEs was 0.216. The positive regression coefficient revealed a positive influence by infrastructure on the performance of SMEs as forecasted in the hypothesis. Hence, the hypothesis was supported, and the objective of this study was achieved. This study is in line with other studies that reported that infrastructure has a positive influence on the performance of SMEs (Ahamd et al., 2012; Okoye et al., 2014; Amwele, 2013). This study simultaneously revealed that infrastructure really influences the performance of SMEs because with infrastructure (Power Supply, Water Supply, Road, Transportation, Telecommunication and the rest) SMEs perform extraordinary

well, indicates that SMEs success lays on the neck of infrastructure that is why there is need to have adequate infrastructure on ground so that performance of SMEs can be achieved in Nigeria. Other studies such as (Okpara, 2011; Olugbenga, 2012; Kinyua, 2014) revealed that the infrastructure does not significantly has an effect on the performance of SMEs. Meaning that infrastructure are not the factors that influence the performance of SMEs that is why their study findings were contrary to this study.

Hypothesis 3 examined the effect of training on the performance of SMEs, and it was hypothesized that training has a significant effect on the performance of SMEs in Nigeria. The result in Table 15 indicates that the level of significant for Regression Weight revealed that the probability of getting a critical ratio as large as 2.573 in absolute value is 0.010. In other words, the regression weight for training in the prediction of performance of SMEs is significantly different from zero at the 0.01 level (two-tailed). And also Table 15 shows that the hypothesized path of training on the performance of SMEs is positive (0.181) and statistically significant (P< 0.01). The result indicates that increase or adequate training in place; the more the SMEs entrepreneurs think and believe they would achieve high increase in the performance of their businesses. Furthermore, the beta coefficient shows how a change in training occurred in correspondent to the change in performance of SMEs. For example, the beta coefficient for the hypothesized path of training on the performance of SMEs was 0.181, which means that for each unit increase in training, the performance of SMEs would have 0.181 unit increases too. Therefore, the hypothesis was supported, and the objective of this study was achieved. The result of this study is consistent with the prior researchers findings (Snell & Dean, 1992; Lepak & Snell, 1999; De Kok, 2002; Ng & Siu, 2004; Garcia, 2005; Mako, 2005; Del Valle et al., 2008; Eikebrokk & Olsen, 2009; Yahya et al., 2012; Ubeda et al., 2013; Thaimuta & Moronge, 2014) which indicates that training has significant effect on the performance of SMEs. From the result of this study adoption of training is very important for the performance of SMEs to be achieved, because through training the SMEs owners or employees will gain access to new knowledge, skills and experience on how to carry and handle the SMEs on the owners side, and how to carry on with the productivity or work of the SMEs on the employees side, that is why training significantly influences the performance of SMEs in Nigeria. Therefore, there is a dire need for training to be in place so that SMEs can flourish and compete locally and internationally. But the result of this study is not in line with the study of Ojokuku et al. (2014) that stressed that training has no significant effect on the performance of SMEs. Their study clearly indicates that training is not what influences the performance of SMEs that is why the result of this study is contrary to what they found in their study.

5.   CONCLUSION AND RECOMMENDATION

The performance of SMEs has been acknowledged and believed in accelerating the economic development of a country, which is the reason its role and importance has increased prominently throughout the world. The objective of this study was to examine the effect of finance, infrastructure, and training on the performance of SMEs in Nigeria. Therefore, the study found that finance, infrastructure, and training have positive and significant effect on the performance of SMEs in Nigeria. The major implication of the findings is that the findings give better understanding to entrepreneurs and business owners in addressing issues concerning the performance of SMEs. The result of this study serves as reference to anyone who is interested to establish his personal business which will provide insight into decision making in starting a business and also for any organization that is interested in achieving profitability or continue sustaining effective and profitable business in order to achieve growth and sustainable development. Finally, this study has achieved its research objective and theoretical framework. From this point, the Government and the authorities concern should give high concentration or provide adequate finance, infrastructure, and training in order to achieve efficient and effective performance of SMEs in Nigeria.

5.1 Suggestions for Future Research

This research work suggests some line of achievement for future researchers. Firstly, there is a need for future researchers to expand the scope of the study that could enhance the variety of perception and result. Secondly, the future researchers should or can duplicate same research in other parts of African, Asia, Europe and the rest for comparison purposes. Thirdly, the $R^2 = 0.2$ is good for this pioneer research in developing the performance of SMEs model. However, the future researcher should begin where this research work end, and search for other variables or factors which could contribute to performance of SMEs by including independent variables or moderating variable or combination of the two to the study in order to enhance the result.

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