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Bank Financing Operations and Growth of Micro Business in Lagos State Nigeria

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Abstract:
The study examined bank financing operations on the growth of micro business in Balogun, Oke Aarin, Tinubu, Idumota International markets in Lagos Island, Lagos state. Nigeria, so as to show whether Nigeria Government policies through the Central bank of Nigeria in order to promote micro and small businesses growth for economic development is yielding expected results.
Primary data was collected using structured questionnaires and analyzed to obtain percentages and frequency distribution tables.
Findings revealed that adequate financing does not have a significant effect on the sales turnover of micro business in Balogun, Oke Aarin, Idumota, Tinubu, International markets. This implies that adequate financing does have effect(s) on sales turnover but not at the same rate with which business is accessing finance. Also, it was confirmed that credit expansion for micro businesses among business owners in these markets had significant effect on micro business expansion and diversification from the initial business
The study concludes that bank financing operations for micro and small businesses is having significant effects on the growth of micro business in the various markets.

Keywords: *Financing, bank, growth, micro business*

1. Introduction

Micro and small businesses are regarded as the seat of life of most economies. According to report of the United Nations Industrial Development Organisation (UNIDO, 2012) SMEs have a significant role to play in economic development of any nation as they formed the backbone of the private sector; they make up over 90 percent of entrepreneurs of the world and account for 50 to 60 percent of employment generation; they also play an important role in poverty alleviation.

There is no general accepted definition of a micro business because the classification of businesses into scale is a subjective and qualitative judgement. Love man and Sengenberger (1990) recounted that, "micro business" or and medium enterprises" are elusive concepts. According to Udechukwu (2003), Akabueze (2002), and SMIEIS (2002), the Nigerian concepts of micro business are somewhat divergent but the Central Bank of Nigeria agrees with the Small and Medium Industries and Equity Investment Scheme (SMIEIS) in their definition of a SME as any enterprise with a minimum asset base less than 200 million (equivalent of about $1.43 million) excluding land and working capital, and with the number of staff employed not less than 10 and not more than 300. Moreover, this definition for SMEs was based on the revised definition by the National Council on Industry in 2001 (Udechukwu 2003), micro business by definition fall below these two definitions, they are mostly one-man businesses with one or more/ non apprehentice

Micro business finds it difficult to obtain formal credit from banks because the maturities of commercial bank loans extended to them are often limited to a period far too short for any meaningful investment to mature. They therefore default in repayment and run into troubled waters with the banks. Another obstacle is the lack of 'repayment culture' of some of these micro businesses. Even if they are in a position to repay, they refuse to as they find it easier to reinvest the funds into their business. These problems make it more and more difficult for micro business to obtain bank loans and grow their businesses. Banks therefore find it difficult to finance micro business in general because of the uncertainties involved in the retrieval of such funds. This lack of adequate financing by banks to micro business seems to be the major factor impeding their growth and development. This study is therefore aimed at investigating how micro businesses in the various markets in Lagos Island, Lagos State can obtain bank loans with relative ease and use such loans to advance the growth of the sector

The study thus raises the following questions, how does adequate financing impact on sales turnover of micro business. To what extent does credit expansion from banks impact on micro business expansion and what is the relationship between management of funds and micro business growth. The study however set out to investigate the effect of adequate financing on sales turnover of the micro business and to also determine the degree to which credit expansion from banks impact on the micro business expansion.

2. Literature Review

Ekezie (1995), enumerate micro business problems in Nigeria to include: under capitalization, inadequate finance, ignorance of institutionalized incentives, high rate of business mortality, lack of trained personnel, restricted market, lack to ownership dilution, poor accounting and record keeping, diversion of business fund, poor infrastructural facilities and lack of appropriate technologies among others. Akpokerere (2009), noted that micro business in Nigeria faces a lot of problems which make the realisation of the benefits of micro business difficult in the Nigeria economy. Bacdom (2004) and Iromaka (2006) stated that the most important problems of micro business include the following: constrained access to money and capital market, lack of continuity, poor management expertise, inadequate information base, poor accounting system, unstable government policy and restricted market access.

These problems can be categorised as finance, managerial/technical, commercial and infrastructure or most appropriately can be categorised as micro and macro problems. While the micro problems are those that are inherent in nature and operations of the micro business, the macro is those problems that are inherent in the economy thereby making the business environment difficult for the micro business to thrive or operate.

2.1. Empirical Review of Literature in Developed Countries

Allen and George 2004 argue that the current framework to which most of the current research literature adheres to presents an oversimplified model that overlooks some important distinctions across national financial institution structures and lending infrastructures and the way in which these elements of the financial system affect micro business credit availability. They argued that differences in the financial institution structure and lending infrastructure may significantly affect the availability of funds to micro business by affecting the feasibility with which financial institutions may employ the different lending technologies in which they have competitive advantage to provide funds to different types of micro business. Therefore, the paper focused on the roles of a nation`s financial institution structure and lending infrastructure.

The paper also focused on the parts of the financial system that are most relevant to SME finance. For example, private debt market that provide eternal finance to SMEs.

The paper yielded several conclusions. First, the findings argue against drawing simplistic conclusions from extant research. Second, the results make a strong case for taking account of the presence of foreign owned and state-owned institution, as well the presence of large and small institution and conventional measures of financial institution concentration, particularly when analysing developing nations. Thirdly, the outcome of their investigation strongly suggests that 'better' lending infrastructures may make significant difference in SME credit availability directly through facilitating the use of the various lending technologies.

Samanthala and Christopher in their study gave empirical insight on financing issues that concern small firms operating in and around small regional centres. The paper seeks to identify differences between small community SB financing needs and those of SB's in major population centres.

The paper analyses the relationship between a SB's perceived financial condition and independent variables reflecting capital structure, firm specific attributes and management specific attributes. Stepwise regression, LM statistic, Durbin-Watson statistic and t-statistics were used in the analysis. The findings gave rise to the following policy implications: decision makers may need to develop careful monetary and fiscal policies to have a sustainable SB contribution, SB policy should recognise that the SB sector is not uniform and further infrastructure and educational facilities may be a means to increase the competitive power of SB's via new technology.

2.2. Empirical Review of Literature in Developing Countries

Phuong Nu Minh Le 2012 investigates which determinant variables influences Vietnamese SMEs access to bank finance which is typical case of a developing country. Most of the study paid attention to one aspect of determinants as endogenous or exogenous variables so they did not give the overall picture of determinants in terms of access to capital. The binomial logic model is used to assess the influence of firm and financial characteristics, credit worthiness, industry and region dummy on the probability that firms access credit. Also, discriminate and cluster analysis were applied to further analyse what logistic model could not reach. The study showed that in general, businesses in Vietnam depended too much on real estate, land as collateral compared with other Asian countries. As a result, this might cause problems for small businesses in accessing bank loans. However, this did not apply to with central North where it was extremely easy for small businesses to access capital. The study suggests that more research be focused on this area in order to have deeper understanding of the factors that facilitate bank loans for small business which can be applied to other areas.

Betty C.koech 2011 analyses the financial factors that constrains small business growth in Kenya using the kamukunji district in Nairobi country as case study. Data was analysed using explanatory factor analysis and quantitative descriptive analysis in accordance with the objectives of the study.

Factor analysis was used to rank factors considered in order of importance, while descriptive analysis used distribution and percentages. The findings identified cost, capital market and capital access as the highest contributing factors constraining small business growth into large business enterprises. Further findings indicated profits and sales were the factors that were found to influence business growth. The study recommended that further studies be done to establish the effect of new product on business growth and investigate how collateral affects loan take- up by small business. The reason being these were also factors affect business growth but appeared in significant.

Thorsten Beck and Robert Cull 2014 in their paper survey the state of small business finance in sub – Saharan Africa. They used Enterprise survey data from the world Bank to explore cross- country and cross- firm variation in the use of financial services. Regression analysis in used to relate firms `access to finance to an array of firm and country characteristics, gauge whether these relationships are different inside and outside Africa. The paper also discussed several persistent new challenges for small business finance in Africa.

The paper showed that the enterprises in the sub- Saharan region are less likely to have a loan than in other developing regions of the world. While many of the firm and country covariates explaining access to bank financing are similar inside and outside Africa, there were some interesting differences. The paper discussed several ongoing policy debates in the small business space that relate to its findings. They are; the lending techniques by banks in combination with the ownerships structure of banking system, financial innovation which includes new players and new products, a more granular analyse small business etc.

2.3. Empirical Review of Literature in Nigeria

Bello Ayuba and Muhammed Zubairu (2015) investigate whether banking sector credit has significant impact on the growth of SMEs in Nigerian. The specific objective is to assess the effect of banking sector credit on macro- economic variables. As part of the methodology, annual data between 1985 and 2010 was collected and used in the study while descriptive statistics, correlation matrix and error correction model was used to test the formulated hypotheses which reveals that banking sector has significant impact on the growth of small and medium enterprises in Nigeria as it has positive impact on some major macro-economic variables of growth such as inflation, exchange rate, average banking sector deposits etc .In conclusion, the results reveal that banking sector credit was important but significant in understanding growth variations in Nigeria's small and medium sector.

Sunday, Gloria and Aiwanehi 2015 examined the finding challenges of doing business in Nigeria by SMEs and how that affects their performance using Lagos as a case in point. The study evaluated the efficiency of the different sources of funds available for the SMEs as well as other non-financial factors responsible for the poor performance of SMEs in Nigeria. The study became imperative given the conflicting reasons adduced to why small-scale enterprises perform poorly in developing economics including Nigeria. There was a need to find out if the major challenge of SMEs is credit. Quote sampling as well as stratified random sampling technique was applied. Convenience sampling technique was used to get to the individual respondents. Correlation and one sample t-test was used to test the hypotheses. The study indicated significant statistical difference for sources of funds and in the efficiency of the various sources. Results also showed that other factors influence the performance of SMEs are unstable power supply, infrastructure and incessant security issues and government policies in descending order.

3. Theoretical Review of Literature

3.1. Pecking Order Theory

The theory state that firms avoid external financing while they have internal financing available and avoid new equity financing while they can engage in new debt financing at reasonably low interest rates. Murray and Goyal 2005.According to the theory, the most preferred sources of finance are internal source which is the retained earnings or personal savings for informal sector entrepreneurs. The second preferred source is debt followed closely by internal equity and external equity.

According to Cosh and Hughes 1994, the pecking order theory, with its emphasis on the desirability of the use of funds generated within the business rather than funds raised externally, can readily be applied to business. Indeed, businesses seem to face a more extreme vision of the pecking order Theory described as a `` constrained`` pecking order Theory by Holmes and Kent 1991 and a ``modified ``pecking order Theory by Ang 1991 because they have less access to external funds, debt as well as equity than do large enterprises.

The pecking order theory suggest that use of external fund is very much related to profitability on the basis that businesses, particularly if they are not stock exchange listed, will make use of internally generated funds as a first resort, i.e. those which make use of external funds will be those with a lower level of profit. Growth is likely to lead SMEs that do not have sufficient internal resources to borrow although if the pecking order is constrained by lack of external funding of any kind, SMEs might restrict their growth to fit the availability of internal funds. Myers 1984 refers to the importance of asset type in providing collateral for borrowing in a situation of information asymmetry. Given the ``lumpiness`` of many investments, it is more likely that smaller firms will need to borrow than large when faced with investment opportunities. it can also be deduced from the pecking order theory, given the importance of retained funds that newer firms will have less time to accumulate resources and so will need to borrow more than older firms.

3.2. Organisational Life – Cycle Theory

The organisational life – cycle theory stems from the observations of histories and academics that organisations are similar to living organisms in that they have life cycles. A firm life cycle has been used to explain specific areas of size, growth and development, among others. Firms are established, grow and develop, reach maturity then begin to decline and finally, in many cases die. Scholars hold different views on the number of stages of life cycle theory as some identified as many as ten stages while some flattened it down to as few as three stages. Most models developed by scholars hold the view that organisation life cycle is comprised of four to five stages. They are start-up, early growth, maturity, decline and death. Organisations at every stage of the life cycle are impacted by external circumstances as well as internal factors.

The idea significant is how SMEs and large firms move until maturity is attained. The moment SMEs start to grow, they will either remain at a stage for a while or enter into a further stage of expansion in which transitions are made from being a small business to a medium business or even a large enterprise before attaining maturity. Therefore, the growth cycle of SMEs is a dynamic process involving the combination of a variety of different elements.

4. Theoretical Framework

The pecking order theory or model postulates that the cost of financing increases with asymmetric information. Financing comes from three sources, internal funds, debt and new equity. Companies prioritise their sources of financing, first preferring internal financing, and then debt and lastly raising equity as a ``last resort``. Hence, internal financing is used first ,when that is depleted, then debt is issued ;and when it is no longer sensible to issued any more debt ,equity is issued .this theory maintains that business adhere to hierarchy of financing source and prefer internal financing when available, and debt is preferred over equity if external financial is required . The form of debt a firm chooses can act as a signal of its need for external finance.

The theory was first suggested by Donaldson in 1961 and was modified and popularize by Myers and Majluf 1984 where they argued that equity is a less proffered means to raised capital because when managers issue new equity, investors believe that managers think that the firm is overvalued and managers are taking advantage of this over – valuation. As a result, investors will place a lower valued to the new equity issuance. Pecking order theory starts with asymmetric information as managers know more about their company's prospects, risks and values than outside investors. Asymmetric information affects the choice between internal and external financing and issue of debt or equity. therefore, there exists a pecking order in financing new projects.

Asymmetric information factors the issue of debt over equity as the issue of debt signals the board`s confidence that an investment is profitable and that the current stock price is undervalued. The issue of equity would signal a lack of confidence in the board and that they feel the share price is over-valued. An issue of equity would therefore lead to a drop in share price. This does not however apply to high –tech industries where the issue of equity is preferable due to high cost of debt issue as assets are intangible. Tests of the pecking order theory have not been able to show that it is of a first- order importance in determining a firm `s capital structure. However, several authors have found that there are instances where it is a good approximation of reality.

The pecking order theory explains the inverse relationship between profitability and debt ratios. Firms prefer internal financing, they adapt their target dividend payout ratios to their investment opportunities, while trying to avoid sudden changes to dividends, Sticky dividend policies plus unpredictable fluctuations in profits and investment opportunities, mean that internally generated cash flow is sometimes more than capital expenditures and at other times less. If it is more, the firm pays off the debt or invests in marketable securities. If it is less, the firm first draws down its cash balance or sells its marketable securities, rather than reduce dividends. lf external financing is requires, firms issued the safest security first. That is, start with debt then possibly hybrid securities such as convertible bonds, then perhaps equity as a last resort. In addition, issue costs are least for internal funds, low for debt and highest for equity. There is also the negative signalling to the stock market associated with issuing equity, positive signalling associated with debt.

5. Methodology

5.1. Research Design

This study adopts the descriptive survey research design. This design is considered appropriate as it is expected to provide a systematic description and analysis that is as factual and accurate as possible. The survey technique is also deemed appropriate as according to Neuman [1997], the survey technique could be used when many people are asked about their beliefs, opinions, characteristics, past or present behaviour and expectations.

5.2. Population Of Study

The population of this study consist of selected micro business in Balogun, Idumota, Oke Aarin, Tinubu International markets of Lagos state. Financial transactions done in the markets runs into millions of Naira every month.

5.3. Sample and Sampling Technique

60 micro businesses were selected for this study. The population of the study is limited to 60 because of the nature of the business of the respondents. They are very busy, moreover, it was very strange to many of them that they were asked to fill form even though majority of them were educated. The researcher therefore has to sit with them to fill the questionnaire for them. They were not ready to fill by themselves. It adopts the total enumeration known as census which adopts the entire population of study. It allowed for getting quality information and equal opportunities from respondents.

5.4. Sources of Data Gathering

The research instrument used is questionnaire which was administered to know the disposition of the average micro business owner to external finances to his/her business and also the management strategies used to mitigate against the common challenges associated to these businesses.

5.5. Validity and Reliability of Instrument

The research instrument was subjected to rigorous peer review process. Prior to the administration of the instrument, a pilot study was done using 10 micro businesses in the market (Tejuosho)) outside the sample used and it was tested using Cronbach Alpha Reliability Technique. This is to ensure that the questionnaire well captured the required information for the study as well as to ensure that it is clear and understood by the respondents.

5.6. Method of Data Analysis

Coded responses from the questionnaire were analyzed using descriptive statistics such as frequency tables, simple percentages, mean and standard deviation. The statistical package for the social sciences [SPSS] was the software used. The proposed research method utilized for this study was mixed methods. The mixed method approach, which involved the use of questionnaires, interview and review of documents from primary or secondary sources, is preferred because it provides the flexibility of corroborating quantitative research with qualitative research findings, thus giving room for different perspectives and standpoints to be considered. Also, the exclusive use of either the qualitative or quantitative methods will not provide a thorough insight into the study.

5.7. Specific Method to Be Utilized Are As Below;

5.7.1. Questionaire

This was administered to owners of the micro businesses in Balogun, Idumota, Oke Aarin and Tinubu International markets in order to elicit information regarding the challenges their businesses were faced with in sourcing for funds from banks and propositions regarding the type of support required by them to manage the challenges. Responses received from respondents were used to support findings arising from qualitative data.

5.7.2. Statistical Techniques Used in the Analysis

The statistical techniques used in the analysis of the data for this research include frequency distribution, percentages, correlation and regression analysis. The Statistical Package for Social Sciences (SPSS) was used in the analysis of the data.

6. Data Analysis, Presentation and Interpretation

6.1. Socio-Demographic Characteristics of the Respondent

Table 1 below shows the range of income of the respondents in a month or a couple of months as per the response gathered. 6.7% had income below ₦50,000. 33.3% had an income range of ₦50,000-₦250,000. The highest number of people is within this income range. 13.3% had an income range of ₦260,000-₦500,000. The second highest number of respondents is within this income range. The number of people that fell within the ₦510,000-₦1million is represented by 28.3%. The number of people with income above ₦1million is represented by 18.3%. One major thing observed among the micro business owners in all the markets was that there is no proper documentation with regards to profit made. The general slogan there is “i thank God”, “we are managing”. Further inquisitiveness of the researchers encouraged some of the micro business owners to give a rough estimate of their likely profits per month. Some said, it varies, at times they make so much profit and in other times there is no sale and so reduces their profit grossly.

A disturbing experience during the cause of this study was that majority of the micro business owners were so scared about bank loans, they see it as a course for them to get loan from banks. Few opened up by giving examples of some of their colleagues who had left market now because they could not pay back bank loans as a result of what they referred to as bank fraudulent ways of adding unending interest to their loan. This study gathered that majority of them are into daily/weekly/monthly contributions from which they raised millions for purchases and team up to clear goods bought from china.

	Frequency	Percent
Below ₦50,000	4	6.7
₦50,000-₦250,000	20	33.3
₦260,000-₦500,000	8	13.3
₦510,000-₦1million	17	28.3
₦1million	11	18.3
Total	60	100

Table 1: Range of Income of the Respondents
Source: Field Survey 2019

Model	R	R Square	Adjusted R^2	Std. Error
1	0.250	0.063	0.046	1.098

Table 2: Model Summary of the Effect of Adequate Financing on Sales Turnover of Micro Business
Source: Author’s Computation (2019)

6.2. Statement of Hypothesis

- H_0: There is no significant relationship between adequate financing and sales turnover of SMEs.
- H_1: There is a significant relationship between adequate financing and sales turnover of SMEs

6.3. Decision Rule

Critical value is set at 5% level of significance. At 5% significance level, if the p value is less than 0.05, then the null hypothesis will be rejected but if the P-value is greater than 0.05, then the null hypothesis is accepted.

6.4. Result of Interpretation

The table below shows that the p-value (0.054) is higher than 0.05 level of significance and as a result, the null hypothesis is accepted and the alternative hypothesis is rejected. The implication is adequate financing does not have a significant effect on the sales turnover of micro business. This is not surprising because majority of the micro business owners said that even thou they have challenges getting loan from the banks different from the experience of the medium and large businesses because most banks don't trust them enough to pay the money back at the agreed time, majority of them source for loan informally. Some of these informal ways is through (Ajo) daily/weekly/monthly contribution. The way they do this is that interested business owners will contribute a fixed amount on daily/weekly/monthly basis and the money will be paid back to him/her at the end of the month. However, the first of the contribution will be for the coordinator. They do this based on the trust they have for the coordinator, sometimes some coordinators run away with money gathered after some months. Another means of savings is through micro finance within the market area. The micro finance is attached to first bank plc and it is categorised under national micro finance (Gorodomu branch). The officer of the bank goes round on daily basis including Saturday to collect the contributions from registered micro business owners (majority of them only registered with their business associations). Bank makes some charges.

The major concern here is that, even with the several sources of funds available to micro business, the business managers claimed that it does not determine their sales. According to some micro business owners, there are many times that there will be goods for sale but no buyers. Their conclusion on this is that sales is majorly determined by financial status of people within the economy i.e. disposable income of the buyers.

Model	Sum of square	Df	Mean Square	F	Sig.
Regression	4.672	1	4.672	3.876	0.054
Residual	69.911	58	1.205		
Total	74.583	59			

Table 3: Regression Analysis of Effect of Adequate Financing on Sales Turnover of SMEs.
Source: Author's Computation (2019)

7. Determining the Degree to Which Credit Expansion from Banks Impact on the Micro Business Expansion

A percentage of about 31.7% claimed that they occasionally get fund from the bank (micro finance). Another 31.7% claim that they get fund from bank very often. 10% of the respondents said that they always get credit from bank to finance their business. 13.3% said they rarely get credit and another 13.3% said they never get credit from bank. From this response, it can be concluded that most micro business do not really get fund from banks and this may be as a result of what the business managers said to be cumbersome procedure of getting such loans from the banks.

A greater percentage of the micro business owners confirm that the credit made available to them determines the extent of the expansion of their business. 36.7% strongly agree to this question, 21.7% were undecided and 3.4% strongly disagree and disagree. This response shows that the fund available has a positive relationship with the expansion of business.

In responding to the opinion that banks often put up stiff criteria for advancing loans to micro business, 46.7% which represent a greater percentage of the respondents agree with this opinion, 40% strongly agree to it, 10% said the banks do not put up stiff criteria for advancing loans to micro business and 3.3% do not give a specific response to this opinion.

Credit obtained from bank is used for meaningful investment which matures before bank loans reach maturity.

The response given to this opinion indicates that 25% of the respondents strongly agree and 51.7% agree that the credit obtained from bank is used for meaningful investment which matures before bank loans reach maturity, 11.7% do not give a specific response to this opinion. 10% and 1.7% of the respondents disagree and strongly disagree to this opinion respectively.

Table 1V reveals the type of relationship between credit expansion from bank and micro/small business expansion. R = 0.408 shows that there exist a positive but weak relationship between credit expansion from banks and micro business expansion. R square = 0.166 explains the amount of variation in dependent variable (micro business expansion) which can be explained by the independent variable (credit expansion from banks). From the computation, credit expansion from banks can only explain 16.6 of the variation in micro business expansion.

Model	R	R Square	Adjusted R^2	Std. Error
1	0.408	0.166	0.152	0.828

Table 4: Model Summary of the Impact of Credit Expansion from Banks on the Micro Business Expansion
Source: Author's Computation (2019

7.1. Statement of Hypothesis

- H_0: There is no significant relationship between credit expansion and micro business expansion.
- H_1: There is a significant relationship between credit expansion and micro business expansion.

7.2. Decision Rule

Critical value is set at 5% level of significance. At 5% significance level, if the p value is less than 0.05, then the null hypothesis will be rejected but if the P-value is greater than 0.05, then the null hypothesis is accepted.

7.3. Result of Interpretation

The table below shows that the p-value (0.001) is higher than 0.05 level of significance and as a result, the null hypothesis is accepted and the alternative hypothesis is rejected. The implication is that credit expansion from banks have a significant effect on the business expansion of micro business. This is evidence from the discussions heard with some of the micro business owners. The higher the expansion of the credit received from the banks the more money available to stock their shop or buy materials for production.

Model	Sum of square	Df	Mean Square	F	Sig.
Regression	7.933	1	7.933	11.560	0.001
Residual	39.8	58	0.686		
Total	47.733	59			

Table 5: Regression Analysis of the Impact of Credit Expansion from Bank on the micro Business Expansion
Source: Author's Computation (2019)

8. Conclusion

The Nigerian instructive framework, which is generally designed for delivering ''Salaried'' occupation seekers, rather than get ready students for entrepreneurial improvement altogether adds to poor execution of businesses in Nigeria by the people and this furthermore represents why numerous Nigerian micro business owners by and large don't have operational knowledge and how banks can assist in growing their businesses to yield maximum return on capital income and so the flimsy reason of no money to start business by many graduates.

A group of respondents additionally recommended the presentation of a required entrepreneurial ability advancement course in our colleges, universities, post advancement courses in bank financing operation knowledge in the syllabus of Entrepreneurial studies. This would guarantee that our college graduates would be prepared and arranged to turn into business upon graduation if they decide to. This, aside from decreasing the number of unemployed graduates with searching for paid employments, will bring about some of the youthful graduates getting to be managers by going into one business or the other. The thought, if actualized would be a win-win for everybody, their families and the bigger Nigerian economy as it will undoubtedly emphatically have effect on the GDP growth.

The rate of development of micro businesses in Nigeria is hindered because of the accompanying key reasons: absence of entrepreneurial soul and drive, dread of starvation for a couple of months in the wake of stopping a paid occupation, failure to create on the other hand pay for a feasibility study or strategy for success, attitude that "it won't work" or "I won't succeed" and the preferences. Capacity building particularly regarding business learning, self-confidence, aptitudes and disposition, procurement and improvement of entrepreneurial soul and right business inspiration and capacity to set objectives are goals for entrepreneurial achievement.

9. Recommendations

Driven by the discoveries in this study, bank financing businesses among micro business in Nigeria have a long way to go for the division to be significant, engaged, sufficiently gainful, and play the vital part it is relied upon to in connection to adding to the development and advancement of the economy of Nigeria. For the administration to prevail with regards to re-examining the fate of micro businesses, it needs to extend the present changes to our instructive framework to make it more functional, important, need oriented and driven. The push and accentuation ought to be on cutting edge innovation, down to earth mechanical and entrepreneurial studies aimed at producing business minded people. This suggests an adjustment in our way of life, value system and also Nigerians' general state of mind, morals and valuation for the requirement for each Nigerian to contribute in making our nation superior to anything we met it.

The change of our educational system needs to begin from essentially stressing the social reorientation and core interest on entrepreneurial studies through every one of the stages. Where conceivable the mechanical and entrepreneurial studies can be thought in the indigenous or nearby vernacular to guarantee full understanding and increase by the students and understudies. This strategy will undoubtedly improve quick and full combination of the new values into the way of life of these youthful susceptible Nigerians.

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Appendix

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Faculty of Administration,
Obafemi Awolowo University, lIe-Ife.
Nigeria.

Dear Respondent,

Request To Fill Out Questionnaire

This questionnaire has been designed to obtain information for a research work on 'financing Operations of banks on the growth of micro businesses in Lagos state, Nigeria. It will be appreciated if you respond to the questions asked sincerely and objectively. Your response will be treated with strict confidentiality and used purely for academic purpose.

Yours Sincerely,
Sherifat Omolola Adesunkanmi

Section A: Personal Information

1.GENDER: MALE [ ] FEMALE [ ]
2.AGE: 21-30 [ ] 31-40 [ ] 41-50 [ ] 50 above [ ]
3.EDUCATIONAL BACKGROUND: WASSCE/GCE [ ], BS.c /HND [ ] MBA/M.Sc. [ ] , Ph .D [ ]
4.TRIBE: YORUBA [ ] IGBO [ ] HAUSA [ ] OTHERS [ ]
5.DURATION OF BUSINESS: ....
6.NATURE OF BUSINESS: ....
7.RANGE OF INCOME in a month: BELOW #50,000 [ ], #50,000 - #250,000 [ ] #260,000 - #500,000 [ ], #510,000 - #1,000,000 [ ], ...ABOVE #1,000,000 [ ]

SA- Strongly Agree, A- Agree, U-Undecided, D-Disagree, SD-Strongly Disagree
Section B: This section seeks to investigate the effect of adequate financing on sales turnover of SMEs
(Tick if you have more than one sources of finance)
1. What are the sources of finance available to you as a business owner?

Personal savings [ ]
Equity financing from friends and family [ ]
Bank finance [ ]
Trade finance [ ]
Loans from cooperative societies [ ]
Others [ ]

s/n		Always	Very often	Occasionally	Rarely	Never
2	You often get funds to finance your business?					
3	The time spent gathering funds affect the sales turnover of your business very often or at all times?					
		SA	A	U	D	SD
4	The finance sourced for affect the sales turnover of the business very often or at all times?					
5	The sources(s) of finance determine the extent to which sales is turned over?					

Table 6

Section B: This section seeks to determine the extent to which credit expansion from banks impact on micro business expansion

s/n		Always	Very often	Occasionally	Rarely	Never
		SA	A	U	D	SD
1	You get credit most often from banks					
2	The range of credit made available to you as a business owner determines the extent to which you are able to expand your business?					
3	Bank often put up stiff criteria for advancing loans to micro business					
4	Credit obtained from bank is used for meaningful investment (expansion) which matures before bank loans reach maturity					

Table 7

Section C: This Section Seeks To Evaluate The Effect Of Management Of Funds On Micro Businesses

S/N		SA	A	U	D	SD
1.	Efficient management of capital is a reason for diversification from the initial business					
2.	Some micro businesses are handicapped by inadequate record keeping in managing their finances					
3.	A major problem with micro business is diversion and misappropriation of finances					
4.	With a product development plan laid out, funds are better managed					
5.	The educational background and work experience of the business managers influence micro business management of funds which in turn affect product development.					

Table 8