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MICRO-FINANCE AND PERFORMANCE OF MICRO, SMALL AND MEDIUM ENTERPRISES IN JOS METROPOLIS

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ABSTRACT: *The Micro, Small and Medium Enterprises (MSME) sector plays a vital role in the growth of the economies of developing countries. Similarly, microfinance facilities are crucial to MSMEs financial performance as they facilitate the growth and development of MSMEs. This study, therefore, investigates the effects of microfinance on MSME performance in Jos metropolis of Plateau State. The research design is descriptive and employs the survey method. Simple random sampling technique was adopted as a technique in selecting the 323 MSMEs that form the sample size of the study. A structured questionnaire was used in the collection of relevant data used for analysis. Data was presented through the use of frequency tables and Chi-square test was used to carry out the analysis. The study found that microfinance has a positive effect on sales revenue and profitability and non-current assets. The study recommends creating awareness especially for women on the importance of microfinance in entrepreneurship development. The study also recommends that the Plateau State government should set up and implement policies that will ease access to microfinance credit by MSMEs, especially from microfinance banks. The study also recommends the granting of more loans to women to increase the number of women engaged in entrepreneurship activities within Jos metropolis.*

KEYWORDS: Micro, small and medium enterprises; microfinance; microfinance institutions; financial performance.

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INTRODUCTION

MSMEs play a significant role in the economies of the nations where they are situated. They serve to stimulate entrepreneurial endeavors and are instrumental in providing a foundation for the enhancement of local technology as well as the integration of foreign technologies. Moreover, MSMEs are crucial in the generation of employment opportunities and the cultivation of expertise in management. The significance of MSMEs in the Nigerian economy is paramount. As indicated by the National Bureau of Statistics (NBS) and the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) (2013), there are 37,067,416 MSMEs in Nigeria. These enterprises contribute to the economic landscape through tax payments and are responsible for employing a substantial portion, amounting to over 84.02% of the workforce across both formal and informal sectors. Nevertheless, NBS & SMEDAN (2013) posit that a primary obstacle encountered by MSMEs in Nigeria pertains to securing financial resources. This difficulty stems from their incapacity to secure funding from traditional financial institutions due to their level of risk and the absence of asset-based guarantees. Consequently, the majority of MSMEs in Nigeria cease operations within the initial five years, with only a small percentage, ranging from 5% to 10%, managing to survive, prosper, and reach maturity (Aremu & Adeyemi, 2011). Established through the SMEDAN Act of 2003, SMEDAN was instituted to facilitate the advancement and growth of MSMEs in Nigeria by ensuring their access to all necessary resources for development. The primary objective of SMEDAN is to enhance economic progress in Nigeria, functioning as the principal authority on all matters related to the advancement of MSMEs in the country.

The definition of micro-enterprises by the Central Bank of Nigeria entails companies with a workforce of not more than 10 individuals and assets valued at less than N5,000,000. Similarly, small enterprises, as outlined by the bank, consist of businesses with employees numbering from 10 onwards but not exceeding 49, and assets valued above N5,000,000 but not surpassing N50,000,000. Furthermore, medium enterprises, according to the policy, are those with an employee count of 50 or more, but not exceeding 199, and assets valued above N50,000,000 but not exceeding N500,000,000. Microfinance banks play a crucial role in providing high-quality financial services to MSMEs, including credit provision, savings facilities, micro-leasing, insurance services, advisory services, and fund transfers. The distinguishing characteristics of microfinance banks compared to other credit institutions are the small loan sizes offered, absence of asset-based collateral requirements, and simplified operational processes. The accessibility of microfinance banks is a significant determinant of the performance of Medium Enterprise establishments.

Microfinance credit plays a crucial role in enhancing the financial performance of MSMEs. Despite the proliferation of microfinance institutions in Nigeria, a significant portion of MSMEs experience suboptimal performance. This research aims to, firstly, ascertain the extent of microfinance intervention received by MSMEs and its sources. Secondly, it aims to assess the impact of microfinance credit on the performance of MSMEs in the Jos metropolis of Plateau State. Furthermore, the study endeavors to analyze the level of women's involvement in MSME ownership. Lastly, it aims to identify the predominant types of businesses that Medium Enterprise institutions undertake in the Jos metropolis.

Jos is the capital of Plateau State which is located on latitude 9.8965° N and longitude 8.8583° E in the north-central geopolitical zone of Nigeria. The town has an estimated population of 1,001,000 in 2024 according to the national population commission. Jos was founded in 1927

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when the colonial authorities in Nigeria extended the railway from Port Harcourt to Jos and Kaduna. In 1976, following the creation of Plateau State, Jos became a transportation and market centre owing to the selection of Jos as the capital of Plateau state. This resulted in the boosting of economic activities. Plateau State provides a conducive atmosphere for entrepreneurship activities in the area of agro-allied activities, hence the tag “Home of peace and Tourism.” The state boasts of a huge array of agricultural products, such as Irish potatoes, of which the state produces 70% of the total amount consumed and exported in Nigeria. In terms of solid minerals, tin and columbite can be found within and around the surrounding areas of Jos metropolis creating opportunities for mining.

In recognition of the enormous roles played by MSMEs in the economy, successive governments have adopted different mechanisms aimed at entrenching the sector into the mainstream of the Nigerian economy. The government had accorded and gave priority to them through the introduction of different policies, incentives, subsidies, programs and agencies aimed at providing a favorable environment for businesses to flourish. Some of these establishments include: National Economic Reconstruction Fund (NERFUND) in 1990, National Poverty Eradication Programme (NAPEP) in 1996, Small and Medium Enterprise Development Agency of Nigeria (SMEDAN) in 2003, Micro Finance Institutions (MFI) in 2005, and Small and Medium Industries Equity Investment Scheme (SMIEIS) in 2006. Other recent ones include Youth Enterprise with Innovation in Nigeria (YOU WIN), Train to Work (TRATOW) initiative and so forth. The cardinal points of all these development initiatives were to accelerate the pace of industrialization, complement LSEs and promote entrepreneurship among the populace (Macheke, 2012).

Despite all government interventions and supportive mechanisms, MSMEs performance is nothing to write home about. It is in line with these submissions that this study intends to investigate the nexus between micro-finance and performance of micro, small and medium enterprises in Nigeria.

The rest of the paper is structured as follows: Following the introduction is Section 2, which deals with literature review and theoretical framework. Section 3 focuses on the methodology while Section 4 presents the analysis of results on microfinance banks and performance of Micro, Small and Medium scale enterprises in Nigeria. Section 5 concludes the paper and recommendation is presented in Section 6.

LITERATURE REVIEW

Conceptual Review

Microfinance

CBN (2005) defines microfinance as the provision of financial services to the MSMEs who are not served by conventional banks. It serves as a veritable avenue for job creation and poverty alleviation. In Nigeria, one of the key challenges that MSMEs face is access to funds. Even when credit facilities are available, MSMEs in most cases do not possess the collateral to access them. This has led to a good number of them shutting down, resulting in the loss of a lot of skilled and unskilled jobs in Nigeria (Izugbara & Ikwayi, 2002).

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Microfinance covers a wide range of financial services such as granting of loans, deposits, payment services and insurance to low-income households and MEs. Microfinance institutions have significantly contributed towards the poor by increasing their income level, thereby improving their living standards (Saunders & Tsumori, 2002). Several features separate microfinance credit from other forms of credit such as the small size of loans, the non-requirement of collateral to access loans and the ease of access to the loans.

Owing to the initial failures of community banks to adequately provide credit facilities, the Microfinance Policy Regulatory and Supervisory Framework (MPRSF) was launched in 2005. This led to the licensing of Microfinance banks (MFBs) in 2007 which then raised the number of MFBs in Nigeria. The new MFBs faced the same challenges which contributed to the failure of earlier community banks. Poor performances led to the failure of these institutions and the subsequent withdrawal of the licenses of 224 MFBs in 2010. According to Adeyemi (2008), some of the challenges MFBs faced included undercapitalization, inefficient management, and regulatory and supervisory loopholes.

Micro, Small and Medium Scale Enterprises

MSMEs are widely recognized as the primary catalyst for economic advancement (Chittithaworn, Islam & Keawchana, 2011). They play a crucial role in enhancing economic growth through activities such as poverty reduction, creation of job opportunities, enhancement of living standards, fair income distribution, fostering innovation, adding value, establishing connections across various sectors in different regions, and promoting capital accumulation within local communities.

The parameters used to determine the magnitude of a business entity vary from one nation to another. In the case of Nigeria, MSMEs are categorized according to the National Policy on MSMEs, which considers the total workforce and assets excluding land and structures. The policy categorizes micro-businesses as those with a staff count not exceeding 10 and assets below N5,000,000. Small enterprises are identified as having employees ranging from 10 to 49 and assets between N5,000,000 and N50,000,000. Furthermore, medium-sized enterprises are characterized by having a staff size of 50 to 199 individuals and assets valued from above N50,000,000 to N500,000,000, as outlined in Table 2.

Table 2: SME

S/NO	SIZE	EMPLOYMENT	ASSETS (₦ millions)
1	Micro Enterprises	Less than 10	Less than 5
2	Small Enterprises	10 to 49	5 to less than 50
3	Medium Enterprises	50 to 199	50 to less than 500

Source: *SMEDAN/NBS MSME Survey 2013*

THEORETICAL REVIEW

This section presents the theoretical framework adopted in this study. The theoretical framework presents three theories: financial intermediation theory, resource-based theory, and pecking order theory:

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Financial Intermediation Theory

The theory of financial intermediation was propounded by Gurley and Shaw (1960) in order to solve the shortcomings that were discovered in the direct financing method. The theory suggested that financial intermediaries, such as microfinance institutions, play a critical role in allocating capital to firms that would otherwise face constraints in accessing finance (Fama, 1970). The theory proposes that financial intermediaries mobilize funds from savers and channel them to borrowers, providing credit to firms and individuals that would otherwise be excluded from the formal financial system (Fama, 1970). In the context of microfinance in Nigeria, Financial Intermediation Theory explains how microfinance institutions contribute to providing access to finance for micro, small, and medium enterprises (MSMEs). These institutions mobilize funds from savers and channel them to borrowers, thereby facilitating the inclusion of individuals and firms in the formal financial system. The theory acknowledges that financial intermediation helps alleviate credit constraints faced by small entities, enabling them to invest and grow. It also provides a framework to assess the impact of microcredit on the performance of MSMEs in Nigeria.

Pecking Order Theory

The pecking order theory (POT) was first suggested by Donaldson in (1961) and it was modified by Myers and Nicolas in (1984). The theory is a financial theory that explains how firms finance their investments and capital expenditures. It suggests that firms prefer to use internal financing, followed by debt financing, and lastly, equity financing, in order to fund their investments (Myers, 1984). Internal financing refers to the use of retained earnings or profits generated from the company's operations to finance new projects or investments. According to the pecking order theory, firms prefer to use internal financing because it is less expensive and less risky than external financing (Myers, 1984). By using internal financing, firms do not need to pay interest or dividends to external investors, which reduces their overall cost of capital. Moreover, internal financing does not involve any additional debt, which reduces the risk of financial distress. One of the strengths of the pecking order theory is its ability to explain the behaviour of firms when it comes to financing decisions. The theory has been supported by empirical research, which has shown that firms prefer internal financing over external financing, and when they do use external financing, they prefer debt financing over equity financing (Frank & Goyal, 2009).

The pecking order theory is a financial theory that suggests that firms prefer to finance their investments through internal funds such as personal savings, profits and retained earnings before seeking external funding through debt or equity. This theory is relevant to the assessment of the effects of microcredit on the performance of micro, small, and medium enterprises (MSMEs) in Tanzania. MSMEs may prefer to use internal funds to finance their operations before seeking external financing from microcredit providers. Therefore, while this theory may provide some insight into the financing decisions of MSMEs, it is important to consider the unique institutional and economic factors that may influence the financing behaviour of these firms in Iringa Municipality, Tanzania. This requires a more in-depth analysis of the local market conditions and the financial needs of MSMEs in the region.

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The Resource-Based Theory (RBT)

Resource-Based Theory (RBT) was first put forward by Penrose (2009), who proposed a model on the effective management of firms' resources, diversification strategy, and productive opportunities. The theory explains how a firm's unique resources and capabilities can lead to a competitive advantage and superior performance. The RBT posits that a firm's resources can be classified into tangible and intangible assets and that a firm's performance is determined by how effectively it can leverage and manage these resources (Barney, 1991). The RBT suggests that firms can achieve a sustained competitive advantage by developing and utilizing resources that are valuable, rare, inimitable, and non-substitutable (VRIN). In the context of microcredit and MSMEs in Tanzania, this theory suggests that the firms that effectively utilize microcredit resources to develop and enhance their existing resources and capabilities will be better equipped to compete in the market and achieve superior performance. The theory can be useful in assessing the effects of microcredit on the performance of MSMEs in Nigeria, particularly in the case of Plateau State. By examining the resources and capabilities of MSMEs in Plateau State and evaluating how effectively they are leveraging microcredit resources, researchers and policymakers can gain insights into the factors that influence firm performance in this context. For example, a study by Ngowi and Aloyce (2020) found that access to microcredit can enhance the capabilities of MSMEs in Tanzania, which can in turn, lead to improved performance.

Empirical Review

Literature abounds on the relationship between microfinance institutions and micro, small and medium enterprises, especially on funding of the latter. Scholars have also researched on the impact of MSMEs on developmental activities of emerging economies like Nigeria with mixed findings.

In the investigation of the contributions of microfinance banks to the development of small and medium scale enterprises in Damaturu, Yobe State, Nigeria. Khan (2020) administered questionnaires to 50 respondents with 41 of them correctly filled and returned. The study analysed data through the chi-square tool to test the hypotheses. The findings revealed that strict borrowing conditions militate against the efforts of entrepreneurs from patronising the banks.

Ademu, Zirra, Charles and Ezie (2019) examined the effect of microfinance on entrepreneurial business growth in Nigeria using Jos Metropolis as a case study. Descriptive research design and one sample t-test statistics were used to test the hypotheses. It was discovered that microfinance credit had a significant effect on entrepreneurial business diversification while microfinance fund transfer was discovered to have a significant impact on entrepreneurial enterprises' market share. Lastly, it was revealed that microfinance financial advice had a significant influence on the operational efficiency of entrepreneurial enterprises.

Onyeiwu, Muoneke and Abayomi (2021) investigated the effects of microfinance bank credit on small and medium scale businesses: evidence from Alimosho LGA, Lagos State. A descriptive survey design was adopted to carry out the study involving 387 SMEs in Alimosho LGA, Lagos State and information was extracted using a well-structured questionnaire to answer the research hypotheses raised. Descriptive statistics and simple regression approach were used to analyze the data collected and the finding revealed that MFBs loans and MFBs

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loans debt service deteriorates significantly the profitability of selected SMEs in the Alimosho local government area of Lagos State.

Zhiri, David and Danjuma (2017) examined the impact of microfinance services on performance of Small and Medium Scale Enterprises (SMES) in Zaria metropolis. The cross-sectional and descriptive research design was used. A sample of 300 SMEs operating with Cred Microfinance Bank within Zaria Metropolis were selected. Primary data was used while questionnaire was the data collection instrument adopted. Data was analyzed using regression analysis where SPSS 20.0 was used to process the data. The study revealed that the microfinance services have a significant impact on the level of entrepreneurship activities of SMEs in the Zaria metropolis.

Sulemana, Fuseini and Abdulai (2023) studied the effects of microfinance and small loans on poverty reduction in Wa West District, Ghana. A single case study design was used. Data was compiled through interviews and observations involving 40 MASLOC beneficiaries and officials. Thematic analysis was utilized to dissect the collected data, revealing noteworthy patterns and trends. The findings revealed that MASLOC played a pivotal role in poverty reduction by bolstering income levels, amplifying consumption patterns, facilitating access to fundamental necessities, and enabling the accumulation of valuable assets. The findings also highlighted specific challenges. Issues related to loan repayment and staffing emerged as constraints within the MASLOC framework.

Aliyu (2023) examined the effect of microfinance institutions' activities on the satisfaction of women entrepreneurs in Adamawa State. A causal design was adopted for the study. The study used questionnaires as a tool for collecting data using a total of four hundred and two (402) women entrepreneurs randomly within Yola metropolis. The data collected for this study were subjected to descriptive analysis, such as frequencies and percentages that are presented in tabular form, and inferential statistics using multiple regression analysis with the help of Statistical Package for Social Sciences (SPSS) at 0.05 (5%) level of significance. The outcome of the study revealed that there is a significant effect of credit facilities, loan repayment plans, interest rates charged on loans, skill training, and supervisory roles on the satisfaction of women entrepreneurs in Adamawa State, Nigeria.

Cupo, Mercado and Vergara (2023) investigated the impact of microfinance institutions on the growth of micro and small enterprises in Cavite. The descriptive method and purposive sampling technique were used in the study. The study utilized a sample size of 50 microfinance institutions in Cavite. The findings of the study showed that the role of microfinance institutions in the growth of micro and small enterprises in terms of implementation was helping them increase business capital. In terms of monitoring, microfinance institutions assisted the micro and small enterprises that needed their help. Additionally, according to the sustainability of operation, the MFIs role was supporting micro and small enterprises to innovate the capital goods of the enterprise.

Abuzar (2023) evaluated the effect of microfinance on Small and Medium-Sized Enterprises (SMEs) in Gujarat by using the Gujarat as a case study. The simple random sampling procedure was used to choose the 60 MFIs and 140 SMEs that made up the sample size for the study. A structured questionnaire was created to make it easier to gather pertinent data for analysis. Data presentation and analysis have strategically used descriptive statistics, which uses straightforward percentage graphs and illustrations. The findings of the study revealed that

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financial institutions do not take into account the opinions of SMEs when creating their credit policies; therefore, SMEs do not want to participate. For this reason, it is not suitable for the interests of small- and medium-sized enterprises and it is one of the biggest reasons for the failure and failure of credit management. It was also discovered from the findings that high interest rates and other costs make it difficult for small and medium businesses to make good profits to pay off their loans. Furthermore, it was revealed from the finding that the collateral preferred by MFIs prevents some SMEs from obtaining loans. Also, most SMEs cannot provide the required collateral and therefore cannot apply for loans from MFIs.

Longo, Wiketye, and Mpogole (2023*)* assessed the effects of microcredit on the performance of Micro, Small and Medium Enterprises (MSMEs) in Tanzania, with reference to selected MSMEs in Iringa Municipality. A descriptive research design was employed. The targeted population was 874 MSMEs benefiting from microcredit services from Iringa Municipality, where a sample size of 274 MSMEs was drawn using stratified sampling technique, simple random technique and convenience sampling technique. A quantitative approach was applied to analyse the data collected. The findings revealed that loans benefiting MSMEs at Iringa Municipality receive loans from financing institutions and use them to improve performance. Moreover, the study found that interest rate has no statistical significance on the performance of MSMEs in Iringa Municipality. In addition, the findings revealed that there was statistical significance in the effects of initial capital on the performance of MSMEs. In the case of the normal regression output, the adjusted R2 equals 0.698, implying that the model explains about 69.8% variations in MSMEs performance.

Kimaro (2023) assessed the contribution of microfinance institutions in the growth of Small and Medium Enterprises in Tanzania. Cross-sectional research design was used with a sample size of 231 respondents to collect the required data. Multiple Regression Analysis (MRA) and descriptive statistics were used in data analysis, whereas graphs and tables were used to present the results. The findings revealed that MFIs play an important role in providing services to SMEs.

Takon, Ebong, Effiong, Ekpo and Emefiele (2023) investigated the impact of microfinance banks on the growth of small scale enterprises with particular reference to Cross River State, Nigeria. The research design was a descriptive survey. The instruments used in collecting data were questionnaire and personal interview. The data collected were analyzed using simple percentage and Pearson product moment correlation. The results of the analysis showed that microfinance banks' services impacted the development of small scale enterprises. It was found that microfinance banks do not carry out adequate awareness campaign programmes in order to increase patronage. It was found that most small scale entrepreneurs who procure loans from microfinance banks hardly put it to use in growing their businesses.

Ekeocha, Ugwuanyi and Ekeocha (2023) determined the effect of microfinance banks on savings mobilization, credit intermediation and employment generation in Southeast Nigeria. The study adopted a survey method of investigation to obtain primary data through questionnaires. Data obtained were analysed using the Z-test and results revealed that microfinance banks have a positively significant effect on savings mobilization, credit intermediation and employment generation among the rural dwellers in Southeast Nigeria. It was concluded that financial sector development through microfinance banks has a positive significant effect on economic activities of the rural dwellers in Nigeria.

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Despite these studies, there is still a wide gap to fill regarding the extent at which microfinance banks applied their resources for the use of micro, small and medium enterprises in Nigeria. The most recent development on the nexus between microfinance banks and MSMEs as to the contemporary challenges faced by these low-income entrepreneurs in business sustainability is also a gap to fill. Thus, this study aims at proffering empirical solutions to these.

METHODOLOGY

The investigation is characterized as descriptive and utilizes the survey methodology to evaluate the influence of MFIs on MSME performance within the Jos metropolis. The descriptive survey design facilitates the acquisition of the quantitative characteristics of the research, resulting in an enhanced comprehension of a research issue. The study's population comprised 1,674 registered MSMEs in the Jos metropolis, as indicated by the records of the Plateau State Ministry of Commerce and Industry. A sample size of 323 was determined using the Taro Yamane formula of 1964. The selection of MSMEs was carried out using a simple random sampling technique. Primary data collection methods were applied in the research with data sourced from a survey questionnaire. The survey utilized 323 copies of the questionnaires for data collection. The questionnaire was divided into two sections, with the initial section focusing on MSME characteristics and the subsequent section delving into the study's objectives. Various analytical techniques, such as Percentages, Frequency Distribution, and Chi-square, were utilized in the analysis process through the utilization of the SPSS statistical package.

ANALYSIS AND RESULTS

The outcomes of the descriptive analyses are displayed in Table 3.7, whereas the outcomes of the inferential analysis are exhibited in Tables 8.1 and 8.2.

Table 3: Gender

Gender	Frequency	Percentage
Male	245	76%
Female	78	24%
Total	**323**	**100%**

Source: *Field Study 2019*

Table 3 illustrates the gender distribution among MSME owners, showing that male owners, totaling 245 (76%), outnumber their female counterparts, who amount to 78 (24%). This disparity highlights a significant gender gap within the MSME ownership landscape in Jos metropolis, Plateau State.

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Table 4: Type of Business Engaged In

Small Business Type	Frequency	Percentage
Agro-allied	41	12.69%
Trading	158	48.92%
Service	111	34.37%
Others	13	4.02%
Total	**323**	**100%**

Source: *Field Study 2019*

When considering the nature of business activities undertaken by MSMEs, the trading sector emerges as the predominant sector, constituting 48.92% of the total, closely trailed by the service sector at 34.37%. Subsequently, the agro-allied sector accounts for 12.69%, with the remaining 4.02% categorized under various other sectors.

Table 5: Whether you have ever had access to credit facilities from MF Banks

Response	Frequency	Percentage
No	98	30.3%
Yes	225	69.7%
Total	**323**	**100**

Source: *Field Study 2019*

Table 5 shows the firms within the sample that have had access to credit for MFIs. It is seen that out of 323 respondents, 225 (representing 69.7%) respondents have taken a microfinance loan, while 98 (representing 30.3%) have not taken any microfinance loan.

Table 6: What was the source of finance?

Type	Frequency	Percentage
Community-owned	169	74%
Privately-owned	50	22%
Government-Backed	9	4%
Total	228	100

Source: *Field Study 2019*

Table 6 indicates that for the respondents that have microfinance, 74% was from community-owned groups, 22% was privately owned MFIs and only 4% was from government-backed MFIs.

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Table 7: Reasons for not taking any loan

Reasons	**Frequency**	**Percentage**
No information on MFI	59	62.10%
Fear of rejection	9	9.47%
Loans from other sources	8	8.42%
Sufficient internal funds	13	13.68%
Others	6	6.33%
Total	**95**	**100**

Source: *Field Study 2019*

Out of the 95 respondents that did not take the MFI credit, 59 (62%) respondents did not do so because they had no information on MFI institutions within their locations. The second biggest reason for not taking loans was the sufficiency of internal funds with 13 (13.68%) respondents followed by fear of rejection with 9 (9.4%); loans from other sources came fourth with 8 (8.42%) respondents and, finally, others with 6 (6.33%) respondents.

A Test of Research Hypotheses

Ho1: Microfinance credit has no significant effect on the sales revenue of MSMEs in Jos, Plateau State.

Ho2: Microfinance credit has no significant effect on the profitability of MSMEs in Jos, Plateau State.

Ho3: Microfinance credit has no significant effect on the no-current assets of MSMEs in Jos, Plateau State.

TABLE 8.1: Hypothesis test

Hypothesis	**SA (4)**	**A (3)**	**D (2)**	**SD(1)**
Effect of Microfinance on sales revenue	102(0.447)	49(0.215)	52(0.228)	25(0.110)
Effect of Microfinance on profitability	77(0.338)	29(0.127)	55(0.241)	67(0.294)
Effect of Microfinance on Non-current assets	52(0.228)	38(0.167)	59(0.205)	79(0.346)

Source: *Field Study 2019*

Table 8.1 shows the effect of microfinance on the performance of small businesses in Plateau State. In terms of the effect of microfinance on sales revenue, 102 (44.7%) respondents strongly agreed and 49 (21.5%) agreed that microfinance has an effect on sales revenue, while 52 (22.8%) disagreed and 25 (11%) strongly disagreed. In terms of the effect of microfinance on

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profitability, 77 (33.8%) respondents strongly agreed and 29 (12.7%) agreed that microfinance has an effect on profitability while 55 (24.1%) disagreed and 67 (29.4%) strongly disagreed. In terms of the effect of microfinance on non-current assets, 52 (22.8%) respondents strongly agreed and 38 (16.7%) agreed that microfinance has an effect on non-current assets while 59 (20.5%) disagreed and 79 (34.6%) strongly disagreed.

Table 8.2: Results of the Chi-square test

Effect of Microfinance on the performance of MSMEs	**X2**	**Asymp. Sig. (P-value)**	**Cramer's V**	**Remarks**
Effect of Microfinance on sales revenue	452.118	.000	.813	Reject Null Hypothesis
Effect of Microfinance on profitability	335.029	.000	.700	Reject Null Hypothesis
Effect of Microfinance on Non-current assets	283.262	.000	.644	Reject Null Hypothesis

Source: *SPSS computation 2019*

Table 8 shows the effect of microfinance on the performance of small businesses in Plateau State. In terms of the effect of microfinance on sales revenue, since the X2 value of 452.118 is greater than the critical value of 16.92 and the p-value of 0.00 is less than the significance level of 0.05, the null hypothesis is therefore rejected and we conclude that microfinance affects sales revenue. Cramer's V has a value of 0.813. This indicates a very strong relationship between microfinance credit and sales revenue.

When we consider the effect of microfinance on profitability, the X2 value of 335.029 is greater than the critical value of 16.92 and the p-value of 0.00 is less than the significance level of 0.05. The null hypothesis is therefore rejected and we conclude that microfinance affects profitability. Cramer's V value of 0.700 indicates a very strong relationship between microfinance credit and profitability.

In terms of the effect of microfinance credit on non-current assets, the X2 value of 283.262 is greater than the critical value of 16.92 and the p-value of 0.00 is less than the significance level of 0.05. The null hypothesis is therefore rejected and we conclude that microfinance affects non-current assets. Cramer's V value of 0.644 indicates a strong relationship between microfinance and non-current assets.

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FINDINGS AND DISCUSSION

The study found that microfinance credit had an effect on sales revenue, profitability, and non-current assets. This finding is consistent with the work of Danjuma (2017). The study also found that a large number (76%) of MSMEs in Jos metropolis were owned by males. This indicates that the female population is not as engaged in entrepreneurship activities as their male counterparts. World Bank (2002) recognizes that women having access to microfinance credit is an important strategy for reducing poverty. This finding is consistent with the work of Amsi et al. (2017).

The results of the study also indicate that majority (83%) of MSMEs in Jos metropolis are engaged in trading and services which include hairdressing, barbing salons tailoring, retail shops, bars, mechanic workshops and food vending, whereas only a small number (13%) of businesses were engaged in agro-allied activities. The finding indicates that the percentage of respondents involved in the agro-allied business is small. This could be as a result of the urban nature of Jos metropolis. However, the agricultural sector has a lot of value chains which can be exploited by residents of the metropolis.

The study also found that most of the MSMEs investigated (69.7%) had received microfinance while 30.3% had not. This indicates that most of the SMEs are catered to by microfinance institutions; however, more needs to be done to create access for more entrepreneurs. For those that received microfinance, 74% were from community-based groups. For those that did not receive microfinance, 62% of them were as a result of little or no information. This suggests that community-based MFIs are providing the bulk of microfinance credit within Jos metropolis.

Lastly, the study found that 62.1% of respondents do not have access to microfinance credit as a result of lack of information on MFIs. This indicates the lack of awareness on the sources of finance for small businesses among the residents of Jos metropolis.

CONCLUSION

Despite the importance of the MSME sector to economic development, there is evidence that provision of credit to the sector by conventional financial institutions and MFIs has been insufficient. This study investigated the effect of microfinance on MSME performance in Jos metropolis. The study reveals that microfinance affects MSMEs sales revenue, profitability and non-current assets.

RECOMMENDATIONS

Based on the findings, the following recommendations were proffered:

1. The findings of this work suggest that community-based groups provide the largest amount of credit facilities to MSMEs in Jos metropolis. Owing to this, Plateau State government should partner with all local governments and the state legislature to enact legislation to formalize and register the community-based groups to provide the necessary funding to them to expand the reach of microfinance credit to poor and low-

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income households. Also, a central database of all registered community-based groups should be maintained at the state government level under the ministry of commerce and industry to maintain adequate information on those groups.

2. There is a need for both the Plateau State government and NGOs to support the efforts of MFIs towards supporting the growth of MSMEs within Jos metropolis and Plateau State at large. The social mission objective of microfinance of uplifting the poor should be re-visited by Plateau State government and all local governments by providing funding to expand the reach of microfinance. When this is done, MFIs will be able to achieve their mission of financing the establishing of new and vibrant MSMEs, thereby generating employment opportunities for and enhancing economic growth.

3. Women should be encouraged through incentives to encourage the participation of women in entrepreneurship activities. MFIs in Plateau State should partner with Plateau State government in conjunction with NGOs to create awareness and facilitate easy access to microfinance for women. The study recommends the granting of more loans to women to increase the number of women engaged in entrepreneurship within Jos metropolis.

4. There is no doubt that MFIs make it possible for MSMEs to secure credit. However, more needs to be done in the area of creating awareness on the importance of microfinance in entrepreneurship development. Governments at all levels should partner with non-governmental organizations in creating awareness on the importance of entrepreneurship and how to access finance. This awareness campaign should start in secondary schools and tertiary institutions across the state where special subjects on entrepreneurship are taught. Special incentives, such as agricultural shows, business fora, and farmers' markets should be created by the state government in conjunction with NGOs to encourage the participation of entrepreneurs in agro-allied business to tap into the huge agricultural potentials of the Jos metropolis and Plateau State as a whole.

5. MSMEs require a conducive environment to develop. Governments at all levels should confront the challenge of infrastructural deficit in the state. These include electricity, provision of water and a good road network to connect villages and markets in the state. The lack of adequate infrastructure affects the ability of MSMEs to be successful. It is by doing all this that Plateau State can strengthen her economy which will result in addressing challenges such as unemployment, high level of inflation, youth restiveness, insecurity, and political instability.

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COMPETING INTERESTS

Authors have declared that no competing interests exist.

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