



## **Determinants of Small and Medium Enterprises (SMEs) Performance in Delta State, Nigeria**

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### **ABSTRACT**

This study was design to access the factors determining the performance of small and medium enterprises (SMEs) in Delta State, Nigeria. The main objective of this study is to empirically investigate the determinants of SMEs performance in Delta State. Descriptive survey design was used for the study. The population of the study is one thousand two hundred and forty (1, 240), a sample size of two hundred and forty eight (248). From the strata, random selection technique was applied in choosing the number that will represent the sample size. Data were generated using questionnaire. Data collected were presented in tables and analyzed using descriptive statistics of mean and standard deviation to answer the research questions while correlation analysis via Statistical Package for Social Science (SPSS) version 4.0 was used to analyze the data. The findings show that there is a positive relationship between finance and infrastructure and the performance of SMEs. They are thus important determinants of the performance of SMEs. The conclusion drawn from the studies was that for SMEs to continue achieving its expected performance all determinants must be readily available to complement each other. The result recommends amongst others that government should focus on the provision of all finance and infrastructural facilities needed for the smooth operations of SMEs in, Delta State and Nigeria at large.

**Keywords:** Determinants, SMEs, Performance, Government, Infrastructure

### **INTRODUCTION**

Small and Medium Enterprises (SMEs) have been accepted worldwide as an instrument of economic growth and development. Based on these, government and non-governmental agencies have been involved in the promotion of SMEs in Delta State. Governments have stepped up efforts to promote the development of SMEs through increased incentive schemes including enhanced budgetary allocation for technical assistance programmes such as loan scheme and training programmes of SMEs operators. In spite of government institutional and policy effort for the enhancement of the capacity of SMEs, it still has not met the desired expectations. This has generated concern and skepticism on whether SMEs are still stimulating economic performance and growth for national developments in Nigeria. Small and medium enterprises (SMEs) in Nigeria have not performed creditably well and they have not played expected significant role in economic growth (Akogu, 2003). This situation has been of great concern to government, citizens, operators, practitioners and the organized private sectors. Although small and medium enterprises (SMEs) are regarded as the bulwark for employment generation and technological development, this subsector is faced with enormous challenges in Nigeria (Osotimehin, Jegede, Akinlabi and Olajide, 2012).

Poor finance has resulted in the inability of SMEs operators to employ the services of experts, use of obsolete equipment and methods of production because of operator's inability to access new technology and competition in the sector. The availability of infrastructural facilities is grossly inadequate in the area of access roads, electricity and water supply, (Osotimehin, et al 2012). It is widely acknowledged that the

creation, sustenance and growth of small and medium enterprises remain a key ingredient for the sustainable development of any nation. SMEs is one of the most reviewed topics in management and business literature especially as it impacts on social and economic development. Worldwide, SMEs are accepted as the engine of economic growth and development, the rapid expansion of SMEs in the economies of developed countries in the 1980s and 1990s did create a widespread conviction that new small ventures are the most important source of entrepreneurship dynamics and most innovative factor as they contribute directly to economic growth (Kan & Onwukwe, 2008).

Performance is measured using diverse parameters by different organizations some firms measure it through expansion, survival, number of employees and capital employed. According to Hornsby (2000) performance is described as an action or achievement considered in relation to how successful it is. Performances are variously measured and the perspectives are tied together and consistently monitored from the organization context. Considering Hornsby's definition, it can be reasonably concluded that performance is synonymous with success. What connotes performance varies from one organization to another. Prior to the 1980s financial indicators were the sole measurement rods of performance such as profit, return on investment, sales per employee and productivity.

Financial resource represents the key success of any organization hence it is considered in business circles as an important factor for business growth and the sources of such funds are the key for successful growth of the business. On the other hand, entrepreneurial skills and ability affects the process of setting and accomplishing goals through the use of human, technical and financial resources within the context of environment. It involves the functions of planning, organizing, directing and controlling both human and non-human resources to achieve the set goals, thus influencing small and medium business performance or enterprise growth. In fact, from the time the business idea is conceived, business emerges. Thus, to be successful, the owner of the business needs the breadth of skills and competencies in managing the available resources to ensure that performance does, in fact move the enterprises towards the desired goals. Before the 1970s the view was that large firms were the cornerstones of modern economic structure. The theory of economics of scale which is predicated on the advantages of large scale operation was almost a doctrine and from this perspective small and medium enterprises were seen as sign of technological backwardness. This study therefore is necessary in order to investigate the extent of these determinants of small and medium enterprise on performances.

SMEs in Nigeria and Delta State in particular have not performed creditably well. SMEs have thus fallen below expectations as regards their role in improving the level of economic activity (Orugu and Uzundu, 2015). The SMEs in Delta state have been unable to perform the role of serving as a lubricant to the engine of growth in the Delta State. This worrisome particular when Delta State is compared to other major states in the country and abroad. This poor performance of SMEs have hindered the diversification drive of successive governments Delta state. This is despite the potentials of SMEs in transforming Delta State and Nigeria in general. SMEs have thus remained relatively stagnant in Delta State and Nigeria. This casts some elements of doubts on the effectiveness of the various programmes to improve SMEs initiated by successive government in Delta state. The programmes include microcredit for SMEs, skill acquisition etc. this is an indication that the funds provided for SMEs probably didn't get to the desired real SMEs operators (Oladele and Ollowokere, 2014). It is thus not surprising that most SMEs in Delta State and Nigeria in general die within the first five years of existence, a smaller percentage goes into extinction between the sixth and tenth year. Only between 5 to 10 percent survive (Mba and Cletus, 2014). Majority of problems faced by SMEs are external to it. They conclude capital shortage, wrong taxation and regulations, patent and franchising abuse, cut throat competition, poor infrastructure and lack of manpower.

This study is centred around the main objective of empirically investigating the determinants of SMEs performance in Delta state, however the impact of finance on the performance of SMEs in Delta state was also established, as well as to finding out as to what extent does Technology and infrastructure gap impacted SMEs performance. Furthermore, the null hypothesis which state that there is no significant

relationship between finance and the performance of SMEs and as well as the relationship between infrastructural development and the performance of SMEs were tested.

## REVIEW OF RELATED LITERATURE

### Conceptual Framework

Under the conceptual framework, the following issues were discussed

#### a. Concepts of Small and Medium Enterprises

Understanding the size, components and benefits of SMEs to citizens' life, most especially people at the grass root level is an important factor to be considered in defining small scale business. With the current rate of unemployment and poverty level in Nigeria, small business has become a source of livelihood to millions of Nigerians. About 60% of all the business established in Nigeria is on a small scale level (Okeke, Ezenwafor & Femiwole, 2013). However, just like other social science subjects, the concept of SMEs does not have an acceptable or uniform definition (Ahmed, 2006). By definition, small businesses have limited resources. Thus experience shows that it is particularly suitable/ true for low-income households and disadvantaged people who lack access to capital and financial resources in their effort to gain empowerment and for others who perform such entrepreneurial activity is an extra source of income improving their social and economic wellbeing or even for fun. The importance of promoting SMEs recognizes as an effective way to inventions, innovation, equitable income distribution, resource utilization, poverty alleviation, utilization of local resources and foster regional economic growth and development etc. In the evolution process of enterprises since 1960s the trend towards downsizing of large enterprises and more decentralized structure of businesses has been experienced by majority of firms (Acs in Ariyo, 2009). With this shifting paradigm during the 1980s and 1990s and now thriving, a revival in the promotion of small businesses took place at local and national level due to changes in production technology, in consumer demand, labor supply, the pursuit of flexibility and efficiency. Furthermore, because of the negative association between concentration and innovation the greater elasticity of concentration with respect to small-firm innovations led to assign a greater role for small businesses in local economic development.

Small and Medium Enterprises definitions differ within the fixed co-ordination of national boundaries. For instance, Alaye-Ogani, (2012) defined small and medium enterprises as companies with capital base between twenty thousand naira and thirty million naira (equivalent of \$125 to \$193,500). According to Alaye-Ogani, business is considered small if it is independently owned, operated and financed, has fewer than 100 employees; and has relatively little impact on its industry. Also, the Federal Ministry of Commerce and Industry of Nigeria define small-scale business as a business with capital investment that is not over seven hundred and fifty thousand naira (N750, 000), Alaye-Ogani, while the Central Bank of Nigeria (CBN) (2014) defined small and medium enterprise as business with asset base of between five and five-hundred million naira, and staff strength of between 11-300 people. Hatten (2012) averred that small and medium enterprise includes business activities of the stay-at-home parent who provides day care for children whose parents are not around.

However, concerted efforts have been made to look at the geographical and economic composition in defining SMEs in Nigeria. This is because the poverty level has altered the threshold of the enterprise fund according to most of the financial establishment. For the purpose of this study, SMEs will be defined as a business whose starting and operating capitals are between twenty-five thousand Naira (equivalent of £100) and two million Naira (equivalent of £8000), and opposed to small business definition of National Council of Industries (NCI. 2002) which classify small and medium businesses as any enterprise with working capital between one and half million and fifty million Naira.

Most SMEs are managed by their operators and they could not afford to hire expertise to manage the enterprise for them (Rajaram, 2008). Consequently, SMEs operators perform so many operational tasks and management functions themselves (Ojo, 2009), which may often result in business success (Ihua, 2009). The independent and private ownership (sole proprietorship or partnership) of SMEs always reduce uncertainty (Keasey and Watson, 1993). This invariably means that SMEs success depends on the

ability of the operators without the shield of limited liability, may be personally liable for the business fortunes such as profits (Carter & Jones-Evans, 2006). In this regard, Akande (2006) also argue that SMEs rely on operator's skills, ability and personal characteristics for the prosperity of the business. They play some defined roles in the economy that support and strengthen the growth of a nation (Mwobobia, 2012). However, small and medium enterprise is very crucial to a nation's healthy economy and their competitiveness is indispensable to nation's success and growth (European Commission, 2005).

Over time, entrepreneurial talents are nurtured and such firms can be transformed into the next levels, that is, medium and large scale if the business is successful in terms of management practices, sales growth and profits. These performance indicators are determined by a number of vectors of explanatory variables such as socioeconomic, demographic, spatial, institutional, owner's experience and optimism. For instance, the probability of SMEs to be successful is greater when the proprietor has some assets or capital, more years of schooling and some skills and experience, strong support networks. A study based on British data (European Commission, 2005) explored that entrepreneurs who are initially uncertain about their true talent, learn from experience however both optimistic bias in talent beliefs and uncertainty diminish with experience. Thus, experience in entrepreneurial activity is an important factor that helps to guide for the success in businesses. Social capital and strategies for retrieving relevant information for retention and expansion of businesses seem to be about equally important for all success measures. Focusing on another dimension to success of SMEs Ariyo (2009) shows that entrepreneurial networks which include social, supporting (institutional) and inter-firms help to bring important resources for firms involved in them. These networks help to achieve higher performance which in turn motivates network formation. However, none of the above studies have drawn its attention to how among other variables, regional diversities and spatial factors are related to the determinants and success of SMEs. A study by (Ranjith & Widner, 2012) on the effect of microenterprises on poverty in the US argue that ignoring spatial dependency factors may produce biased and inefficient results and possibly misleading recommendations for policies. Also there is a vast vacuum of research in small enterprises regarding the assessment/evaluation of the impact of government support programs both local and central governments for uplifting small businesses.

## **Factors Determining the Performance of Small and Medium Enterprises**

### ***Financial***

Funds can be termed to be blood stream of any established enterprise. It determines substantial part of the enterprise performance. The effective and efficient utilization of fund bring into manifestation of other determinant factors. According to Ogunjuiba, Ohuche and Adenuga (2004), empirical research work indicates that finance contributes to the tune of 25% SMEs success among the determinant factors. Most SMEs failed in Nigeria, particularly in Delta state because of their inability to gain access to credit facilities. Uduak, in Banabo and Koroye (2011), emphasized by revealing that through lending activities, injected funds into the economy which if it is effectively utilized will improve the standard of living, enhance enterprises performance and invariably add value to the bottom line of the economic development. It can be reasonably agreed upon that the inability of enterprises operators to have easy access to funds in financial institutions constitute a great problem both on the enterprise and the operators. Consequently, it has pushed most enterprises operators to alternative source of finance which in most cases cannot sustain the long-term growth which the enterprises need to survive (Akinruwa, Awolusi & Ibojo, 2013).

### ***Infrastructural Development***

The important role infrastructural development plays in the performance of SMEs in Delta state cannot be overemphasized because infrastructure such as power, good road network, steady water supply, effective communication system and market are referred to as flavour on the performance of SMEs. The absence of the aforementioned facilities in the life of enterprises act as a catalyst to some of the enterprises less performance which invariably can result to winding up if urgent step is not taken. The problem of erratic power supply alone cause a lot of havoc in performance of SMEs in the state such as reduction in quality

of product, decline in production, cause inflation, labour turnover and unemployment to mention hut a few. The same can be traced to lack of drinkable water which has brought untold hardship to the people in the state. Also, the absence of motor able roads network has gradually increased cost of production. All the inadequate facilities have directly or indirectly affected the performance of SME in Delta State.

These are tools in the hand of government to create enabling environment for the Small scale and medium enterprises to thrive. Government creates rules and frameworks in which Enterprises are able to compete favourably from time to time. Government changes the rules and frameworks forcing enterprises to change the way they operate. The government policy formulation system and upgrading strategic planning are capable of promoting innovation and new enterprises start-up. As part of government policy to boost the performance of SMEs, policy must be established to strengthen the financial support mechanisms of the enterprises from the financial institutions. Bodunrin (2012) asserted that State government has come up with internal economic policy as a reliable tool for rapid development thereby reiterating the commitment of the state administration to make Delta State an industrial corridor for public private partnership policy.

### ***Technology Innovation***

The part taken by technology with regard to the enterprises performance in a stiff competitive environment is inevitable. Technology changes in a dynamic manner with the potential of impacting negatively on firm's competitive position. Looking at the SMEs performance, it can be conclude that the emergent of technology and its uses such as digital camera in lieu of pinhole camera, computer instead of manual typewriter and others presence of new modern technology have changed the face of enterprises activities in the state. However, Oghojafor (2000) showed that technology possesses both opportunities and hazards, hence, there is need for proper and careful monitoring of the environment to pick out the various technology that will best enhance individual SMEs performance and firm that fail to utilizes these will gradually lose out and invariably can lead to it extinction. The finding shows that performance of enterprises can be improved by using new technology; it saves cost and ensures enterprises success. In this there are economist's perspective, the psychologist's perspective and businessman's perspective. In a nutshell, economists see an entrepreneur as someone who combines factors of production for profit, psychologists on the other hand see an entrepreneur as someone who maximizes profit from all business undertaken.

### ***Performance***

Performance, according to Hornby (2000) is described as an action or achievement considered in relation to how successful it is. Performances are variously measured and the perspective are tied together and consistently monitored from the organization context (Jamil & Moharned 2012). It can be concluded that performance is synonymous to success. What connotes performance varies from one organization to another. Prior to the 1980s, financial indicators were the sole measurement rod of performance such as profit, return on investment, sales per employees and productivity. This include Just in-time delivery (JITD) total quality management (TQM), communication, trust, stakeholder satisfaction, competitive position and quality of product also categorized performance measurement into four, namely:

- (1) Profit which include return on assets, return on investment and return on sales,
- (2) Growth in term of sales, market share and wealth creation
- (3) Stakeholder satisfaction which include customer satisfaction and employee satisfaction, and
- (4) Competitive position which include overall competitive position and success rate in launching new products.

According to Komppula (2004), performance of small and medium enterprises was viewed as their ability to contribute to job and wealth creation through enterprises start-up, survival and growth. The research study was focused on Success factors in small and medium enterprises. The results of the study showed that there are no statistically significant differences in the views held by slowly or fast growing enterprises regarding the importance of the success factors. The same factors are considered important and less important in both slowly and fast growing enterprises in each branch of industry. Arising from the findings, it shows that the effectiveness of a particular factor of a business hangs on the support of

other determinant factors. Finance can be termed to be blood stream of any established enterprise. It determines substantial part of the enterprise performance.

The effective and efficient utilization of finance bring into manifestation other determinant factors. Most SMEs fail in Nigeria, Particularly in Delta State because of their inability to gain access to credit facilities. Through lending activities, financial inject funds into the economy which if it is effectively utilized will improve the standard of living, enhance enterprise performance and invariably add value to the economic development. It can be reasonably agreed upon that the inability of enterprises owners' to have easy access to funds in financial institutions constitute a great problem both on the enterprises and the owners. Consequently, it has pushed most enterprises owners' to alternative source of finance which in most cases cannot sustain the long-term growth which the enterprise need to survive.

## **Theoretical Framework**

### ***Human Capital Theory***

Human capital theory is adopted for this study. This theory was propounded by Bruederl, Preisendoerfes and Ziegler in 1992. The theory is concerned with knowledge and experiences of small scale business owners. The general assumption is that the human capital of the founder of small and medium firm provides chances to survive. Human capital acts as a resource it makes the founder more efficient in organizing processes or in attracting customers and investors. This theory has an important implication since the theory is concerned with knowledge and capacities, the theory implies processes as well. Additionally if human capital acts as a resource it might be interesting to evaluate human capital in SMEs.

Small and Medium Enterprises performance can be termed to be firm's success in the market which may have different outcomes and can be referred to as the social phenomenon in enterprises studies which invariably can be characterized as the firm's ability to create acceptable outcomes and actions when applied to the study. For any nation to grow there must be positive change in the performance of SMEs and for the business to succeed. It must be developed through conscious learning as in most cases failure in entrepreneurial activities is attributed to poor management tactics, it is therefore averred that training in management functions can help reduce business failure substantially and make success of an enterprise. This theory is linked to the determinant of small and medium enterprises performance in such that when an individual obtain some specific experiences through knowledge it can improve those variables associated with the performance of enterprise.

## **Review of Empirical Literature**

Orugu and Uzundu (2015) investigated the socio economic determinants of the performance of SMEs of Corporative Societies in Onitisha, Nigeria. The study used descriptive statistics to analyze a sample of 99 entrepreneurs. The results revealed that the socio-economic characteristics such as age, sex, education, corporative experience and income are determinants of the performance of SMEs. Iloh (2009) investigated the impact of SME financing in improving the socio-economic well being of Delta state. The study used the descriptive statistics. The results revealed that SMEs play important role in improving the growth of the economy. Oladele and Oloowokere (2014) investigated the sources of finance and the performance of SMEs in Ado-Ekiti metropolis. The descriptive statistics and multiple regression were used to analyze the data. The results revealed that the sources of finance is an important determinants of the performance of SMEs in Ado-Ekiti in Nigeria. Mba and Cletus (2014) examined the prospects and challenges of SMEs in Port Harcourt. The result revealed using th descriptive statistics that poor financing, inadequate social infrastructure, lack of managerial skills and ,multiple taxation were major challenges confronting SMEs in Port Harcourt.

**METHODS**

The study adopted the descriptive research design. In the view of Wolman in Ezeji (2004), a survey research is one which involves the assessment of public opinion using questionnaire and sample methods. The researcher cannot cover all of them with the resources and time available to this study. It therefore becomes more necessary to adopt the survey design in which relatively large sample of people are involved. The population for this study comprises 1240, made up of all the registered small scale business operators in Delta State. The sample size of the study is 248. The sample size was obtained through the stratified random sampling technique. Delta State was grouped into three senatorial zones. SMEs were selected to represent each zone. Stratified sampling technique is a sampling technique used when the population is divided into sub-groups, each sub-group having subjects with similar characteristics. From the strata, random selection technique was applied in choosing the number that represents the sample size.

**Table 1: Population Distribution of SMEs Operators in Delta State**

S/N	Names of Zones	Population of SMEs Operators	Sample % (20%)
1	Delta Central	670	134
2	Delta North	390	78
3	Delta South	180	36
	Total	1240	248

Source: (Delta State Ministry of Commerce and Industry, 2017)

Therefore, the sample size of 248 business owners was used representing 20% of the population for the study. The research instrument used for this study is a structured questionnaire. The research instrument was modified rating scale to grade the responses ranging from SA (4 point) A (3 point) D (2 point) SD (1 point). The questionnaire was administered personally by the researcher to the SMEs operators with the help of three research assistants. The research assistants were briefed on how to administer the questionnaire to the respondents. The data collected for the study were analyzed using Statistical Package for Social Science (SPSS) software. Two types of analysis used, descriptive statistical and correlation analysis, mean, media, range, and frequency of data SPSS. In terms of correlation, Structural Equation Modeling (SEM) AMOS 4.0 version was used to test the hypotheses.

**Data Analysis**

The data obtained from the field were presented and analyzed using descriptive statistics to provide answer to the research questions while the hypotheses were tested with Pearson Product Moment Correlation at 0.05 alpha level.

**RESULTS AND DISCUSSION**

**Research Question One**

*What is the extent to which finance determines the performance of SMEs in Delta State?*

**Table 2: Descriptive Statistics between Male and Female Small and Medium Enterprise Operators on Financial Determinant of Small and Medium Enterprise on Performance. In Delta State**

Variables	Mean	Std deviation	N
Male (small and medium enterprise operators)	38.0484	4.60304	248
Female ( small and medium enterprise operators)	32.3347	4.87795	248

Source: Fieldwork, 2017

Table 2 shows the descriptive statistics of the mean response of male and female small and medium enterprise operators on financial determinant. The mean response of 38.0484 and the standard deviation of 4.60304 for male small and medium enterprise operators and mean response of 32.3347 and standard

deviation of 4.87795 for female small and medium enterprise operators did not show much variation in the responses. By careful observation of standard of deviation values, there is no much difference in terms of the standard deviation score. This shows that there is about the same variability of data point between the variables.

**Research Question Two**

*What is the extent to which technological innovation determines the performance of SMEs in Delta State?*

**Table 3: Descriptive Statistics between Mean responses of Small and Medium Enterprise Operators on Technological Innovation in enhancing Performance of SMEs in Delta State**

	Mean	Std Deviation	N
Small enterprise operators)	24.6532	6.46391	248
Medium enterprise operators)	22.9274	5.67283	248

**Source: Fieldwork, 2017**

Table 3 shows the descriptive statistics of the mean response of small and medium enterprise operators on technological innovation in enhancing the performance. The mean response of 24.6532 and the standard deviation of 6.46391 for small enterprise operators and mean response of 22.9274 and standard deviation of 5.67283 for medium enterprise operators did not show much variation in the responses. By careful observation of standard of deviation values, there is no much difference in terms of the standard deviation score. This reveals that there is about the same variability of data point between the two variables.

**Research Question Three**

*What is the impact of infrastructural development the performance of SMEs in Delta State?*

**Table 4: Descriptive Statistics between Urban and Rural Small and Medium Enterprise Operators on Infrastructural Development in Enhancing Small and Medium Enterprise Performance in Delta State**

	Mean	Std Deviation	N
Urban (small and medium enterprise)	48.8911	6.44254	248
Rural ( small and medium enterprise)	38.8750	4.96185	248

**Source: Fieldwork, 2017**

Table 4; indicate the descriptive statistics of the mean response of urban and rural small and medium enterprise operators on infrastructural development in enhancing performance. The mean response of 48.8911 and the standard deviation of 6.44254 for urban small and medium enterprise operators and mean response of 38.8750 and standard deviation of 4.96185 for rural small and medium enterprise operators did not show much variation in the responses. However by careful observation of standard of deviation values, there is no much difference in terms of the standard deviation score. This shows that there is about the same variability of data point between the variables.

**Testing of Hypotheses**

**Hypothesis One**

There is no significant relationship between finance and the performance of SMEs in Delta State

**Table 5: Correlation between finance and the performance of SMEs in Delta state**

Male	Pearson correlation	Male	Female
	Sig.(2-tailed)	1	.268**
	N	248	248
Female	Pearson correlation	.268**	1
	Sig. (2-tailed)	.000	
	N	248	248

\*\*Correlation is significant at the 0.01 level (2-tailed)

Table 5 shows the Pearson correlation for male and female small and medium enterprise operators on financial determinant. The correlation coefficient shows 0.268. This value indicates that it is significant at 0.05 level ( 2-tailed)which shows that there is a positive relationship between male and female small and medium enterprise operators( r=268). The computed correlation coefficient is greater than the value of r =.195 with 246 degree of freedom (df =n-2) at alpha level for a two tailed test (r = .268. p < .05). Therefore, since the computed r = .268, is greater than the table value of .195, the alternate hypothesis is accepted (the null rejected) and conclude that there is a positive relationship between finance and the performance of SMEs in Delta state

**Hypothesis Two**

There is no significant relationship technological innovation and the performance of SMEs in Delta State

**Table 6: Correlation between technological innovations and performance of SMEs.**

Small Enterprise Operators	Pearson Correlation	Small Enterprise	Medium Enterprise
	Sig.(2-tailed)	1	.383**
	N	248	248
Medium Enterprise operators	Pearson correlation	.383**	1
	Sig. (2-tailed)	.000	
	N	248	248

\*\*Correlation is significant at the 0.01 level (2-tailed)

Table 6 shows the Pearson correlation for small and medium enterprise operators on technological innovation in enhancing performance. The correlation coefficient shows 0.383. This value indicates that it is significant at 0.05 level (2-tailed) which shows that there is a positive relationship between small and medium enterprise operators (r = 0.383). The computed correlation coefficient is greater than the value of r =.383 with 246 degree of freedom (df =n-2) at alpha level for a two tailed test (r = .383. p < .05). Hence, the computed r = .383, is greater than the table value of .195, the alternate hypothesis is accepted (null rejected) and conclude that there is a positive relationship between technological innovations and performance of SMEs

**Hypothesis Three**

There is no significant relationship between infrastructural development and the financing of SMEs in Delta State.

**Table 7: Correlation between infrastructural development and performance of SMEs in Delta State**

		Urban( small & medium)	Rural(small & medium)
Urban	Pearson correlation	1	.668**
	Sig.(2-tailed)		.000
	N	248	248
Rural	Pearson correlation	.668**	1
	Sig. (2-tailed)	.000	
	N	248	248

\*\*Correlation is significant at the 0.01 level (2-tailed)

Table 7, is the Pearson correlation for urban and rural small and medium enterprise operators on infrastructural development in enhancing performance. The correlation coefficient shows 0.668. This value indicates that it is significant at 0.05 level ( 2-tailed) which shows that there is a positive relationship between male and female small and medium enterprise operators(  $r=.668$ ). The computed correlation coefficient is greater than the value of  $r = .195$  with 246 degree of freedom ( $df =n-2$ ) at alpha level for a two tailed test ( $r = .268$ .  $p < .05$ ). Therefore, since the computed  $r = .668$ , is greater than the table value of  $.195$ , we reject the null hypothesis (accept alternative) and conclude that there is a positive relationship between infrastructural development and performance of SMEs.

### DISCUSSION OF FINDINGS

This study focused on the determinant of small and medium enterprise performance in Delta State. The finding of the study shows that finance and performance in SMEs are significantly related and very crucial for growth and development of small and medium enterprises. The study revealed that there is a positive relationship between male and female small and medium enterprise operators in Delta State, there is a positive relationship between small and medium enterprise operators in Delta State, and there is a strong positive relationship between urban and rural small and medium enterprise operators performance in Delta State. However, the present study also reveals that SMEs performance can be enhanced with financial enhancement, basic infrastructure development and technology innovation for improved performance. This further stressed that intending business owners must have a means of generating funds before they venture into the business because funds enhance the effectiveness of other determinants contribution. This is consistent with the findings of earlier empirical studies (Banabo, 2011; Olabisi, 2011). Another related factor with performance is infrastructure with significant level of 0.05, it shows that in the absence of amenities like power, good road network, effective communication system and readily available market that can absorb the finishing products business may not survive.

### CONCLUSION

From the findings of the study, it shows that there is a positive relationship between these determinant and small and medium enterprise performance. It equally stressed further that a study of determinant factors cannot enhance the expected performance of the business. This is consistent with Sandberg, Vinberg and Pan in Komppula (2004). Therefore, these determinant factors must work as a system and concerted effort must be geared by government towards making the determinant factors readily available if Delta State will continue in the trend of its growth in small and medium enterprise performance.

### RECOMMENDATIONS

From the findings, the following recommendations have been put forward,

1. Government should not only concentrate on particular determinant factor for small and medium enterprises performance, it should as well touch other determinants hence the total performance of business is not hung on a particular determinant factors.

2. Government should create an avenue where the business operators can have access to loan and attain training programmes of small and medium enterprises as this will reduce the gap between business failure and success.
3. Basic infrastructural development should be made to create business environment, awareness and the need to patronize the home made products.

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