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Examining the Impact of Micro-Credits Financing on Small Scale Enterprises' (SSEs) Survival in an Emerging Market, Nigeria.

J. A. Obadeyi
Department of Accounting and Finance;
Elizade University, Ilara- Mokin, Ondo State, Nigeria.

I. O. Adesuyi
Department of Business Administration,
Elizade University, Ilara-Mokin, Ondo State

I. E. Olubodun
Department of Business Administration,
Elizade University, Ilara-Mokin, Ondo State

ABSTRACT

There were tens of thousands of small scale enterprises (SSEs) operating within business environment in Nigeria, but continuous under-development, inability to access loanable funds, lack of innovation and weak capital base have characterized the informal market and chances of survival have become doubtful and bleak. To this extent, the study examined the impact of micro-credits financing on SSEs' survival in an emerging market, Nigeria. Primary source of data was through questionnaire. A regression method - simple Ordinary Least Square (OLS) method was adopted to analyze the responses gathered through the research instrument. The result showed that R^2 = 0.846, which explained the variations in SSEs survival by micro-credit behavioral funding pattern of micro-banks; while overall result was statistically significant ($p<0.05$). The paper concluded that SSEs were often used as indices to measure the level of industrialization. The paper however recommended that policymakers and other stakeholders sx hould consistently review policies guiding the establishment and operations of informal market in order to achieve the expected target of sustainability.

Keywords: Small scale enterprises, Survival, Financing, Micro-credits, Nigeria.

INTRODUCTION

Small Scale Enterprises (SSEs) in many emerging markets and developing countries have since shown importance in the industrialization process; but many emerging markets and developing economies have been making concerted efforts to promote the development of SSEs via uninterrupted, steady and increasing funding (Ogbimi, 1997 and Obitayo, 2001). In Nigeria, the low credit rating of this class of enterprise was attributable to low productivity, porous regulatory framework, lack of innovations and weak capital base. It was obvious that for SSEs to play their role effectively, a new and appropriate perception to financing them must be put in place. SSEs accounted for substantial proportion of employment in most all the economies in the world (Aremu, 2010). Anyanwu (2001) asserted that the SSEs have been identified as the means via which the rapid industrialization and other economic development goals of a country can be realized. SSEs constituted the best avenue for governments to achieve poverty alleviation programs objectives; undoubtedly, Obitayo (2001) reported that SSEs structure was never capital intensive. The dynamic phenomenon of financing SSEs in emerging market (Nigeria inclusive) via various government financing schemes could not be over emphasized. However the government has paid less attention to the development of SSEs in the past, but presently improving at a very sluggish rate. The experience of the recently industrializing countries (BRICS –Brazil, Russia, India, China and South Africa) of the world that suddenly found the SSEs as the avenue for industrial transformation and development, have aroused necessary change of attitude towards the development and support of SSEs. Akabueze (2002) and Aremu (2010) asserted that every bank has been directed to set aside 10% of its pre- tax profits for the purpose of financing SSEs in Nigeria shortly before the establishment of Small and Medium Industries Equity Investment Scheme (SMIEIS) in 2001. The Scheme had an accumulated fund which was about N14.5 billion (fourteen billion, five hundred million) as at March 2003 i.e., within two years of its establishment. It is a good way of solving the perennial financial problems facing SSEs in Nigeria. The question now is, which among the banks adhere to this directive till today?

The Federal government established the Nigeria Industrial Development Bank (NIDB) and the Nigeria Agricultural Development Bank (NADB), Nigeria Agricultural Development and Credit Bank (NADC) etc., to assist small business owners by making loans available to them at very reasonable rates. Because of their specialized nature, they could make loans available to SSEs owners, who were rejected by commercial banks. A SSEs operator(s) who needed credit facilities must 'shop' around for the lender that would make the loan available at the period that would suit the unique circumstances of small business operators (Nigerian Banker, 2007). Although, people and institutional evidences agreed that inadequate finance was a major problem inhibiting survival of SSEs. Furthermore, there were other critical problems facing the informal market such as; poor access to credit and capital funding, under- capitalization, infrastructural deficiencies, low entrepreneurial skills and poor management, over- bearing regulatory framework and operational environment setbacks (Onwualah, 1999 and Aremu, 2004).

LITERATURE REVIEW

Since independence in 1960, the authorities in Nigeria have based industrialization policies on the widespread use of improved raw materials to produce substitute for the imported finished goods. The policy focus was aimed at large- scale multinational companies (e.g. Nigerian Breweries Plc) which were preferred by the authorities and the financers. Such policy initiative invariably undermined the survival of Small Scale Enterprises (SSEs) and indigenous industries (Aluko, Oguntoye and Afonja, 1972). By the mid- 1980s, the biased industrial policy focus on Large Scale Industries (LSls) at the expense of the Small Scale Industries (SSEs); this has created a sector- related gap and sustained an imbalance in industrial growth and development in Nigeria for at least four decades. The Nigerian Government, like most of her counterparts in developing nations has not realized the importance of SSEs in their economic growth and development. The government had no option but to begin to formulate strategies to empower the SSEs to enable them fulfill their excepted roles in industrialization, and economic development without which survival might become difficult. Ogbimi (1997) argued that the main difference between the developed nations and emerging markets was that the latter was industrialized unlike the former. Therefore, industrialization would be the bedrock for informal market development in Nigeria. It was obvious that until the government of Nigeria would take steps to develop SSEs like in the newly industrialized countries of the world (e.g. Brazil, Russia, India, China, South Africa etc.), industrialization might become unrealizable.

Ogbimi (1997) opined that over-heightened regulations and complex registration standards and procedures have placed increased burdens on SSEs. Aremu (2010) claimed that the result of lack of statistical data, lack of research on industrial structure, business failure, shortage of skill, poor accounting standard, restricted access to big markets (Nigerian Stock Exchange) in emerging markets were also part of problems associated with SSEs in the informal market.

However, SSEs were adjudged to employ a significant part of the working population in developing countries. Liedholm (2002) and Raymond (2000) reviewed that national surveys conducted in several African Countries estimated between 17% to 27% of the working age population that employed in Small Enterprises; that is, almost twice the employment of Large Scale Enterprises which often employed a one- third of labour force in low income countries. Nigeria was in the process of opening-up its economy through economic liberalization policies (Nnanna, 2001; Obibiaku, 2005).

The Conceptual Issues on Small Scale Enterprises

The promotion of Small Scale Industries was a well-recognized and much heralded strategy of industrial development in many less developed countries. It was a wide consensus among business scholars that Small Scale Enterprises (SSEs) were labour intensive and could enhance employment generation as well as advance a wide variety of other developmental goals like improve income distribution, the generation and the diffusion of local technology and industrial skill, increase utilization of local resources, improve spatial distribution of industrial activities and enhance the migration of rural- urban population movements. (Onwumere, 2000; Okafor, 2000; Berger, 2002). Until recently, the Small Scale Industry sector was virtually neglected in the Nigeria Development Plans. In the 1975-1980 Development Plans. Government provided funds for SSEs research, created a small industry division and encouraged States SSEs credit schemes but without proper monitoring. In the 1981-1985 Development Plan, the increasing recognition by government of the need to boost non-oil sector made the government to focus on the SSEs. The economic reforms carried out under the Structural Adjustment Programme (SAP) in 1986, however placed greater emphasis on SSEs development. The economic condition that prevailed in the country during the 1970's and 1980's made people to understand that Large Scale Industries have not played and cannot alone be expected to play the dynamic roles that they were supposed to in the rapid growth and development of the Nigerian Economy. The roles include the gross domestic product, employment generation, and technological development. In 1985, SSEs were completely neglected. It was believed that SSEs would bring a quick development process into Nigerian economy in terms of increase in employment rate, reduction in poverty level etc., (Egwaikhide, 1997; Anyanwu 2001). The experiences of the recently industrializing countries of the world that discovered SSEs as the avenue for industrial transformation and development have aroused the necessary change of attitude towards the development and support of SSEs. It was further revealed in study that SSEs were veritable vehicles for the achievement of national macro-economic objectives in terms of employment generation at low investment cost and the development of entrepreneurial capabilities and indigenous technology. Finally, the importance of SSEs in industrialization was becoming increasingly recognized as many organizations both local and international have given much attention to the development of SSEs. However, the study advised that for an economy irrespective of its economic ideology to achieve meaningful and sustainable development, adequate attention must be given to wide spread of economic activities through entrepreneurship and small scale enterprise generation. The youth as a major contributor to all round economic growth and development must be given due attention and their yearning for job security must be primary and paramount since they process greater capability to move the economy forward in order to achieve economic development (Akande and Obadeyi, 2017).

Micro-Credits Financing

Micro-credits financing could be defined as financial process of making mini-credits available in form of funds to micro and small business owners at affordable rates by financial institutions most especially banks. This process could be regarded as financial intermediation roles performed by financial institutions of channeling funds from the lenders (banks) sub-sector to borrowers (SSEs) sub-sector. The micro-credit was one of the major cardinal services provided by microfinance banks which varied from smallest amount of two thousand naira (#2000) to five hundred thousand (#500,000). Micro-credit was a small financial loan made to poverty-stricken individuals seeking to start their own business. This type of loan typically could exceed at least #50,000 depending on the policy of the bank. Hence, it must be noted that an impoverished individual could not solely depend on this type of loan to fund their business. Microcredit could also be called micro loan. Wellen & Mulder (2008) believed that credit was the money receipt in exchange for future repayment of the principal, plus interest. The principal was the larger amount borrowed, and the interest was the amount (i.e. smaller compared to principal); charged for receiving the credit. Ojo (2009) claimed that the borrower's purpose for the credit must be justified and satisfactory to the lender. Since lenders were taking a risk that borrowers might not repay the credit, credit savers have to offset risk by charging a fee - known as interest. The ability of borrower to use the credit as promised and as agreed by banks created confidence in the credit repayment process by the credit user. Most credits were typically secured. A secured credit involved pledging an asset as collateral if the borrower defaulted, or unwilling to pay back the loan, the lender took possession of the asset. Orodje (2012) further claimed that credit usage was a term that showed the underlying reason an applicant was seeking for a credit. The purpose of the credit used by the lender was to make decisions on the risk and the interest rate offered. Credit usage was important to the process of obtaining business loans such that the purpose of credit never went contrary to its original intention.

Characteristics of Micro-Credits

Banks in developing countries were primarily attracted by the potential profitability of the informal market and served SSEs primarily through dedicated units. Scoring models were used by most banks but were just one of the inputs in loan decision. Banks in developing countries reported that macroeconomic instability was the main obstacle to SSEs lending and also affected their performance, rather than flaws in the legal and contractual framework. In the study of Abreham, (2002) and Somoye, 2010) empirical evidence showed that collateralized loans were subject to greater risk. Maturity of micro-credit could also affect the likelihood of default. The longer the maturity, ceteris paribus, the greater the risk of the borrowers encountering problems (Wakaba 2014). Alex (2014) argued that maturity was an alternative mechanism for solving the problems of adverse selection and moral hazard in credit relationships. Thus, in a situation of asymmetric information, an insider who knew that the company has high credit quality preferred to borrow short term rather than be penalized for long-term borrowing. This was because outsiders' uncertainties would be greater and the risk premium increased. Lower risk borrowers would therefore choose short-term finance, which signaled good risks. Thus, the shorter the maturity of micro-credit, the lower the risk. The credit risk and maturity have been found to be negatively related (Fernando, 2006).

Government policy of a country could be regarded as major determining factor of SSEs to commence business; and to grow to large scale Business Empire. Millions of new job opportunities were established by SSEs owners in the informal market. Though, few SSEs collapsed for the first-three years in business due to porous regulatory framework and unstable and weak government policies with less recognition of SSEs. Most SSEs have challenges such as double tax regimes, and experience difficulty in enterprise registration process. It was therefore necessary to know that gains/profits/contribution of SSEs owners and managers must not be less than zero at all times

Firm Survival

Generally, examining the associating factors of firm survival would provide basic information to prospective small scale enterprise owners, entrepreneurs, business owners, and policy makers on how to promote self-employment and create conducive business climate. Despite the support and focus given to the sector, large number of SSEs were expected to eventually close or stagnated at starting phase. As studies (World Bank, 2011; Barbosa, 2016) documented that there were internal and external factors which affected the success of the SSEs such as shortage of working capital, lack of marketing skills, poor location of business sites, failure to take risk, and over emphasis to short term profit were internal factors affecting the survival rate of SSEs. In addition, lack of access to efficient infrastructure, access to factor of production, bureaucracy burden, and lack of appropriate skill and training were also documented as external factors hindering the success of the SSEs (Aremu, 2010).

Factors that influence the survival of firms

Liquidity

Besley (2008) argued that liquidity constraints forced start-ups to enter small and the initial under investment have negative impact on the firm's survival probabilities. Van-Praag, Thomas & Williams (2005) claimed that financial capital constraints might prevent small business owners from creating buffers against random shocks, thereby affecting the timing of investments and having negative impact on firms' survival probabilities. Assets owned by firms were regarded as liquid as long as it could easily be converted to cash (Brealey, Myers & Marcus, 2001). The critical performance phenomenon as related to liquidity explained how firms have developed sufficient accessible capital to continuously be in operation.

Economic Conditions

Choudhury & Kumar, (2002), argued that the general business climate, measured by the number of bankruptcies in the previous years, raised through 'chain effects' the propensity to exit. Also fluctuation in the external value of the currency influenced the exits of firms disparately, this could easily be characterized via dwindling export activity. Also, high cost of funds, high interest rate, uncontrollable inflation rate and high rate of default on the part of the borrower affected the survival of small business outfits. However, once an increase in the external value of the currency deteriorated, it affected the competitiveness and value of firms on foreign markets, thereby increasing firm's exposure and ability to survive in the future could be doubtful.

Productivity

Productivity referred to the output relative to the inputs per person or system with reference to a point of time. Stated more clearly, productivity referred to the amount of goods and services produced with the resources used. Productivity was the efficiency with which output was produced by a given set of inputs. Productivity generally measured the ratio of output to input. According to Feed (2008), an increase in the output/input ratio indicated an increase in productivity; conversely, a decrease in the output/input ratio indicated a decline in productivity time, which eventually affected the survival of a firm.

Business Diversification

Diversification was explained as means by which a firm expanded from its core business into other product markets (Gluck 1985). Firms spent considerable sums acquiring other firms or to have spent heavily on internal Research and Development (R&D) to diversify away from core product/markets. The essence of business diversification was that business organizations were operating in environments that were increasingly uncertain, competitive and unpredictable. The changes in environments were not only rapid and bewildering, but in a state of constant flux. Despite the complex and dynamic business environment, enterprises were rethinking the way business should be carried out and need to survive.

Theoretical Review

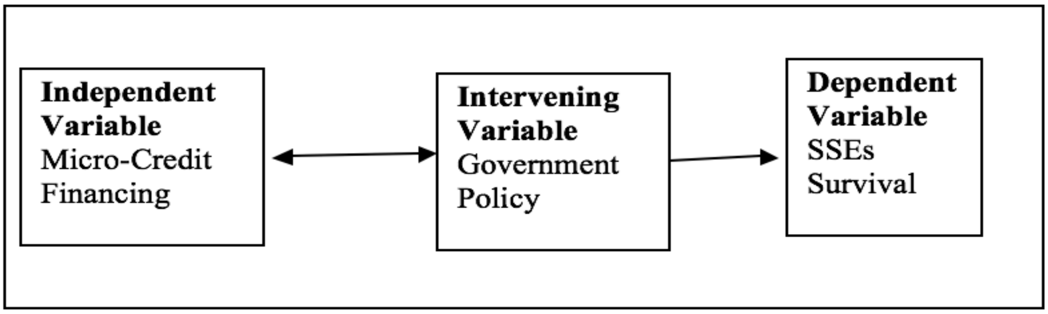
The Credit Access Theory

The credit access theory was propounded by Stiglitz & Weiss (1981). The theory provided a structural framework for analyzing information asymmetry. The theory believed that insufficient funds often forced financial institutions to ration credits to large number of borrowers, the rationing process could be determined by the availability of security/collateral. According to credit access theory, adverse selection and thus credit rationing occurred if banks required collateral. The theory further claimed that low-risk borrowers expected a lower rate of return on average. Consequently, low-risk borrowers could therefore be unable to provide collateral resulting to difficulty to access any loanable funds. Increasing collateral requirements have the same adverse selection effect as a higher interest rate. Instead, Gonzalez & Sushma (2009) argued that banks only offered contracts in which they simultaneously adjusted interest rates and collateral requirements. They proved that there was combination of interest rate and collateral requirements so that credit rationing never occur. Stiglitz & Weiss (1981), further explained that credit rationing occurred if a financial institution charged the same interest rate to all borrowers, because they could not distinguish between borrowers and screening borrowers perfectly which might be too expensive to bear. Banks usually would distinguish between their borrowers up to a certain degree.

Empirical Review

Wakaba, (2014) researched on the effect of microfinance credit on the financial performance of small and medium enterprises in Kiambu county, Kenya, and found that all SMEs borrowed investment capital and used it for the purpose in which it was borrowed; and most of them never have other source of financing other than from micro-finance institutions and did not have other form of financing before they started receiving financing from microfinance banks. Another study by Madole, (2013) on the impact of microfinance credit on the performance of SMEs in Tanzania found out that the role of financial institutions toward SMEs success was vital. Goldberg (2004) and Gaul (2011) carried out a study on the effect of micro finance institutions credit on the growth of small and medium scale enterprises (SMEs); a case study of selected SMEs in the Kumasi metropolis. The study concluded that despite challenges, entrepreneurs needed microfinance loan in order to promote business performance. According to Davidsson, (1991) and Rosenberg (2009), SSEs' inability to access credit was preventing them from reaching potential growth in terms of financial sustainability; and this could lead to the collapse of SSEs within a short period of existence. Liedholm (2002) examined the determinants of survival and growth of SSEs in Latin America, and concluded that firms located in urban areas were more likely to survive, while location was central features in identifying firm growth prospects. Studies (Mata & Portugal, 2002; Yang, 2005) claimed that firms that were more capital intensive often grew faster.

Conceptual Framework



Source: Authors' Compilation, 2018

METHODOLOGY

The study adopted both primary and secondary data. But for the purpose of this study, primary data was collected through a self-administrated questionnaire which was developed according to the purpose of the study. The questionnaire consisted of two sections; the first section comprised the main demographic of the sample; the second part of the questionnaire included the related statements that measured the small scale enterprises and impact of micro-credit financing. The questionnaire consisted of three (3) scales drawn from the research questions under headings ranging from Disagree (DA) to Agree (A). Each respondent was expected to rate himself or herself. The sample of this research consisted of the selected small scale enterprises' operators, managers and owners, who were customers to microfinance banks (i.e. banks that specialise at providing micro-funds to micro and small business enterprises. During the survey period, the sample was selected over a period of ten (10) days. Purposive sampling was used to select respondents in the study. 90 questionnaires were delivered to selected respondents. 80 questionnaires were correctly filled and returned, some of the questionnaires were completed on the spot, and other respondent's questionnaires were collected via follow – up in the later days via phone calls, text and WhatsApp messages. The overall response rate for the questionnaire was 88.9%. Mean scores were calculated by awarding a point value to each response. Therefore, higher the mean score, the more the respondents agreed with the statement. The figures for standard deviation (SD) indicated the degree to which responses varied from each other; the higher the figure for SD, the more variation in the responses among respondents. The collected data was analysed by using the Social Packaging Statistical System (SPSS), where frequencies, percentages were analysed. The Ordinary Least Square (OLS) method helped to buttress facts on the influence of explanatory on the dependent variables. However, a simple model specification is presented below:

$$Y = \alpha_0 + \beta_1 X + \mu \text{ -- (i)}$$

Where

Y was dependent variable, X was explanatory variable, μ was the error term, while α_0 and β_1 were intercept and slope respectively.

$$Y_t = \alpha_0 + \beta_1 X_t + \beta_2 1X_{2t} + U_t \text{ -- (ii)}$$

Y_t was SSEs survival, $X_{t,}$ $X_{2t,}$ and μt explanatory variables (micro-credits financing) and stochastic variable respectively.

Let micro-credits financing acronym be MCF, Productivity be P, Business Diversification be BD and Liquidity be L.

$$MCF_t = \alpha_0 + \beta_1 P_t + \beta_2 BD_{2t} + \beta_3 L_{3t} + U_{2t} \text{ -- (iii)}$$

Results

The regression results have estimated the coefficients of the linear equation involving variables that best predicted the value of the dependent variable as shown in table i–iv. The table showed that micro-credits were essential to small scale enterprises survival by making loanable funds available at r-square, 0.85 (85%). The result further explained that the standard error in table I (0.21) was less than the half of coefficient (0.422) at t = 7.252 in table III; it showed that the result was statistically significant at ($p<0.05$). It would therefore be predicted that small scale enterprises in emerging economies like Nigeria was of paramount importance since loan-size and credit usage have significant influence on SSEs survival. The SSEs were capable of meeting their debt obligations as at when due, this automatically increased productivity and business enterprises would be able diversify into other feasible investment opportunities. For every loan disbursed to SSEs, it generated increased funds accessibility to small business owners and operators. F-value of 239.9 implied that the overall equation was significant.Specifically, the table III showed that the mean responses and standard deviation relating to impact of micro-credits financing on small scale enterprises (SSEs) survival in emerging market, Nigeria. On the whole, the respondents agreed with the issues surrounding the research objective with an aggregate mean score of 17.12 and a standard deviation (SD) of 42.4. Furthermore, this result signified that the loan facility to SSEs was a financial resources that served as additional resources for SSEs survival.

Table I: Regression Result: Model Summary

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.920[a]	.846	.799	.20511	.725

a. Predictors: (Constant), MCF Micro-Credits Financing LS Loan Size, CU Credit Usage.

b. Dependent Variable: SSEs Small Scale Enterprises, S Survival

Table II: Regression Result: Anova

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	923.217	8	115.402	239.92	.031[a]
	Residual	34.652	72	.481		
	Total	957.869	80			

a. Predictors: (Constant), MCF Micro-Credits Financing LS Loan Size, CU Credit Usage.

b. Dependent Variable: SSEs Small Scale Enterprises, S Survival

Table III: Regression Result: Coefficients

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-65762868.505	4E+006		-1.501	.000
	Loan Size	-1357876.245	747974.0	-.150	2.450	.044
	Credit Usage	21215201.126	1305405	.844	7.252	.000

a. Dependent Variable: SSEs Small Scale Enterprises, S Survival

Table IV: Regression Result: Residual Statistics

Residuals Statistics[a]

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	11.5464	22.0602	17.1230	42.41875	80
Residual	-0.45762	.52333	.00000	.56845	80
Std. Predicted Value	-1.593	1.061	.000	1.000	80
Std. Residual	-2.571	0.458	.000	.890	80

a. Dependent Variable: SSEs Small Scale Enterprises, S Survival

DISCUSSION

Findings showed that size of a loan increased working capital of SSEs' operators; to be more liquid and easily influenced turnover of the small business. The positive value of credit period showed that the small business operators agreed with the period of loan repayment as reasonable and affordable to achieve the targeted productivity level of the enterprise. The premature death of many small business enterprises could be due to poor economic conditions (e.g. economic recession, high cost of funds, unbearable cost of borrowing etc.). Small scale enterprises played a significant role in the transformation of the economy through the greater utilization of raw materials, employment generation, empowerment, development of entrepreneurial abilities and increase in food production. SSEs were increasingly becoming the pivot for development of any economy because they formed the bulk of business activities in a growing economy such as Nigeria. In recognition of the strategic position and importance of SSEs in the developmental process of the nation, the federal and states governments had at various times established institutions and agencies including policies to take care of the financing needs of SSEs by ensuring mini and small credits were available for the development of informal market.

IMPLICATION TO RESEARCH AND PRACTICE

In Nigeria, it is particularly difficult, if not impossible to get reliable information about informal businesses from official governmental sources. Hence, to understand the viability of informal retail in Nigeria in more depth, additional original field research is needed. This study is encouraging in that it proved possible to obtain detailed information about Nigerian informal entrepreneurs working and living at the —base of the pyramid.

A central concern of developmental entrepreneurial policy is creating economically viable enterprises, which generate satisfactory living standards and do not require direct government subsides. Economic development initiatives often focus on stimulating production, not distribution activities. Yet because of relatively low barriers to entry, the Nigerian retail sector attracts millions of entrepreneurs. Without stepped up formal employment, Nigeria's burgeoning informal retail economy will continue to offer one of the few feasible sources of income.

CONCLUSION

The study focused on examining the impact of micro-credits financing on small scale enterprises (SSEs) in an Emerging Market, Nigeria. Microcredits provided by credit providers (banks) have significant influence on SSEs to survive through increase in production capacity, business expansion and diversification; while the repayment period (credit maturity) would be timely. It must also be noted that SSEs' survival could also be jeopardized via micro-economic instability, lack of securities (collaterals) to secure credits, long repayment period, credit risks, fluctuating government policies, high cost of borrowing associated with the providers of micro

–credits and insufficient working capital. Therefore, influence of micro-credits financing on SSEs could not be over emphasized. For SSEs to survive, the informal sector depended on micro-credits financing for business capital growth (business expansion). In addition, Nigeria as an economy, is endowed with vast natural resources and a large pool of business owners who are ready and willing to establish new enterprises and expand existing ones. SSEs owners required a more conducive environment to actualize their aspirations of operating in a successful business environment. In the midst of all these necessities; access to micro-credits remained the priority to SSEs operators and owners.

FURTHER RESEARCH

Beyond delving deeper into the capital constraint, more research needs to be done on gender discrimination and women's inability to reach a sustainable livelihood through informal trade. To be sure, women carry out vital entrepreneurial and managerial functions in the informal economy. More research needs to be done regarding time constraints (child rearing) and other factors that led females to earn less as entrepreneurs. We also need to understand crowding and copycat behavior in the informal economy and its effect on the success of small retailers. Interestingly, shopping centers do not yet appear to be a statistically significant deterrent to income. Yet they still represent a competitive threat to thousands of small businesses. The potential of formal retail centers to displace large numbers of informal entrepreneurs in Africa merits further study particularly in Nigeria.

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