

UNIVERSITY OF DERBY

**THE IMPACT OF FINANCING SOURCES ON EXPORT
PERFORMANCE OF SMEs: EVIDENCE FROM NON-OIL
EXPORTERS IN NIGERIA**

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DEDICATION

To my late Mother, Alhaja Muibat Amoke Isiba
A Great Lover of Education

ABSTRACT

For several decades, Nigeria has relied on crude oil exports as a primary source of foreign exchange revenues. However, recent government initiatives to boost the non-oil export sector have not produced significant results. Limited access to financial support from Deposit Money Banks and a lack of innovative financing options have been identified as major constraints on non-oil exporters' ability to achieve their full potential.

This study aims to critically evaluate the impact of various financing sources—including internal funds, credit facilities from deposit money banks, government-backed finance through development banks, supplier trade credit, informal financial support from friends and relatives, and non-bank financial institutions—on the export performance of SMEs involved in non-oil exports in Nigeria. Additionally, the research identifies and evaluates key financing constraints, specifically collateral requirements, high interest rates, inflexible loan conditions, and administrative bureaucracy, assessing how these barriers affect SMEs' access to external financing.

This study is grounded in financing constraints theory, information asymmetry theory, social capital theory, and dynamic capabilities theory. It develops a comprehensive conceptual framework that integrates these theoretical perspectives to elucidate the relationships between financing sources, constraints, and export performance. A quantitative research design, guided by a positivist philosophical approach, was employed. Primary data were collected through a structured questionnaire utilising a 5-point Likert scale, administered to SMEs engaged in non-oil export activities and registered with the Nigerian Export Promotion Council. The data analysis was conducted using multiple linear regression, Pearson correlation analysis, and the chi-squared test of independence.

The empirical findings indicate a significantly positive relationship between external financing sources—including financial support from friends and family, deposit money banks, federal government finance schemes through development banks, and non-bank financial institutions—and the export performance of SMEs. Conversely, internal funding and supplier trade credit negatively affect export outcomes. Furthermore, the analysis reveals that stringent collateral requirements, high interest rates, and lengthy administrative processes substantially impede SMEs' access to external finance. Notably, the results highlight that the duration of experience that SMEs have in the domestic market significantly enhances their ability to secure external financing for export ventures.

This research contributes to the existing literature by extending the discourse on financing constraints, particularly through exploring non-traditional financing sources such as social capital and government-backed financial instruments. The study validates the dynamic capabilities theory by demonstrating that extensive domestic market experience enhances SMEs' capacity to secure external funding and refines the financing constraints theory by identifying specific barriers, such as collateral demands and administrative inefficiencies, faced by Nigerian SMEs. Furthermore, the

proposed conceptual framework for innovative export financing offers a novel synthesis of theoretical insights, providing a robust foundation for future research in resource-dependent economies. These findings present valuable implications for policymakers, suggesting targeted interventions to optimise financing mechanisms and enhance SMEs' non-oil export performance in Nigeria.

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ABBREVIATIONS

CBN	Central Bank of Nigeria
DMB	Deposit Money Bank
GVC	Global Value Chain
NBFI	Non-Bank Financial Institutions
NBS	National Bureau of Statistics
NEPC	Nigeria Export Promotion Council
NEXIM	Nigeria Export and Import Bank
NOE	Non-Oil Exporters
ONS	Office of National Statistics
OECD	Organisation for Economic Cooperation and Development
WTO	World Trade Organisation
WBES	World Bank Enterprise Survey
SME	Small and Medium Enterprises

PREFACE

This thesis is my original work; no part has been submitted as part of any other course/degree of study for any other educational qualification. The ethical committee approved this thesis.

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CHAPTER ONE

INTRODUCTION

1.1: Background to the Study

Export earnings serve as a primary source of income in many countries, including Nigeria. For instance, exports to the European Union (EU) accounted for 43% (£294 billion) of the United Kingdom's (UK) total revenue in 2019 (ONS, 2020). Exports also made significant contributions to the United States' recovery from the Great Recession between 2009 and 2012 (Suominen & Lee, 2015). Nonetheless, the economic contribution of exports is less significant in developing countries. For example, exports represented only 16% of Nigeria's total revenue (\$62.4 billion) in 2018 (World Bank, 2018). However, studies have explored how these exports contribute to the economic growth of several countries (e.g. Abogan et al., 2014; Ahmad et al., 2017; Harun et al., 2019; Khemka et al., 2018; Ogunjimi et al., 2015; Nuhu et al., 2020). Many of these studies find a positive relationship and a mixed effect of exports on economic growth. Nevertheless, insufficient access to export financing and innovative funding alternatives has been recognised as a significant obstacle to implementing development strategies and promoting exports in emerging economies (e.g., Chan, 2019; Mukherjee & Chanda, 2020). Moreover, several other studies indicate that the failure of export transactions in many small and medium-sized enterprises (SMEs) is not primarily attributed to a lack of appropriate financial sources but rather stems from a lack of knowledge regarding the availability of funding sources and how exporters can access them (Aishwaryalakshmi, 2020; Akanbi, 2021; Singh & Wasdani, 2016; Suominen & Lee, 2015).

In Nigeria, exports are classified into two types: oil and non-oil. The latter are broadly categorised as agricultural products, manufactured products, and solid minerals. Over time, oil exports have accounted for a sizable proportion of revenue, while non-oil exports have remained insignificant. However, there is potential for growth in the non-oil sector. For instance, while oil exports represented 67% of the total export revenue of \$83 billion in 2010, non-oil exports constituted only 33%. In 2020, oil exports totalled 75% of export revenue totalling \$33.5 billion, while non-oil accounted for 25% of earnings (NBS, 2021). These examples clearly show that revenues from crude oil exports have consistently provided the country with substantial foreign exchange earnings and serve as a primary source of funding for government spending (Aladejare

& Saidi, 2014; Anthony-Orji et al.,2017; Nwankwo, 2015; Onuorah, 2018). Consequently, the oil sector plays a crucial role in the economy, while non-oil exports remain relatively insignificant. This underscores the urgency of developing the non-oil sector to reduce the economy's dependence on oil (Nwafor, 2018; Ogunsanwo et al., 2020; Olayungbo, 2019).

So far, empirical studies demonstrate that the situation in many oil-exporting nations remains dire, hindered by the economic condition commonly referred to as Dutch disease, a consequence of oil discovery (e.g., Bahar & Santos,2018; Damette & Seghir,2018; Kassouri et al., 2020). Indicators of Dutch disease include a significant spike in the actual currency exchange rate associated with oil exports (Magud & Sosa, 2013; Mironov & Petronevich, 2015). Due to the government's focus on strengthening the hydrocarbon industry, oil export revenues undermine the competitiveness and performance of the non-oil industry (Karamelikli et al., 2017). Dutch disease is an economic phenomenon that arises when a country experiences a resource surge, typically resulting from the discovery and utilisation of natural resources such as oil (Mien & Goujon, 2022; Reisinezhad, 2024). This surge negatively impacts other sectors of the economy, particularly manufacturing and agriculture (Bahar & Santos, 2018; Botta et al., 2016; Karl, 2007). The phenomenon known as Dutch disease poses a significant challenge for countries that rely heavily on oil production as their main economic activity, such as Nigeria (Babatunde, 2010; Ogwang et al., 2018).

Oil has generated substantial income for Nigeria; however, it has also led to economic imbalances, such as the overvaluation of the domestic currency (Adekoya & Fagbohun,2016; Kalu & Mike,2020), significant deterioration of the manufacturing sector, and a decline in agriculture, which was once the backbone of the economy (Edo,2013; Suberu et al.,2015). Furthermore, there has been corruption and mismanagement in governance (Donwa et al., 2015), social instability—particularly in the Niger Delta—due to the perception that oil revenue is unequally distributed (Elum et al.,2016), environmental degradation (Onyena & Sam,2020), rising unemployment, and social disparities in Nigeria (Elwerfelli & Benhin,2018).

However, due to the recent and ongoing glut in the global oil market, oil prices have been volatile, compelling oil-dependent nations such as Angola, Venezuela, Kuwait, Saudi Arabia, Libya, Chad, Brunei, Equatorial Guinea, and Nigeria to diversify their

export bases (Akinlo & Apanisile, 2015; Aljebrin, 2017; Khayati, 2019; Waheed et al., 2020). Furthermore, the growing initiatives in many countries to minimise greenhouse gas emissions by reducing petroleum consumption make diversification in oil-exporting countries even more critical (Ross, 2019). Despite substantial estimates of oil reserves in many nations, oil remains a limited energy resource (Cherif & Hasanov, 2016). Consequently, this leads to diminishing earnings from exports for oil-producing countries. Thus, diversifying exports is essential for Nigeria, as it is for other oil-dependent nations. Moreover, diversification reduces Nigeria's vulnerability to global oil market volatility and uncertainty (Alomari & Bashayreh, 2020; IMF, 2016; Lee & Zhang, 2022; PwC, 2016). Therefore, export base diversification has been the focus of various programmes and activities among oil-producing countries in recent years (e.g., Alkhathlan et al., 2020; Cherif & Hasanov, 2016; Djimeu & Omgba, 2019).

In recent years, efforts by successive Nigerian governments to improve the performance of the non-oil export subsector, particularly among small and medium-sized enterprises (SMEs), have not yielded substantial and desirable results (Esu & Awara, 2010; Okunlola & Akinlo, 2021; Titus et al., 2013). According to Onodugo et al. (2013a), the export promotion strategies and policies adopted by the Central Bank of Nigeria (CBN), the Nigeria Export-Import Bank (NEXIM), and the Nigeria Export Promotion Council (NEPC) from 1960 to the present have included protectionism, trade liberalisation, and export promotion policies. Onodugo et al. (op. cit.) noted that economic diversification requires a significant fundamental change in macroeconomic policy and a political resolution to implement such reforms.

Studies have demonstrated that economic diversification mitigates economic susceptibility to external disturbances by transitioning the economy from reliance on a single revenue source to multiple earnings sources (Briguglio, 2016; De Roest et al., 2018; Guillaumont, 2013; Noy & Yonson, 2018). Nigeria's drive for non-oil export diversification has intensified, with the proportion of aggregate non-oil exports increasing from N1.27 billion in 2000 to N12.64 billion in 2020 (CBN, 2021). Studies have revealed that SME non-oil exporters, the engines of the country's economic growth, may be underfunded due to a lack of innovative financing and constraints in accessing finance, coupled with limited available financing options (NEPC, 2021; PwC, 2020).

Despite their significance, researchers agree that SMEs continue to face several challenges, particularly regarding access to finance on affordable and competitive terms. This issue is prevalent in emerging economies due to underdeveloped financial markets (e.g., Baker et al., 2020; Gbandi & Amissah, 2014; Quartey et al., 2017; Sibanda et al., 2018). Previous research supports the hypothesis that finance gaps for SMEs exist in emerging and developing markets (e.g., Gherghina et al., 2020; Veiga & McMac, 2019; Ndiaye et al., 2018; Rao et al., 2017; Wang, 2016). As of 2019, Nigeria's SMEs' funding gap was estimated to be N617.3 billion (NBS, 2020).

1.2: Statement of the Problem

The issue of limited financing sources for SME exporters is expected to be widespread, particularly in less developed economies that are more bank-based than market-based. Numerous studies, including those by Harvie et al. (2013) and Quartey et al. (2017), reveal a shortage of developed financial markets that provide a narrow range of products and services, which do not adequately meet the needs of SMEs in emerging economies. This situation is not well-suited to the needs of SMEs in emerging economies.

Prior research indicates that robust financial markets and strong banking institutions with solid capital bases are crucial for supporting SMEs engaged in export activities in developing countries (Kumarasamy & Singh, 2018; Sanusi, 2011a; Ullah & Wei, 2017; Ye & Wang, 2019). Beck (2013) demonstrated that financial depth, partial loan guarantees, the structure of financial systems, and regulatory reforms can benefit SMEs. Nevertheless, access to financial resources is limited compared to that of large corporations in developed and emerging economies (Beck, 2007; Han et al., 2021; Ndiaye et al., 2018).

Previous studies (e.g., Kumar, 2017; Quartey et al., 2017) suggest that the varying extent to which SMEs in different countries have access to limited financing may be attributed to disparities in national economic characteristics. Beck et al. (2006) find fewer financial limitations in advanced economies with strong financial institutions, mature market financial assets, a solid legal framework, and higher GDP per capita. Furthermore, studies show that nations with sophisticated financial systems are better positioned to support the diversification of SMEs' exports and provide exporters

access to innovative and varied financing sources (e.g., Bodlaj et al., 2020; Dikova et al., 2016).

A deficient and rudimentary legal and regulatory structure further contributes to SMEs' export financial constraints (e.g., Dong & Men, 2014; Harvie et al., 2013; Quartey et al., 2017). Banks face challenges in determining appropriate credit pricing for SMEs engaged in export activities due to interest rate ceilings (Barth et al., 2011; Bergthaler et al., 2015; Calice et al., 2012). In developing economies, banks may lack the necessary expertise to serve SMEs when other financing options offer sufficient profits (e.g., Eniola & Entebang, 2015; Gbandi & Amissah, 2014; Taiwo & Falohun, 2016). Another factor contributing to credit constraints for SMEs is the inadequacy of financial infrastructure and other unfavourable conditions within the financial sector.

Non-oil exporting small and medium-sized enterprises (SMEs) in Nigeria encounter limited financing options, primarily depending on Deposit Money Banks (DMBs) or commercial banks. Additional significant options include loans from family and friends, self-financing, joint ventures, and financing from development banks (NEPC, 2021). In contrast, the financial systems of developed nations provide a diverse array of financing alternatives for exports, such as bank loans, overdrafts, supplier credits, joint ventures, export factoring, export leasing, invoice discounting, and forfaiting. These alternatives substantially enhance SMEs' access to financial resources (Grath, 2016).

Many non-oil exporters face challenges in securing financing from formal institutions, such as banks (Hasanov et al., 2023; Matallah, 2022). These challenges arise from strict collateral requirements, high interest rates, and rigorous credit evaluations, which hinder their ability to obtain the funds necessary for expansion and operational activities. Because of the high costs of traditional financial services, many SMEs turn to informal alternatives, such as family, friends, or local loan sharks (Adams, 2019). However, studies suggest that informal finance sources may not provide adequate support for SMEs and could have negative consequences (e.g., Degryse et al., 2016; Nguyen, 2022; Nguyen & Canh, 2021).

Nigerian financial markets remain in a developmental stage, with limited venture capital, angel investors, and exporter-focused alternative finance options (Ahmed, 2016; Ajekwe et al., 2024; Akingunola, 2011; Lawal et al., 2018). Trade finance, export

credit, and currency risk management instruments are often unavailable from financial institutions in Nigeria and many other African countries (Adenugba & Dipo, 2013; Awani, 2020; Ogunjumo, 2024). Previous studies indicate that many SMEs are unaware of their financing options, particularly unconventional ones such as crowdfunding, government funding, and foreign development finance (Blanco & Wehrheim, 2017; Cole & Sokolyk, 2016; Seghers et al., 2012).

This study demonstrates the need to deepen the financial sector to improve funding availability, enhance non-oil export performance among SMEs, and boost Nigeria's export diversification and competitiveness. It investigates how financing sources impact non-oil exporting SMEs, aiming to develop a framework for innovative export financing in a bank-centred economy. The primary research question is: What effects do available financing sources have on the performance of non-oil SME exporters in Nigeria? This study evaluates how different financing sources impact SME export performance. It explores challenges in accessing these options, assessing performance from subjective and qualitative perspectives while considering financial and strategic aspects.

1.3: Research Aim and Objectives

Given the aforementioned issues, this study aims to critically examine the relationship between financing and the non-oil export performance of SMEs in Nigeria, identify the primary barriers that non-oil exporters face in accessing funding, along with any other factors that may be essential in securing finance, and propose a framework for a viable and innovative approach to non-oil export financing within the context of Nigeria and oil-dependent emerging economies that struggle with diversifying their export bases. These objectives are crafted to provide a comprehensive understanding of the role of financing in the export performance of SMEs in Nigeria's non-oil sector, recognise existing challenges, and provide actionable insights to policymakers and financial institutions.

To achieve the aims of the study, the following objectives will be considered:

1. Assess the influence of financing sources on the non-oil export performance of SMEs in Nigeria.
2. Determine if the identified constraints are related to non-oil exporters' access to external financing sources.

3. To examine the relationship between years of experience in the domestic market and access to finance for non-oil exporters.
4. Develop a sustainable and innovative export financing and operations framework for Nigerian policymakers and non-oil exporting SMEs.

1.4: Research Questions

- i. To what extent do the effects of available financing sources influence the non-oil export performance of SMEs in Nigeria?
- ii. Do the identified constraints relate to non-oil exporters' access to external financing sources?
- iii. What is the relationship between years of experience in the domestic market and access to finance for non-oil exporters in Nigeria that impacts their performance?

1.5: Research Hypotheses

After a thorough empirical review, the following research hypotheses have been proposed and tested to address the first three objectives.

- H₀₁: Available financing sources do not have a significant impact on non-oil export performance among Nigerian SMEs.
- H₀₂: The identified constraints are unrelated to non-oil exporters' access to external sources of finance.
- H₀₃: Years of experience in the domestic market do not significantly determine non-oil exporters' access to finance.

1.6: Justification for the Study

As indicated in Section 1.1, Nigeria's economy has historically relied on oil exports, rendering it susceptible to fluctuations in global oil prices (Abdulkareem & Abdulkareem, 2016; Ogundipe et al., 2014; Oriakhi & Osaze, 2013). It is imperative to expand the non-oil sector to promote economic diversification and sustainable development. Analysing the influence of various financing sources on non-oil exporting SMEs may assist in formulating strategies to enhance their performance and facilitate economic diversification.

Non-oil-exporting SMEs in Nigeria can drive economic growth in agriculture, manufacturing, and services. One significant challenge is securing adequate financing. Despite the various financing options available, such as credit from Deposit Money Banks (DMBs), funding from Federal Government Development Banks (FGDBs), supplier credit, and loans from Non-Bank Financial Institutions (NBFIs), SMEs continue to face difficulties in expanding their operations and remaining competitive in the global market. Understanding how different financing sources influence performance can help firms reach their full potential.

Non-oil exports generate foreign currency earnings, support a favourable trade balance, and ensure overall economic stability. Previous research has shown that exports significantly influence the trade balance. Access to innovative and sufficient financing sources can greatly affect SMEs' ability to participate in export activities and enhance Nigeria's foreign reserves.

Empirical studies have examined the relationship between sources of financing and SMEs' export performance. Several studies focusing on financing and export performance in emerging economies have utilised firm-level data from the World Bank Enterprise Survey, a type of secondary data (e.g., Amornkitvikai & Harvie, 2018; Beck & Cull, 2014; Dong & Men, 2014; Kumarasamy & Singh, 2018; Kuntchev et al., 2013; Quartey et al., 2017).

Moreover, the absence of a comprehensive assessment of the impacts of alternative financing sources, aside from bank finance, in many developing countries poses a significant challenge for policymakers aiming to identify the necessary reforms to address the issue of limited access to financing for export-oriented SMEs (e.g., Abora et al., 2014; Arikpo & Adebisi, 2017; Elechi et al., 2016; Okosodo & Imoughele, 2019). This may explain the rationale behind many government reforms concentrating on the banking sector to alleviate the constraints on financing SME exports (e.g., Anyanwu, 2010; Beck, 2013; El-Said et al., 2015).

While finance is essential for the development of SMEs, more academic studies should focus on non-oil-exporting SMEs. Most studies centre on the oil-related sector or general financing for small and medium-sized enterprises (SMEs), neglecting to identify the issues and opportunities in the non-oil export sector. Existing research has

not thoroughly examined the impact of funding sources beyond Deposit Money Banks (DMBs) on non-oil export performance in emerging mono-product economies like Nigeria. To address this gap in the literature, it is crucial to assess the impact of financing sources on non-oil export performance in Nigeria, especially considering credit constraints. This investigation will utilise primary data from active and formal non-oil exporters registered with the Nigeria Export Promotion Council, Nigeria's principal government agency for non-oil exports. This study aims to bridge this gap and contribute to the scholarly literature.

1.7: Research Methodology

A quantitative method, also referred to as a positivist paradigm, was employed to achieve the study's aims and objectives, enabling the researcher to understand the research problem through empirical methods. Proponents of positivism follow a deductive approach, where hypotheses are formulated and tested using quantitative techniques to examine and explain existing theories (Bell et al., 2022; Saunders et al., 2019). This study adopted a deductive strategy that involves a methodological and logical reasoning process moving from broader to more specific conclusions (Bell et al., 2022; Saunders et al., 2019). Many experts argue that the quantitative method is most effective for research based on a deductive approach. Hypotheses and research questions are crucial in shaping data collection techniques and analysis methods (Creswell & Creswell, 2018). A quantitative design ensures a professional and impartial approach, leading to robust and unbiased research outcomes (Creswell & Creswell, 2018). The quantitative design also establishes a neutral position regarding the study theme and participants, making the research findings strong and free from bias (Bell et al., 2022; Saunders et al., 2019).

Given this, the study adopts a descriptive research design using a structured online web survey questionnaire to collect primary data from non-oil exporters whose lists were accessed from NEPC. The survey technique was chosen for this study due to its many advantages, including low design costs and rapid data collection turnaround times (Creswell & Creswell, 2018). However, the researcher addressed several drawbacks in adopting the questionnaire approach. The questionnaire was designed for ease of use, readability, clarity, and uniformity in question arrangement and length. This is vital because the researcher cannot return to gather further data from the

respondents (Bell et al., 2022; Saunders et al., 2019). Primary data were used for analysis in this study.

1.8: Research Contributions to Knowledge

This study enhances the understanding of SME financing and export performance in oil-dependent economies, particularly Nigeria. It broadens the literature on financing constraints by exploring SME financing beyond traditional bank-based funding, including alternative financing sources such as social capital and government-backed schemes. Findings reveal that informal financing mechanisms and government-supported funds significantly impact SME export performance, providing an empirical extension to previous models that emphasise bank loans.

This study also examines the role of social capital in bridging financing gaps for SMEs in Nigeria, illustrating how personal relationships and funding enhance access to export finance. It confirms and contextualises information asymmetry theory in SME financing, showing that Nigerian SMEs encounter significant challenges due to inadequate financial disclosures and creditworthiness assessments.

This research substantiates and broadens the dynamic capabilities theory by demonstrating that years of experience in the domestic market enhance small and medium-sized enterprises (SMEs) ability to secure export financing. It yields significant insights for policymakers by identifying the most efficacious financing mechanisms for enhancing SME export performance, thus presenting data-driven recommendations for the optimisation of government-backed credit facilities and the alleviation of lending constraints.

The study also refines the financing constraints theory by highlighting the barriers faced by Nigerian exporters, including high collateral requirements, slow loan disbursements, unfavourable loan maturity, and lengthy loan procedures. Additionally, this study could provide a foundation for comparative analyses in other relevant contexts, such as Algeria, Angola, Venezuela, Libya, Chad, Brunei, and Equatorial Guinea.

Finally, this study develops a novel conceptual framework for innovative export financing, synthesising theoretical perspectives to explain how SMEs navigate

financing challenges for export performance. This framework provides the foundation for future research on export financing in resource-dependent countries.

1.9: Definitions of Small and Medium Enterprises

Small and Medium Enterprises (SMEs) are widely recognised as the backbone of economic growth, particularly in emerging economies such as Nigeria (Taiwo & Falohun,2016). However, defining SMEs remains a subject of debate, as various institutions and regulatory bodies provide different criteria based on key indicators such as employment size, annual turnover, and asset base (Berisha & Pula,2015; Cicea et al.,2019; Eniola,2014; Gbandi & Amissah,2014; Perera & Chand,2015; Poole,2018).

In this study, SMEs are defined according to the classifications provided by the Central Bank of Nigeria (CBN), the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN), the Bank of Industry (BOI), and the Nigeria Export Promotion Council (NEPC). Synthesising definitions from key institutions ensures clarity and consistency in understanding SMEs within the Nigerian context. This approach enhances the research framework and provides a strong basis for analysing SME financing and non-oil export performance.

The Central Bank of Nigeria (CBN) defines SMEs based on their asset base (excluding land and buildings) and workforce size (CBN, 2020). The CBN classifies SMEs as enterprises with an asset base ranging from ~~N~~5 million to ~~N~~500 million and employing between 11 and 100 individuals (CBN, 2020).

The Small and Medium Enterprises Development Agency of Nigeria (SMEDAN, 2013) categorises small enterprises as those that employ between 10 and 49 individuals and possess assets ranging from ~~N~~5 million to ~~N~~50 million. Conversely, medium-sized firms employ between 50 and 199 individuals and maintain assets ranging from ~~N~~50 million to ~~N~~500 million.

The Bank of Industry (BOI) classifies SMEs in Nigeria based on their economic impact and eligibility for funding. Generally, the BOI considers enterprises with an asset base between ~~N~~5 million and ~~N~~500 million, annual revenue ranging from ~~N~~25 million to ~~N~~1

billion, and an employment capacity of between 10 and 200 employees eligible for SME financing programmes (BOI, 2021).

The Nigerian Export Promotion Council (NEPC) identifies non-oil exporting SMEs as enterprises contributing significantly to non-oil export performance, particularly in agro-processing, manufacturing, and solid minerals (NEPC,2021). The NEPC categorisation highlights SMEs' ability to engage in foreign trade, which can help diversify the economy away from oil.

In this study, small and medium-sized enterprises (SMEs) engaged in non-oil export trade are defined as businesses that fulfil the criteria set forth by the Central Bank of Nigeria (CBN), the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN), the Bank of Industry (BOI), and the Nigerian Export Promotion Council (NEPC), while participating in export-oriented activities beyond the gas and oil sector. This research classifies SMEs in the non-oil export sector as independent exporters or export firms that are owned and managed by their proprietors and are duly registered with the Nigerian Export Promotion Council. These SMEs are involved in the export of unprocessed, processed, and value-added agricultural products. The definition of SMEs employed in this study is consistent with the research instrument (questionnaire), in which firm size, capital base, and years of experience are explicitly evaluated to ensure coherence between the theoretical classification and empirical analysis.

1.10: Thesis Structure

This thesis consists of seven chapters. A summary of each chapter is provided below:

Chapter One offers an overview of the background and broader context, outlines the study's aims and objectives, and summarises the research.

Chapter Two provides a comprehensive overview of the Nigerian financial system and its relationship with the non-oil export sector. It also explores the role of export support institutions, both local and international, and their impact on the sector's performance.

Chapter Three reviews the literature by discussing themes, theories, concepts, and strands of ideas to provide a conceptual context for the study. It traces current intellectual debates on the subject and emphasises the literature on SME export financing and performance.

Chapter Four examines the philosophical arguments behind the methodology used to achieve the study's aims and objectives, along with its rationale and evolution. In addition to detailing the methods utilised to ensure the study's reliability, validity, and ethical considerations, this chapter justifies all the methods and techniques employed.

Chapter Five offers a comprehensive descriptive and inferential analysis of the data collected from a survey conducted on SME non-oil exporters in Nigeria.

Chapter Six discusses the research findings and elaborates on their connections to the different hypotheses that were initially proposed.

Chapter Seven concludes the research with a comprehensive summary of the study's key points and findings, effectively wrapping up the research work. Additionally, this chapter emphasises the study's practical and academic contributions, detailing the implications for theory and methodology. It also discusses the challenges and limitations encountered by the researcher. In conclusion, this study offers several valuable recommendations to enhance future research on methods, practices, and policies related to innovative non-oil export financing.

1.11: Chapter Summary and What Follows Next

This introductory chapter provides a comprehensive overview of the study's background and general context. It emphasises the rationale behind the study and identifies areas that require further research. The research aims, objectives, and questions were developed based on gaps identified in the literature. The methodology is briefly described, and the contributions to knowledge are summarised. The conclusion of this chapter offers clear definitions of key concepts and outlines their overall structure. The next chapter details the Nigerian financial sector's support for non-oil exports.

CHAPTER TWO

THE NIGERIAN FINANCIAL SECTOR SUPPORT FOR NON-OIL EXPORTS

2.1: Introduction

Given this study's focus on evaluating the impact of financing sources on the non-oil export performance of SMEs in Nigeria, this chapter examines the role of the Nigerian financial sector in promoting non-oil export development. It is divided into eight sections. Section 2.1 provides an overview of Nigeria's economic landscape, which sets the context for the subsequent discussion. Section 2.2 delves into the structure and composition of Nigeria's financial sector. Section 2.3 evaluates the Central Bank's role and initiatives in the non-oil export sector. Section 2.4 discusses the involvement of deposit money banks in financing non-oil exports. Section 2.5 highlights the support that development finance institutions extend to non-oil exports in Nigeria. Section 2.6 explores the role of government agencies in supporting the non-oil export sector. Section 2.7 assesses the contribution of global institutions to export support. Section 2.8 examines SMEs and the non-oil export sector. Finally, Section 2.9 summarises the discourse and encapsulates the key points discussed in this chapter.

2.2: Overview of Nigeria's Economic Landscape

Since the late 1960s, the oil sector has been crucial to Nigeria's economy (Akinlo,2012). Oil represents a significant portion of government revenue and export earnings. However, fluctuations in oil prices highlight the need for economic diversification. The performance of the Nigerian economy, as indicated by the growth rate of gross domestic product (GDP), has been inconsistent since Nigeria gained independence in 1960 (Uwakaeme,2015). Nigeria aims to enhance its non-oil exports, particularly in agriculture and manufacturing (Adenugba & Dipo,2013), as part of a broader strategy to reduce reliance on oil revenues and promote diversity.

2.3: The Nigerian Financial Sector

The development of the financial sector is essential for the efficiency of any economy, as it stimulates investment and economic growth (Ahmad & Malik, 2009; Nkoro & Uko, 2013). The financial system plays a crucial role in global economic growth. The level of growth in the financial system significantly impacts the efficacy and precision with which these responsibilities are carried out, particularly the mediation between surplus

and deficit units in the economy (Demetriades & Andrianova, 2004; Simmons et al., 2021). The financial sector is the most supervised and regulated by the government and its authorities to ensure the soundness of the financial system (Abrams, 2000; Hockett, 2014). Five fundamental axioms underpin the financial sector's economic relevance (Levine, 1997):

- (1) Protecting, diversifying, or risk-combining economic actors
- (2) Resource optimisation
- (3) Company oversight
- (4) Savings mobilisation
- (5) Enabling market-based trade

Nigeria has relied on oil for four decades. The recent decline in oil prices has necessitated calls for the diversification of exports as a catalyst for growth, accompanied by various economic reforms instituted since the Structural Adjustment Programme (SAP) in 1986, aimed at transforming Nigeria's oil-dependent economy into a more dynamic entity (Fowowe, 2013). Reforms within the financial sector predominantly shape the policy landscape (Ogujiuba & Obiechina, 2011; Sanusi, 2011b). Both policymakers and researchers have convincingly illustrated, through both theoretical frameworks and empirical evidence, that a robust financial system can effectively propel sustained export diversification (Ogbonna et al., 2020; Nieminen, 2020; Adeola & Evans, 2017).

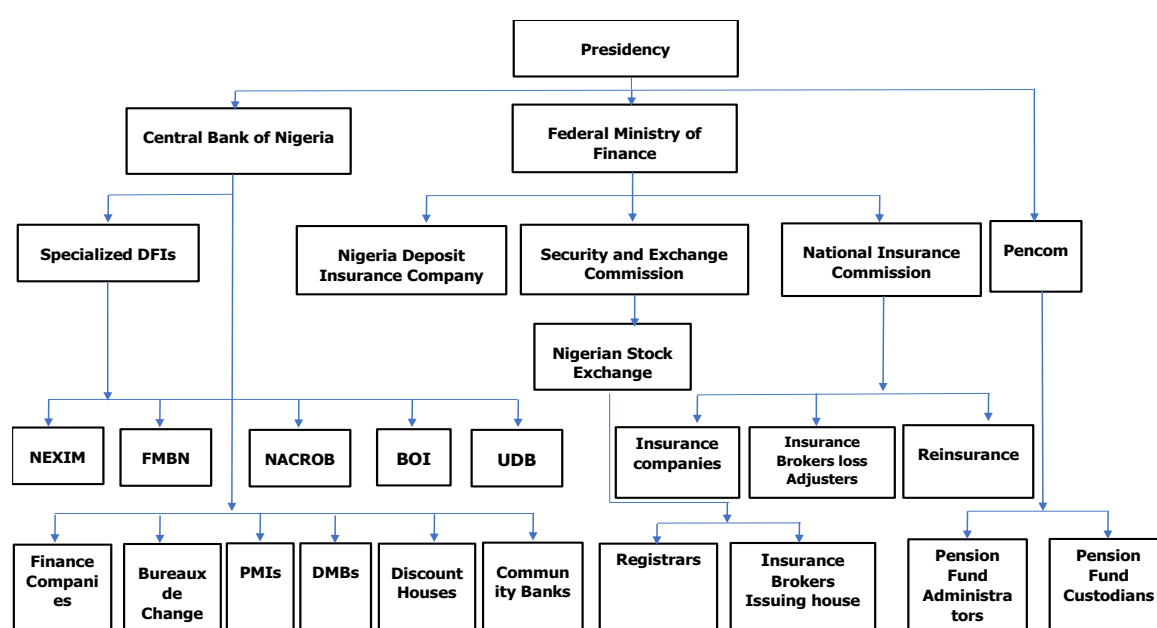
2.3.1: The Nigerian Financial System Structure and Composition

Nigeria's financial system is a complex network of institutions and markets essential for the country's economic growth and development, directing resources from surplus to deficit areas (Onodugo et al., 2013b; Nwani & Bassey Orie, 2016; Akpan et al., 2017). The regulatory authority responsible for monetary policy, financial stability, and banking sector supervision is the Central Bank of Nigeria (CBN), the primary stakeholder in the formal sector (Ajayi, 1999). Commercial or deposit money banks provide various financial services, such as savings accounts, current accounts, loans, and credit facilities (Olokoyo, 2011). Pension funds offer retirement savings and benefits, while insurance companies deliver risk management services. The Nigerian Stock Exchange (NSE) facilitates trading in financial instruments, bonds, and equities. Development Finance Institutions (DFIs) provide long-term financial assistance, while

microfinance institutions cater to underserved and low-income populations (Aderibigbe,2004). In Nigeria, informal savings and loan groups, unregistered microfinance institutions, unlicensed money transfer services, and Ponzi schemes constitute the informal sector, comprising unlicensed operators offering financial services outside the formal regulatory network (Kanayo et al.,2013; Olomola,2002).

In recent years, the sector has undergone significant reforms, including the bank consolidation of 2004-2005, banking sector reforms in 2009, the introduction of the cashless policy in 2012, the national financial inclusion strategy in 2012, and foreign exchange reforms aimed at stabilising the foreign exchange market by introducing the investors and exporters (I&E) FX window in 2017. Additionally, there has been a recent upward review of the minimum capital requirement for banks in the country to N500 billion (e.g., Anthony & Mustafa, 2011; Anyanwu, 2010; Balogun, 2007; CBN, 2024; Olajide et al., 2011; Olalekan & Adeyinka, 2013; CBN,2024).

Figure 2.1: The Nigerian Financial System Structure



Source: CBN (2017)

Figure 2.1 illustrates the structure of Nigeria's financial system, which is crucial for understanding the ecosystem in which non-oil exporter SMEs operate. The financial system consists of two main sectors: the formal and the informal.

The formal sector is depicted in Figure 2.1. It encompasses regulatory bodies such as the Central Bank of Nigeria (CBN), which oversees monetary policies, ensures financial stability, and supervises financial institutions. Commercial or Deposit Money Banks (DMBs) dominate this sector by offering savings, loans, and trade finance services. Additional components include pension funds, insurance companies, capital markets like the Nigerian Stock Exchange (NSE), and Development Finance Institutions (DFIs), such as the Bank of Industry (BOI) and the Nigerian Export-Import Bank (NEXIM). These institutions provide crucial long-term financing for industrial and export activities.

The informal sector encompasses informal savings and loan groups, unregistered microfinance institutions, and other unregulated financial operators. Although it lacks formal structure and is not depicted in Figure 2.1, the informal sector provides financial services to underbanked populations, including SMEs. The interaction between these sectors affects the financing landscape of SMEs in Nigeria. The stringent requirements of the formal sector (e.g., collateral and documentation) often drive SMEs to seek alternative solutions in the informal sector.

2.4: The Central Bank of Nigeria (CBN)

The banking industry is regarded as the most significant force in generating and sustaining the economy. It facilitates expansion and long-term viability by providing the necessary funds for future development (Salami & Oluseyi, 2013; Sanusi, 2011; Taiwo & Falohun, 2016). The foundation of the banking system is the Central Bank of Nigeria. The CBN oversees and regulates all commercial, merchant, microfinance, discount, primary mortgage, bureau de change, and development banks operating in the money market (Aderibigbe, 2004).

The CBN plays a crucial role in the non-oil export sector. Its functions, which include conventional, regulatory, and monetary policies, also have developmental roles (Ibeabuchi et al., 2007). In this capacity, the CBN has initiated financing programmes to boost the non-oil sector by providing low-interest, long-term loans. These initiatives significantly impact the economy by contributing to its diversification away from oil and accelerating the growth and development of the non-oil export industry.

2.4.1: Initiatives of the Central Bank of Nigeria in the Non-oil Export Sector

The major initiatives of the Central Bank of Nigeria in the non-oil export sector are as follows:

i. The Non-Oil Export Stimulation Facility (ESF)

The Central Bank of Nigeria (CBN) has developed a Non-Oil Export Stimulation Facility (ESF) to diversify the economy away from oil and accelerate the growth and development of the non-oil export industry (CBN, 2017; Moses et al., 2020). The N500 billion Export Stimulation Facility (ESF) is maintained in partnership with the Nigerian Export-Import Bank (NEXIM) and other financial institutions to encourage export-oriented projects. The recent drop in global crude oil prices has resulted in significant economic losses and decreased foreign exchange revenues. The facility's primary goal is to reverse the decline in export credit and reposition the industry to contribute more to revenue generation and economic growth. The CBN purchased N500 billion in debentures from the Nigerian Export-Import Bank (NEXIM) to implement the facility. As stated in the CBN report (CBN,2016), the facility's objectives are as follows:

- a. Enhance exporters' access to concessionary finance to diversify non-oil export portfolios.
- b. Encourage new investments and re-investments in value-added and non-traditional exports.
- c. Enhance productivity and job creation in the non-oil export sector.
- d. Support export-oriented companies in expanding operations and capabilities.
- e. Diversify and increase contribution to the export base.
- f. Broadening the scope of export financing instruments. Export stimulation funds are accessed through the DMBs.

ii. The Export Development Facility (EDF)

The Nigerian Export-Import Bank (NEXIM) introduced the export development facility following the Central Bank of Nigeria's (CBN) investment in an N50 billion debenture issued by NEXIM. This initiative aims to stimulate and increase targeted funding, particularly for Small and Medium Enterprises (SMEs), to facilitate regional industrialisation for value-added exports while broadening Nigeria's export basket and market destinations (CBN,2017). The broad objectives of the EDF, as outlined on the Nigeria Export-Import Bank's website (2022), are as follows:

- Facilitating export-related industrialisation and formalisation of trade.
- Attracting and incentivising new/additional investments in the non-oil export sector.
- Promoting technology transfer and adoption.
- Stimulating job and wealth creation and diversification of the revenue base.

The features of EDF, as highlighted on the NEXIM website (2021), are:

- Provision of a dedicated fund of at least N1bn for each State.
- Counterpart funding by the State/Regional Authority (optional).
- Medium -to long-term funding up to 9-year tenor. All-in single-digit rate of 9% maximum.
- The PPP framework supports facilities mainly utilised by private sector companies or specific purpose vehicles.
- Facilities are strictly for enterprises with a minimum export content/ identified export potential of 50% of the production capacity/trading volume.

The scheme also includes components encouraging commodity aggregation and backward integration through an Anchor Borrower Arrangement while supporting the domestic export value chain.

The scheme targets projects in sectors that affect women and youth, focusing on empowerment programs for women and youth within the export value chain.

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Table 2.1 highlights the share of non-oil exports in total Nigerian exports from 2000 to 2020. This table shows a gradual yet uneven increase in the contribution of non-oil exports to the overall export portfolio. For instance, non-oil exports represented only 1.27% of total exports in 2000 but rose to 12.64% in 2020.

These data underscore the importance of initiatives like the Non-Oil Export Stimulation Facility (discussed in Section 2.4.1) in promoting non-oil exports. While oil exports continue to dominate, the increasing share of non-oil exports signifies the potential for economic diversification through targeted policy interventions. For example, the Central Bank of Nigeria introduced an Export Stimulation Facility (ESF) to provide concessionary financing to non-oil exporters, thereby enabling them to enhance their production capacities and global competitiveness. The trends in the table indicate that such facilities are beginning to yield measurable outcomes, although significant work remains to achieve balanced export diversification.

Furthermore, the table illustrates the broader challenges that SMEs face when accessing funding for export activities. Although there has been an increase in non-oil export shares, limited access to export credit has hindered the growth rate. These obstacles highlight the need for continued support from institutions like the Nigerian Export-Import Bank (NEXIM) and the Bank of Industry (BOI), which are essential in financing export-oriented SMEs.

The growing share of non-oil exports, especially over the past decade, aligns with government efforts to promote sectors like agriculture, manufacturing, and solid minerals. The table also highlights the vulnerabilities of depending on oil exports, particularly during oil price volatility, underscoring the urgency to enhance non-oil export performance through comprehensive financial and policy measures.

2.5: The Role of Deposit Money Banks in Non-Oil Export Financing

Commercial banks, often referred to as Deposit Money Banks (DMBs), collect deposits, issue business loans, provide mortgage financing, and offer essential investment products such as savings accounts and time deposits. DMBs supply funds

to enterprises and individuals seeking financial support. Monetary and developmental economists agree that they promote economic growth and development (Olokoyo,2011). The banking sector is the dominant force in Nigeria's financial system, particularly the DMBs. Deposit Money Banks utilise financial resources to enhance economic performance and support the real sector (Omankhanlen, 2012). Banks hold a crucial role as globally recognised financial institutions that provide payment assurance to exporters. The banking sector exerts significant influence over Nigeria's financial system, especially deposit money banks, which serve as its main pillar (Yakubu & Affoi,2014). The credit aspect of the banking sector is vital for linking the monetary and real sectors of the Nigerian economy.

In 2022, 142 financial institutions (FIs) were active, including 20 DMBs, 85 microfinance banks (MFBs), two merchant banks, two development finance institutions (DFIs), 18 non-bank financial institutions (NBFIs), 14 finance companies, and one primary mortgage bank (CBN,2022 Annual Economic Report).

DMBs are essential for providing financial assistance to companies focused on non-oil exports and facilitating exporter credit, thus enabling their participation in global trade. Financial institutions offer loans and advances to exporters in both domestic and foreign currencies. These loans support export initiatives by funding initial, manufacturing, and operational capital needs.

The CBN encourages DMBs to establish export desks to further promote non-oil exports. These specialised departments provide exporters with personalised financial services. Export desks assist exporters in navigating the complexities of international trade through documentation, foreign exchange transactions, and risk management. Banks can help businesses overcome financial barriers by offering tailored support for seamless export operations. Additionally, they serve as guarantors by securing payments for exporters. Letters of credit and other financial instruments protect both importers and exporters in cross-border transactions. Banks play a crucial role in evaluating and managing creditworthiness as well as the risks associated with financing non-oil exports. However, the sector may be perceived as risky due to fluctuations in exchange rates.

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According to the annual economic report of the Central Bank of Nigeria (CBN, 2022), short-term deposits and loans have maintained dominance in Nigeria's DMB portfolio. Short-term credit remains dominant, with a share of 58.1 per cent at the end of December 2022, an increase from 56.4 per cent at the end of December 2021. Medium- and long-term maturities accounted for 14.9 per cent and 27.0 per cent, respectively, compared to 15.8 per cent and 27.9 per cent at the end of December 2021 (CBN, 2022 Annual Economic Report).

Nigerian DMBs offer facilities to support small and medium enterprises in the non-oil export sector. Among these are First Bank of Nigeria, which provides an export desk to assist exporters with pre- and post-export financing facilities, enabling the swift processing of export collections and payments, and Fidelity Bank, whose export management programme prepares SMEs for international non-oil export markets through export documentation, supply chain management, and export development processes.

Table 2.2 shows that total financial deepening in the Nigerian export sector increased from 1.3% in 1999 to 9.78% in 2020. Export performance in Nigeria's economy has steadily grown, albeit gradually, due to the country's expanding financial system, as evidenced by the rise in total bank credit within the export sector.

Table 2.2 illustrates the level of export credit contribution as a proportion of total private sector credit in 2020. Nigeria's private sector credit-to-GDP ratio rose to 13.5% in the third quarter of 2020, a marked increase from the 11.8% recorded at the end of 2019. The private sector debt-to-GDP ratio compares the total amount of bank lending to the private sector with the country's gross domestic product. As of Q3 2020, total private sector loans amounted to N19.86 trillion compared to a GDP of N146.69 trillion. This considerable increase in the private sector debt-to-GDP ratio reflects heightened lending by deposit money banks in the country. Despite the pandemic and the decline in crude oil prices, banks in Nigeria have been compelled by the central bank to bolster lending to the private sector. Since May 2019, when the central bank implemented strict monetary policy measures such as increased Cash Reserve Ratios (CRR) and Loan-to-Deposit Ratios (LDR), banks have been obligated to increase lending to the private sector or risk the sequester of their deposits.

2.6: Development Finance Institutions Support for Non-Oil Exports in Nigeria

Development Finance Institutions are banks, such as the Bank of Industry (BOI) and the Nigerian Export-Import Bank (NEXIM), that focus on providing medium- to long-

term financing for key sectors, including agriculture, manufacturing, and imports and exports.

2.6.1: Bank of Industry

The Bank of Industry (BOI) is Nigeria's oldest and largest Development Finance Institution (DFI), established in 1959 as the Investment Company of Nigeria (ICON). Its mission is to support the transformation of Nigeria's industrial sector by providing financial and advisory support for large, medium, and small projects and enterprises and the expansion, diversification, rehabilitation, and modernisation of existing enterprises. BOI encourages local industrial production and value creation through manufacturing, production, and agro processing (BOI,2021).

The services offered by the bank are as stated on the Bank of Industry's website (2021):

The bank offers financial assistance and business advisory services to enterprises that meet the following criteria: the capacity to enhance industrial output significantly; projects that utilise domestic raw materials; industries that can be transformed into competitive sectors; the potential to promote export growth through high-quality products; niche projects designed for global consumption; initiatives fostering inter-state or regional integration; SMEs advancing through collaborations with larger enterprises; and businesses with a strong ability to generate employment.

The BOI provides a range of services and products, including medium and long-term loans, working capital finance, equity financing, lease financing, loan guarantees, co-financing, investments in corporate bonds, business development bonds, trusteeships, stock brokerage, foreign exchange dealerships, and insurance brokerage.

The BOI's substantial funding and technical support for agricultural businesses have enabled modernisation, improved product quality, and increased export capacity, leading to a more competitive position for Nigerian agricultural products.

The BOI supports the growth of Nigeria's manufacturing sector, significantly contributing to non-oil exports. This sector has greatly enhanced Nigeria's economic diversification and sustainable growth by promoting participation in trade fairs and

exhibitions, providing market intelligence, and assisting with compliance with international standards.

2.6.2: Nigerian Export-Import Bank (NEXIM)

The Nigerian Export-Import Bank (NEXIM) is a government-owned development bank that supports the country's export and import sectors. Established by Act 38 of 1991 as an Export Credit Agency (ECA), NEXIM aims to provide financing, risk management, and advisory services to registered companies in Nigeria for the expansion, diversification, and development of the non-oil export sector. The Central Bank of Nigeria (CBN) and the Federal Ministry of Finance Incorporated (FMOFI) jointly own the bank (NEXIM,2021).

NEXIM's key functions, as stated on the Website (2021), are:

1. Export credit guarantees, credit insurance facilities, and trade information systems enhance the economy's export and import sectors.
2. NEXIM has actively supported non-oil export-oriented businesses through various initiatives, including direct lending, working capital, inventory stocking, foreign inputs, local inputs, the ECOWAS Trade Support Facility, long-term project financing, discounting and refinancing options, and export facilities aimed at small and medium enterprises, as well as those targeting women and youth.
3. The Direct Lending Facility provides short-term, medium-term, and long-term loans at fixed or floating rates, either directly to exporters or through co-financing and syndication arrangements with eligible banks. Loans are available to Nigerian exporters in both local and foreign currencies, covering up to 80% of the total project costs.
4. The Small and Medium Enterprise Export Facility (SMEEF) was established to support export-oriented SMEs within the non-oil export value chain. It aims to stimulate and enhance targeted funding for SMEs, broaden Nigeria's export basket, and facilitate industrialisation for value-added exports.
5. The Women and Youth Export Facility (WAYEF) supports women and youth in the non-oil export value chain. Its goals are to stimulate and increase targeted funding for Indigenous Women and Youth, enhance access to concessionary finance, assist women and youth in upscaling and expanding their export

operational capacities, and diversify and boost the contribution of non-oil export revenue and value-added exports to sustainable economic development.

6. The Local Input Facility grants short-, medium-, and long-term fixed-rate loans in the local currency to participating banks on behalf of their export clients. The facility's main objective is to provide medium- to long-term financing in the local currency to exporters for various purposes, including setting up new export projects, revitalising assets, acquiring plantations or farms, and purchasing spare parts and packaging materials.
7. The Nigerian Export-Import Bank (NEXIM) provides short-term, medium-term, and long-term fixed-rate loans in foreign currency to participating banks on behalf of their export clients. In 2021, the total funding support for the non-oil export sector amounted to N78.5 billion for 54 beneficiary projects, compared to N31.3 billion disbursed to 39 projects in 2020 (CBN Annual Economic Report, 2022). The significant improvement in disbursement was due to the inflow of the N50 billion second tranche of the Export Development Facility (EDF) from the Central Bank of Nigeria (CBN, 2022).
8. The rediscounting and refinancing facility (RRF) provides NEXIM with full recourse to participating banks. Simultaneously, the Trade Finance Facility offers various collateral options, including bank guarantees or insurance bonds, landed property owned by the borrower or company directors, first lien or fixed charge on machinery and equipment, and share certificates of quoted companies acceptable to the NEXIM.
9. NEXIM also provides risk-bearing facilities, such as export credit guarantees and credit insurance. The Foreign Input Facility offers short-term, medium-term, and long-term fixed-rate loans in foreign currency to participating banks on behalf of their export clients, enabling them to import raw materials, packaging materials, capital equipment, and the necessary spare parts to produce goods for export.

These facilities encompass risks such as buyer insolvency, cancellation of an export license, imposition of restrictions on the export of goods, and prolonged defaults by both exporters and buyers. The Export Credit Insurance Facility aims to safeguard Nigerian exporters from the risks of non-payment for goods and services exported on

credit terms, encouraging diversification and attracting new enterprises into the export business.

According to the Central Bank of Nigeria's Annual Report for 2022, the total funding support provided to the non-oil export sector under various lending facilities in 2021 amounted to N78.5 billion for 54 beneficiary projects, compared to N31.3 billion disbursed for 39 projects in 2020. This significant improvement in disbursement was attributed to the inflow of the N50 billion second tranche of the Export Development Facility (EDF) from the Central Bank of Nigeria (CBN). A breakdown of the disbursements by facility reveals that 43.7%, 36.2%, 8.4%, 7.4%, and 4.3% were allocated under working capital, trade finance facilities, the rediscounting and refinancing facility, foreign input facility, and local input facility, respectively.

2.7: Government Agencies for the Administration of the Non-Oil Export Sector in Nigeria

Government agencies such as the Nigerian Export Promotion Council (NEPC) and the Nigeria Export Processing Zones Authority (NEPZA) support Nigeria's non-oil export sector. These organisations provide essential services such as export financing, market intelligence, and infrastructural support to businesses, assisting them in navigating the complexities of international trade. These initiatives have driven economic diversification and enhanced Nigeria's global trade competitiveness.

2.7.1: Nigerian Export Promotion Council (NEPC)

The Nigerian Export Promotion Council (NEPC), established in 1976, has been crucial in promoting non-oil exports in Nigeria (NEPC, 2021). The following are the functions and services that NEPC provides (Adenugba & Dipo, 2013; Nigerian Export Promotion Council Website, 2021).

It oversees and coordinates nationwide export development and marketing efforts, plays a leading role in domestic export initiatives, and collaborates with international trade organisations to foster cooperation and improve capabilities.

The council's objective is to promote the development of a market-oriented, private sector-driven economy by diversifying its production base away from oil and focusing on developing export products.

The NEPC actively advocates for and supports the implementation of the Nigerian government's export policies and programs. It collects and disseminates data on exportable goods and provides insights into international markets to local producers and exporters.

The council offers technical support in various areas, including export procedures, documentation, transportation, financing, marketing tactics, quality control, export packing, costing and pricing, publicity, and other related aspects.

NEPC maintains robust and efficient representation in foreign countries to facilitate the promotion of Nigerian exports.

The organisation provides training for its employees and fosters the development of a skilled workforce in the Nigerian export industry.

These roles aimed to enhance and expand Nigeria's non-oil exports, foster sustainable and inclusive economic growth, and establish a global marketplace for Nigerian non-oil products.

Nigeria's non-oil export portfolio is diverse and highly sought after in the global market. It includes sesame seeds, cocoa beans, cashew nuts, energy/fertiliser, soybeans, and hibiscus flowers. The country is broadening its export range to incorporate emerging products such as gems and precious metals, manganese ore, gold, raw cotton, aluminium ore, and raw copper.

Nigerian non-oil exporters can benefit from various incentives, including export expansion grants (EEG), export development funds, duty drawback schemes, and export processing zones (EPZs). These incentives boost non-oil export earnings and promote sustainable and inclusive economic development.

2.7.2: The Nigerian Export Processing Zones Authority (NEPZA)

The Nigerian Export Processing Zones Authority (NEPZA), established in 1992, plays a pivotal role in Nigeria's economic diversification strategy by overseeing more than 40 Free Zones. These zones are designed to attract foreign investment and stimulate export-oriented manufacturing. Businesses operating in NEPZA-managed Free Zones

benefit from various incentives, including duty-free imports of raw materials, tax holidays, and the ability to repatriate profits in full.

Nigeria's strategic location on the western coast of Africa enhances its potential as a hub for exporting goods. The NEPZA ensures that its Free Zones provide essential support services, including reliable electricity, efficient telecommunications, and comprehensive security. Companies operating in these zones enjoy additional advantages, such as duty-free imports, complete tax holidays, full repatriation of capital, profits, dividends, and unrestricted access to the domestic market to sell their products. NEPZA's primary goal is to foster an environment conducive to export manufacturing and commercial activities, positioning Nigeria as a competitive global destination for business and investment (Awoseyila,1992; Harry, 2016; NEPZA,2024).

2.8: Global Institutions for Export Support

Nigeria's non-oil export sector has received significant assistance from several international agencies that are pivotal in expanding its economy beyond reliance on oil. The World Trade Organisation (WTO), World Bank, and International Trade Centre (ITC) have implemented various initiatives to improve Nigeria's ability to export goods. These activities prioritise enhancing product standards, offering financial aid, and streamlining access to global markets. By identifying and addressing significant obstacles and promoting long-term development, these international organisations are assisting Nigeria in realising its capacity to export and achieve enhanced economic stability. Some global institutions for export support in Nigeria are as follows:

2.8.1: The African Export-Import Bank (Afreximbank)

The African Export-Import Bank (Afreximbank) is a multilateral financial institution established to finance and promote intra- and extra-African trade. Its shareholders include African governments, as well as private and institutional African and non-African investors. The bank was established under an agreement signed by member states and multilateral organisations and offers a range of financing programmes, solutions, and advisory services to support the expansion, diversification, promotion, and development of intra- and extra-African trade and trade development projects. Essential services include trade and project financing, export development, guarantees, trade information and advisory, structured trade finance, note purchases, receivable purchase/discounting, and asset-backed lending. By boosting non-oil

sectors such as agriculture, industry, and services, Afreximbank aims to diversify Nigeria's export base.

Afreximbank has significantly impacted Nigeria's non-oil export financing through various programs and partnerships, as follows:

It has extensively financed Nigerian non-oil exporters. In 2018, it entered into a \$1 billion agreement with the Nigerian government to expedite the export of non-oil products in Africa (Nigerian Export Promotion Council, 2018).

Afreximbank has teamed up with commercial banks in Nigeria to offer pre-export financing. One example is the \$40 million agreement with Fidelity Bank to assist JohnVents Industries in increasing cocoa exports (The Guardian, 2023).

2.8.2: International Trade Centre

The International Trade Centre (ITC) uniquely promotes exports from small companies in transitional and emerging countries. It provides long-term trade development solutions to trade support institutions, governments, and the private sector (ITC, 2009). The ultimate purpose of the ITC as a development partner for SMEs' export success is to help developing nations achieve sustainable development through exports by promoting, sustaining, and transmitting projects while emphasising the importance of competitiveness. The ITC is the only international agency dedicated to trade development in developing and transitioning countries (ITC, 2009).

The ITC operates on the premise that trade, with a vibrant and active private sector, can foster long-term economic growth and development. Consequently, the ITC is committed to ensuring continuous export success for SMEs and businesspeople in developing and transition countries, encouraging export development that ensures enterprise industrial feasibility, assisting in the efficient performance of women and men, and working to promote social, environmental, and economic continuity (ITC, 2009).

Through various programmes, the International Trade Centre (ITC) has notably influenced export diversification in Nigeria in the following ways (Abdulhamid, 2022):

The ITC trains and builds the capacity for Nigerian non-oil exporter SMEs. Its programmes assist participants in understanding global markets and following international norms.

The ITC streamlines export procedures and lowers trade barriers to increase trade facilitation, thus improving Nigeria's non-oil export market.

ITC programs assist Nigerian non-oil exporters in connecting to global markets. This includes coordinating commercial delegations, generating market data, and linking exporters with overseas buyers.

2.8.3: World Trade Organisation

The World Trade Organisation (WTO) was established in 1995 with a clear mandate to regulate international trade. Its primary objective is to ensure a steady, predictable, and unrestricted flow of international trade. Most of the WTO's current activities stem from deliberations and discussions between 1986 and 1994, known as the Uruguay Round, and previous negotiations conducted under the General Agreement on Tariffs and Trade (World Trade Organisation, 1995). The WTO is committed to maintaining a fair and open global trade environment.

Several programmes and support mechanisms implemented by the World Trade Organisation (WTO) have significantly promoted non-oil exports in Nigeria. The programmes are as follows:

Nigerian exporters receive technical assistance and capacity-building initiatives from the WTO to understand and comply with international trade rules. This program encompasses trade policies, technological barriers, and sanitary and phytosanitary measures (Ekeke & Uprasen, 2020).

The WTO has increased Nigeria's access to non-oil export markets through numerous agreements, lowering tariffs and non-tariff obstacles in major export markets, thereby making Nigerian products more competitive (Ekeke & Uprasen, 2020).

The WTO has funded improvements in the quality of Nigeria's non-oil exports and committed \$1.2 million to train local food safety experts to prevent product rejection abroad (Isa,2024).

The WTO's Trade Facilitation Agreement (TFA) streamlines and harmonises international trade processes. By implementing the TFA, Nigeria has reduced trade barriers, simplified customs procedures, and improved global trade efficiency, benefiting non-oil exporters (Taiwo,2023).

2.8.4: The Berne Union

The Berne Union, also known as the International Union of Credit and Investment Insurers, is a global non-profit association that promotes the export credit and investment insurance industry worldwide (Burger, 1988). It comprises the world's largest export credit agencies, multilateral financial institutions, and private underwriters of credit and political risk insurance (Jackson, 2013). Credit insurers protect exporting companies, investors, and financial institutions from losses due to commercial credit and political risks, thereby facilitating cross-border trade and investment. The association also supports the international acceptance of sound principles in export credit and foreign investment to enhance global trade. Berne Union members finance projects that focus on strategic areas such as clean energy, urban and rural development, and access to power (Jackson, 2013). The association fosters professional exchanges among its members and promotes constructive engagement with external stakeholders.

2.9: Chapter Summary

Nigeria's economy heavily relies on oil exports, which makes it vulnerable to fluctuations in global oil prices. Chapter Two offers a comprehensive review of Nigeria's financial system and non-oil export operations. This review highlights efforts to diversify the economy and strengthen the management of the non-oil sector in Nigeria. The next chapter explores the literature on financing sources and export performance within the context of this study's conceptual framework.

CHAPTER THREE

LITERATURE REVIEW

3.1: Introduction

The previous chapter focused on Nigeria's financial sector and the institutional support for non-oil exports. However, this chapter serves a different purpose. It offers a comprehensive review of empirical and theoretical studies regarding the sources of SME financing and export performance. This literature review compiles existing research and provides a foundation for the empirical investigation. This study examines the various types of financing available to exporters, the effects of credit constraints on export activities, the role of financial development in export financing, performance measurement, and the competitiveness of SMEs in global markets. The emphasis is on how financing sources influence export performance under credit constraints, aiming to thoroughly understand prior studies and clarify how this research fits within the broader context of the field.

This chapter is organised into three main sections. It begins with a general overview of financing sources for SMES, discussing external financing options, the role of financial development in financing and export performance, a summary of global export financing sources, the impact of each source on export performance, the credit constraints faced by exporters, and the importance of experience in the domestic market when seeking financing. The second section explores key theories relevant to the study, focusing on four concepts: information asymmetry, financing constraints, social capital, and dynamic capabilities, illustrating how financing sources influence export performance. The third section outlines a conceptual framework and develops hypotheses. In summary, the literature review in this chapter establishes a foundation for understanding the theories that support the financing and performance of non-oil exporting SMEs. Furthermore, it draws on a wide range of literature to provide an overview of the effects of financing sources on non-oil exporters' performance.

3.2: Sources of General Financing for SMES

The financing methods for small and medium enterprises vary across countries. The existing body of research examines different approaches to classifying financing sources for SMEs. These methods encompass both external and internal financing options (Choi, 2020; Motta, 2020; Ye & Wang, 2019), as well as informal and formal

financing (e.g., Allen et al., 2019; Kumar & Rao, 2016; Lee & Persson, 2016; Nguyet, 2014; Ullah & Wei, 2017). According to Beck et al. (2008a), the extent to which external sources contribute to SMEs' investments influences their financing choices. These external options may include formal sources such as deposit money banks, development banks, non-bank financial institutions, and asset-based financing through non-bank financial entities or bank subsidiaries (e.g., leasing, factoring, invoice discounting, and warehouse receipts), along with venture capital, angel investors, or informal sources (Abdulsaleh & Worthington, 2013). Informal external financing sources typically consist of various forms, such as trade credit, interpersonal borrowing from friends or relatives, private money lenders, pawnshops, community cooperatives, and similar resources, as demonstrated in empirical research (Allen et al., 2019; Degryse et al., 2016).

Research indicates that enterprises in bank-based economies widely recognise commercial and development banks within the formal sector as their primary external funding sources (e.g., Adeyinka et al., 2019; Beck, 2013; Dams et al., 2021; McCarthy et al., 2017). However, according to Berger and Udell's (1998) financial growth cycle paradigm, the financial requirements of SMEs and the available financing options evolve throughout their lifespan. Various financial solutions are essential for firms' growth cycles. In their initial stages, small businesses often struggle to obtain information (Berger & Udell, 2006), fail to maintain records of past transactions (Cotei & Farhat, 2017), and face a significant risk of bankruptcy (Deloof & Vanacker, 2018). Due to these challenges, these businesses may rely on internal funds, such as retained earnings.

As SMEs evolve, they gradually change their capital structure (Serrasqueiro & Caetano, 2015) while building a performance track record that demonstrates their ability to provide collateral. This improvement enhances the firm's creditworthiness and attracts investors to support the business. Consequently, companies are transitioning from internal funding to external resources. In later developmental stages, SMEs may access securitised finance and publicly traded stock markets as their disclosure practices become more transparent (Berger & Udell, 2006). The following section will outline the formal external financing options available to small and medium-sized enterprises (SMEs).

3.2.1: External Financing Options for Small and Medium Enterprises

Banks play a crucial role in providing financial services to various sectors of the economy, including SMEs. These credit facilities are available in several forms: loans, overdrafts, trade finance, and other financial products. They assist SMEs in managing their working capital, driving their growth, and participating in international trade.

Studies have revealed that banks are essential for externally financing SMES in emerging and developed nations (e.g., Beck,2013; Dong & Men,2014; Ipek-Erdogan,2019). SMEs frequently rely on bank loans to initiate or broaden their operations (Beck et al.,2011; Le & Nguyen, 2009). According to De la Torre et al. (2010), the connection between SMEs and banks is fundamental; banks are instrumental in providing funding to entrepreneurs for managing or expanding their current businesses. The backing of banks is critical for the development and prosperity of SMEs.

Rossi (2014) argued that SMEs should prioritise bank financing to maximise their financial structure. Behr et al. (2013) stated that although bank funding is generally more expensive than other forms of financing, it tends to generate a higher rate of return for the average SME. In short, the authors concluded that bank finance enables SMEs to achieve a higher level of performance than other financing options. Factors such as changes in the business cycle and economic climate, regulatory compliance, the infrastructure of the financial sector, capacity utilisation constraints, and the size, focus, and quality of data available for studying specific SMEs can lead to an increase or decrease in bank lending to SMEs (e.g., Ndiaye et al.2018; Osano & Languitone, 2016; Taiwo & Falohun, 2016).

Asset-based finance is a versatile form of financing that encompasses lending, factoring, invoice discounting, warehouse receipts, short-term working capital, and various leasing options (Risk,2014). Asset-based financing differs significantly from conventional bank loans in that it acquires the necessary capital through the value embedded in specific assets instead of solely depending on a borrower's credit ratings (Alan & Gaur, 2018). Asset support refers to debt and working capital. These assets include inventory, machinery and equipment, accounts receivable, and real estate.

The OECD (2022) reports that asset-based finance offers significant advantages for SMEs by providing flexible methods to acquire capital that do not depend on their creditworthiness or anticipated future cash flows. Furthermore, asset-based finance enables SMEs without a credit history or those not requiring cash flow to seize development opportunities (Boschmans & Pissareva, 2018), allowing them to obtain working capital quickly without a guarantee. However, interest rates for such financing are typically higher than those of traditional bank loans (Rajan, 2006).

Another form of asset-based finance involves short-term financing for SMEs through the sale of their accounts receivable to a specialised third party, such as a bank subsidiary or a non-bank financial institution, in a process known as factoring (Ivanovic et al., 2011). In this context, the factor acts as an intermediary that exclusively provides financing to the sellers of accounts receivable and manages the collection of outstanding payments from SMEs (Vasilescu, 2014).

Similarly, invoice discounting is a crucial mechanism through which SMEs secure funding by using unpaid invoices as collateral (Han, 2016). Leasing is a financial method that facilitates the acquisition of capital equipment. This process involves one party, the lessor, providing an asset to another party, the lessee, for a predetermined duration in exchange for regular payments (Abbasi et al., 2017). Leasing grants the legal right to use machinery, vehicles, and equipment for a specified period without ownership (Grath, 2016). An operating lease allows the lessee to use the equipment while the lessor retains ownership risk. In contrast, a financial lease enables the lessee to utilise the equipment for its economic life, with the option to purchase it at the end of the lease for a nominal cost.

Investing in venture capital involves raising funds from investors and reinvesting them in high-risk, informationally opaque organisations, typically young and newly established (Metrick & Yasuda, 2021). Moreover, venture capitalists are responsible for determining the timing and type of investments while managing, reviewing, and formalising agreements (Bonini & Capizzi, 2019). Additionally, they play an active role in strategic planning and decision-making within firms (Gompers et al., 2020). The venture capital market encompasses a variety of organisations, including public companies, privately held investment firms, and limited liability partnerships (Tykvová, 2018).

Venture capital (VC) has distinct characteristics compared to traditional financing sources (Metrick & Yasuda, 2021). In venture capital investments, there is often considerable asymmetrical information, uncertainty, and a focus on intangible assets (Gompers, 2022). Moreover, Admati and Pfleiderer (2022) indicate that a company's strong incentive for active monitoring arises when a venture capitalist holds a substantial stake. In these cases, monitoring may include increasing the time invested in the company and conducting regular meetings with managers. Venture capitalists can provide valuable connections to new suppliers, clients, and strategic partners, as noted by Park & LiPuma (2020).

Emerging economies, which are often characterised by underdeveloped stock markets and insufficient financial institutions, frequently depend on trade credit (Dong & Men, 2014). In circumstances where access to traditional financing from financial institutions is restricted, enterprises may pursue trade credit as an alternative option (Palacín-Sánchez et al., 2019; Petersen & Rajan, 1997). The level of a country's financial development and the accessibility of credit information are pivotal factors in the adoption of trade credit (Petersen & Rajan, 1997). According to the substitution hypothesis, firms tend to prefer trade credit when bank lending is limited (Ogawa et al., 2013; Petersen & Rajan, 1997). Moreover, Ogawa et al. (2013) underscore that trade finance can substantially enhance the financial growth of small and medium enterprises (SMES). As an essential funding source, trade credit holds particular significance for SMES that encounter challenges in securing bank loans. Canto-Cuevas et al. (2019) indicate that the connection between business life cycles and trade credit is non-linear, with the impact being markedly more pronounced for smaller firms.

Regulatory differences may significantly influence the lending behaviour of Non-Bank Financial Institutions (NBFIs), in contrast to traditional banking entities (Aramonte et al., 2023). These NBFIs — which encompass credit unions, pension funds, finance houses, investment trust firms, finance companies, and insurance firms, play a crucial and distinctive role in serving the financial interests of Small and Medium-sized Enterprises (SMEs) (Aramonte et al., 2023). However, the existing finance literature has largely neglected the non-bank debt sector (Kale & Meneghetti, 2011).

Khowaja et al. (2021) discovered that NBFIs provide financial support to micro, small, and medium enterprises (SMEs) and the agricultural sector, which is essential for Pakistan's economic growth. Non-bank debt, along with public and bank debt, enables SMEs to access capital in both developing and developed economies.

Angel investors, often termed business angels, are high-net-worth individuals who provide capital to early-stage companies, particularly small and medium-sized enterprises (SMEs), without any personal or familial connections, in exchange for equity interests in the organisation (DeGennaro, 2010; Mason, 2008). Business angels play a crucial role in financing SMEs by extending small loans to firms during their initial growth phases. Empirical evidence suggests that angel investors contribute funds at levels akin to those of conventional investors and promote the expansion of numerous enterprises (Kelly, 2007). The activities of angel investors are primarily concentrated in countries characterised by well-functioning private and public markets, especially in the United States, the United Kingdom, and Western Europe (Lerner et al., 2018).

According to Rosavina et al. (2019), peer-to-peer (P2P) lending and its related systems are significant financial innovations that can overcome the credit constraints imposed by traditional banks and creditors to meet the growing economic needs of small businesses worldwide. P2P lending provides short- and medium-term financing that connects online borrowers and lenders. P2P platforms embody the philosophy of direct access to finance without intermediaries, allowing borrowers to obtain financing and investors to fund loans using digital platforms (Bavoso, 2020). Using a fixed effects model, Abbasi et al. (2021) demonstrate a strong relationship between SMEs' access to funds and the presence of P2P lending fintech companies in a sample of OECD countries from 2011 to 2018.

Policymakers in both wealthy and developing nations agree that SMEs' access to external financing is limited, making it challenging to fulfil their vital role in achieving national development goals (Okpara, 2011). Government assistance schemes are essential for enhancing SMEs' efficiency and productivity (Alkahtani et al., 2020). SMEs may find it easier to secure additional loans through government programmes and schemes or in collaboration with donor organisations (Abraham & Schmukler, 2017; Yu et al., 2022). Vasilescu (2014) states that the effectiveness of government

schemes designed to assist SMEs in accessing financing depends on whether they meet specific criteria. De Blasio et al. (2018) argue that these schemes must address the discrimination SME borrowers face regarding high lending costs and unmet funding demands. According to Moini (1998), not all businesses are at the same stage of development. Therefore, it is critical to have a set of programs that target firms at various stages.

Padachi et al. (2012) find that SMEs may explore alternative financing sources when traditional financing options are unavailable. Allen et al. (2012) observed that Indian SMEs commonly depend on personal networks, such as friends and family, for financial support during their initial setup and subsequent growth. Archer et al. (2020) found a correlation between SMEs' utilisation of informal loan markets and their financial constraints. Existing research extensively examines the effects of informal funding on firm performance.

However, according to Kuntchev et al. (2013), SMEs face more difficulties securing credit than large companies. Consequently, SMEs' working capital and investment requirements often depend on trade credit and informal financing. SMEs rely on trade credit and non-traditional funding for working capital and investment, as shown by Casey and O'Toole (2014) and Distinguin (2016). Moreover, Dong and Men (2014) found that various variables, such as the availability of financial information, numerous financial institutions, the economy's evolution, and institutional composition, can profoundly affect SMEs' finances, particularly their capacity to access external funds. Auboin (2015) points out that SMEs have higher trade financing request rejection rates than multinationals do.

Additionally, acquiring external financing is crucial for SMEs, as it increases their market competitiveness and allows them to explore opportunities for international expansion (Chandra et al., 2020; Rahman et al., 2017b; Roy et al., 2016). Large multinational companies have shifted their sourcing plans internationally, delegating additional roles to SMEs in global trading (Osano & Languitane, 2016). These roles serve as brokers, suppliers, and linkages in the supply chain (Van Wersch, 2019). Hence, it is imperative to review global export finance sources.

3.3: Overview of Finance and International Trade

Over the years, international trade financing has been the subject of extensive research examining the relationship between finance and export performance from various perspectives (see, e.g., Amiti & Weinstein, 2011; Contessi & De Nicola, 2012; Gokmenoglu et al., 2015; Sibanda et al., 2018). Bajo-Rubio and Berke (2018) observed that difficulties in obtaining external financing—particularly for newer and smaller firms—hamper enterprises' export activities. Agosin et al. (2012) posit that endowment factors influence export trade. Beck (2002) states how these factors impact trade flow between nations and incorporates a financial sector into Heckscher-Ohlin's trade model.

Finance is crucial for export growth and serves as the pivot around which the wheel of international trade rotates. Contessi and De Nicola (2012) point out that although the importance of export financing in international trade seems considerable, obtaining accurate figures is complex since banks and enterprises do not often segregate export loans from other loans on their balance sheets.

These four primary approaches are known as payment methods in international trade and finance related to export orders (Morgan & Katsikeas, 1997). To ensure exporter security, the approaches are categorised into the following groups (Grath, 2016): cash in advance (importer's finance), where payments are made before delivery. This payment term provides exporters with security and working capital upfront, which can be utilised to produce and dispatch the products. A letter of credit (L/C), which involves a financial institution assuring remuneration to the exporter upon submission of specified documentation of the instrument, is considered the oldest and most straightforward option available to exporters, as it specifically addresses their needs for liquidity and insolvency protection; documentary collection, where the exporter's bank collects money from the importer's bank before releasing the goods; bank transfer, which is based on open account trading conditions (referred to as exporters' finance) and involves the direct transfer of funds between the buyer's and seller's banks; and alternative payment methods such as barter or countertrade. According to Niepmann and Schmidt-Eisenlohr (2017), exporters typically use letters of credit for exports to countries with limited contract enforcement. In these destinations, export risk outweighs the risk associated with documentary collection.

Exporters who offer open account terms may protect themselves by purchasing export credit insurance (Felbermayr & Yalcin, 2013; Ferrando & Mulier, 2013). Furthermore, exporters may use open account arrangements to analyse new products in a particular market and consider the possibility of exports to global markets (Seyoum, 2013). Trade finance tools, such as international factoring or export credit insurance, can significantly reduce the default risk associated with open-account payment terms (Grath, 2016).

Ahn et al. (2011) indicated that exporters rely more heavily on trade credit than domestic companies. This phenomenon can be attributed to the extended duration necessary for executing foreign trade and the perceived elevated levels of risk associated with such transactions (Manova, 2008). Accominotti and Ugolini (2020) characterise trade finance as the instruments and methodologies businesses should employ to finance global trade and mitigate associated risks. Such services encompass working capital loans, letters of credit, and trade insurance provided by corporations, financial institutions, and government entities (Foley & Manova, 2015).

Exporters can obtain instant cash flow by trading their receivables at a discount with the help of trade finance facilities such as factoring and forfaiting (Bryant & Camerinelli, 2013). These facilities assist exporters in focusing on increasing their global footprint by mitigating liquidity issues (Gibilaro, 2018). Exporters can also receive assistance by funding their orders through loans or other financial support as secondary financing (Abe et al., 2015).

Grath (2016) claims that there is a comprehensive list of options for trade finance: from borrowing the exporter's capital to raising funds from friends and family, obtaining credit from suppliers, utilising invoice discounting and forfaiting, factoring, exploring export leasing, export-related lines of credit, project financing, receiving funds in the local currency from development banks, and creating joint ventures.

A firm's ability to secure adequate financial resources is a critical factor in determining its global export performance (Haddoud et al., 2019; Ling-yee & Ogunmokun, 2001; Wang et al., 2017). Exporters depend on various sources to finance international trade activities (Caglayan & Demir, 2014; Haddoud et al., 2019; Riding et al., 2012).

Previous research has highlighted the importance of obtaining funds for export projects and how consistent external financing is necessary to cover additional operating costs when retained earnings and cash flow from within a company are insufficient (Amiti & Weinstein, 2011; Manova, 2013). Commercial banks, export credit agencies, development banks, supplier credit, and non-bank financial institutions are the most common external financing sources in both developing and developed nations (Itua & Danjo, 2022; Khan, 2015).

Export financing resources refer to the specific resources available to firms engaged in exporting activities that enable them to effectively compete in the international market (Greenaway et al., 2007; Griffith, 2011). Empirical studies indicate that a company's external financial capacity significantly influences the size of its exports (e.g., Choi, 2020; St -Pierre et al., 2018; Toušek et al., 2023; Ye & Wang, 2019). Moreover, the limited availability of financial instruments and financial crises negatively impact exports, especially for firms that rely on external funding (Vaubourg, 2016).

In a recent study, Dorożyńska and Dorożyński (2022) classify the variables that influence the attainment of optimal export financing. The authors identified two distinct categories of determinants: internal/domestic and external/international, specifically focusing on the importing country. The first category includes product-related factors, such as type, specificity, individualisation, market competitiveness, and pricing. Additionally, factors related to a product's market and its characteristics were considered. Finally, Dorożyńska and Dorożyński (2022) examined the national export support policy, which includes measures to stimulate exports and export production. This policy encompasses treaties, domestic and foreign credit policies, tax policies, and the opportunities and restrictions on state export financing resulting from global accords and participation in international entities such as the OECD and WTO.

When exporting investment goods, which typically have longer production cycles, there is a significantly higher demand for external sources of financing compared to consumer goods (Engel & Wang, 2011). Exporters frequently extend trade credit to international buyers and seek refinancing from financial institutions (Grath, 2016). The entities involved in this process include prominent national and international banks with specialised trade finance divisions, along with regional commercial banks

(Madura et al., 2018). The roles of export credit agencies and non-bank lenders are also significant (Dawar, 2020; Turguttopbas, 2013).

The financial sector, including commercial banks, also provides businesses with trade financing options, such as direct loans and overdraft facilities, to help them acquire the working capital needed for everyday operations (Grath, 2016). Furthermore, they offer specialised trade finance tools like letters of credit (L/C) and documentary collections (Grath, 2016) to mitigate the risk of non-payment that exporters may face from importers and ensure that enterprises have sufficient working capital available to maintain business operations while awaiting shipment from exporters or during the time between receiving products from enterprises and payment from importers (Willsher, 2016). Such financing is classified as pre- and post-shipment financing, and the services offered by commercial banks to enterprises include facilitating the funds required and providing risk-mitigation tools needed in international transactions (Accominotti & Ugolini, 2020).

Riding et al. (2012) show that growth-oriented exporting enterprises prefer financial capital over external equity, debt, or trade credit. According to Wang (2015), firms select their financing sources to optimise profits based on productivity and financial climate. Engemann et al. (2013) note that enterprises engaged in international trade have more critical financial requirements than those engaged only in domestic business, as export financing is pivotal for enabling exporters to accept and successfully fulfil their export contracts.

Prior research has shown that export finance differs from financing domestic markets and manufacturing due to the unique risks associated with export trade, including foreign exchange, credit, economic, legal, sales, financial, political, product, natural, and competition risks (e.g., Amiti & Weinstein, 2011; Foley & Manova, 2015). All businesses encounter risk; however, international trading introduces additional dimensions, such as advertising and promotional activities, transformations, and international market norms, while other fixed expenses are necessary for selling overseas (Abora et al., 2014; Manova & Zhang, 2012). The heightened risk linked with export-related operations, like fluctuations in exchange rates and potential difficulties in enforcing contracts abroad, contributes to a greater demand for liquidity (Demir, 2014; Griffith & Czinkota, 2012; Niepmann & Schmidt-Eisenlohr, 2017). According to

Auboin and Engemann (2014), exporters can effectively mitigate export-related risks by selecting the most suitable financing alternatives.

Scholars have traditionally argued that enterprises wishing to enter the global market require additional external financing to offset significant expenditures during both the pre- and post-shipment periods (Amiti & Weinstein, 2011; Manova, 2013; Ye & Wang, 2019). Studies on international trade frequently mention a lack of funds and trade financing arrangements as obstacles (Contessi & De Nicola, 2012; Dai et al., 2021). Access to medium- to long-term credit is crucial for acquiring productive assets (Mukherjee & Chanda, 2020). Financing capital expenditures solely through internal funds (retained earnings) is challenging. Consequently, exporters may rely on trade credit from suppliers (deferred payments) and may borrow from banks and other financial institutions to support their working capital activities (Grath, 2016).

3.4: Role of Financial Sector Development in Financing and Export Performance

Macroeconomic studies have shown that the informational efficiency of securities markets can be a significant source of competitiveness, as more sophisticated financial instruments facilitate export financing and market expansion (Leibovici, 2021; Nieminen, 2020; Yakubu et al., 2018; Zhao et al., 2017). A sound and well-developed financial sector is crucial for the sustainability of export finance and diversification (Bellone et al., 2010; Manova, 2013; Rostamkalaei & Freel, 2016; Yakubu et al., 2018). This suggests that the financial sector is a cornerstone of economic growth and development, as it channels savings from surplus areas to those in deficit (Onodugo et al., 2013b; Nwani & Bassey Orie, 2016; Akpan et al., 2017). The major stakeholders in the industry include the Central Bank of Nigeria, deposit money banks, development banks, capital markets, discount houses, insurance companies, asset management firms, and pension funds. Significant reforms have occurred within the financial sector, including liberalising the banking system (e.g., Balogun, 2007; Anyanwu, 2010; Anthony & Mustafa, 2011; Olajide et al., 2011).

An expanded financial system generally supports exporters by broadly facilitating their external financing needs (Manova, 2013). However, weak economic performance and banking and financial crises disproportionately harm exporters, whether for individual

enterprises or entire export industries, particularly when external financial needs are high (Stiebale, 2011; Vaubourg, 2016). Additionally, unstable economic systems and weak institutional environments exacerbate financial constraints for new and smaller SMEs (Mukherjee & Chanda, 2020; Pietrovito & Pozzolo, 2021). Nevertheless, financial tools help enterprises address liquidity issues related to exports (Kumarasamy & Singh, 2018). Several studies illustrate how financial sector development reduces borrowing costs for enterprises, encouraging them to export (e.g., Fauceglia, 2015; Yakubu et al., 2018; Nieminen, 2020; Sare, 2021). Moreover, Sare et al. (2019) conclude that enhancing domestic financial services, along with cross-border supervision and regulation, is essential for ensuring healthy and internationally compatible financial liquidity.

Studies have demonstrated that insufficient economic development and financial crises disproportionately hurt exporters, particularly when enterprises or the export industry rely on external financing (Stiebale, 2011; Vaubourg, 2016; Li et al., 2020). Beck (2002) also noted that the higher the level of financial development, the greater the share of exports in the economy. Jarreau and Poncet (2010) discovered that credit limits and a lack of economic growth impede foreign trade flows in China. Chaney (2016) states that liquidity limitations can significantly alter exporter behaviour and aggregate export trends, primarily due to inadequate financial development.

Paudel and Alharthi (2021) also corroborate Minetti et al.'s (2021) analysis of the impact of the financial system and banking regulations on export dynamics (entry into and exit from exports), as they find that bank-oriented finance systems encourage exporters more than market-oriented systems. Consequently, a strong correlation exists between financial growth and exports in developing nations (Berman & Héricourt, 2010).

In line with the principles of international trade theory, innovation in the financial sector may provide a competitive edge and influence global trade flows (Beck, 2002; Kletzer & Bardhan, 1987; Sare, 2021). Becker et al. (2013) also used industry heterogeneity to examine the influence of financial development on exports, emphasising the importance of fixed costs in industries rather than economic dependency. They argued that exports are more susceptible to financial growth in high-cost sectors.

According to Berman and Héricourt (2010), financial development disproportionately affects the likelihood of profitable companies choosing to engage in export activities. In addition, Schmidt-Eisenlohr (2013) states that foreign and domestic markets' financial features and contractual environments influence enterprises' choices regarding trade credit. Altoaim (2016) argued that financial development might not significantly support or diversify the export structure of natural resource-based developing countries. Therefore, evaluating the impact of financing sources on SMEs' export performance would benefit the non-oil export administration and funding strategies.

3.5: Empirical Review of Financing Sources and SMEs' Export Performance

Studies on the impact of finance sources on SMEs' export performance are discussed, along with the constraints faced by SMEs regarding access to external financing, domestic market experience, and availability of external funding.

3.5.1: Financing Sources and SMEs' Export Performance

Empirically, the literature has paid significant attention to export finance, especially for SMEs (e.g., Abora et al., 2014; Pietrovito & Pozzolo, 2021; Quartey et al., 2017; Sibanda et al., 2018). For example, a lack of specialised financial structures and regulatory regimes tends to prevent SMEs from accessing finance; thus, there is a need for tailor-made export financing (e.g., Abe et al., 2015; Afolabi, 2013; Domeher et al., 2017; Gbandi & Amissah, 2014; Yeboah, 2021). Exporting SMEs have a boosted impact on employment, economic stability, and economic diversification, which calls for improvements in export financing (Hasan & Sheldon, 2016; Kersten et al., 2017; Malca et al., 2020; Motta, 2020; Quartey et al., 2017). Some empirical studies demonstrate the benefits of introducing government intervention in the SME credit sector for exports; thus, there is a need for policy support in export finance (e.g., Cancino et al., 2015; Cowling & Siepel, 2013; Hopewell, 2021; Pietrovito & Pozzolo, 2021). These reasons illustrate the role of export financing in bolstering SMEs' international competitiveness, economic impact, and financial constraints. These reasons justify the significance of export finance.

Previous studies have shown that, with the availability of internal and external capital, small and medium-sized enterprises (SMEs) can increase the efficiency of financing for their exports, enhance their competitiveness in global markets, and transform their

export performance (e.g., Harvie et al., 2013; Li et al., 2018; Oura et al., 2016). At the firm level, using data on Chinese SMEs, Meng et al. (2023) distinguish between entrepreneurs “seeking to penetrate a new export market”, “export market participation”, and “seeking to increase export quantity and frequency”. Internal financing is found to be positively correlated with export quantities. External financing is necessary for new exporters to cover the substantial initial fixed costs of exports. Nevertheless, internal funds are indispensable for established exporters to sustain exports and increase export quantities. This distinguishes the role of internal funds in maintaining and improving export performance.

The OECD report (2022) analysed how financing from internal and external sources was used to support SME activities during the COVID-19 pandemic in different countries. They concluded that maintaining liquidity is more prominent in the strategic planning of SMEs with vital internal funds. This capital acts as a cushion, allowing SMEs to lessen their negative impact and accelerate recovery. When most forms of outside finance are unavailable, SMEs with internal resources can stay in business and continue trading and exporting.

Using a survey-based approach conducted by SMEs in selected Asian economies, Harvie et al. (2013) find that internal financing supports SMEs' export operations. Asian SMEs rely significantly on internal financing to assist with their exports. With improved access to internal finances, they can alleviate external financial constraints and enhance their export competitiveness. Beck et al. (2006) utilise firm-level survey data from the World Bank Enterprise Surveys to investigate why firms encounter financing constraints—and whether firms with robust internal funds are more likely to invest (and export), thus achieving faster growth and better performance. In developing countries (particularly Africa), the authors found that more profitable and generally larger firms are more likely to grow, export, and invest. Enterprises with solid internal finances are more inclined to invest in gaining a head start in export activities and, consequently, enjoy better growth rates, improved export performance, and a higher likelihood of producing high-value exports. However, Dong and Men (2014) assert that reliance on internal finance limits the expansion capacity of SMEs.

Li et al. (2018) conducted an econometric study to examine the relationship between internal funds and SMEs' export performance. The results indicate that SMEs with

substantial internal funds engage in more international trade. Internal finance enables SMEs to mitigate the risks and costs associated with foreign trade, thereby enhancing their overall export performance. Internal funds are vital for supporting SMEs' integration into the global marketplace.

However, evidence also finds that while internal funds are essential, relying too much on their resources has a crowding-out effect on SMEs' export performance through insufficient internal resources to cover other export-related costs and activities. Using firm-level panel data from UK SMEs, Greenaway et al. (2007) observed that firms that rely on internal sources perform worse in export markets than firms with access to external financing. SMEs with limited internal funds severely hinder their ability to invest in crucial export competencies, including market research and product development. Prior studies suggest that SMEs typically use internal sources (e.g., working capital and internal financing) to support firm growth (e.g., Baker et al., 2020; Harvie et al., 2013; Li et al., 2018). Having adequate internal financing facilitates business development.

Exporting enterprises require more working capital than domestic businesses because they must cover additional expenses related to foreign marketing (Kahiya & Dean, 2016; Manova, 2013). As a result, there is a heightened demand for external financing among exporting firms (Pietrovito & Pozzolo, 2021). Manova (2013) and Meng et al. (2023) concluded that external financing is necessary to cover the substantial fixed costs associated with accessing the export market, particularly when internal financing is insufficient. Kadapakkam et al. (1998) state that firms with limited access to external financing rely on internal funds for investment purposes. Consequently, variations in cash flow influence investment decisions. Manova (2008) investigated the empirical relationship between disruptions in the availability of external funding and export behaviour by conducting a more comprehensive analysis that employed industry-level data from various countries. This study reveals that credit constraints impact enterprises' trade movements.

When conventional funding sources are inaccessible, SMEs may resort to informal funding (Abdulsaleh & Worthington, 2013). Allen et al. (2012) find that Indian SMEs frequently rely on personal networks, such as friends and family, to secure financial support for their establishment and expansion. Using data from over 70,000 SMEs in

104 countries, Chavis et al. (2011) find that new companies rely more on family finance than on conventional bank borrowing. Archer et al. (2020) observe that SMEs with significant financial constraints are likely to pursue informal loans and obtain larger amounts than those without. Allen et al. (2019) claim that limited access to formal financial services is a significant barrier for small, privately owned enterprises in numerous notable and fast-growing nations. Consequently, informal finance systems have become increasingly prominent in addressing financial constraints (Mpofu & Sibindi, 2022). Beck et al. (2015), using a survey dataset of Chinese rural households, discover that using informal finance, particularly funding from friends and family, is positively associated with the sales development of microenterprises with staff but not self-employed individuals. This study finds no substantial link between formal financing and firm growth. The findings emphasise the relevance of finance to entrepreneurship and microenterprise growth and the role of informal funding in the absence of adequate formal banking institutions.

Empirical research has consistently identified informal financing, which encompasses various sources such as trade credit, interpersonal borrowing from friends or family, private money houses, pawnshops, community cooperatives, and similar avenues (Degryse et al., 2016; Allen et al., 2019). Lee and Persson (2016) observed that many borrowers seek financial assistance from their families and friends as a last resort. However, Allen et al. (2019) identify a relationship between high-performing firms and positive informal financing methods, such as trade credit and family borrowing, based on knowledge benefits or benevolent connections. Informal credit exhibits lower levels of bureaucratic procedures and offers more flexibility in terms of repayment (Archer et al., 2020; Tang & Guo, 2017).

According to Nguyet (2014), implementing simplified and efficient procedures reduces the costs of informal credit transactions. However, borrowing from informal credit sources is more expensive than borrowing from formal sources due to limitations, which makes informal sources less desirable for larger firms seeking to finance substantial projects (Banerjee & Duflo, 2014; Konte & Ndubuisi, 2021; Kumar & Rao, 2015).

Bank-based institutions characterise the financial systems of developing countries and are less developed than those observed in advanced economies (Allen et al., 2012;

Madestam, 2014; Degryse et al., 2016). Many firms tend to rely on informal financing and credit, skewing more towards informal lending sources such as friends, relatives, and moneylenders (Ullah & Wei, 2017; Allen et al., 2019; Nguyen & Canh, 2021). Positive informal finance is prevalent in countries with broader access to banks and declines with access to bank loans (Allen et al., 2019).

Inadequate funding has been shown to act as a barrier to exports; for instance, in cases where SMEs are unable to obtain bank funding (e.g., Berman & Héricourt, 2010; Amiti & Weinstein, 2011; Minetti & Zhu, 2011; Muûls, 2015). Numerous studies have demonstrated that granting SMEs access to bank funding increases their probability of becoming exporters (e.g., Abora et al., 2014; Bartoli et al., 2014; Goldbach & Nitsch, 2014; Lundberg, 2019). There are also instances where banks in oil-producing countries are compelled to lend to exporters to encourage non-oil exports. This is sometimes accomplished by requiring commercial banks to allocate a portion of their portfolios to exports in exchange for credit cap relief (Badeeb et al., 2016; Jeff-Anyene et al., 2016). This approach seems to be a reasonable method to enhance exports. However, several researchers argue that this strategy will likely lead to market distortions and financial repression (e.g., Chari et al., 2020; Jeff-Anyene et al., 2016; Kane, 1977).

External financing from loans, grants, or equity may offer greater financial flexibility and the capacity to undertake large and risky projects, including entering and expanding into foreign markets (Abdulsaleh & Worthington, 2013; Kumar & Rao, 2016). Abor et al. (2019) found an independent and favourable link between banks' provision of financial assistance and SMEs' participation in export operations. Similarly, Lundberg (2019) states that the value of bank financing for foreign businesses increases with improved export performance. Jinjarak and Wignaraja (2016) also demonstrated that borrowing firms possess the necessary resources to make significant investments during the production and export phases. Their research indicated that access to overdraft facilities enhances the likelihood of exporting (extensive margin) and increases the share of exports in total sales (intensive margin), especially for small businesses that require credit.

Gashi et al. (2014) point out that external finance enables firms to engage in export activities. Motta (2020) stated that project quality and access to finance considerably enhance SMEs' labour productivity. The results also suggest that exports can be a crucial determinant of firms' productivity, particularly for financially constrained firms. Project quality and access to capital are also vital for labour productivity, with exports assisting financially constrained enterprises.

Another study by Ullah and Wei (2017), based on a survey of over 20,000 organisations across 30 nations that successfully secured bank loans, demonstrated higher growth rates than their counterparts who did not access such financial resources. St-Pierre et al. (2018) find that equity and bank financing positively impact export intensity, with bank credit having a more significant effect. Similarly, Goldbach and Nitsch (2014) assert that SMEs engaged in exporting require more bank financing than SMEs not exporting. They confirmed that export-oriented firms receive about 15% more financing from banks than non-exporting businesses, which supports their internationalisation efforts. The enhanced financial flexibility of bank financing allows a company to broaden its export activities (Abraham & Schmukler, 2017).

Amiti and Weinstein (2011) demonstrate a strong association between companies' export activity levels and the performance of financial institutions in securing finance. The authors posit a proposition and substantiate it with evidence, contending that the financial soundness of banks offering financial assistance exerts a greater influence on exports than domestic sales. According to Ullah and Wei (2017), enterprises in countries with poor institutions significantly rely on formal bank funding. Jinjarak and Wignaraja (2016) found that the availability of banking facilities for small and medium-sized enterprises (SMEs) in Chile, Israel, Korea, Thailand, Mexico, and Turkey correlates with an increase in exports relative to aggregate turnover and global operations, particularly for businesses dependent on funding. According to Degryse et al. (2016), conventional bank finance has lower interest rates than informal finance because banks have more deposit opportunities and superior data management and processing.

Nevertheless, unlike their larger counterparts, SMEs need to secure the required financing from banks (Kirschenmann, 2016; Moscalu et al., 2020; Nizaeva & Coşkun,

2018). Riding et al. (2012) assess the availability of finance for SMEs using scientific methods by examining the frequency with which two categories of new firms—exporting and non-exporting—seek and obtain external financing. This study finds that commercial lenders are less likely to grant loan applications to early-stage growth firms, particularly young, growth-oriented SME exporters.

The issue of insufficient bank financing for SMEs, known as credit rationing, arises from asymmetric information (Moro et al., 2015; Rahman et al., 2017b). Lenders, such as banks, incur significant costs because of the difficulty in distinguishing between loan costs, such as interest rates, associated with excellent and bad creditworthiness (Stiglitz & Weiss, 1981). Furthermore, information asymmetry implies that individuals asking for finance know more about the potential financial outcomes of their endeavours than those supplying funds (Xiang et al., 2015).

Some earlier studies show that governments, central banks, and development banks, whose purpose is to provide the private sector with funding for long-term investment, have long intervened in SMEs' credit markets to increase exports, thereby improving firm growth and performance (e.g., Cowling & Siepel, 2013; Broocks & Van Biesebroeck, 2017; Coudounaris, 2018; Malca et al., 2020; Okunlola & Akinlo, 2021). Development banks provide exporters with long-term financing, often targeting firms involved in projects with significant infrastructure investments or competitive industries (Culpeper et al., 2016). Access to funding with favourable interest rates and fees is essential for exporters to engage in international markets (Culpeper et al., 2016; Chen et al., 2020; Klasen et al., 2022).

However, scholars agree on the importance of export financing by government development finance institutions in fostering international trade (e.g., Griffith, 2011; Griffith & Czinkota, 2012; Pícha et al., 2016). There is little consensus on the effectiveness of ECA financing; for example, while some argue that ECA funding and export credit agencies should be encouraged, as they contribute to the success of exports and promote job growth (e.g., Cowling & Siepel, 2013; Turguttopbas, 2013), others contend that they are inefficient and unreliable (e.g., De Meza, 1989; Ascari, 2007).

Felbermayr and Yalcin (2013) examined the effects of export credit guarantees provided by the German government on exports by analysing the effectiveness of these guarantees and the detrimental effects of imperfections in credit markets. Their results suggest that guarantees can positively impact exports, particularly for banks with weaker financial conditions and firms in sectors that rely heavily on external financing. Similar evidence was presented by Mota et al. (2021), who demonstrated that export-promotion activities positively influence export performance. This finding indicates that resources developed by enterprises with previous export experience can be valuable.

The relationship between export promotion activities and their impact on firms' export performance depends on the type of support (obtained, received, or support demand). Moreover, Malca et al. (2020) find that global programmes and the export performance of the previous year positively influence the resources available for conducting export activities and the current export performance of SMEs focusing on export activities. Mediating the relationship between financing and export performance within a sector and the government's support is critical to this goal. A significant body of literature on government support and export performance is relevant to this discussion (Durmuşoğlu et al., 2012; Rua et al., 2018; Monteiro et al., 2019; Shamsuddoha et al., 2009).

As observed by Dorożyńska and Dorożyński (2016), ECAs may primarily aim to achieve broad goals: relieving imperfections in capital markets or money markets, supporting firms during crises, reducing transaction costs, providing financial support in situations of, for instance, market borderline risks, supporting green technologies, and limiting market failures. They can also overcome short-, medium-, or long-term capital market constraints, helping start-ups and small businesses in the countries and regions where they originate, supporting firms that want to introduce new products, and achieving parallel goals, namely, transactions into emerging markets. Hur and Yoon (2022) found that ECA financial aid improves the export effectiveness of Korean enterprises. In a study, Akgündüz et al. (2017) found that businesses that benefitted from a Central Bank of Turkey [CBT] discounted loan programme improved significantly compared to those firms with no access to such a type of credit. Amornkitvikai and Harvie (2018) argued that specialised financial institutions (SFIs),

extensively funded and owned by the Thai government, can play a salient role in the export performance of SMEs in Thailand. Comi and Resmini (2020) find that supported enterprises have a higher export propensity and intensity than non-assisted firms, with the most incredible benefits for micro and small-sized firms and exporters.

Other studies reveal that trade credit serves as a lifeline for export companies, despite its high cost (Eck et al., 2015). Suppliers extend trade credit to customers as an uncollateralized and informal form of finance (Fitzpatrick & Lien, 2013). Its primary purpose is to alleviate financial difficulties faced by enterprises and facilitate the acquisition of raw materials (Degryse et al., 2016; Troya-Martinez, 2017).

Engemann et al. (2013) provide empirical findings based on panel data from German manufacturing organisations, indicating that trade and bank credit are mutually exclusive options for financially unconstrained firms. In contrast, trade credit has a significantly favourable influence on bank credit accessibility for exporters with limited financial resources. Ogawa et al. (2013) discovered through distinctive cross-sectional survey data on small and medium-sized enterprises (SMEs) in Japan that SMEs experiencing limitations in their ability to obtain bank financing tend to rely more heavily on large suppliers for trade credit.

Petersen and Rajan (1997) claimed that enterprises that maintain robust relationships with their banking institutions tend to rely less on trade credit. By contrast, firms lacking such affiliations are more dependent on trade credit. However, Ozlü and Yalçın (2012) find that as monetary policy becomes more restrictive, organisations facing financial constraints and limited access to bank financing tend to rely more on trade credit as a substitute for bank loans. Furthermore, according to Ferrando and Mulier (2013), enterprises with greater exposure to financial market shortages and fewer financial resources tend to rely on trade credit to manage expansion. Pattnaik et al. (2020) observed that trade credit is a popular financing alternative for businesses in emerging markets, where traditional bank loans are complex. Martínez-Sola et al. (2014) argue that trade credit is crucial in market transactions and offers practical and beneficial means of obtaining short-term financing. Li et al. (2018) find a significant correlation between trade credit and performance in Chinese manufacturing businesses.

Goto et al. (2015) claim that the financial advantage argument suggests that trade credit may substantially facilitate enterprises' acquisition of short-term operational funding. Nevertheless, Agostino and Trivieri (2014) state that providing trade credit can alleviate financial restraints and bolster production, particularly for enterprises facing significant financial challenges. Kuntchev et al. (2013) find that SMEs rely more on trade credit and informal sources of financing, being less dependent on equity and formal loans. From an assessment of large companies and SMEs, Shi et al. (2020) found that financial constraints significantly affect trade-credit financing.

Li et al. (2018) identified trade credit as a significant form of financing for nations with weak or malfunctioning financial infrastructures. Nevertheless, Contessi and De Nicola (2012) argued that trade credit may be an expensive method of financing due to the potential for elevated implicit interest rates if the borrower does not take advantage of early payment reductions. In their recent study, Akoto and Adjasi (2021) discovered a negative relationship between bank lending and exports in Nigeria. Conversely, they observed that supplier and consumer credit have a positive and statistically significant impact on export levels. Eck et al. (2015) state that trade credit can serve as a quality signal, mitigating foreign transaction uncertainty compared to bank loans. Yang et al. (2019) conducted a study demonstrating that banks could use interactions between SMEs and their suppliers as indicators in scenarios characterised by insufficient information. Schmidt-Eisenlohr (2013) asserted that firms' use of trade credit is contingent on the characteristics of the financial ecosystem and regulatory structure in both domestic and global markets. Consequently, enterprises rely more heavily on financial institutions and trade credit for capital (Amornkitvikai & Harvie, 2018; Eck et al., 2015; Jinjara & Wignaraja, 2016).

Non-bank financial institutions (NBFIs) are financial institutions that do not possess a comprehensive banking license, which restricts them from accepting deposits (Rateiwa & Aziakpono, 2017). Nevertheless, both fintech companies and traditional banking institutions compete and collaborate, offering alternative financial services, including contractual savings (such as pension funds and insurance companies), investment intermediaries (such as finance companies, mutual funds, and money market funds), microloan organisations, and venture capitalists (Broby, 2021). Rateiwa and Aziakpono (2017) conclude that the significance and function of NBFIs

in fostering economic development are more evident in nations with more developed financial systems. Similarly, Acha (2012) highlighted the significant role of non-bank financial institutions, specifically insurance companies, in Nigeria's financial system. Rateiwa and Aziakpono (2017) noted a decline in traditional bank lending and the emergence of NBFIs as viable alternatives for accessing long-term capital.

Beck et al. (2008) examined the financing patterns of small enterprises and firms operating in countries with poor institutional frameworks through a comprehensive firm-level survey database. The findings reveal that firms rely less on external financing, particularly bank loans. Previous research has emphasised the significance of obtaining funding for export initiatives. This underscores the need for ongoing external financing to cover additional expenses and other operational costs, as internal sources such as retained earnings and cash flows are insufficient (Amiti & Weinstein, 2011; Manova, 2013). However, Lancheros and Demirel (2012) contend that empirical substantiation is needed regarding the influence of specific financing sources on the decision to participate in export activities or the magnitude of goods or services exported.

3.5.2: Constraints and Access to External Finance for SME Exporters

Financial constraints limit access to and use of external financing sources (Beck & Demirguc-Kunt, 2006; Hope et al., 2011; Leon, 2015). Studies attribute financing constraints to various factors, including weak accounting, financial and regulatory systems, competition, policies and practices affecting finance supply, and a lack of resources (Abe et al., 2015; Demirgüç-Kunt & Martínez Pería, 2010; Moscalu et al., 2020; Quartey et al., 2017; Sekyi et al., 2017). The security requirements for formal capital loans render them inaccessible to most SMEs (Berger et al., 2016; Bouteille & Coogan-Pushner, 2021; Degryse et al., 2021).

International trade studies have examined the effects of binding constraints on external funding for exports (see, e.g. Fan et al., 2015; Feenstra et al., 2014; Filomena & Pozzolo, 2021). These constraints hinder firms from obtaining the working capital needed for production and shipment, eliminating the possibility of entering export markets. A young firm's financial constraints also play a crucial role, as only growing firms that can gain (domestic) sales-based finance or access external finance can participate in export activities (Askenazy et al., 2015; Jinjarak & Wignaraja, 2016;

Wagner, 2014). In economics, prices are determined by supply and demand in well-functioning markets, allowing business models to raise financing at low cost (Baker et al., 2020; Riding et al., 2012).

However, it is also essential to acknowledge that the scarcity of capital is exacerbated by, among other factors, transaction costs and information asymmetries (Cao & Leung, 2020; Kletzer & Bardhan, 1987), which leads to financial inequality and the misallocation of limited financial resources (Wade, 2020). Information-asymmetry theory frequently relies on explaining constraints, as it suggests that differences in available information restrict the amount of finance SME exporters can receive (Huang & Liu, 2017; Riding et al., 2012).

This theory of informational asymmetry posits that lenders and investors are limited in their ability to acquire and process information, which influences their capacity to assess an appropriate price (Stiglitz & Weiss, 1981). Cole and Sokolyk (2016) argue that a commonly held viewpoint suggests that addressing information asymmetry might enhance the accessibility of finance for SMEs. Constraints on the availability of financial resources for SMEs are widespread in several countries, including both developing and developed economies (Stiglitz & Weiss, 1981).

Quartey et al. (2017) discovered that inadequate collateral, creditworthiness issues, modest cash flows, insufficient credit history, high-risk premiums, weak bank-borrower connections, and high transaction fees hinder SMEs in most ECOWAS nations from obtaining formal finance. Amadasun and Mutezo (2022) concluded that entrepreneurs and managers view collateral requirements, access to financial information, and bank and business support services as critical factors in securing finance, which prevents many enterprises from acquiring bank credit and affects the competitive growth of SMES in Lesotho. Hanedar et al. (2014) investigated whether loan collateral requirements for small and medium enterprises (SMEs) in developing countries primarily consider individual firm attributes or market conditions. This study underscores the significance of unequal borrower-lender information, indicating that the likelihood of collateral inclusion increases in countries where lenders possess more information about borrowers. In contrast, the volume of collateral in loan agreements decreases.

Hall et al. (2016) argue that export finance limits present obstacles such as inadequate financial support for high-risk ventures, the complexity of international trade instruments, a lack of administrative staff, and the relatively small scale of certain exporters. Pietrovito and Pozzolo (2021) examine the impact of financial constraints on firms' export propensity. They discover that exogenous (to the firms) financial shocks have a statistically and economically significant negative effect on exporters' likelihood to export, assessed through two dimensions: the probability that a firm exports and the share of exports in total sales.

Minetti and Zhu (2011) noted that firms with better financial status are more inclined to engage in export activities. Credit supply is a critical determinant of firms' export activities (Gashi et al., 2014; Raju & Thillai Rajan, 2019). SMEs typically operate on a small scale and encounter informational asymmetry problems that necessitate financing at each production stage (Song et al., 2018).

Similarly, Secchi et al. (2016) report that financial constraints significantly weaken firms' overall foreign sales. Mukherjee and Chanda (2020) discovered that financing constraints led to a sharp decrease in the export activities of Indian firms highly dependent on external funds. Similarly, Zhang (2018) suggests that financial constraints play a significant role in Japan's export reactions to exchange rate changes. Firms that are financially constrained may be limited in their ability to export to a specific critical geographical area, which is typically a risky strategy (Héricourt & Poncet, 2015; Leonidou et al., 2015; Sui & Baum, 2014). A firm is financially constrained if it cannot raise as much as it would in an ideal (frictionless) financial market, as Manova et al. (2015) suggest. Information and feasibility issues in foreign markets, along with the potential profitability of local sales, could diminish external financiers' willingness to extend financing to a firm's export activities (Contessi & De Nicola, 2012).

Using firm-level data from China, Dai et al. (2021) found that the impact of exchange rate changes on export activities varies among firms, depending on their financing constraints. Firms with relatively severe liquidity constraints are more sensitive to exchange rate fluctuations than those with better access to external financing. Desai et al. (2008) noted that when a nation's currency depreciates, firms with constrained access to credit tend to marginally increase the prices of their exports denominated in

the local currency. Exporters, particularly in developing countries, face significant hurdles regarding external financing (Abora et al., 2014; Ayob et al., 2015; Babatunde, 2017). A firm's ability to internationalise depends on available capital, especially for new exporters, as owners' funds are often limited (Gullstrand & Persson, 2015; Manova, 2013).

In contrast to emerging oil-producing nations, established oil economies such as Norway have experienced significant growth in the industrial sector, exhibit fewer illicit activities, and possess dominant institutions (Braun & Deeg, 2020; Matallah, 2022). Previous research suggests that countries with well-developed financial sectors, stable capital markets, operational legislative and regulatory frameworks, and high GDP per capita face fewer funding challenges for exporters (e.g., Allen et al., 2012; Beck et al., 2009; Knoop, 2013; Shinozaki, 2012). Consequently, nations with advanced economies can foster the development and uniqueness of their exports, making them more successful than emerging economies in alleviating financial constraints among exporters (Xie & Li, 2018). Minetti and Zhu (2011) found that liquidity constraints reduce exports, particularly in industries with high external financial dependence. Likewise, Manova (2010) stated that firms with adequate export output may not be able to become internationally active if they are financially constrained (Manova, 2010).

Globally, studies have identified a link between credit availability and export activities (e.g., Cao & Leung, 2020; Chen et al., 2020; Naegels et al., 2020; Okafor et al., 2020). The absence of credit can also pose problems in developing economies with less sophisticated credit markets (e.g., Cao & Leung, 2020; Chen et al., 2020; Naegels et al., 2020; Okafor et al., 2020). Credit limits may impact SME export activity more significantly, particularly in countries with underdeveloped financial markets and unfavourable regulatory environments (Petrovito & Pozzolo, 2021).

Manova (2013) demonstrates that reducing credit supply leads to decreased trade flows in terms of export sales volume, breadth of exports, and the number of export markets. Caggese and Cuñat (2013) explored how financial constraints affect the exporting behaviour of primarily small and medium enterprises. The study reveals no influence of economic constraints on the share of turnover sold abroad but a significant negative relationship between financial constraints and the number of export

destinations. Businesses facing limitations in accessing financing are more inclined to have lower probabilities of engaging in export activities and a reduced share of total revenue derived from exports (Egger & Kesina, 2014). For example, World Bank Enterprise Surveys show that in Sub-Saharan Africa, over 23% of enterprises view insufficient access to credit as their biggest challenge. Additionally, in 2020, research conducted by PwC MSME in Nigeria revealed that 22% of the companies identified obtaining financing as their most pressing concern.

Akoto and Adjasi (2021) observed that inconsistent and non-survivalist exporters are a common issue in Africa, as enterprises cannot continue exporting in the global market because of financial limitations. Exporting firms depend on external financing to meet their liquidity requirements. Therefore, firms with financial constraints face difficulties entering and remaining in the export market (Wang, 2016; Huang & Liu., 2017; Kumarasamy & Singh, 2018; Qasim et al., 2020). Exporters encounter stricter credit limitations due to various factors, such as the extended time lag between manufacturing and receipt of sales proceeds, the threat of non-payment by customers, and additional export-related costs, among others (Feenstra et al., 2014; Pietrovito & Pozzolo, 2021). Financial restrictions significantly reduce the value of a company's foreign sales (Secchi et al., 2016).

All businesses require external financing, but those planning to enter the global market need more to cover the high upfront expenses of internationalisation (Manova, 2013; Chaney, 2016). They added that access to credit is critical for exporters to overcome various international trade variable costs. From their perspective, retained profits and domestic cash flows may not be sufficient to cover the enormous variable costs of international market involvement. Secchi et al. (2016) argued that fewer trade partners, smaller export volumes, and a narrower range of goods result from a lack of access to external financing. However, internal financing sources, such as retained profits, cannot replace external financing, particularly for growth-oriented companies (Bougheas, 2004; Fadil & St-Pierre, 2021; Serrasqueiro et al., 2021).

Constrained businesses rely heavily on internal financing to sustain their corporate expansion. Transitioning from internal to external financing promotes company growth and becomes the primary source (Rahaman, 2011). While external credit assists potential exporters in overcoming the high sunk and fixed costs associated with

entering foreign markets, further investigation is required to understand how it might help them tackle the high variable costs of foreign market operations (Abora et al., 2014). Therefore, access to external financing is essential for boosting firm-level exports (Amiti & Weinstein, 2011; Manova, 2013).

Several empirical studies of the relationship between exports and credit constraints show that exports are more likely to occur in firms with lower credit constraints. By contrast, others indicate that exports improve financial health in the opposite direction. For example, Berman and Héricourt (2010), Bellone et al. (2010), and Minetti and Zhu (2011) find that exports enhance the financial health of firms with fewer credit constraints. In contrast, Amiti and Weinstein (2011) found the opposite.

Damijan et al. (2015) argued that financial constraints are a significant barrier for firms seeking to enter export markets, hindering the growth dynamics of new exporters in foreign markets. Lin (2017) suggests that indirect exporting is a one-way globalisation that assists businesses in underdeveloped countries in breaking into the global market. However, due to limited funding availability, these businesses must seek additional financial opportunities, which prevents them from directly exporting (Fauceglia, 2015).

Li et al. (2020) find that when exporters face currency devaluation, they prefer to prioritise output growth in industries that rely less on external financing. Using Chinese firm-level data, Dai et al. (2021) demonstrate that the export operations of enterprises with greater financial constraints are more sensitive to exchange rate fluctuations than those of firms with a stronger ability to obtain external capital. Furthermore, Greenaway et al. (2007) discover that financially constrained firms, for which loans are difficult or costly, invest only if they have sufficient internal capital and increase their investments as cash flow rises.

Petrovito and Pozzolo (2021) provide convincing empirical findings that show financial constraints significantly affect enterprises' export operations. Their research reveals a substantial and consistent inverse relationship between financial constraints and two essential aspects of a company's export activities: the likelihood of exporting (extensive margin) and the proportion of exports to total sales (intensive margin). The consistency of these results across statistical and economic frameworks demonstrates

the robustness of the observed impacts. Pietrovito and Pozzolo (op. cit.) claim that SMES are most adversely affected by credit constraints on their export operations. Firms in countries with weak financial infrastructure and less robust institutional frameworks are particularly vulnerable to this impact (Beck et al., 2009).

Ciani and Bartoli (2015) found that financial constraints may affect export quality upgrades and intense trade margins. However, Feenstra et al. (2014) suggested a positive relationship between a firm's export share and credit constraints. The tightening of credit limits may be attributed to prolonged shipping delays for exports and a broader dispersion of productivity, which increases the prevalence of incomplete information (Foley & Manova, 2015). The financial constraints faced by domestic enterprises influence the likelihood and magnitude of their exports (Kim, 2019).

However, Lancheros and Demirel (2012) noted that enterprises use external loans less frequently to cover fixed and variable export expenses. Bellone et al. (2010) report that leverage and liquidity have a significantly negative association; more liquid businesses are also less leveraged, implying that these two financial health indicators are interconnected. As observed by Kiendrebeogo and Minea (2012), a financially constrained business lacks access to sufficient external funding and is not productive enough to generate adequate internal liquidity. Guariglia (2008) argues that global participation may protect enterprises from financial constraints and enhance their performance.

Kuntchev et al. (2013) address the relationship between a firm's robust performance and credit limitations, finding that companies with higher performance, as measured by labour productivity, are less likely to be credit-constrained, which indicates well-functioning financial markets. Furthermore, financial restrictions increase the likelihood of reducing goods or destinations while decreasing the possibility of adding new products or goals (Secchi et al., 2016). Ciani and Bartoli (2015) find that financial constraints can affect exports' intensive margin (share of exports over sales) by improving export grades.

Abora et al. (2014) found that SMEs with access to credit from banks are more likely to become exporters. Research shows that larger, more efficient, and more extensive firms are more inclined to enter the export market. Another study by Goldbach and

Nitsch (2014) found that exporting firms in Germany receive approximately 15 per cent more bank credit than comparable non-exporting firms, providing a push for further globalisation. This finding aligns with recent work in Australia, which discovered that SMEs exporting 40 per cent or more of their turnover face fewer credit constraints (McCarthy et al., 2017). Additionally, Jinjara and Wignaraja (2016) established that offering SME loans increases the share of exports in total sales and overseas affiliates of firms, particularly those that need funding.

Using Chinese firm-level data, Dai et al. (2021) demonstrate that the exporting operations of financially restricted companies are more susceptible to exchange rate fluctuations than those of firms with external financing. The lack of credit history and inadequate collateral make it challenging for creditors to assess the creditworthiness of new and small businesses and increase their probability of default (Amadasun & Mutezo, 2022; Yoshino & Taghizadeh-Hesary, 2016). Consequently, access to credit is often restricted (Beck & Demirguc-Kunt, 2006; Beck et al., 2011; Berger & Udell, 2006). These studies also indicate that the sophistication of a country's legal system and the size of its financial markets are significant predictors of access to funding.

However, the study conducted by Lancheros and Demirel (2012) did not provide any empirical support for the notion that the availability of specific financial resources impacts the choice to engage in export activities or the volume of goods and services exported. Hasan and Sheldon (2016) claim that access to finance significantly affects the decision to participate in export activities. Nevertheless, its role in determining export levels was minimal.

In underdeveloped nations, information asymmetries are more pronounced, making it challenging for lenders, including banks, to effectively assess risks (Asongu et al., 2016; Mhlana, 2021). This is primarily due to limited and unreliable data since SMEs often lack audited financial statements (Menkhoff et al., 2012). Moreover, these limitations hinder lenders' ability to recover assets from SMEs effectively, affecting the collateral requirements for loan acquisitions (Duarte et al., 2017; Rahman et al., 2017).

In most developing countries, the SME sector struggles to obtain formal funding (Beck & Demirguc-Kunt, 2006; Rothenberg et al., 2016). The prevalent constraints in accessing finance include collateral requirements, inflexible repayment options, a lack

of favourable interest rates, unfavourable loan maturity periods, corruption in the loan allocation system, slow loan disbursement processes, lengthy and complicated procedures, and peer borrowing experiences. Kislat et al. (2013) observe that formal lenders prioritise collateral 40% more than informal lenders. Chan (2019) notes that firms must finance a portion of their export expenses by pledging collateral to external investors. Additionally, research indicates that small businesses, which have limited collateral compared to their debt, often face challenges when seeking funding from outside sources (Gelos & Werner, 2002). However, long-standing borrower connections reduce the importance of collateral for financial institutions (Santikian, 2014). Nevertheless, Ghosh and Ray (2016) found that informal lenders place less importance on collateral when they have a closer relationship with the borrower.

Wellalage et al. (2019) found that corruption hurts SMEs' access to finance in South Asia. Similarly, Liu et al. (2020) use econometric models to objectively evaluate deductions about the consequences of corruption on firms' access to bank loans, drawing on World Bank survey data from 2,848 Chinese organisations. The findings indicate an inverted U-shaped link between corruption and firms' access to bank loans; a low degree of corruption increases firms' access to bank loans, while higher corruption levels hinder their ability to do so. Ullah (2020) suggests that SMEs in emerging economies face significant barriers to funding and growth due to firm-level corruption. Avom and Abdramane (2024), using a sample of 13,635 firms from 26 countries between 2010 and 2022, investigated how corruption prevents SMEs from borrowing in African nations. The findings indicate that corruption has a positive and statistically significant impact on the demotivation of small and medium-sized enterprises (SMEs). The PwC MSME Survey conducted in 2020 revealed that only 2% of SMEs in Nigeria cited corruption as a constraint on accessing finance.

Chen et al. (2019) find that emerging markets may struggle to obtain long-term funding during economic downturns due to differences in debt maturity between advanced and emerging economies. Alves et al. (2022) explore various variables that influence loan pricing for leveraged buyouts (LBOs). Their results reveal a significantly asymmetric relationship between the spread and maturity of these loans. This implies increased competition among banks and investors for regular, long-term maturity periods. Jakubik and Kadioglu (2022) investigate bank loan quality in 17 emerging and

developing economies. This study finds that loan maturity impacts the quality and accessibility of bank loans. Arulraj and Annamalai (2020) assess the factors affecting a company's ability to acquire financial resources and whether a positive correlation exists between corporate productivity and access to finance. The study indicates that lenders value efficient companies, but external financing hinders production. Formal lenders prioritise prompt and secure loan repayment. Meanwhile, increased production will yield returns only over time.

Quartey et al. (2017) observed a persistent lack of equity capital investment for SMEs, making debt financing the primary means through which they access funding. Berman and Héricourt (2010) discovered a lack of empirical support for the notion that access to financial resources influences the motivation to continue export activities. Given that external financing facilitates firm-level expansion and export initiatives, the robustness of a nation's financial markets and the accessibility of funding significantly impact economic growth (Berman & Héricourt, 2010; Feenstra et al., 2014; Mancusi & Vezzulli, 2014). Besedeš et al. (2012) developed a model that explored the impact of credit constraints in an evolving context. Their findings reveal that these constraints significantly influence the initial stages of exports, but their effects diminish as the export process progresses. This underscores the prevalent credit constraints related to access to external financing that determine a company's export performance.

3.5.3: Domestic market Experience and Access to External Financing

While several factors influence an SME's ability to secure external financing, one critical yet often overlooked factor is the firm's experience in the domestic market. Beck et al. (2006) use regression analysis to determine the factors contributing to financing hurdles. Using a comprehensive World Bank Enterprise Surveys dataset, they examine firm size, age, ownership structure, and country-specific factors. This study revealed that smaller and younger companies encounter more challenges in obtaining finance than larger and more established firms. The results emphasised the important role of a company's age and size in determining its ability to secure financial resources and overcome funding obstacles. Andrieu and Groh (2012) evaluated a sample of European SMEs that obtained venture capital funding, employing probit models to assess the determinants of decisions made by venture capital companies with and without bank affiliations. They concluded that SMEs with strong market positions and

high levels of expertise are more likely to choose independent venture capital firms due to the strategic assistance they offer. Smaller enterprises tend to favour bank venture financing because of their perceived security and lower risk levels.

Cowling et al. (2018) apply econometric models to investigate how business age, experience, access to finance, and SME performance relate to small businesses in the UK before and after the global financial crisis. The analysis found that well-established firms with superior know-how were more likely to mobilise financial capital and perform better in the wake of the crisis than smaller businesses. Older firms are vital because they have established financial relationships and networks.

Coad et al. (2018) conducted a meta-analysis and empirical study on most countries at the business level. They investigated how a company's age correlates with productivity, profitability, and survival. This finding indicates a complex relationship between a company's age and profitability. Often, younger companies experience higher growth rates but have a greater tendency to fail, whereas older companies experience slower growth rates and offer better stability and resources. They proposed that age, experience, and economic capital are prerequisites for ensuring long-term performance.

Gartner et al. (2012) used a longitudinal approach to analyse the accounting practices of young and growing companies, employing survey data and detailed case studies to investigate how these businesses secured capital during their early growth stages. Research indicates that startups often relied on personal savings and frugality loans in their initial years due to poor credit history and the high perceived risk associated with new business ventures. This emphasises startups' financial struggles and the critical role of networks and personal capital.

Osano and Languitane (2016) surveyed small and medium-sized enterprises (SMEs) in Maputo, Mozambique, using regression analysis to identify the factors that affect access to funds. This study reveals several key factors influencing capital access, including the entrepreneur's level of knowledge.

Robson et al. (2013) interviewed entrepreneurs in rural regions with limited resources to understand the relationship between their entrepreneurial experience and loan-

seeking ability. Regression analysis was employed to examine how experience in business ownership impacts the likelihood of credit rationing. This study revealed that seasoned entrepreneurs are less vulnerable to credit rationing due to their well-established relationships with lenders and their credibility as low-risk borrowers. The findings indicate that prior experience with entrepreneurship can reduce barriers to accessing financial resources when they are limited. Hoque et al. (2016) surveyed small businesses in Chittagong, Bangladesh, using logistic regression to identify the traits that banks consider when rationing credit. The findings suggest that smaller, less-experienced companies are more susceptible to loan rationing.

Prior studies have shown that a business's age and experience may meaningfully impact the choice of credit loan (e.g., Aga & Reilly, 2011; Cowling et al., 2018; Fowowe, 2017; Mallingu et al., 2020). Gao and Zhu (2015) state that small and emerging companies exhibit significant information asymmetries. External lenders expect businesses to garner confidence by progressively establishing themselves in a specific sector (Gartner et al., 2012). Established entrepreneurs are more competent and better prepared to furnish lenders with current, reliable information than new entrepreneurs (Brixiová & Kangoye, 2016; Osano & Languitane, 2016). Previous studies have also reported that business owners with a long history of operations are less likely to face limited access to funding (Fraser et al., 2015; Gamage, 2011; Harvie et al., 2013). Furthermore, various studies indicate an adverse relationship between entrepreneurs' expertise and difficulties in obtaining external financing (e.g., Abdesamed & Abd Wahab, 2014; Fufa, 2016; Kumar & Rao 2015; Rostamkalaei & Freel, 2016).

By analysing historical company performance data, lenders can evaluate the risks associated with debt repayments and interest payment capacities (Deyoung et al., 2008; Frame et al., 2001). However, studies have shown that previous growth achievements might enhance the ability of small and medium-sized enterprises (SMEs) to secure funding (e.g., Canton et al., 2013; Herr, 2018; Karadag, 2017). Cowling et al. (2012) established a favourable association between previous increases in revenue and creditors' willingness to provide financial support to enterprises. Griffith and Czinkota (2012) discovered the intertwined and mutual impact of domestic and export sales. Chowdhury and Alam (2017) found that age and size are significant

barriers to financial support for Bangladeshi SMEs. In contrast, according to a Bangladesh-based study by Hoque et al. (2016), small-business funding constraints do not correlate significantly with age.

3.5.4: SMEs and Export Performance

Zou and Stan (1998) defined export performance as the extent to which a firm can achieve its economic and strategic goals through appropriate planning and execution of its marketing strategy or operations in global markets. Since export performance is diverse, various indicators are necessary to capture its different components and enhance the validity of those indicators (Chen et al., 2016). Therefore, we used subjective measures to assess export performance, including perceived success in exports, attainment of export targets, and satisfaction with both specific and broad indices of export performance (Haddoud et al., 2018; Quaye et al., 2017).

For SMEs, subjective measures of export performance usually refer to the opinions and evaluations of the firm's stakeholders regarding the efficacy and achievement of export operations (Beleska-Spasova, 2014; Durmuşoğlu et al., 2012; Safari & Saleh, 2020). These subjective metrics offer a more detailed understanding of an SME's export success by incorporating internal views and critical factors that may not be readily apparent from precise information. Often evaluated through questionnaires and interviews, subjective metrics can supplement objective metrics of export penetration (Morgan et al., 2018). When distinguishing between the various mechanisms through which leadership affects export performance is difficult, identifying this mechanism becomes even more challenging. Subjective metrics encompass customer feedback, market expansion, oversight commitment, export strategy adaptation, export innovation, customer satisfaction, and perceptions (Hammami & Zghal, 2016; Maghnati et al., 2012).

According to Zou et al. (1998), the lack of integrative and comprehensive scales for export success is the root of most debates surrounding the measurement of export performance. Zou et al. (1998) created the Export Performance (EXPERF) scale as a generalised measure to standardise the evaluation of export performance and eliminate discrepancies in the literature. It serves as a thorough gauge that considers both tangible (monetary and strategic) and intangible (personal) data (how satisfied are you with your export business?). This study adopted the scale utilised by Zou et

al. (1998). The export performance assessment employs a 5-point Likert-type scale with "strongly disagree" to "strongly agree" as anchors, comprising a total of nine questions.

Various factors influence export performance (Lages, 2000). This developing body of research categorises export factor determinants as internal or external (Beleska-Spasova, 2014; Lages, 2000). The internal and external drivers of export success are firm- and country-specific, with positive, negative, and neutral impacts (Beleska-Spasova, 2014). Pickernell et al. (2016) agree that a firm's export performance is closely correlated with its size, potentially indicating its available resources.

Many SMEs have failed to enhance their operations and have neglected to make the necessary investments in export capabilities, resulting in a lack of competitiveness (Ahmedova, 2015; Bianchi et al., 2017; Rua et al., 2018). Consequently, the imminent risk of failure in local and global markets has emerged as a paramount concern, necessitating immediate attention and strategic intervention. Bagheri et al. (2019) argued that SMEs from developing countries should be competitive, expand their target global market, and devise strategies for value and competitive advantage that provide products fitting and appealing to the needs of foreign clientele.

The competitive landscape of today's global market is dynamic and has evolved, inspired by technological advancements, international competitiveness, and clients' changing demands. Taylor (2013) noted a great deal of competitive pressure on the viability of SMEs in domestic and global markets. Zou et al. (1998) also found that a low-cost strategy positively affects export performance. A low-cost strategy increases export sales volume by changing exchange and distribution patterns and improving exporters' market perception. Exporters' better market sense helps the firm create better products and distribute them at premium prices (Zou et al., 1998).

Other studies prove that promotion programmes influence export performance (e.g., Haddoud et al., 2017; Freixanet, 2012; Malca et al., 2020). These programs offer seminars for prospective exporters, export credit guarantees, manuals on how to export, export counselling, participation in foreign trade fairs, market analysis, sector investment and promotion strategies, education and skills interventions, and tax incentives (Francis & Collins-Dodd, 2004; Lages, 2000; Murray et al., 2011;

Shamsuddoha et al., 2009). As stated above, SMEs make network contacts with overseas buyers when they participate in export promotions (Lages, 2000). Moreover, SMEs gain export management skills by participating in trade fairs and using manuals (Leonidou et al., 2015).

Export performance has been widely examined as an essential measure of sustainable export activities (e.g., Acikdilli et al., 2022; Beleska-Spasova, 2014; Durmuşoğlu et al., 2012; Kasema, 2023; Malca et al., 2020). Export performance is quantified in multiple dimensions and assessed using both objective and subjective indicators (Beleska-Spasova, 2014; Durmuşoğlu et al., 2012).

Objective export performance indicators gauge firms' export activities (Gerschewski Xiao, 2015). The general objective indicators of export performance in SMEs include economic, market, situational, strategic, and overall evaluations (Durmuşoğlu et al., 2012; Freixanet, 2012; Malca et al., 2020; Rua et al., 2018). Additionally, strong links with global markets, well-equipped infrastructure, the stability of fiscal regimes, and the effectiveness of institutions are key determinants of export performance (Canh et al., 2021; Fugazza, 2008; Tang & Abosedra, 2019).

In addition to financing, other strategies can enhance the export performance of emerging markets (Khanna et al., 2015). First, emerging markets can improve their export infrastructure, including ports, logistics, and communication, to boost performance. For example, Bensassi et al. (2015) demonstrate that enhanced export infrastructure can lower information and transaction costs between buyers and suppliers, or between suppliers and final consumers. Second, these countries can elevate their product quality and standards to penetrate mature markets in developed countries, where consumers are willing to pay a premium for high-quality goods, as emphasised by Sheth (2011). Third, emerging markets can negotiate and sign Free Trade Agreements (FTAs) with developed and other emerging countries, which helps them gain better access to international markets by lowering import tariffs and improving trade relations.

In another study, Safari and Saleh (2020) investigated the barriers to SMEs' access to financing and enhancement of their export activities, with a greater emphasis on emerging markets. The study highlights the primary factors influencing firms' export

performance through key export drivers and mediators at both internal and external levels. Following Beleska-Spasova (2014), the main factors that emerged were firm characteristics, management characteristics, marketing mix variables, export strategy, market access, trade barriers, economic environment, and industry characteristics, which are recognised as the most significant internal and external drivers. Chen et al. (2016) stated that understanding the relationship between these factors can assist firms in formulating strategies to enhance their export performance.

Specifically, Fosu and Abass (2019) reported empirical evidence supporting favourable export diversification due to access to domestic financing. Similarly, Lashitew et al. (2021) argue that access to domestic financial services helps diversify exports by increasing the number of small exporters. Regis (2018) reported that access to financing increases the probability that a firm will enter international markets but does not increase the volume of exports. Faubourg (2016) states that firms must tackle many other hurdles to be successful in the global market; while SME trade in the global market faces considerable challenges, the potential for successful SMES is promising.

3.6: Gaps Identified in the Literature

Building international competitiveness and the economic impact of SMEs requires export financing (Ahmedova, 2015; Rua et al., 2018; Malca et al., 2020; Safari & Saleh, 2020). However, the lack of proper financial structures and regulatory frameworks hinders financing (Kumar & Rao, 2015; Beck & Demirguc-Kunt, 2006). Developing nations rely on informal financing, but external sources such as loans and grants may enhance exports (Nguyen & Canh, 2021; Beck, 2007; Abora et al., 2014). Due to these constraints, SMEs in developing countries face difficulties obtaining formal funding (Archer et al., 2020; Chen et al., 2020; Babatunde, 2018). Research indicates that a company's age, experience, growth achievements, and historical performance data can influence its ability to secure external financing (Coad et al., 2018; Cowling et al., 2018; Oura et al., 2016).

The existing gaps in the literature present opportunities for further research to enhance our understanding of the complex relationship between financing sources and SME export performance. Ultimately, this could lead to beneficial strategies and financing options to support exporters in SMEs.

Regarding the methodology employed, previous studies on financing and export performance from emerging economies have utilised firm-level data from the World Bank Enterprise Survey, a form of secondary data (e.g., Amornkitvikai & Harvei, 2018; Beck & Cull, 2014; Dong & Men, 2014; Kumarasamy & Singh, 2018; Kuntchev et al., 2013; Quartey et al., 2017). According to Beck (2013), although enterprise surveys present researchers and analysts with tremendous opportunities, they still lack information on numerous financial aspects of businesses, including the financing details accessible through direct surveys of individual SMEs. Beck and Cull (2014) noted that most enterprise survey data were collected as panels, indicating that subsequent cycles of surveys focused on the same firms, unlike repeated cross-sectional surveys that offer additional insights and permit further hypothesis testing. This study aims to fill this gap using a cross-sectional survey with multiple linear regressions to determine the effect of financing sources on SME non-oil exporters' performance.

However, there is a significant gap in the limited research on the effects of financing sources beyond the banking sector on the non-oil export performance of SMEs. Previous empirical studies have not examined the potential impact of these financing sources on performance and competitiveness in the non-oil sector, thus underscoring the relevance of this gap. Examples include Abora et al. (2014), Chauvet and Jacolin (2017), Goldbach and Nitsch (2014), and Ye and Wang (2019).

Furthermore, the lack of a comprehensive assessment of the effects of alternative financing sources, aside from conventional bank financing, in many developing countries presents a significant challenge for policymakers in determining the necessary reforms to tackle the issue of limited access to financing for export-oriented SMEs (e.g., Abora et al., 2014; Arikpo & Adebisi, 2017; Elechi et al., 2016; Okosodo & Imoughele, 2019). This may explain why most government reforms are focused on the banking sector to address constraints on financing SME exports (e.g., Anyanwu, 2010; Beck, 2013; El-Said et al., 2015).

Additionally, non-oil-producing developed countries dominate the existing research on the impact of financing sources on SMEs' export performance (e.g., Abora et al., 2014; Amornkitvikai & Harvei, 2018; Sibanda et al., 2018; Wang et al., 2017). By contrast,

oil-producing emerging economies that need to diversify their export bases receive less attention. This scenario suggests the need for further research on the impact of financing sources on SMEs' non-oil export performance in Nigeria, where a more extensive study is necessary.

Numerous studies (e.g., Evangelista & Mac, 2016; Lin et al., 2014; Masso et al., 2015; Ogasavara et al., 2016; Oura et al., 2016; Papadopoulos & Martín, 2010, among others) have investigated the relationship between the experience of small and medium-sized enterprises (SMEs) in foreign markets and their export performance. However, a deficiency exists in empirical evidence concerning the influence of domestic market experience and access to external finance on SMEs. Consequently, it is imperative to enhance the limited empirical knowledge in this domain.

Although previous studies acknowledge the existence of informal financing sources, further exploration is necessary to understand their specific effects on export performance. Given the prevalence of informal funding in developing countries, a more detailed investigation of its impact on aiding or obstructing export attempts is vital. There is an opportunity to study the dynamics of informal financing, such as that from friends and family, in the context of small and medium-sized enterprises (SMEs) and their exports. The following section will provide a theoretical overview of this study.

3.7: Theoretical Overview

This section provides an overview of the theories related to this study. We base our analysis of SMEs' financing and export performance on theoretical perspectives from multiple fields, including international economics, international finance, international marketing, and international business. This study emphasises theories such as asymmetric information, financing constraints, social capital, and dynamic capabilities.

3.7.1: Underpinning Theories

It is essential to acknowledge that this study primarily emphasises the relationship between financing and SME export performance due to perceived credit constraints. Therefore, it draws on information asymmetry theory, social capital theory, financing constraint theory, and dynamic capabilities theory.

3.7.2: Information Asymmetry Theory

The term "information asymmetry," first used by Stiglitz and Weiss (1981), describes a situation where some market participants have greater access to relevant data than others. This leads to an imbalance in information and the creation of biased facts. Those who can do so exploit information to their advantage, allowing certain groups to thrive while others suffer. Information asymmetry occurs when internal stakeholders are more aware of their current and future performance than outside agents and investors (Cui et al., 2018). A knowledge gap exists between SMEs and outside investors, especially financial institutions, because owners have greater access to data about a firm's performance and prospects than external agents (Zayed et al., 2022).

Financial institutions encounter challenges in assessing the financial health of small and medium-sized enterprises (SMEs) due to information asymmetries (Luo et al., 2018; Abe et al., 2015). As a result, banks often neglect SMEs when developing their lending portfolios, leading to restricted access to credit (Udell, 2015; Yoshino & Taghizadeh-Hesary, 2019).

Studies show that SMEs often face difficulties and incur substantial costs when securing financial resources (e.g., Bakhtiari et al., 2020; Chowdhury & Alam, 2017; Naradda-Gamage et al., 2020). These challenges primarily arise from a lack of information sharing between small and medium-sized enterprises and potential lenders (e.g., Liu et al., 2020; Moro et al., 2015; Song et al., 2018; Yan et al., 2015). Quantifying accurate information about small and medium-sized firms (SMEs) presents a significant challenge. Incomplete financial records, limited asset bases, and increased levels of uncertainty contribute to these problems (Qiao & Zhao, 2023; Zhang & Yu, 2023).

Due to disparate information, SMEs frequently face financial difficulties, resulting in higher surveillance and evaluation expenses (Beck, 2007; Karadag, 2015). Inadequate financial systems exacerbate these issues, particularly in developing economies (Morgan & Pontines, 2018). Financial institutions encounter a hurdle in gaining comprehensive knowledge about SMEs, as highlighted by López-Espinosa et

al. (2017). Consequently, acquiring such information can lead to significant expenses for financial institutions.

The lack of adequate access to comprehensive information can lead to suboptimal decision-making and unnecessary expenditures (Bergh et al., 2019). SMEs sometimes face challenges when seeking formal credit due to the lack of transparency in their information (Song et al., 2018). Wong et al. (2018) argue that these variables, when combined with lending constraints, result in funding shortfalls that hinder the growth of small and medium-sized enterprises.

Understanding SMEs' financial constraints in their interactions with financial institutions requires a deep understanding of information asymmetry (Kumar & Rao, 2015; Moro et al., 2015; Ryan et al., 2014). SMEs often struggle to access financing due to unequal access to information when compared to larger corporations (Andries et al., 2018). Additionally, the lack of easily accessible information hinders market participants from making informed decisions (García-Sánchez & Noguera-Gámez, 2017).

SMEs often face challenges due to a lack of transparency in financial regulations, which results in a limited understanding of their financial activities and overall company performance (Bakhtiari et al., 2020). Financial institutions encounter difficulties when assessing loan applications from SMEs (Beck, 2007; Joseph et al., 2021; Turyahikayo, 2015). SMEs are classified as such because of their relatively limited credit accountability, insufficient accounting documentation, and lack of information transparency. This raises the issue of adverse selection, as financial institutions may not have effective methods to evaluate SME entrepreneurs' abilities or the quality of their business ventures (Godke Veiga & McCahery, 2019).

3.7.3: Social Capital Theory

The social capital theory emphasises the importance of relationships, trust, and networks in funding SMEs through family and friends (Shi et al., 2015). According to Boudreaux et al. (2021), entrepreneurs' social capital, particularly their relationships with friends and family, is crucial for improving small business efficiency. These social relationships provide the basis for financial assistance, mentorship, and resource

sharing, which are all necessary for small business growth and sustainability (Kontinen & Ojala, 2012; Nguyen & Canh, 2021; Zhang et al., 2012).

The relationship between social capital and social network theory is pivotal in SME financing. These social networks, which can provide financial resources, advice, emotional support, and professional contacts, play a crucial role in successful export performance and long-term profitability (Alkahtani et al., 2020; Pinho & Prange, 2016; Neneh, 2018; Welch et al., 1998). The social capital theory underscores the significance of these social networks, as entrepreneurs with robust social networks can leverage their relationships to acquire capital (Batjargal et al., 2013; Boso et al., 2013; Zhou et al., 2007).

In emerging economies, SMEs often rely on informal financing from family and friends (Shinozaki, 2012; Nizaeva & Coşkun, 2018; Nguyen & Luu, 2013). This form of financing is deeply rooted in trust, as the relationships SMEs have with their financiers are typically based on mutual trust (Abbasi et al., 2017; Kontinen & Ojala, 2012; Petrakis & Kostis, 2015). The Social Capital Theory posits that these trust-based social networks are valuable assets in developing economies. According to Lin (2017) and Claridge (2018), these networks consist of connections with relatives, companions, coworkers, and acquaintances who can provide both tangible and intangible benefits (Riemer et al., 2015; Saxton & Guo, 2020).

The theory suggests that social capital can significantly enhance financial behaviour and outcomes by leveraging the trust, information, and norms of reciprocity embedded within these social connections (Bhandari & Yasunobu, 2009; Newman et al., 2014; Thomas & Gupta, 2021). Trust and reciprocal ties are at the core of social capital theory, demonstrating the power of these connections in shaping financial behaviour.

In the absence of traditional collateral, social capital often acts as a unique form of collateral (Charles & Mori, 2016; Kislal et al., 2013; Liu et al., 2020). The close friendships between borrowers and lenders can serve as loan guarantees, particularly crucial for SMEs lacking significant physical assets to provide as collateral. The Social Capital Theory emphasises the importance of these social connections in obtaining financial resources, especially for individuals who rely on their family and friends for funding (Mzid et al., 2019). Trust and the expectation of mutual support often underpin

financing from family and acquaintances (Jennings et al., 2013; Karlan & Morduch, 2010), as funding from family and friends can be especially advantageous for small enterprises or individuals unable to access conventional financing or investment.

3.7.4: Financing Constraints Theory

Over time, various economists have employed the concept of financing constraints; however, Fazzari et al. (1987) made a seminal contribution to this theory. Financing constraints theory explores how limited access to external funds affects a firm's investment decisions, growth, and overall performance (Bellone et al., 2010; Musso & Schiavo, 2008). Previous research indicates that financially limited enterprises rely more on internal funds for investments because external financing is either prohibitively expensive or unavailable (Almeida & Campello, 2010; Denis & Sibilkov, 2010; Hovakimian, 2011). According to Fazzari et al. (1987), firms with higher degrees of financial constraints are more sensitive to investment and internal cash flows, indicating the impact of financial constraints on firm behaviour.

Gertler and Gilchrist (1993) demonstrated that monetary policy changes have a greater impact on manufacturing enterprises because they face more significant financial restrictions. Clementi and Hopenhayn (2006) state that SMEs experience higher investment and output volatility than larger enterprises. Whited and Wu (2006) discovered that enterprises with higher constraint scores have lower investment rates and greater sensitivity to internal cash flow. According to Guariglia (2008), Chinese enterprises with financing constraints tend to invest less and grow less. This study highlights the importance of economic development for reducing limitations and promoting company expansion. Previous studies have shown that financial constraints affect SMEs more than large enterprises (Artola & Genre, 2011; Beck, 2007; Ullah, 2020; Vermoesen et al., 2013).

The seminal contributions of Chaney (2016) and Manova (2013) are pioneering theoretical models of the impact of financial constraints on export activities. By incorporating liquidity constraints into Melitz's (2003) heterogeneous firm paradigm, the authors demonstrate how limited cash flow affects firms' decisions to enter export markets and improve their operations.

Chaney (2016) demonstrated that liquidity constraints can significantly alter exporters' behaviour and the overall patterns of aggregate exports. Furthermore, the study asserts that firms can overcome obstacles associated with export operations when they have free access to external finance (deepening financial markets) or when more firms have access to inexpensive external finance (widening financial markets).

Manova (2013) proposes a model that incorporates credit-constrained heterogeneous enterprises into exports. The author posits that domestic producers and exporters often rely on external sources of funds due to significant initial expenses that cannot be covered by retained earnings or internal cash flow from operations. To meet the aforementioned liquidity needs, exporters typically obtain trade finance from banks and other financial institutions or opt for trade credit from their business counterparts. Tangible assets and potential inventories serve as collateral for financial arrangements.

Manova (op. cit.) shows that empirical research employs model-consistent forecasting methods to demonstrate the significant impact of credit constraints on businesses' export capabilities, thereby limiting their potential for profit in international markets. Furthermore, Muûls (2015) claims that enterprises exhibiting higher productivity levels and facing fewer limitations in accessing financing are more inclined to engage in export activities. Similarly, Berman and Héricourt (2010) find a positive association between firms' capacity to secure external financing and their propensity to export. They derive results from an extensive dataset that includes companies operating in underdeveloped countries. This finding highlights the impact of financial constraints on export financing decisions. Egger and Kesina (2014) and Jarreau and Poncet (2010) indicate that Chinese firms experience limitations in their export activities due to financing constraints. Additionally, utilising data from Italian organisations, Minetti and Zhu (2011) reveal that financial constraints exert a significant and adverse influence on the propensity of firms to participate in export endeavours.

3.7.5: Dynamic Capabilities Theory

The dynamic capabilities theory describes an organisation's ability to integrate, grow, and reconfigure internal and external competencies to respond to rapidly changing surroundings (Teece et al., 1997; Teece, 2014; Teece, 2023). It focuses on a firm's capability to integrate, create, and remodel internal and external talent in order to

respond quickly to changing external situations (Ambrosini et al., 2009; Bleadly et al., 2018; Zahra et al., 2006).

SMEs with access to diverse financial resources can better combine and reorganise their assets to support export activities (Ahmedova, 2015; Bodlaj et al., 2020; Miocevic & Morgan, 2018; Sui & Baum, 2014). The institution-centred approach examines the influence of formal and informal institutions on a company's export performance (Ahmed & Brennan, 2019; Fuentelsaz et al., 2020; Krammer et al., 2018). Institutional financing can provide the necessary funding to invest in new technologies, expand production capacity, and enhance export performance (Oura et al., 2016; Ribau et al., 2017).

According to Catanzaro and Teyssier (2021), suitable financing enables SMEs to participate in market research, attend international trade fairs, and develop export marketing plans, thereby discovering and leveraging their export prospects. The ability to identify and act on market opportunities exemplifies a dynamic capability (Ellonen et al., 2011). To remain competitive, SMEs must continually enhance and protect their strategic assets (Ahmedova, 2015; Naradda Gamage et al., 2020; Rua et al., 2018). Previous research has demonstrated that access to finance supports innovation and capability development, which are critical for sustaining a competitive advantage in international markets (e.g., Ferreira et al., 2020; Hashim et al., 2018; Vu, 2020).

In conclusion, the dynamic capabilities theory emphasises the necessity of resilience and resource restructuring, supported by access to diverse funding sources. This, in turn, enhances SMEs' export performance by enabling them to better adapt to and leverage foreign market opportunities.

3.8: Conceptual Framework and Hypotheses Development

Following the discussion of the empirical review presented in Section 3.5 and the underpinning theories in Section 3.7, this section elaborates on the conceptual framework and hypotheses developed for this study. The framework integrates insights from financing constraints theory, social capital theory, dynamic capabilities theory, and information asymmetry theory. These theoretical perspectives provide a foundation for understanding the relationship among financing sources, constraints,

and export performance, particularly in the context of Nigerian SMEs engaged in non-oil exports.

This study examines the impact of financing sources on SMEs' export performance stemming from credit constraints. This conceptual framework establishes the basis for gathering data on both indirect and direct variables.

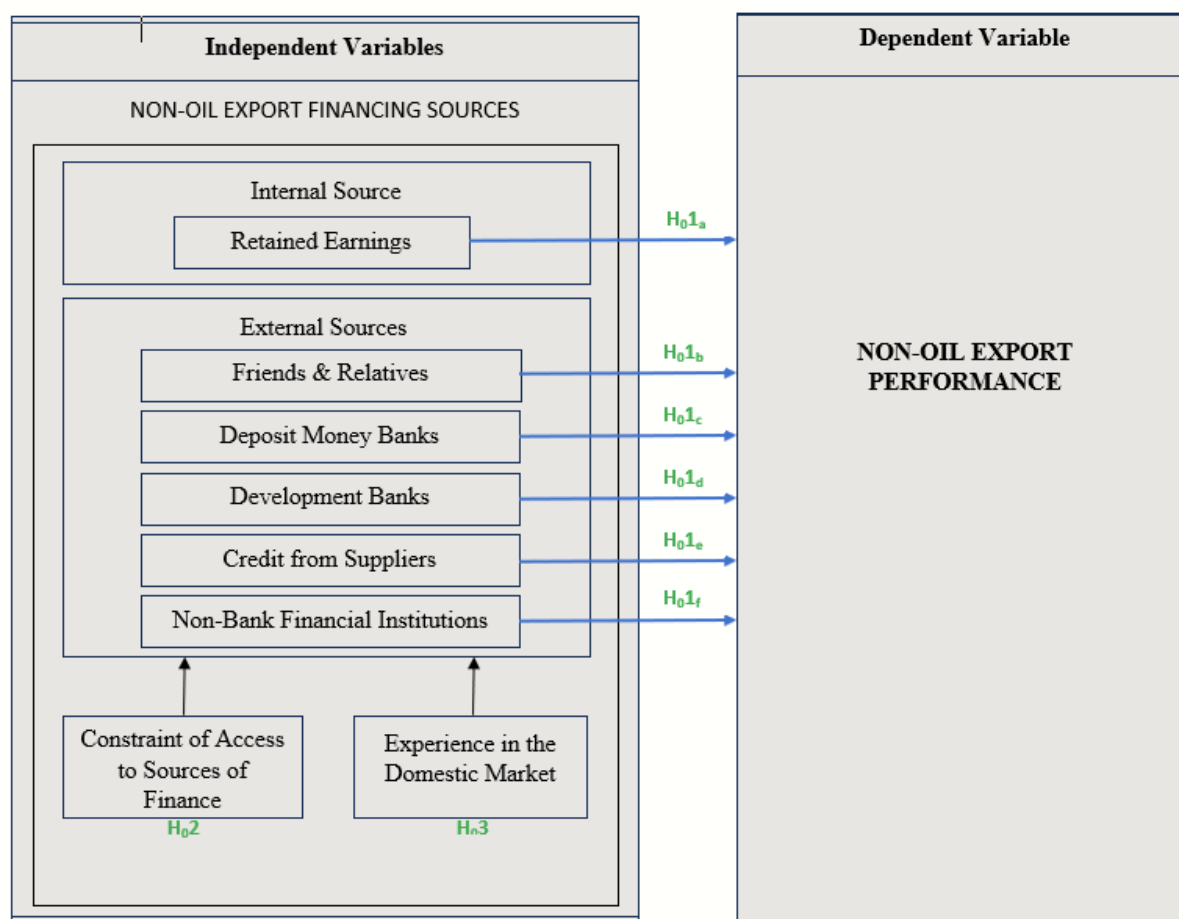


Figure 3.1: Conceptualisation of Financing Sources and Performance of Non-oil Exporter SMEs

3.8.1 Conceptual Framework

The conceptual framework (Figure 3.1) illustrates the relationships among the study's key variables: financing sources (external and internal), constraints on accessing finance, years of experience in the domestic market, and export performance. This framework reflects the study's overarching aim of evaluating how financing sources and related constraints influence the export performance of SMEs in Nigeria's non-oil sector. Integrating theoretical constructs with empirical evidence provides a structured approach to testing the study's hypotheses.

3.8.2: Hypotheses Development

After a thorough empirical and theoretical review, the following research hypotheses are proposed to address the first three objectives:

- H₀₁: Available financing sources do not have a significant impact on non-oil export performance among Nigerian SMEs.
- H₀₂: The identified constraints are not related to non-oil exporters' access to external sources of finance.
- H₀₃: Years of experience in the domestic market do not significantly determine non-oil exporters' access to finance.

The hypotheses are developed based on the empirical evidence reviewed in Section 3.5 and the theoretical underpinning presented in Section 3.7. Each hypothesis is discussed in detail, emphasising its relevance to Nigeria's economic and institutional context.

3.8.3: Hypothesis 1: Available financing sources do not significantly impact non-oil export performance among Nigerian SMEs.

This hypothesis is based on the financing constraints theory, which suggests that having access to external financing enables SMEs to overcome resource restrictions and engage in activities that enhance export performance (Beck et al., 2006; Berger & Udell, 2006; Bellone et al., 2010). Chaney (2016) illustrated that liquidity constraints can significantly alter exporters' behaviour and the overall patterns of aggregate exports.

Manova (2013) and Meng et al. (2023) showed that external financing is necessary to address the substantial fixed costs associated with accessing the export market, particularly when insufficient internal financing is available. SMEs may utilise informal funding when conventional funding sources are unavailable (Abdulsaleh & Worthington, 2013). Research has demonstrated that export performance in emerging economies positively correlates with access to government-backed loans, social capital, and development bank financing (Dong & Men, 2014; Gbandi & Amissah, 2014).

Studies conducted by Jeff-Anyene et al. (2016) and Okosodo and Imoughele (2019) established a strong negative correlation between the development of Nigeria's non-oil export sector and deposit money bank credit. In Nigeria, the government's export financing facilities and networks of family and friends are essential for addressing financing gaps for non-oil exporters (Abogan et al., 2014). Innovative financing options for small and medium-sized enterprises (SMEs) are necessary due to Nigeria's underdeveloped financial markets and dependence on crude exports. This study thoroughly explains how alternative funding mechanisms can stimulate economic development and diversify exports by analysing the impact of various financing sources on export performance.

3.8.4: Hypothesis 2: The identified constraints are not related to non-oil exporters' access to external sources of finance

Information asymmetry theory and financing constraints theory highlight how high interest rates, collateral requirements, and limited information flow between lenders and borrowers restrict access to finance (Barth et al., 2011; Dong & Men, 2014).

Prior research indicates that these constraints disproportionately affect SMEs in emerging economies, limiting their ability to compete in international markets (Gherghina et al., 2020; Quartey et al., 2017). Nigerian SMEs encounter similar challenges, as evidenced by the high cost of credit and stringent collateral requirements documented in various studies (Afolabi, 2013; Gbandi & Amissah, 2014; Taiwo & Falohun, 2016).

Addressing these constraints is crucial for enhancing SMEs' access to external financing in Nigeria. This study's findings offer actionable insights for policymakers and financial institutions aiming to reduce these barriers and improve credit availability.

3.8.5: Hypothesis 3: Years of experience in the domestic market do not significantly determine non-oil exporters' access to finance

Dynamic capabilities theory, a key concept in strategic management, posits that organisations with significant domestic market experience are more adept at leveraging external financing for exports (Ambrosini & Bowman, 2009; Teece et al., 1997). This theory suggests that a firm's ability to adapt and respond to environmental changes is crucial to its success.

Amornkitvikai and Harvie (2018) and Kumarasamy and Singh (2018) have both documented that domestic market experience enhances the creditworthiness and navigation capabilities of small and medium-sized enterprises (SMEs) within institutional and financial systems.

Due to their established market presence and operational history, experienced SMEs in Nigeria are more likely to obtain financing, particularly through bank loans and trade credit (Eniola, 2014; Ojeme et al., 2018).

Due to Nigeria's nascent financial markets, SMEs with more domestic experience have a competitive advantage in accessing finance. This study provides an in-depth overview of the role of market tenure in financing dynamics and, with more extended domestic experience, has a competitive advantage in accessing finance due to Nigeria's nascent financial markets.

This study provides a thorough overview of the role of market tenure in financing dynamics and examines how such experience translates into enhanced export performance. The conceptual framework and hypotheses discussed in this section establish a solid foundation for analysing the relationship between financing sources, constraints, and export performance in the Nigerian non-oil sector. This study contributes to the ongoing discourse on SME financing and export diversification in emerging economies by integrating empirical and theoretical insights. The objective was to empirically evaluate the hypotheses to confirm their relevance and applicability to the economic context of Nigeria, thereby offering practical implications for SMEs and policymakers.

3.9: Chapter Summary

This chapter explores empirical research on SME financing sources, external financing options, the impact of financial development on export performance, global export financing sources, credit constraints, domestic market experience, and financial development. It also examines SME financing theories and their relationship with export performance, focusing on four primary theories: information asymmetry, financial constraints, social capital, and dynamic capabilities. The next chapter reviews the philosophical underpinnings and methodology used to achieve the study's aims and objectives.

CHAPTER FOUR

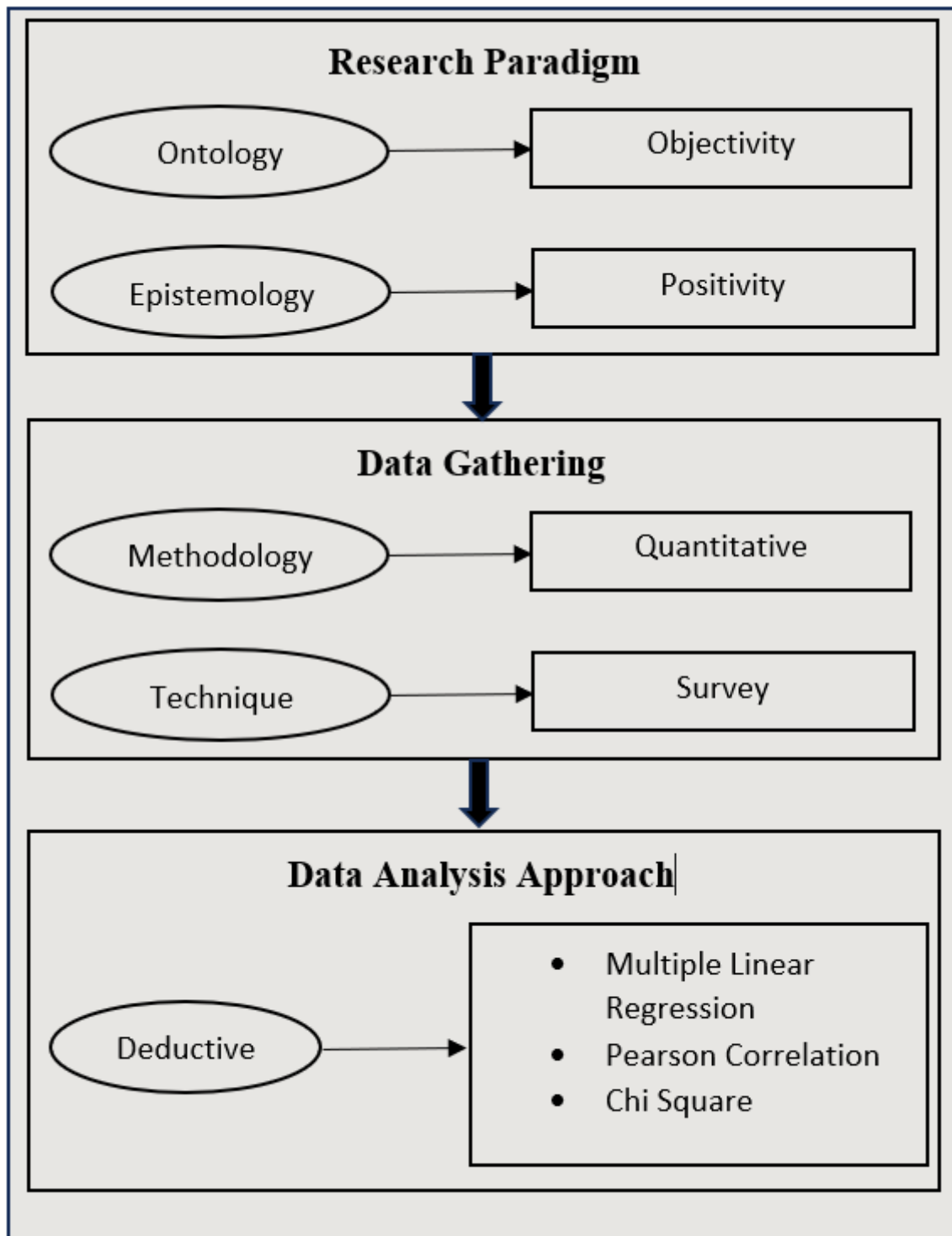
RESEARCH METHODOLOGY

4.1: Introduction

The last chapter delves into empirical research on the impact of SME financing sources on export performance and the four main theories related to SME financing. This study evaluates the effect of financing sources on Nigerian SMEs' non-oil export performance and identifies the critical barriers they face in accessing external financing. This chapter scrutinises the fundamental philosophy and methodology employed in the research to achieve its goals and objectives, providing a detailed explanation of its reasoning and progression. According to Crotty (1998), methodology is the concept, action plan, procedure, or strategy that underlies the selection and use of specific methods and connects the choice and application of methods to the intended result. Section 4.2 summarises the study's research philosophy and guiding principles, while Section 4.3 explains our research design and defends our chosen research methodology and approach. Section 4.4 presents the survey's research approach. Section 4.5 details the steps involved in developing the questionnaire used in this study. Section 4.6 examines the measures taken to ensure the validity and reliability of our data collection instrument. Section 4.7 discusses the population and sampling strategy. Section 4.8 provides a detailed discussion of survey implementation methods. The data analysis methods are described in Section 4.9. Finally, the ethical implications of the research are discussed in Section 4.10, and Section 4.11 summarises the chapter.

Figure 4.1 is a graphical illustration that provides a systematic and organised framework facilitating the identification of each decision involved in selecting the research design for our study. The first step in formulating a research design is positioning the study within a specific research paradigm. Different paradigms often influence the selection and use of specific data collection and analysis methodologies; however, it is crucial to acknowledge that these approaches are not rigidly predetermined. Recognising and justifying the interconnected decisions that constitute the study design is essential. The following sections discuss the methods and techniques employed in this study.

Figure 4.1: Graphical Illustration of the Study's Research Methods



Source: Created by the Researcher

4.2: Research Paradigms

Researchers' beliefs and perspectives significantly influence their expertise and study techniques, thereby shaping their overall knowledge (Bell et al., 2022; Saunders et al., 2019). Scholarly studies have frequently employed paradigms of positivism and interpretivism (Bell et al., 2022; Collis & Hussey, 2021; Sekaran & Bougie, 2016). A paradigm is a collection of foundational assumptions that guide research endeavours (Bell et al., 2022; Saunders et al., 2019). Research paradigms provide a structured framework for selecting the most suitable methodology for a specific study, examining fundamental assumptions about the universe and the foundations of knowledge (Crotty, 1998).

Pragmatism, an alternative framework combining positivist and interpretivist principles, is an emerging research paradigm (Saunders et al., 2019). Researchers utilising combined methods will benefit from a hybrid paradigm; however, understanding its definition, extent, and suitability is crucial before implementing it in their investigations (Bell et al., 2022; Saunders et al., 2019).

4.2.1: Positivism

The positivist paradigm rests on four fundamental assumptions: its epistemology employs an objective approach to knowledge; its ontology upholds a belief in the existence of an external reality; its methodology utilises experimental methods; and its axiology centres on promoting the well-being of individuals (Kivunja & Kuyini, 2017). The positivist research paradigm, linked to a quantitative research methodology, posits that rigorous empirical investigation can reveal a singular objective reality (e.g., Bell et al., 2022; Creswell & Creswell, 2018; Lincoln et al., 2011). This research approach is anchored in the philosophical principles of naturalism and empiricism, strongly influenced by French philosopher Auguste Comte, who held that scientific techniques are the only reliable means of acquiring genuine knowledge (Lenzer, 2017).

Positivism asserts that observation, sensory experience, and scientific measurement yield the most accurate understanding of research (Zyphur & Pierides, 2020). Positivism emphasises the significance of an objective world and the necessity to comprehend and manipulate it using causal links and hypothesis testing to make statistical decisions (e.g., Bell et al., 2022; Kumatongo & Muzata, 2021). In this approach, researchers adopt a neutral stance and position themselves as impartial

observers (Kankam, 2019). They ensure that their views, opinions, and prejudices do not influence the research (Bell et al., 2022; Creswell & Creswell, 2018; Lincoln et al., 2011). Researchers who adhere to a positivist viewpoint, such as scientists and social scientists, prioritise objectivity and independence in their study designs and procedures while focusing on information and data from the research process without bias or preconceived notions (Bell et al., 2022; Wilson, 2014). Positivism has been intricately linked to the concept of independence; Wilson (2014) defines it as the researcher's ability to maintain a minimal connection and impartiality with the population under study.

In their pursuit of precision, positivists employ statistical standards and conceptualisations of validity and reliability (Lincoln et al., 2011). This research methodology aims to generate pertinent factual assertions that elucidate problematic situations or delineate causal connections (Creswell & Creswell, 2018). The approach uses surveys, experiments, and pre-established instruments to create statistical data. Positivism is a reliable and objective philosophy because it depends exclusively on scientific methods (e.g., Bell et al., 2022; Saunders et al., 2019). The positivist viewpoint may be the most appropriate approach for answering the research questions based on similar studies of SME financing and export performance (see Table 4.3). However, the following sections explore two alternative viewpoints that generate knowledge differing from the positivist perspective.

4.2.2: Interpretivism

According to Collins (2018), interpretivism is linked to the philosophical stance of idealism, which encompasses several methods, such as social constructionism, phenomenology, and hermeneutics (Saunders et al., 2019). These methodologies have challenged the notion that meaning exists objectively in the environment and is separate from the mind (Collins, 2018). In contrast, interpretivism posits that there is no inherent truth or objective reality (Saunders et al., 2019). Makombe (2017) contends that researchers generate interpretations by engaging with the world in which they study. The fundamental tenet of this perspective is that individuals strive to understand the world in which they live. The interpretivist perspective emphasises that individuals are intrinsically involved in a realm of significance influenced by their immediate circumstances and cultural backgrounds (Buelens et al., 2008). At its core,

information acquisition involves a social element that stems from internal and external community engagement.

This perspective posits that researchers gain a deeper understanding of the world by distinguishing individuals based on their social functions (Saunders et al., 2019). Unlike inanimate objects, humans actively participate in social constructs, which allows us to understand their lives and functions in various situations (Schutt, 2018). Interpretivists seek to enhance their comprehension of events by analysing the contextual settings and fundamental mechanisms that influence the manifestation of these phenomena (Buelens et al., 2008). Researchers aim to construct a theory or framework of significant value (Creswell & Creswell, 2018; Crotty, 1998), and interpretive research is evaluated based on reliability and authenticity (Lincoln et al., 2011).

Interpretative research employs practical analytical techniques such as grounded theory and expansion analysis (Buelens et al., 2008). Researchers have adopted various approaches, including ethnographic study, grounded theory development, case studies, and phenomenological research. The interpretive research paradigm emphasises that this technique is based on researchers' subjective perceptions of reality in different contexts.

4.2.3: Pragmatism

Pragmatism is a paradigm that combines elements from many sources and diverges from rigid positivist and interpretivist approaches (Biesta, 2021; Islam, 2022; Kelly & Cordeiro, 2020). This strategy is advantageous for research employing multiple methodologies (Johnson et al., 2007; Saunders et al., 2019) because it allows the use of various accessible techniques in academic research. Thus, within any social environment, several realities and diverse approaches exist for perceiving the world and conducting research (e.g., Saunders et al., 2019). Pragmatism provides a middle ground between positivism and interpretivism as it can incorporate other disciplines into the study (Shah et al., 2018).

According to pragmatism, the practical outcomes, benefits, and repercussions of research should determine the choice of research method, rather than its philosophical concepts, origins, or connections to historical data or facts (Kankam, 2019). This

paradigm influences various aspects of research, including design, data collection tools, data collection format, and methods for analysing, interpreting, and presenting the acquired data. The quantitative approach is a deductive technique used to examine the relationship between theory and research. It employs a natural scientific model and perceives social reality as an external and objective reality (Bell et al., 2022; Creswell & Creswell, 2018). In certain instances, a quantitative approach incorporates statistical methods to assess pre-existing data obtained from archives, databases, or relevant public sources (Collis & Hussey, 2021).

4.3: Philosophical Underpinnings of the Study Research Paradigm

Understanding one's research philosophy is crucial in the academic context because it informs the research methodology (Wilson, 2014). According to Easterby-Smith et al. (2021), knowledge of philosophical assumptions is vital for three reasons: it provides information about research plans, the nature of the required evidence, and the processes of gathering and evaluation as a first step. Understanding philosophical ideas may also assist in identifying the most effective study techniques. Finally, armed with philosophical knowledge, a researcher will better recognise the constraints of specific subjects or knowledge frameworks and adjust their study strategies accordingly. Researchers must have a clear philosophy to connect new findings with established theories (Saunders et al., 2019).

The three assumptions of research philosophy are ontology, epistemology, and axiology, which reflect the researcher's perspective, beliefs, and worldviews, respectively (Wahyuni, 2012). Saunders et al. (2019) remark that ontology concerns the nature of reality, raising further issues regarding researchers' claims about how the world functions and their commitment to specific viewpoints. According to Wilson (2014), the ontological perspective reveals a researcher's understanding of how we view the social world or believe it to be. Objectivism and subjectivism are both viable ontological options. The former posits that objective facts beyond the investigator's grasp or control form the foundation of social phenomena, whereas the latter asserts that social actors' perceptions and actions shape these phenomena (Saunders et al., 2019).

4.3.1: The Ontology

The ontological perspective of this study is that reality is objective, singular, and independent of the researcher. The ontological assumptions align with the researcher's perspective (e.g., Bell et al., 2022; Saunders et al., 2019). The key ontological question is whether social entities should be regarded as objective entities with an external reality independent of social players or as social constructs formed through the views and behaviours of social players. Wilson (2014) asserted that objectivism, an ontological position, grounds social processes in objective facts beyond human control or influence. Objectivism, the ontological stance of this study, asserts the existence of truth and its discovery. We assume that individual brains have no impact on the truth. This assumption holds according to Bell et al. (2022) and Saunders et al. (2019). This study's ontological stance asserts that the researcher can understand reality through verbal and non-verbal behaviours and by questioning individuals within the social context. It is important to remember that ontology provides an overview of the framework of the study.

4.3.2: The Epistemology

Ontology leads to epistemology and the study of knowledge, nature, and scope (Crotty, 1998). Therefore, what is epistemological? Epistemology concerns the acceptable knowledge of a specific study area (Saunders et al., 2019). Epistemological assumptions help explain and understand social reality.

Crotty (1998) categorises epistemology into two primary areas of study: objectivism and subjectivism. Objectivism asserts that a value-neutral approach, based on observable and replicable facts, is the only way to acquire knowledge of reality and truth (Bell et al., 2022). Subjectivism posits the absence of an objective truth and suggests that individuals construct meaning from reality in a subjective and value-laden manner.

Epistemological assumptions align with the researcher's perspective (e.g., Bell et al., 2022; Saunders et al., 2019; Sekaran & Bougie, 2016). These assumptions pertain to the means of acquiring information and understanding the world. Saunders et al. (2019) addressed how we might acquire knowledge about reality and the foundations of this knowledge. Such assumptions emphasise the independent existence of

objects. Following these principles, the data produced in this study were less susceptible to bias and, consequently, more objective.

The literature discusses various epistemological stances, including positivism, interpretivism, and pragmatism. Each of these epistemologies emphasises a specific perspective on knowledge (e.g., Bell et al., 2022; Sekaran & Bougie, 2016; Crotty, 1998). This study adopts a positivist epistemological stance, representing a break from the interpretivist viewpoint. This position plays a crucial role in guiding this research, as it examines how different financing sources affect the performance of non-oil exporting SMEs using evidence from Nigeria. Furthermore, adopting a rigorous epistemological perspective enhances our understanding of phenomena that can be observed, measured, and considered valid knowledge. Therefore, we derive knowledge from empirical data on actual and quantitative incidents. Positivist researchers study social reality without influencing the subject (Saunders et al., 2019; Creswell & Creswell, 2018) or their feelings and reflections (Easterby-Smith et al., 2021). Deductive positivism involves hypothesising research problems and testing and analysing them quantitatively (Bell et al., 2022). The study of epistemology guarantees the authenticity of findings as fact and establishes specific objectives. Therefore, this study adopts a positivist epistemological perspective.

4.3.3: The Axiology

Axiology is a discipline within philosophy that analyses value judgements (Saunders et al., 2019). Researchers argue that morals and values are essential to their research and that the research process shapes axiology (Wilson, 2014). Saunders et al. (2019) stated that researchers' assumptions illustrate how they balance their ideas with those of their subjects. Therefore, researchers' values ensure the credibility of the study's findings and conclusions. Positivist observation, measurement, and analysis of the studied phenomena provide accurate, reliable, and valid data, promoting generalizability. Tolley et al. (2016) assert that correlational research helps researchers maintain objectivity by delineating, forecasting, and validating correlations among variables. Thus, the positivist research method is value-neutral. Epistemological and ontological considerations are crucial for the success of this study. This assumption is based on the fusion of intrinsic and extrinsic values in the research process and their influence on the researcher's role and subsequent value-

based assessments. The axiological assumptions align with the researcher's perspective (e.g., Bell et al., 2022; Collis & Hussey, 2021; Saunders et al., 2019). Table 4.1 clarifies these underlying philosophical assumptions.

Table 4.1 Philosophical assumptions as a multidimensional set of continua

Assumption type	Questions	Continue with two sets of extremes	
		Objectivism	Subjectivism
Ontology	• What is the nature of reality? • What is the world like? • For example: - What are organisations like? - What is it like being in an organisation? - What is it like being a manager or being managed?	Real External One actual reality (universalism) Granular (things) Order	Nominal/decided by convention. Socially constructed. Multiple realities (relativism) Flowing (processes) Chaos
Epistemology	• How can we know what we know? • What is considered acceptable knowledge? • What constitutes good-quality data? • What kinds of contributions to knowledge can be made?	Adopt the assumptions of the natural scientist. Facts Numbers Observable phenomena Law-like generalisations	Adopt the assumptions of the arts and humanities. Opinions Narratives Attributed meanings Individuals and contexts, specifics
Axiology	• What is the role of values in research? • How should we treat our values when we do research? • How should we deal with the values of research participants?	Value-free Detachment	Value-bound Integral and reflexive

Source: Saunders et al. (2019)

Following the assumptions, Table 4.1 illustrates the paradigms used in each research endeavour. The prevailing paradigm in the field of study primarily affects a substantial amount of research and further supports the selection of a positivist approach to the current research problem (Bell et al., 2022; Collis & Hussey, 2021; Saunders et al., 2019). Indeed, the researcher's ontology, epistemology, and axiology, as illustrated in Table 4.1, dictate the approach to any study: subjectivism or objectivism.

4.3.4: Research Methods

Research methodologies have various applications for SME financing. The research methodology relates to the epistemology of phenomena and examines the criteria for acceptable knowledge within a specific discipline (Saunders et al., 2019). To accomplish their research objectives, scholarly articles have used the three methodologies listed in Table 4.2: quantitative, qualitative, and hybrid. Curado et al. (2018), Irjayanti and Azis (2012), Abe et al. (2015), Wong et al. (2018), Kumar and Rao (2016), and Zhang (2018) are examples of scholarly articles that have utilised mixed-method research, qualitative methodology, and quantitative methodology, respectively, in the context of SME financing constraints. The usage patterns and characteristics of the three methodologies are distinguished from each other.

Table 4.2: Examples of Literature & Methodology on SME Financing

Author	Methodology	Data Collection Instrument
Baker et al. (2020).	Quantitative	Questionnaire
Akoto & Adjasi (2021).	Quantitative	Secondary Data (WBES)
Bodlaj et al. (2020).	Quantitative	Survey
Cao & Leung (2020).	Quantitative	Survey
Wang et al. (2020).	Quantitative	Secondary Data (Database)
Pietrovito & Pozzolo (2021)	Quantitative	Secondary Data (Database)
Mukherjee & Chanda (2020).	Quantitative	Survey
Wagner (2019).	Quantitative	Secondary Data (WBES)
Zhang (2018).	Quantitative	Secondary Data (Database)
Besedeš et al. (2012).	Quantitative	Secondary Data (Database)
Fowowe (2017).	Quantitative	Secondary Data
Babatunde (2018).	Quantitative	Secondary Data (WBES)
Wonglimpiyarat (2015)	Qualitative	Case Study
Harel & Kaufmann (2016)	Qualitative	Interview
Rao et al. (2017).	Qualitative	Interview
Erdogan (2018).	Qualitative	Interview
Wong et al. (2018).	Qualitative	Case-based (Interview)
Abe et al. (2015).	Mixed Methodology	Secondary Data & Interview
Curado et al. (2018).	Mixed Methodology	Online Survey & Interview
Irjayanti & Azis (2012).	Mixed Method	Online Survey & Interview

Source: Compiled by the Researcher

4.3.5: Quantitative Versus Qualitative Research Methods

The philosophical assumptions mentioned above raise the question of the relative appropriateness of quantitative and qualitative research approaches. The main objective is a primary consideration when selecting a methodology (Bell et al., 2022). Qualitative research delves into phenomena with greater complexity and depth than quantitative research. This is particularly true when the research's main objective is to investigate a specific subject matter or concept thoroughly (Saunders et al., 2019). Quantitative research effectively establishes information and identifies relationships among facts (Sekaran & Bougie, 2016). Quantitative research focuses on answering

questions about the "what" aspect, while qualitative research is more concerned with understanding the "how" or "why" behind issues (Saunders et al., 2019).

Unlike quantitative research, a qualitative approach can capture the intricate nuances of reality rather than rely on a simplified model. Quantitative methods provide numerous advantages when investigating on a larger scale. The results obtained through meticulous statistical analysis are highly reliable and generalizable. Several studies support this notion (Bell et al., 2022; Saunders et al., 2019).

Despite their limited generalizability, qualitative research findings may provide a more comprehensive depiction of reality. While some individuals may view quantitative approaches, such as positivist ideologies, and qualitative methods as conflicting and divisive interpretive viewpoints, they serve as complementary research methodologies (Bell et al., 2022; Saunders et al., 2019).

Upon careful examination of the qualitative and quantitative research approaches, it is evident that the methodological standpoint views the quantitative method as a reflection of reality independent of human perception. Scholars such as Collis and Hussey (2021) and Bell et al. (2022) support this view. Before selection, it is crucial to thoroughly understand the strengths and weaknesses of different research techniques, such as quantitative, qualitative, or hybrid methodologies. This includes familiarity with each strategy's underlying philosophy.

In the following section, we discuss and justify the use of quantitative methods as the most suitable approach for conducting this study.

4.4: Research Design: Selection of Appropriate Research Methods

Quantitative methods collect and analyse numerical data (Bell et al., 2022). Consequently, they commonly employ questionnaires or experimental methods to gather quantitative data (Cooper & Schindler, 2011), thereby facilitating the collection of large research samples (Bell et al., 2022). Quantitative research is known for its systematic, focused, and controlled nature (McCusker & Gunaydin, 2015). Positivists have used deductive research to develop hypotheses and propositions based on existing theories (Saunders et al., 2019). Valuing, rejecting, or improving hypotheses

involves identifying a correlation between dependent and independent variables (Walliman, 2021).

Interpretivism research utilises qualitative methods when the phenomenon is unknown (Collis & Hussey, 2021; Cooper & Schindler, 2011). Researchers have examined dependent and socially established views autonomously, transcending the limitations of conventional frameworks that pertain solely to specific issues (Bell et al., 2022; Easterby-Smith et al., 2021). Contextualization or naturalistic research employs natural settings or research contexts (Tala & Vesterinen, 2015; Tsang, 2013). Interpretivists use case studies, focus groups, ethnography, grounded theory, unstructured interviews, and action research to emphasise the significance of participants' subjective viewpoints (Lim, 2024; Qu & Dumay, 2011). Qualitative studies cannot generalise these findings because of their small sample sizes (Hennink & Kaiser, 2022; Mason, 2010). However, qualitative research can be expensive and challenging due to the time and budget constraints of ethnographic studies (Saunders et al., 2019).

The primary goal of this research is to examine the impact of funding sources on the export performance of Nigerian non-oil exporters, as well as the limitations of external financing at a specific moment rather than over an extended period. This study employs a cross-sectional approach using quantitative data collected from NEPC-registered non-oil exporters to present generalised findings (Malhotra, 2010; Bell et al., 2022). Saunders et al. (2019) defined cross-sectional research as the examination of a specific phenomenon at a specific time. This study utilised a cross-sectional method instead of a longitudinal one because longitudinal studies can extend for several years longer than cross-sectional studies. This design limits quantitative research to a suitable sample population. A cross-sectional design was also considered because it is cost-effective, takes little time to complete, and fits within the researcher's time and budget constraints (Saunders et al., 2019).

4.4.1: Rationale for the Chosen Design

This section explains the reasoning behind the selection of the quantitative method, considering the specific circumstances and advantages of the present study as well as its drawbacks. The primary determinant for choosing this approach is its alignment with the research objectives, methodologies, and strategies (see Bell et al., 2022;

Saunders et al., 2019). Despite this, additional factors were also considered, including the researcher's capabilities and extrinsic constraints such as financial and time limitations (Sekaran & Bougie, 2016).

This study also requires a quantitative approach to check and confirm existing theories about how and why things happen (e.g., Bell et al., 2022). Additionally, the study must be able to extrapolate research findings from a suitable sample size. Moreover, this approach is valuable for acquiring data to formulate quantitative forecasts and provides precise, quantitative, and numerical information. Quantitative methods are relatively less time-consuming for data analysis. The outcomes demonstrated a significant degree of autonomy from the researcher's influence. In most instances, the results are consistently viewed as trustworthy and can be utilised to investigate a substantial population of individuals (e.g., Saunders et al., 2019).

Quantitative methods allow us to describe phenomena statistically and often help us identify relationships between two or more variables (Stockemer et al., 2019). We selected the quantitative approach for this study because it aims to examine the relationship between SMEs' financing sources (independent variables) and export performance (dependent variable), influenced by constraints in accessing external finance. This approach corresponds with the existing literature (see Table 4.3), where most of the evidence on financing and export performance pertains to developed countries (e.g., Wagner, 2019; Griffith, 2011). Nonetheless, the relationships between financing sources, export performance, and credit constraints among SMEs in contexts such as Nigeria remain poorly understood.

Consequently, this research design can investigate and understand the main study objectives related to the impact of financing sources on the non-oil export performance of SMEs in Nigeria due to credit constraints arising from limited financing sources and an underdeveloped financial market.

To achieve these objectives, survey methods have been employed to present descriptive statistics and to explain and analyse the independent and dependent variables of the research subject. According to Walker (2017), statistics help scholars and research stakeholders gain a global perspective in social science. Quantitative data collection methods enable researchers to gather substantial samples to

investigate research issues and generate precise and accurate information (Saunders et al., 2019). Thus, this research methodology enhances the current study by allowing it to explore and comprehend the contextual factors that influence the impact of financing sources on non-oil export performance among SMEs. It also identifies critical barriers to financial access and establishes a correlation between years of experience in the domestic market and financial availability.

The quantitative design ensured neutrality between the research and study participants, making the findings robust and free from bias. Mathematical and statistical displays rationally justify and scientifically confirm positivist information (Collis & Hussey, 2021).

4.5: Survey Research Approach

Positivist scholars primarily depend on questionnaires as data collection instruments for surveys due to their many advantages over alternative methods, such as structured observation and interviews (Bell et al., 2022). When the study sample is demographically and scientifically comparable to the general population, conclusions drawn from a survey using questionnaires can be generalised (Collis & Hussey, 2021; Gill et al., 2010). Furthermore, the design of the questionnaire can be either descriptive or analytical, depending on the study's goals, thus facilitating the collection of a wide range of data (Saunders et al., 2019).

A survey is often adopted for exploratory and descriptive research because it effectively answers research questions on "what, who, where, how much, and how many" (Saunders et al., 2019, p. 181). Analytical surveys establish a causal connection between research variables using theoretical frameworks based on literature (Forza, 2002). This theoretical framework allows researchers to define and assess their research phenomena as extraneous variables (dependent and independent) using statistical analysis (Collis & Hussey, 2021). To accomplish the research aims, a questionnaire design must include all relevant factors (Gill et al., 2010). A questionnaire also ensures research neutrality by removing human values and interests (Wilson, 2014).

Due to its advantages, a questionnaire was selected to collect data from formal non-oil exporter SMEs in Nigeria to achieve the research objectives. A questionnaire

survey can gather data because it is manageable, straightforward, and practical (Bell et al., 2022). However, potential challenges may arise when designing and implementing this method. Any questionnaire has a limit on the number of questions it can accommodate to avoid stretching the respondents' goodwill, and questionnaire responses might be rushed (O'Gorman & MacIntosh, 2015). Some respondents may have been swayed for reasons related to privacy or social desirability (Saunders et al., 2019). To obtain a reasonable response rate, a representative sample, a well-designed questionnaire, and a pilot study will require time (Stockemer et al., 2019).

Despite these drawbacks, surveys have been employed to collect quantitative data on the hypotheses. The questionnaire was simple, straightforward, and standardised in structure and duration. This is crucial because researchers cannot gather additional data from respondents (Saunders et al., 2019).

This study utilised a self-administered online questionnaire featuring closed-ended questions. We selected closed-ended questions to standardise responses because they are quicker, simpler, and involve less writing (Saunders et al., 2019). Questionnaires are more effective than interviews for surveying a large sample of respondents within a short timeframe (Nardi, 2018; Saunders et al., 2019). Furthermore, the self-administered questionnaires facilitated standard questions and enhanced reliability as the researcher did not influence the responses.

Furthermore, the questionnaire provided valuable analytical insights into the main constraints affecting non-oil exporters' access to finance in Nigeria. This could encourage policymakers to implement appropriate measures to strengthen the financial sector and improve Nigeria's non-oil export funding situation through monetary policies.

4.6: Research Questionnaire Design and Justification

The questionnaire (see Appendix 5) was developed using established frameworks and previous studies to ensure that the collected data adequately addressed the research objectives. The data gathered provides insight into how financing sources affect Nigerian SMES' non-oil export performance. The participant information sheet informed the participants about the study (see Appendix 2).

The questionnaire was organised into four sections, each addressing an important aspect of the research. The first part focused on participants' backgrounds, the second on key finance sources accessible to non-oil exporters, the third on funding constraints, and the fourth on non-oil export performance.

Part A gathered demographic information on SMEs, such as staff strength, capital size, years of experience in the domestic market, and the duration of export activities. This data was collected to identify the characteristics of participating SMEs and to evaluate how firm attributes impact financing sources and export performance.

The justification for adapting these items is that demographic factors help categorise and segment SMEs based on size, capital, and experience, enabling more targeted analysis (Creswell & Creswell, 2018; Marshall & Rossman, 2014). Additionally, ensure that the findings are comparable to international standards and previous studies, thus increasing their validity (Bornstein et al., 2013; Henrich et al., 2010). Previous research on SME financing has utilised similar demographic factors, including item 1 from Ayyagari et al. (2007), item 2 from the World Bank Enterprise Survey (2017), item 3 from Fatoki & Asah (2011), and item 4 from Kumarasamy & Singh (2018).

Part B explores the extent to which SMEs utilise various financing sources, such as internal funds, bank credit, friends and family, supplier credit, government-backed loans, and nonbank financial institutions. The data gathered directly addresses objective one and indirectly addresses objectives two and three. These items were adapted from previous SME finance studies, including item 2 from Allen et al. (2019), items 1 and 3 from Beck et al. (2015), item 4 from Cowling et al. (2015), item 5 from McGuinness et al. (2018), and item 6 from Osano & Languitane (2016). We adapted the scale from previous studies because this study focuses on non-oil exporter SMEs in Nigeria, which represents a different industry context.

Part C, which addresses funding constraints, assesses the prevalence of financial barriers such as collateral requirements, high interest rates, and loan processing delays. This section's items are adapted from SME financial constraint studies, including item 1 from Fatoki & Odeyemi (2010), items 2 and 3 from Wang (2016), item 4 from Dong & Men (2014), item 5 from Wellalage et al. (2019), item 6 from Kira & He (2012), item 7 from Quartey et al. (2017), and item 8 from Brown et al. (2011). The

data collected in this section sheds light on SMEs' challenges when acquiring credit, which aids in achieving objectives two and three.

Part D assesses SME export performance based on profitability, sales volume, and market share growth metrics. We adopted the scale of Zou et al. (1998) to standardise the measurement of export performance. It is a comprehensive scale that considers both objective and subjective elements, such as financial considerations, strategic considerations, and satisfaction with export activities. Zou et al. (1998) empirically validated the use of “strongly agree” to “strongly disagree” to measure managerial perceptions of export performance. Previous studies have also demonstrated the reliability and validity of this scale for measuring export performance (Diamantopoulos & Winklhofer, 2001; Hinkin, 1995; Lages et al., 2005; Revilla et al., 2014). In addition, non-oil exporters typically lack public financial statements from which their performance can be measured. The obtained data help examine the impacts of financing sources on export performance by addressing all research objectives.

4.6:1: Rationale for the Use of the 5-point Likert scale

The 5-point Likert scale was chosen for this study due to its balance of simplicity, reliability, and analytical rigour. This choice ensures that participants can respond easily, enhances data comparability with previous studies, and maintains statistical robustness. Extensive literature supports this selection, emphasising its appropriateness for examining the impact of financing sources on Nigeria's non-oil export performance among SMEs.

The 5-point scale provides several advantages compared to other scales (e.g., 4-point, 6-point, or 7-point scales), which are outlined below:

- i. A 5-point Likert scale includes a neutral midpoint, allowing respondents to express neutrality if they lack a strong opinion. This differs from a 4-point scale, which forces respondents to choose between positive and negative responses without a neutral option, potentially leading to biased responses (e.g., Chyung et al., 2017; Revilla et al., 2014).
- ii. Studies (e.g., Dawes, 2008) suggest that 5-point scales yield more reliable and consistent data than 4-point or 7-point alternatives while maintaining ease of comprehension. Dawes (2008) indicated that increasing the number of

response options beyond five does not significantly improve measurement reliability and may introduce redundancy.

- iii. Compared to a 7-point scale, a 5-point scale avoids overwhelming respondents while still capturing adequate response variation (Colman et al., 1997).
- iv. The 5-point Likert scale facilitates robust statistical analysis, including mean comparisons, factor analysis, and regression modelling. With fewer response categories, as seen in a 4-point scale, variability may be reduced, potentially limiting the depth of analysis (Colman et al., 1997). Conversely, with a 7-point scale, the risk of response fatigue increases, particularly in long surveys (Krosnick, 1991).
- v. Many previous SME financing and performance studies have used a 5-point Likert scale to ensure the comparability of results. For instance, similar research on financial constraints and SME performance (e.g., Chilembo, 2021; Fatoki & Asah, 2011; Ho et al., 2016; Musah et al., 2018) adopted a 5-point scale, making it a logical choice for this study.

4.6.2: Definition of Scale Points in The Questionnaire

The selection and precise definition of scale points in a questionnaire significantly influence the accuracy, reliability, and interpretability of the survey data. In this study, which examines the impact of financing sources on the export performance of SMEs, appropriate scale definitions were carefully established to ensure that respondents intuitively understand and accurately express their experiences and perceptions. Given the dual nature of the constructs examined—actual financing behaviours and subjective evaluations of export performance—two distinct scales were employed.

An ordinal frequency scale was adopted to measure the frequency of SME financing behaviours and constraints, i.e., Parts B and C. This scale comprises clearly defined categories, including "Not at all," "A little bit," "Sometimes," "Often," and "Frequently." Such frequency anchors allow respondents to express their behaviours intuitively, thus enhancing the precision of behavioural data collection (Menold & Bogner, 2016; Schwarz et al., 2012; Vagias, 2006; Weijters et al., 2010).

For Part D, in contrast, subjective perceptions related to export performance are assessed using an agreement scale with categories "Strongly Agree," "Agree,"

"Undecided," "Disagree," and "Strongly Disagree." This format enables respondents to effectively articulate their attitudes and evaluative judgments, facilitating subsequent regression and correlation analyses (Diamantopoulos & Winklhofer, 2001; Hinkin, 1995; Lages et al., 2005; Revilla et al., 2014).

For Parts **B** and **C**, this study adopted the response options and definitions from Harpe (2015), which are as follows:

- **1 = Not at all (N)** – The respondent neither uses nor experiences the stated factor.
- **2 = A little bit (A)** – The respondent uses or experiences the factor to a limited extent.
- **3 = Sometimes (S)** – The respondent has a moderate level of experience with the factor.
- **4 = Often (O)** – This factor is experienced regularly.
- **5 = Frequently (F)** – This factor is often experienced or present continuously. The choice of a frequency anchor may help respondents interpret survey items accurately (Menold & Bogner, 2016; Vagias, 2006). These frequency-based anchors may improve interpretability, reduce ambiguity, and enhance validity and reliability, particularly when measuring the frequencies of financing-related behaviours or constraints (Churchill Jr et al., 1984; Weijters et al., 2010).

Part D, which measures SME export performance, was adopted from Zou et al., 1998; the response options and the definition are from Harpe (2015):

- **1 = Strongly Disagree (SD)** – Respondent strongly disagrees with the statement.
- **2 = Disagree (D)** – The respondent disagrees with the statement.
- **3 = Undecided (U)** – The respondent neither agrees nor disagrees.
- **4 = Agree (A)** – The respondent agrees with the statement.
- **5 = Strongly Agree (SA)** – The respondent strongly agrees with the statement. The response options in Part D demonstrate that Likert scales communicate respondents' perceptions and attitudes, particularly regarding performance-related constructs (Diamantopoulos & Winklhofer, 2001; Hinkin, 1995; Lages et al., 2005; Revilla et al., 2014).

The difference in scale points between Parts B and C (which measure the frequency of financial sources and constraints) and Part D (which measures export performance) is intentional and based on measurement objectives.

In Parts B and C, this study seeks to measure the extent and frequency of the financing sources used, as well as the prevalence of financial constraints. The scale (Not at all to Frequently) is more appropriate for assessing repeated actions or experiences (Menold & Bogner, 2016; Schwarz et al., 2012; Vagias, 2006; Weijters et al., 2010). Conversely, Part D measures objective and subjective perceptions of business success, best captured by agreement scales “Strongly Disagree to Agree Strongly.” (Diamantopoulos & Winklhofer, 2001; Hinkin, 1995; Lages et al., 2005; Revilla et al., 2014).

The frequency-based scale in Parts B and C is consistent with financial access studies (e.g., Chilembo, 2021; Fatoki & Asah, 2011; Ho et al., 2016; Musah et al., 2018; Osano & Languitane, 2016), while the agreement-based scale in Part D aligns with performance assessment frameworks (e.g., Carneiro et al., 2016; Diamantopoulos & Hinkin, 1995; Lages et al., 2005; Revilla et al., 2014; Sadeghi et al., 2021; Sousa, 2004; Winklhofer, 2001; Zou et al., 1998).

Different scales allow for more precise statistical differentiation (Podsakoff et al., 2012). A frequency scale (Parts B and C) provides an ordinal measure of SME financing behaviours (Schwarz et al., 2010). An agreement scale (Part D) measures subjective performance outcomes, facilitating regression and correlation analyses (Zou et al., 1998). Using the same scale across all parts can lead to confusion or measurement inaccuracies (Weijters et al., 2010). Krosnick and Presser (2010) empirically confirm that respondents provide more accurate, reliable, and intuitive responses when surveys utilise scale formats closely aligned with the question's conceptual intent (e.g., frequency scales for behaviours and agreement scales for attitudes and perceptions). Employing appropriate scale formats ensures respondents' natural interpretations and enhances data quality and reliability. The study ensured respondents provided the most intuitive and natural answers for each section.

4.6.3 Pilot Testing of the Questionnaire

After drafting the questionnaire, it was submitted to the supervisory team to ensure it aligned with the study's objectives. Following the supervisors' review, the researcher

made corrections before submitting the research along with the ethics application to the College Ethics Research Committee. Once the ethics application was approved, the questionnaire underwent a pilot test to ensure validity and reliability. The pilot test included SME finance experts and researchers from Nigeria, the UK, the UAE, South Africa, Rwanda, and Ethiopia. As suggested by Saunders et al. (2019), the content of a questionnaire should be examined and reviewed by experts in the field of interest. The experts reviewed the questionnaire for clarity, relevance, and completeness. Additionally, a small sample of ten SME owners who are non-oil exporters but export other mineral resources aside from agro products participated in the pilot study to evaluate response and time clarity.

The pilot test resulted in the following changes: refinement of ambiguous questions, adjustment of the Likert scale descriptions for consistency, and rewording of specific financial terminology to match SME respondents' understanding. Feedback from the reviewers enhanced the questionnaire. This approach is called face validity, a content validity component where experts assess an instrument's credibility and efficacy in measuring concepts (Mertens et al., 2017). The reviewers clarified questions that required modifications and eliminated invalid ones from the questionnaire.

4.6.4: Distribution and Administration of the Questionnaire

Invitations to participate were emailed to all non-oil exporters on the 4th of August 2022. In total, 310 non-oil exporters acknowledged and confirmed their willingness to participate. The participant information sheet (see Appendix 2) was emailed to those who responded by the 11th of August 2022. The research consent form (see Appendix 3) was also sent via email on the 11th of August, and non-oil exporters who responded to the invitation were required to provide their consent if they wished to participate in the research survey. A web-based questionnaire (see Appendix 5) was emailed on September 9, 2022, with a Google link to the 310 non-oil exporters who consented to participate. The initial response rate was monitored for the first week, during which 95 responses were received. The following week, follow-up reminders were sent to increase participation. This effort resulted in 74 additional responses by the end of the second week. Two follow-up emails were sent in the third week, along with personal phone calls and texts to executives of the association of non-oil exporters, resulting in 32 responses. By the fourth week, additional emails, texts, and phone calls were sent

to the executives of the association of non-oil exporters as well as emails to the non-oil exporters; the study collected 40 more responses, achieving a total of 241 responses, making a response rate of 71%, consistent with prior SME financing related studies in Nigeria and other emerging economies (see table 4.5).

To assess and mitigate response bias, the study conducted a non-response bias test (See Appendix 6) by comparing early and late respondents across key demographic and financial variables such as firm size, years of operation, and access to finance. Using independent sample t-tests, no statistically significant differences were found between early and late respondents, indicating minimal response bias. These steps enhanced the reliability and generalizability of the findings.

Table 4.3: Response Bias Test using independent t-test

Variables	Early Response	Late Response	<i>t</i>	<i>p</i>
Financing Sources	(<i>M</i> =3.2083, <i>SD</i> = .93711)	(<i>M</i> =3.1889, <i>SD</i> = .92540)	<i>t</i> (118)=0.114	<i>p</i> >0.05
Funding Constraints	(<i>M</i> =3.2979, <i>SD</i> = 1.06815)	(<i>M</i> =3.3583, <i>SD</i> = 1.04341)	<i>t</i> (118)=-0.313	<i>p</i> >0.05
SMEs' non-oil export performance	(<i>M</i> =3.6648, <i>SD</i> = .75705)	(<i>M</i> =3.6167, <i>SD</i> = .72628)	<i>t</i> (118)=0.355	<i>p</i> >0.05

Table 4.3 illustrates the response bias test using the independent t-test to determine whether there is a significant difference between early and late respondents based on each of the study's key variables, including Financing Sources, Funding Constraints, and SMEs' non-oil export performance.

The findings show that there is no significant difference ($t(118) = 0.114$, $p > 0.05$) between early responses ($M = 3.2083$, $SD = .93711$) and late responses ($M = 3.1889$, $SD = .92540$) based on the financing source variable. The findings also revealed that there was no significant difference ($t(118) = -0.313$, $p > 0.05$) between early responses ($M = 3.2979$, $SD = 1.06815$) and late responses ($M = 3.3583$, $SD = 1.04341$) based on the funding constraint variable. Furthermore, the results also revealed that there was no significant difference ($t(118) = -0.355$, $p > 0.05$) between early responses ($M = 3.6648$, $SD = .75705$) and late responses ($M = 3.6167$, $SD = .72628$) based on the funding constraint variable.

The independent t-test revealed no significant differences between early and late responses across the study's key variables. The p-values for all three variables tested

support this conclusion. This finding suggests that there were no response bias issues in the survey.

4.7: Validity and Reliability of the Research Instrument

The validity, reliability, and generalizability of quantitative research designs are essential for enhancing the accuracy of research findings in business management (Heale & Twycross, 2015; Mertens et al., 2017). The concept of quality research begins with input precision and consistency and concludes with output authenticity (Bell et al., 2022; Gill et al., 2010).

4.7.1: Validity of Research

Three primary criteria must be evaluated to determine the research validity: content, criterion-related, and construct validity (Hoffman et al., 2015). The content validity of a questionnaire refers to the degree to which its questions adequately assess or research relevant topics (Kimberlin & Winterstein, 2008; Sireci & Faulkner-Bond, 2014). We thoroughly analysed previously published studies and other pertinent materials to verify that the current study's questionnaire was appropriate. We conducted pilot testing to improve the questionnaire, ensuring that participants had no difficulty completing the questions correctly and that data capture was problem-free. The first step in the questionnaire evaluation process involved verifying that respondents could comprehend and answer questions successfully (Collis & Hussey, 2021). Additionally, the pilot study evaluated and enhanced the clarity and simplicity of the questionnaire through an audit process.

Furthermore, by incorporating validator inputs and making necessary adjustments, researchers can enhance both the quality and quantity of questions (Boateng et al., 2018; Wang et al., 1995). For example, one can evaluate and manage the time required to answer all questions in the pilot test.

4.7.2: Reliability Test

Reliability refers to the ability of data collection and analysis techniques to produce consistent results when repeated (Sürücü & Maslakçi, 2020). A reliability test was performed to verify accuracy and trustworthiness (Saunders et al., 2019). The reliability test assesses coherence and anticipates that the results of a prior study, if repeated today using the same techniques, will yield identical outcomes.

We used the inputs from the pilot test to enhance the reliability and validity of the final questionnaire. Therefore, conducting an internal consistency test was considered appropriate for this study. It uses Cronbach's alpha with a coefficient value ranging from 0 to 1 to determine whether all responses to the questionnaire questions were consistent in the pilot study (Creswell & Creswell, 2018; Saunders et al., 2019).

We assessed the pilot questionnaire's reliability (internal consistency) to determine whether the items accurately measured the intended outcome. The initial pilot testing involved thirty-four non-oil exporters. In Table 4.4, the reliability of the research tool is shown by Cronbach's alpha coefficients of .844, .906, and .900 for the research constructs of financing sources, funding constraints, and non-oil export performance, respectively. These values indicate that the research instrument is reliable, as they are all within the acceptable threshold (i.e., 0.7–1.0).

Table 4.4: Reliability Test

S/N	Constructs	Cronbach's Alpha	Cronbach's Alpha Based on Standardised Items	No of Items
1	Financing Sources	.844	.845	6
2	Funding Constraints	.906	.907	8
3	Non-Oil Export Performance	.900	.903	9

Reliability, an essential aspect of our research methodology, ensures the consistency and replicability of our findings (Mellinger & Hanson, 2020). This depends on the precision of our variables, the alignment of our measurements with the intended constructs (Adams et al., 2014), and the stability of our research measurements (Bell et al., 2022). To maintain the reliability of our research measures, we meticulously constructed and measured the variables, as well as interpreted the results and responses obtained (Stockemer et al., 2019). Our well-designed quantitative research models enhance data comprehension, quantification, and relevant associations. However, we are not immune to potential obstacles, such as errors and biases from participants and researchers, which can threaten reliability (Saunders et al., 2019).

Previous studies have recommended utilising approaches such as 'test-retest' or 'alternative form' to evaluate the reliability of results and inferences, thereby reducing

potential errors (Cohen et al., 2017; Simmons-Mackie et al., 2014; Stockemer et al., 2019). These approaches are critical because they may help researchers address reliability concerns before conducting surveys (Easterby-Smith et al., 2021; Stockemer et al., 2019). The test-retest method involves repeating the questionnaire with the same respondents in different measurements and settings. The alternative strategy requires the same participant sample to simultaneously respond to two scales or sets of questions (Boateng et al., 2018). The researcher assessed the relationship between the two data sets by administering the same questionnaire twice in similar settings based on the collected responses. Encouraging the same participants to engage in pilot questionnaires can be challenging. Under these circumstances, obtaining valid responses is constrained (Collis & Hussey, 2021). The questionnaire focused on registered and active non-oil exporters in Nigeria, making both testing techniques inappropriate for this study. The likelihood of current research participants, specifically registered non-oil exporters, consenting to participate again is low, unlike a student group, which can be easily assembled and organised within a specific school setting.

4.8: Population and Sampling Strategy

The target population includes both registered and unregistered non-oil exporters. Registered, active, and formal non-oil exporters constitute the sample frame for this study. They are registered with NEPC, the federal government's apex institution, to promote, develop, and diversify exports. Registration with NEPC is a crucial requirement for exporters to operate in Nigeria and benefit from government incentives.

Prior research indicates two sampling methods: probability and non-probability (Singh & Masuku, 2014; Taherdoost, 2016). Probability sampling involves the random selection of a representative sample from a population. A larger sample size enhances the accuracy of the data analysis phase (Eng, 2003; Lakens, 2022; VanVoorhis & Morgan, 2007). The probability sampling method aligns with a positivist approach, as the sample size facilitates the generalisation of research findings (Collis & Hussey, 2021; Klar & Leeper, 2019). Gill et al. (2010) assert that a well-constructed sample allows for easy accessibility for each member. Non-probability sampling involves selecting a sample based on the attributes and characteristics pertinent to the research. This technique is limited in its ability to determine the nature of an issue

(Saunders et al., 2019). In selecting a representative sample, researchers must be aware of bias (Easterby-Smith et al., 2021), as it can influence research outcomes and data validity (O'Gorman & MacIntosh, 2015). Researchers may concentrate on accessible and relevant networks or groups, potentially excluding certain participants. The distribution of questionnaires may have influenced the sampling process. Neglecting participants' native languages in the study questionnaire would introduce bias into the sample. Sampling is deemed credible when the entire subset of the population shares identical variables and concerns (Easterby-Smith et al., 2021). An increased sample size enhances the generalizability of the findings (Saunders et al., 2019).

However, it is possible to inadvertently collect a sample that is irrelevant to the study goal, a phenomenon known as sampling error (O'Gorman & MacIntosh, 2015). When choosing a representative sample, researchers must be cognizant of bias (Easterby-Smith et al., 2021), which may influence research outcomes and data credibility (O'Gorman & MacIntosh, 2015). Researchers may focus on readily available relevant networks or groups and exclude certain participants. The distribution of the questionnaires may have altered the sampling process. In a study questionnaire, ignoring the participants' native languages would introduce bias into the sample. However, sampling is credible if the entire population subset exhibits identical variables and concerns (Easterby-Smith et al., 2021). A larger sample size would increase the generalizability of the findings (Lakens, 2022; Saunders et al., 2019).

Purposive sampling was employed in this study. This method is a form of non-probability sampling. Purposeful sampling was implemented to align the sample with the research aims and objectives, thereby enhancing the robustness, reliability, and outcomes of the data. Punch (2004) asserted that the general logic of any study concerning sampling should incorporate an approach to participant selection. Similarly, Campbell et al. (2020) argue that the rationale for sample selection should align with the study's main goals from ontological, epistemological, and axiological perspectives. The researcher constructed the sampling frame unit using the official list of registered and active exporters obtained directly from NEPC. Following the approval of the ethics application by the College Ethics Research Committee, the researcher submitted a formal request to the NEPC along with a letter of introduction seeking the

names and email addresses of all registered non- oil exporters. Several follow- up emails, phone calls, and texts were dispatched to the relevant officers at NEPC headquarters in Abuja between May and August 2022. A female director intervened and authorised the release of the list in August 2022. The list comprises 339 registered and active non- oil exporters. The NEPC Report 2019 indicated 7293 registered SME non- oil exporters in the database as of April 2019, but only 339 were active. The researcher excludes unregistered and informal non- oil exporting SMEs from the sample due to their lack of registration under government regulations. Such entities cannot access credit facilities from financial institutions to conduct their export activities and are ineligible for the government' s financial incentives through development banks. The researcher determined a sample size of 241 non- oil exporters based on their responses to the web survey, which was emailed via a link to all registered and active non- oil exporters on the NEPC list. No monetary incentives were offered to encourage respondents to participate in this study, ensuring that the sample exhibited no bias.

This study used a sample size of 241 non-oil exporters. This sample was deemed appropriate and sufficient compared to prior studies conducted on SMEs in Nigeria and other developing countries within this study's specific area of interest (see Table 4.5).

Table 4.5: The sample size of prior studies conducted in Nigeria and other emerging economies around the interest of this study.

Previous Studies	Author/year published.	Sample size
Financing Performance and Practices in Indian SMEs	Baker et al. (2020)	309
Impact of SMEs' Access to Finance and Performance on Export	Sibanda et al. (2018)	245
Operational imperatives of non-oil export and Sustainability: An empirical study of small and medium enterprises in Lagos, Nigeria.	Oluwatoyin et al. (2020)	175
Understanding owner-manager preference for different sources of financing. Case of SMEs in Malaysia.	Zabri et al. (2015)	444
<i>Access to Finance by Saudi SMEs: Constraints and the Impact on Their Performance</i>	Waked (2016)	270
Analysis of Banks' Financing of Non-oil Exports in Nigeria	Ningi, (2013).	120
Effect of export financing.	Ling-yee & Ogunmokun (2001)	280
The financing of small firms in Beijing.	Wang et al. (2015)	384
Technology acquisitions and SMEs performance, the role of innovation, export and owner perception.	Mallingu et al. (2020)	101
Export market orientation, marketing capabilities and export performance of SMEs in an emerging market: a resource-based approach	Acikdilli et al. (2022)	346

4.9: The Rationale for Web-Based Surveys

NEPC's list of active registered non-oil exporters revealed their dispersion throughout the country rather than their concentration in one region. Research on web-based surveys supports the pilot exercise, finding that web-based surveys are less expensive, less stressful, and better meet respondents' demands. According to survey research scholars, web-based surveys are the best option for prospective respondents who frequently use the internet (Saunders et al., 2019; Wilson, 2014). While online and postal surveys have comparable response rates when notifications to recipients precede each other, web surveys offer a cost advantage. They are designed for a

population with full internet access. The researcher selected a web-enabled data collection approach based on empirical evidence corroborated by field experience during the pilot survey. The researcher used web-enabled data collection to create and distribute an electronic version of the questionnaire, considering suggestions for modification before sending it to the respondents.

4.10: Quantitative Data Analysis

The study evaluated and examined the hypotheses. Mertens et al. (2017) claimed that statistical techniques aid in the measurement, comparison, and uncertainty control. The applicability of these methodologies to the current study allows for the evaluation of the impact of financial sources on export performance, thus achieving the study's aims and objectives. Stockemer et al. (2019) asserted that research projects can effectively apply and use two types of statistics: descriptive statistics, which summarise data using indices such as the mean and median, and inferential statistics, which use statistical tests to draw conclusions about the data.

Mishra et al. (2019) identified three criteria that influence the choice of a valid statistical method: the aim and objectives of the study, the type and distribution of data, and the nature of the observations (paired/unpaired). This study utilised graphical analyses such as cross-tabulations, frequency tables, and measures of central tendency and dispersion to provide meaningful summaries. The descriptive statistical analysis offered insights into the sample structure and demographic variables to clarify the respondents.

Inferential analysis was conducted to determine whether the associations indicated by descriptive analyses were scientifically acceptable. Inferring conclusions about a population from a given sample employs inferential statistics, which can be classified into parametric and non-parametric tests (Wilson, 2014). Normal distributions, characterised by symmetrical bell curves defined by mean and standard deviation, are prerequisites for parametric statistics. Parametric tests are often regarded as more statistically robust, making them the preferred choice. Consequently, parametric tests were conducted in this study. With the assistance of SPSS 27, the researcher employed analytical techniques such as multiple linear regression, Pearson's correlation analysis, and chi-square test to illustrate the level of relationship between the variables.

4.10.1: Method for Data Analysis

This study employed descriptive and inferential statistics. The data were summarised in tables that included frequencies, percentages, means, and standard deviations. The hypotheses were tested using multiple linear regression, Pearson's correlation, and the chi-square test of independence.

Table 4.6 Summary Table for the Method of Data Analysis

Objectives	Statement of Objective/Hypothesis	Statistical Method of Analysis
Objective One To evaluate the impact of available financing sources on non-oil export performance among SMEs	Available financing sources do not have a significant impact on non-oil export performance among SMEs in Nigeria.	Multiple linear regression
Objective Two To determine the effect of identified constraints on access to external financing sources	The identified constraints do not relate to non-oil exporters' access to external sources of finance.	Pearson Correlation Analysis
Objective Three To determine the relationship between years of experience in the domestic market and access to finance by non-oil exporters	Years of experience in the domestic market do not significantly determine non-oil exporters' access to finance.	Chi-square test of independence

4.11: Research Ethical Considerations

Prior to commencing data collection, ethical approval was obtained from the Research Ethics Committee of the College of Business, Law, and Social Sciences at the University of Derby. The ethics application was submitted on 19 January 2022 and approved on 25 April 2022 following several revisions (see Appendix 1).

This research adhered strictly to ethical principles outlined by Bell et al. (2022), Easterby-Smith et al. (2021), and Saunders et al. (2019), specifically:

Anonymity and Confidentiality: To protect participants from any risks associated with participation, they were assured of complete anonymity and confidentiality. This commitment was communicated through the Participant Information Sheet and Consent Form provided to them before participation (see Appendices 2 and 3).

Informed Consent: Participants received detailed information about the research objectives, significance, and data collection methods. They also had the opportunity to make informed decisions regarding their involvement through the provided consent form (see Appendix 3).

Participant Rights: Participants were explicitly informed of their right to withdraw consent at any time without providing a reason, decline to answer specific questions, and request clarification from the researcher throughout the process (see Appendices 2 and 3).

Safety and Risk Mitigation: Ensuring the safety and well-being of participants was always prioritised. Data collection procedures were clearly explained beforehand, ensuring participants understood the research was solely academic and posed no risks (see Appendices 2 and 3).

Data collection, conducted online through a survey questionnaire, emphasised safeguarding participants' anonymity and confidentiality. No personal identifying details were collected, except optionally the company's email address, which was requested solely to provide participants with access to survey results upon request. Participants retained complete freedom to exit the survey at any time without negative consequences or the need for explanation (see Appendix 2).

The survey was administered in English, Nigeria's official and predominant language, to enhance research validity and reliability. The Participant Information Sheet sent via email provided clear instructions and details about participation (see Appendix 2). After the survey, all participants received a debriefing letter summarising the research's objectives and reaffirming the ethical commitments regarding data confidentiality and anonymity (see Appendix 4).

Overall, the study rigorously adhered to the ethical standards of the University of Derby, and no ethical issues arose during the research process.

4.12: Summary

This chapter explores the philosophical issues that underpin the study and its paradigm. It discusses the methodological perspective, research approach, design, and ethical considerations. Table 4.7 summarises the study methodology.

Table 4.7 Summary Table of the Study's Methodological Viewpoint

Ontological Perspective	Single Reality-Objectivism
Epistemological Perspective	Positivism
Axiology	Value-Free
Research Paradigm	Positivism
Methodological Perspective	Quantitative Methods
Theoretical Perspective	Financial constraints theory, Dynamic capabilities theory, social capital theory, and Information asymmetry theory
Research Approach	Deductive Approach
Research Strategy	Survey
Research Design	Cross-sectional
Data Collection	Structured Questionnaire- adapted from 2017 World Bank enterprise surveys and other SME studies.
Sampling Method	Non-Probability Sampling ► Population- Registered and Unregistered Non-oil Exporters ► Sample Frame: Registered and Active Non-oil exporters- 339. ► Sample Size-241
Sampling Technique	Purposive Sampling
Method of Data Analysis	Descriptive/Inferential Statistics

The next chapter presents the findings and data analysis from a survey of 339 registered and active SME non-oil exporters in Nigeria.

CHAPTER FIVE

DATA ANALYSIS AND RESULTS

5.1: Introduction

The preceding chapter delves into the philosophical aspects that form the foundation of this study and its paradigm. It covers methodological perspectives, research approaches, design, and ethical considerations. This chapter presents a descriptive and inferential analysis of survey research data on Nigeria's financing and the performance of non-oil exporter SMEs. It consists of eight major sections. Section 5.1 presents the introduction. Section 5.2 addresses the research variables. Section 5.3 provides a descriptive analysis of background information. Section 5.4 presents a descriptive analysis of the constructs. Section 5.5 offers an inferential analysis of financing sources and non-oil export performance. Section 5.6 analyses constraints and access to external sources of financing, while Section 5.7 examines the relationship between years of domestic market experience and credit access. Section 5.8 summarises the study. The questionnaire focused on active non-oil exporters engaged in processed and unprocessed agricultural products registered with the Nigerian Export Promotion Council. We also received and analysed 241 responses from 310 non-oil exporters who acknowledged receiving the initial email, resulting in a response rate of 71%.

This study aims to critically examine the relationship between financing and the non-oil export performance of SMEs in Nigeria, identifying the main barriers that non-oil exporters encounter in gaining access to funding, as well as any other crucial factors in accessing finance. The data analysis results enable this study to highlight how available financing sources have impacted the performance of non-oil exporter SMEs, providing significant insights that policymakers and non-oil exporters can benefit from. The Statistical Package for Social Sciences (SPSS version 27) analysed the collected data using multiple linear regression analysis for objective one, Pearson correlation for objective two, and chi-square for objective three.

The study employed multiple linear regression analysis to test hypothesis one: the impact of financing sources (independent variables) on the performance of non-oil exporters (dependent variable). Furthermore, the selection of regression analysis was informed by its application in comparable studies. (e.g., Baker et al., 2020; Chatzoglou

& Chatzoudes, 2016; Osano & Languitane, 2016). We also used multiple linear regression because it enables the evaluation of the relative impact of predictor variables (independent variables) on the dependent variable (criterion variable) in a multiple regression model. We apply correlation analysis to test the second hypothesis, which examines the relationship between prevalent constraints or barriers and external sources of finance. We used the chi-square test for hypothesis three because it involves two categorical variables.

5.2: Identification of Research Variables

Data identification involves discovering features that support the research objectives, also known as dependent and independent variables (Kumari et al., 2023). We assume that the independent variable(s) influence the dependent variable. An independent variable(s) is an explanatory variable that accounts for the cause of the variation in the dependent variable(s), referred to as the response variable (Bacon-Shone, 2013). The dependent variable in our study is SMEs' non-oil export performance, whereas the independent variables, also known as predictors, are the available sources of finance. The control variables include years of experience in the domestic market, years in exports (direct or indirect), and the size of capital. We have carefully measured a comprehensive set of variables to assess the impact of available sources of finance on the non-oil export performance of small and medium-sized enterprises (SMEs). This measurement considered the theoretical and empirical basis of the existing literature, ensuring its relevance and applicability within the Nigerian context. This study broadens the scope of the factors that influence non-oil export performance, specifically focusing on the impact of available financing sources on performance, the constraints that hinder access to finance, and the effect of years of experience in the domestic market on such access.

5.3: Descriptive Analysis of Background Information

This section conducts thorough analyses of several factors, including the staff size of the respondents' companies, capital size, years of experience in the domestic market, and the number of years in the export business. We perform these analyses to determine the impact of financing sources on the performance of SMEs engaged in non-oil exports. Descriptive statistics were employed to analyse the questionnaire data.

5.3.1: Background information of the non-oil exporters

Table 5.1 describes the profiles of the SME non-oil exporters who participated in the survey.

Table 5.1: Background Information of the Research Participants

Variables	Response Label	Frequency	Percentage
What is the staff strength of your company?			
	Between 1 and 10 staff	75	31.1
	Between 11 and 20 staff	101	41.9
	Between 21 and 30 staff	51	21.2
	Between 31 and 40 staff	9	3.7
	Above 40 staff	5	2.1
Size of capital (Million ₦)			
	Between 5-50 million (₦)	112	46.5
	Between 50-100 million (₦)	32	13.3
	Between 100-150Million (₦)	31	12.9
	Between 150-200Million (₦)	37	15.4
	Above 200 million (₦)	29	12.0
Years of experience in the domestic market			
	Between 1 and 5 years	76	31.5
	Between 6 and 10 years	90	37.3
	Between 11 and 15 years	51	21.2
	Over 15 years	24	10.0
Number of years in export (direct or indirect) business			
	Between 1 and 5 years	98	40.7
	Between 6 and 10 years	45	18.7
	Between 11 and 15 years	91	37.8
	Over 15 years	7	2.9

Source: Author's Computation, 2023

Table 5.1 shows that non-oil exporters with a staff strength of between 11 and 40 make up the largest percentage of participants in our study when considered collectively. The Bank of Industry in Nigeria classifies SMEs with a staff strength between 11 and 50 as small enterprises, while those with a staff strength between 1 and 10 are classified as micro-enterprises. Conversely, enterprises with a staff strength of over fifty are categorised as medium enterprises according to the Bank of Industry. The descriptive analysis indicates that most non-oil exporters in our survey are small enterprises that previous studies have identified as financially constrained (e.g., Harvie et al., 2013; Sibanda et al., 2018). SMEs represent the majority of registered companies in both developing and developed countries, accounting for up to 90% of all businesses and comprising one-third of global commerce (WTO, 2016; OECD,

2022). They play a crucial economic role by generating employment and income while making significant contributions to export earnings (ITC, 2009).

The modal capital size of the participants ranged between 5 and 50 million naira, with a percentage frequency of 46.5%. This indicates that a significant percentage of the respondents are small enterprises. Existing literature has consistently shown a positive relationship between an enterprise's financial capital size and export performance (Boso et al., 2013; Haddoud et al., 2019).

Regarding the duration of participants' operation in the domestic market, the analysis revealed that most non-oil exporters, specifically 165 respondents (68.5%), had more than ten years of experience in the domestic market before entering the export business. From the information provided, we can infer that many non-oil exporters possess experience in the domestic markets. The data supports the conclusion that established and knowledgeable businesses currently control Nigeria's non-oil SME export sector. Regarding respondents' years in the export business, the analysis revealed that 142 respondents, or more than 59% of SME non-oil exporters, had been involved in the export business for over ten years. Therefore, it is reasonable to conclude that many non-oil exporters have significant years of export experience. In line with (Deng et al., 2020), most firms gradually transition from familiar to unfamiliar territories. Export businesses are dynamic processes that involve continuous learning and adaptation (Prange & Verdier, 2011).

Furthermore, evaluating the relationship between the demographic statistics of the selected SMES is imperative. Figures 5.1–5.6 utilise cluster bar charts to illustrate the relationship between each participant's demographic characteristics. This aims to ascertain the trends and patterns regarding staff strength, capital size (in millions ₦), years of experience in the domestic market, and the number of years in the export (direct or indirect) business.

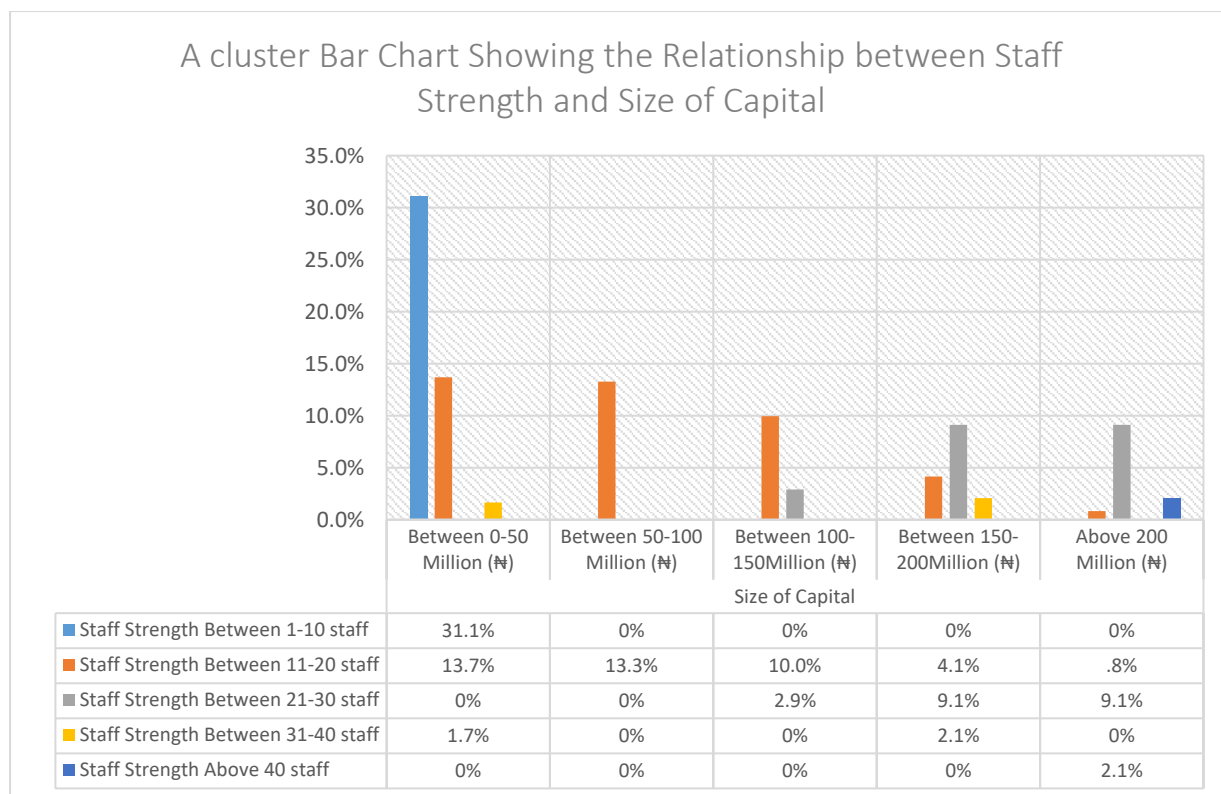


Figure 5. 1: A cluster Bar Chart Showing the Relationship between Staff Strength and Size of Capital. Pearson Chi-Square (p -value) = 286.676 (0.000)

Figure 5.1 depicts a clustered bar graph illustrating the relationship between selected SMEs' staff strength and their corresponding capital size, categorised into different intervals. The graph shows significant trends in this association. Notably, most SMEs with limited workforce capacity, specifically those with one to ten and 11 to 20 employees, tend to possess capital below 50 million naira, indicating that smaller enterprises operate with restricted financial resources (Karadag, 2015). As the number of employees increases, there is a gradual shift towards higher capital segments (Littunen & Niittykangas, 2010), with a notable emphasis on the 50-to-100-million-naira range among enterprises with 11 to 20 employees. Furthermore, a larger workforce, significantly exceeding 20 employees, demonstrates diverse distributions across capital brackets, with an increasing presence in higher capital intervals, particularly between 100-200 million naira and beyond. A p -value of 0.000, which is less than 0.05, suggests a meaningful relationship between staff strength and capital size for SMEs engaged in non-oil exports in Nigeria. These findings imply that as capital size increases, so does the staff strength of SMEs engaged in non-oil exports in Nigeria. This could indicate that better-capitalised SMEs can hire more staff, possibly because they have more resources to invest in their workforce (Olaore et al., 2021).

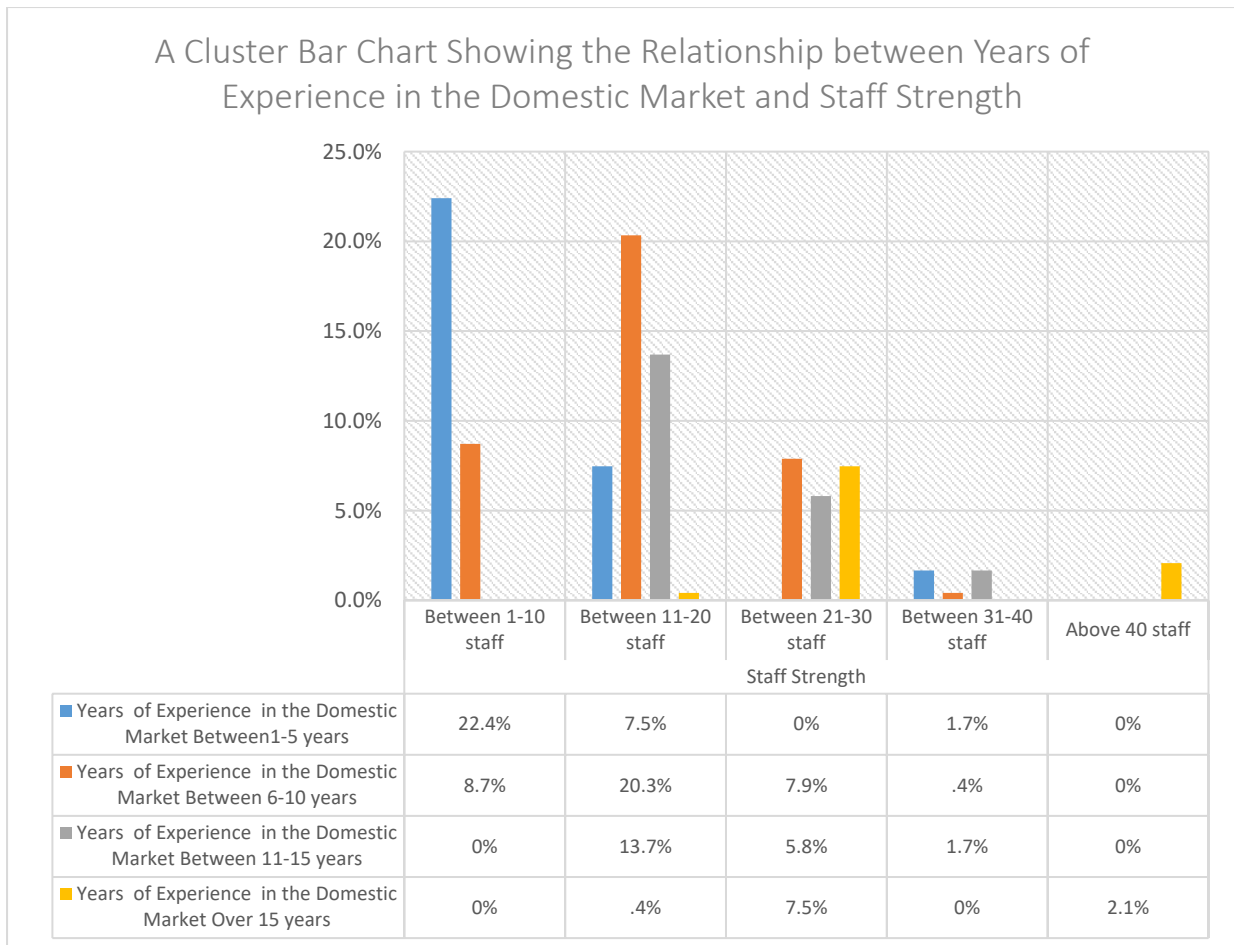


Figure 5.2: A Cluster Bar Chart Showing the Relationship between Years of Experience in the Domestic Market and Staff Strength. Pearson Chi-Square (p -value) = 188.369 (0.000)

Figure 5.2 illustrates the relationship distribution of firms according to their workforce size and years of market experience, segmented into various categories. Each cell in the graph represents the proportion of firms that belong to each combination of staff size and market experience category. Notably, smaller firms with workforce sizes ranging from one to ten employees tend to have less market experience, with 22.4% having one to five years of experience. In contrast, larger firms with staff sizes between 11 and 20 employees show a more varied distribution across experience categories, with 20.3% having 6 to 10 years of experience and 13.7% having 11 to 15 years. A notable trend emerged, indicating a significant correlation between staff size and years of domestic market experience. This correlation is further supported by a p -value of 0.000, which underscores the statistical significance of this relationship and highlights the inherent link between staff size and experience in the domestic market. These findings align with previous studies (for example, Aleman-Castilla, 2020; Srivastav et al., 2019).

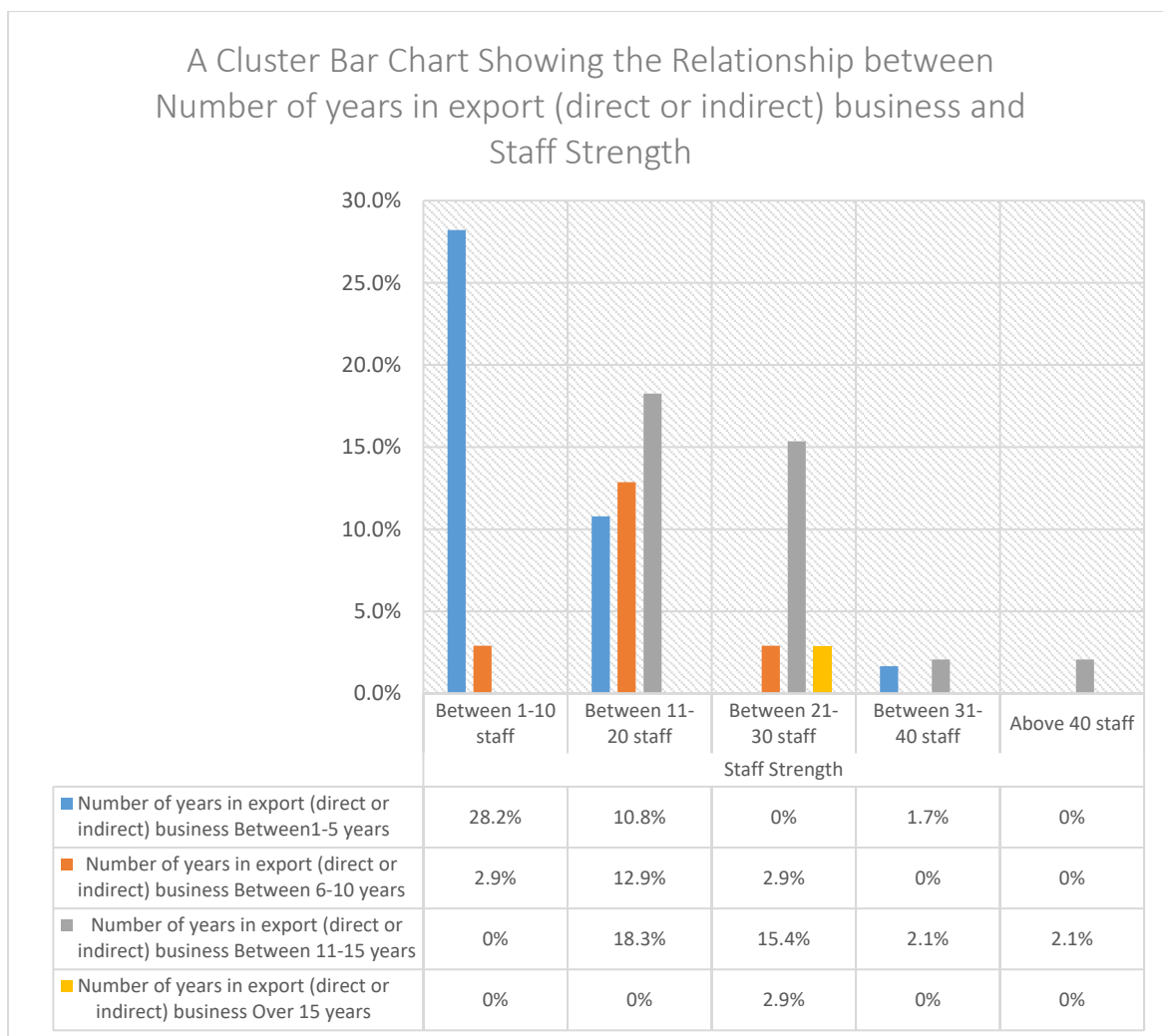


Figure 5.3: A Cluster Bar Chart Showing the Relationship between Number of years in export (direct or indirect) business and Staff Strength. Pearson Chi-Square (p -value) = 166.581 (0.000)

Figure 5.3 presents the distribution of companies based on their staff strength and the number of years involved in the export business (direct or indirect), categorised into different ranges. Each cell in the table represents the percentage of companies that fall into each combination of staff strength and export experience. A discernible pattern emerges, highlighting a significant correlation ($p < 0.01$) between staff size and years of experience in export activities. Notably, smaller companies with staff sizes between one and ten employees have shorter periods of involvement in the export business, with 28.2% having one to five years of experience. By contrast, larger companies with staff sizes between ten and twenty employees exhibit a more varied distribution across experience categories, with 12.9% having six to ten years of experience and 18.3% having eleven to fifteen years.

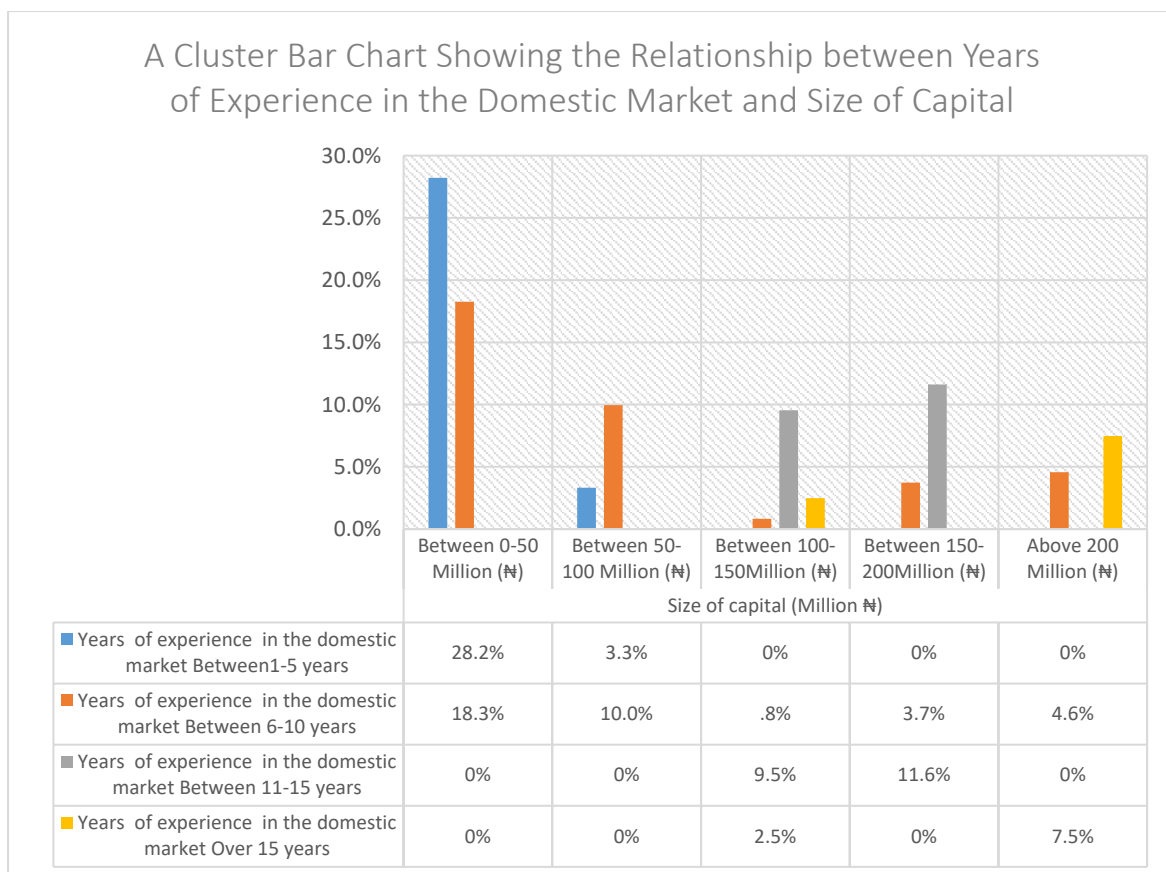


Figure 5.4: A Cluster Bar Chart Showing the Relationship between Years of Experience in the Domestic Market and Size of Capital. Pearson Chi-Square (p -value) = 312.748 (0.000)

Figure 5.4 demonstrates the correlation between capital size (measured in millions of naira) and years of experience in the domestic market. The chart illustrates the proportion of SMEs that fall into various combinations of capital size and years of experience. For example, enterprises with smaller capital sizes, particularly in the range of 0 to 50 million naira, show lower levels of involvement in the domestic market, with 28.2% having one to five years of experience. Conversely, as years of experience in the domestic market increase, there is a clear shift towards higher levels of capital. This is evident in enterprises with capital exceeding 200 million naira, where 7.5% have over fifteen years of experience. A p -value of 0.000 indicates a statistically significant correlation between years of experience in the domestic market and capital size, emphasising the crucial role of experience in acquiring financial resources to sustain business activities (Gleißner et al., 2022; Pham et al., 2021).

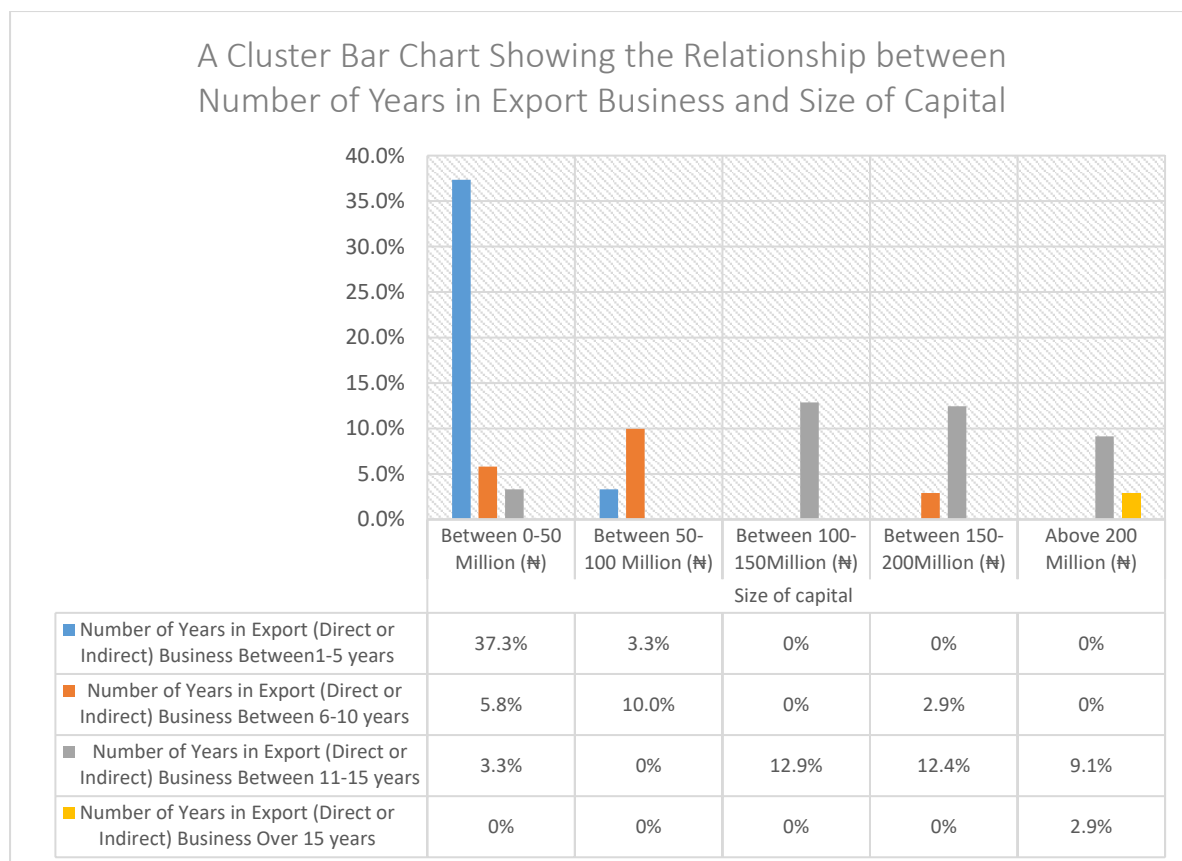


Figure 5.5: A Cluster Bar Chart Showing the Relationship between Number of Years in Export Business and Size of Capital. Pearson Chi-Square (p -value) = 305.039 (0.000)

Figure 5.5 provides a comprehensive view of the relationship between a company's capital size and the length of its export business, encompassing both direct and indirect export activities. The chart illustrates a clear connection between the scale of a firm's capital and its proficiency in export operations. SMEs with modest capital proportions, especially those within the 0-50 million Naira range, typically demonstrate shorter engagement durations in the export business. For example, 37.3% of enterprises within this capital size have 1 - 5 years of export experience. As the number of years in the export business increases, the size of capital also gradually rises, indicating a positive correlation between the two variables. A p -value of 0.000 signifies the statistical significance of the correlation between capital size and the number of years in the export business (Hernández, 2020; Rashid & Waqar, 2017).

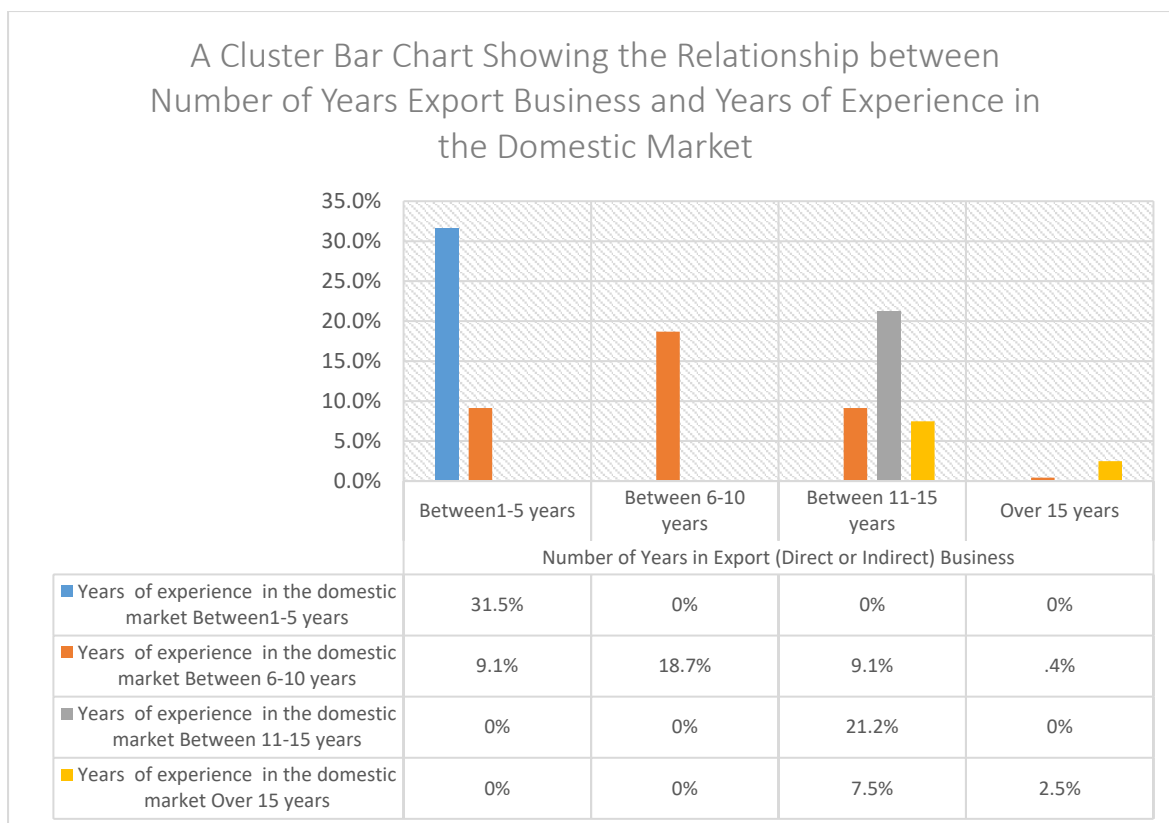


Figure 5.6: A Cluster Bar Chart Showing the Relationship between the Number of Years in Export Business and Years of Experience in the Domestic Market. Pearson Chi-Square (p -value) = 316.709 (0.000)

Figure 5.6 illustrates the relationship between the number of years in export business and years of experience in the domestic market. Specifically, firms with varying levels of domestic market experience demonstrate distinct patterns of involvement in export activities, showing significant expansion as they gain domestic experience. For example, companies with limited local market exposure exhibit minimal export participation. In contrast, firms with extensive domestic experience tend to engage more deeply and diversely in foreign markets. The statistically significant p -value underscores the strength of this correlation, emphasising the critical role of local market experience in shaping a company's trajectory and success in export trade, and vice versa. These results align with findings from previous studies (e.g., Li et al., 2022; Safari & Saleh, 2020; Zhang, 2022).

5.4: Descriptive Analysis of Research Constructs

A descriptive analysis allows the researcher to gain insight into the fundamental properties of the data and uncover patterns or trends that may merit further investigation (Loeb et al., 2017). It summarises and organises the data to understand the essential characteristics of the variables. The descriptive analysis reveals how much NOE SMEs rely on finance sources, illustrates how funding constraints impact them, and delves into their non-oil export performance.

5.4.1: Descriptive Analysis of the Use of Financing Sources

The study participants were asked to rate their use of financing sources on a scale of 1 (not at all) to 5 (frequently). The use of their financing sources is detailed:

Internal funds or retained earnings. The findings show that internal funds or retained earnings are the most-used sources of finance for SMES in Nigeria. Over 55% of the SME non-oil exporters surveyed regularly depend on internal funds or retained earnings, signifying a pronounced inclination towards self-generated resources. This aligns with previous studies; most SMEs obtain essential financial resources for their business from internal sources (e.g., Baker et al., 2020; Jiang et al., 2014; Khan, 2015). The average value of 4.2116 suggests a significant degree of overall utilisation, with responses clustering around this mean. The minimum standard deviation (1.0251) indicates a consistent pattern in participant responses to the internal financing question.

Friends and relatives. The participants demonstrated a wide range of behaviours, with 31.1% occasionally relying on acquaintances and family members for financial support. An average value of 3.1784 indicated moderate use, while a high standard deviation (1.2236) suggested significant fluctuations in the respondents' response patterns. Consistent with prior research, many borrowers seek financial assistance from their family and friends as a final option to establish and expand their ventures (e.g., Allen et al., 2012; Lee & Persson, 2016).

Deposit Money Banks (DMBs) provide credit facilities. A significant proportion (38.6%) frequently rely on the credit facilities offered by deposit money banks. An average of 3.0041 indicates a moderate to high level of utilisation. An elevated standard deviation (1.3150) suggests the presence of individual practices. Studies identified a significant and positive correlation between banks' provision of financial

assistance to small and medium-sized enterprises (SMEs) and businesses' participation level in export operations (Beck, 2013; Abora et al., 2014; Song et al., 2018).

The Federal government provides financial facilities through development banks. Government-backed finance facilities received widespread responses, with 34.4% of respondents frequently using them. The average utilisation rate of 2.4274 implies a comparatively lower level of overall usage compared to alternative sources. The modest standard deviation of 1.2230 indicates a degree of variability in the extent to which respondents rely on government-supported financial assistance, suggesting that certain businesses may exhibit a greater inclination towards availing themselves of such facilities than others (Agarwal & Wang, 2017).

Credit from suppliers. A considerable portion (41.1%) often depends on suppliers' credit, indicating a common approach to effectively managing operational funds. A high average of 3.5685 reflects strong overall reliance on this source. The standard deviation (1.3183) shows some degree of variation in attitudes; however, the trend suggests a widespread adoption of obtaining credit from suppliers. This aligns with the findings of Eck et al. (2015), who suggested that companies engaged in exports depend heavily on their suppliers' credit.

Non-Bank Financial Institutions. Responses regarding the source of finance from non-bank financial institutions show a certain degree of variability, as 36.5% occasionally use this source. An average value of 2.9004 indicates a moderate level of overall utilisation. The standard deviation of 1.2904 signifies a diversity of attitudes among these institutions, with some businesses demonstrating a greater inclination to utilise non-bank financial institutions than others. According to Rateiwa and Aziakpono (2017), nations with well-established financial systems experience a more pronounced influence and function of non-bank financial institutions (NBFIs) in fostering economic development.

The findings indicate that internal funds or retained earnings are the most frequent sources of earnings. This suggests a strong dependence on self-generated resources. Substantial reliance on credit from suppliers is another significant source of finance, followed by funds obtained from friends and relatives. People commonly utilise credit

facilities from Deposit Money Banks (DMBs), indicating a strong preference for institutional credit. Non-bank financial institutions show a moderate level of use. Finally, the federal government's financial facilities through development banks rank lowest. Table 5.2 shows the extent to which Nigerian non-oil exporter SMEs use financial resources.

Table 5.2 Distribution revealing the EXTENT of the use of sources of finance

S/N	Item	Use Scale					Mean	Std Dev.	Rank
		N %	A %	S %	O %	F %			
1	Internal funds or retained earnings	0.0	9.5	15.4	19.5	55.6	4.2116	1.0251	1 st
2	Friends and relatives	12.0	15.4	31.1	25.7	15.8	3.1784	1.2236	3 rd
3	Credit facilities from Deposit Money Banks (DMBs)	21.6	12.4	18.7	38.6	8.7	3.0041	1.3150	4 th
4	Finance facilities provided by the federal government through development banks	34.4	12.9	31.5	17.8	3.3	2.4274	1.2230	6 th
5	Credit from suppliers	15.4	3.3	15.4	41.1	24.9	3.5685	1.3183	2 nd
6	Non-Bank Financial Institutions	25.3	3.3	36.5	25.7	9.1	2.9004	1.2904	5 th

Keynote: NA - Not at all, A - A little bit, S - Sometimes, O - Often, F – Frequently, Std Dev. – Standard Deviation, % - Percentage

5.4.2: Descriptive Analysis of Funding Constraints

SMEs face numerous challenges in accessing financing, as evidenced by statistical measures of mean values and standard deviations. The most significant issue impeding SMEs' growth and development, and potentially leading to failure, is their access to external financing (e.g., Beck & Demirguc-Kunt, 2006). The prevalence of small enterprises in developing countries that must rely on external financing to cover production expenses further exacerbates the difficulty of obtaining such financing.

Collateral requirements: The necessity to provide collateral presents a significant yet divergent limitation, with an average value of 3.1867 and a relatively high standard deviation of 1.3823, reflecting varying opinions among the respondents. Therefore, collateralisation plays a crucial role in gaining access to external funds, particularly in less developed nations with a generally opaque financial system and loose regulations (Menkhoff et al., 2012).

Non-Flexibility of Repayment: The rigidity of repayment terms is moderately viewed as a constraint, with an average value of 3.2697 and a standard deviation of 1.2541.

Lack of a favourable interest rate: Conversely, the lack of a favourable interest rate was consistently regarded as a significant obstacle, with a mean score of 3.7054. Nevertheless, the respondents' opinions varied, as indicated by the standard deviation of 1.2879.

Unfavourable loan maturity period: The presence of unfavourable loan maturity periods, with an average value of 3.4979 and a lower standard deviation of 1.1977, presents a moderately consistent obstacle for SMEs.

Corruption in the loan allocation system: This is moderately viewed as a challenge, with an average value of 2.9129 and a standard deviation of 1.2897, indicating the presence of diverse opinions.

Slow loan disbursement: The delay in loan disbursement, which has an average value of 3.5062 and a standard deviation of 1.2882, represents a significant and variably perceived limitation.

Lengthy and complicated procedures for obtaining loans: The extended and complex loan procedures consistently pose a moderate to significant challenge, as indicated by the mean value of 3.4896 and standard deviation of 1.3513.

Peers' borrowing experience: With an average value of 3.0664 and a standard deviation of 1.2532, peers' borrowing experiences represent a moderate yet diverse constraint, highlighting the multifaceted nature of SMEs' obstacles in securing financial resources.

The mean values indicate the constraints that small and medium enterprises (SMEs) in Nigeria face in obtaining financial resources, according to their severity. The absence of favourable interest rates is the most significant hindrance, emphasising the widespread impact of high interest rates on access to financial services. The obstacles slowing down loan disbursements highlight the urgency and efficiency of lending processes. Consequently, there are unfavourable loan maturity periods, longer and more complicated loan procedures, inflexibility in repayment, and the need to provide collateral. Peers' borrowing experiences and corruption in loan allocation exacerbate these challenges. The analysis in Table 5.3 below reveals the extent of the impact of the identified constraints on financial access.

Table 5.3: Distribution revealing the EXTENT to which the NOE SMEs are affected by the funding constraints

S/N	Item	Scale Level					Mean	Std Dev.	Rank
		N	A	S	O	F			
		%	%	%	%	%			
1	Collateral requirements	22.0	9.1	9.5	46.9	12.4	3.1867	1.3823	6 th
2	Non-Flexibility of repayment	15.4	12.4	12.0	50.2	10.0	3.2697	1.2541	5 th
3	Non-availability of favourable interest rate	12.4	5.8	9.5	43.2	29.0	3.7054	1.2879	1 st
4	Unfavourable Loan maturity period	12.0	2.9	28.2	36.9	19.9	3.4979	1.1977	3 rd
5	The existence of corruption in the loan allocation system	22.0	12.0	28.2	28.2	9.5	2.9129	1.2897	8 th
6	Slow loan disbursement	12.9	5.8	24.9	30.7	25.7	3.5062	1.2882	2 nd
7	Lengthy and complicated procedures for obtaining loans	12.4	12.0	18.7	27.8	29.0	3.4896	1.3513	4 th
8	Peers' borrowing experience	18.7	6.2	37.8	24.5	12.9	3.0664	1.2532	7 th

Keywords: NA, - Not at all; A, - A little bit; S, - Sometimes; O, - Often; F, – Frequently; Std Dev. – Standard deviation (%) - Percentage

5.4.3: Descriptive Analysis of SMEs' Non-Oil Export Performance

Table 5 illustrates the distribution of non-oil export performance. We analyse each item using descriptive statistics (percentages, means, and standard deviations) to understand the non-oil export performance of SMEs in Nigeria. The findings show that:

- SMEs operating in Nigeria commonly view their export endeavours as highly lucrative, as evidenced by the mean value of 3.8133, which indicates a substantial level of profitability. A standard deviation of 0.8912 shows a moderate degree of variability in the responses provided by participants.
- SMEs express optimistic sentiments regarding the sales volume generated by their export ventures, with a mean value of 3.8299, indicating a strong level of sales. A standard deviation of 0.8709 reflects moderate differences in opinions among study participants.
- SMEs in Nigeria generally believe that their export ventures have achieved rapid growth, as indicated by the mean value of 3.8133, suggesting a high level of perceived growth. A standard deviation of 0.9500 implies some variability in opinion regarding the extent of this growth.
- The respondents exhibited confidence in improving their global competitiveness through their export activities, as indicated by a notably high

mean value (3.8133). The standard deviation (0.8480), which signifies a relatively limited degree of variation, suggests a consensus among small and medium-sized enterprises (SMEs).

- The pursuit of export ventures has generally fortified SMEs' strategic positions despite the slightly lower mean value (3.6224), suggesting a moderate perceived strength. The standard deviation (0.8959) revealed divergent opinions.
- The mean value (3.6432) indicates a moderate to high perceived increase and reflects optimism regarding the substantial growth in global market share due to export ventures. The standard deviation (0.8349) indicated some variation in the responses.
- SMEs commonly experience a high level of satisfaction with the overall performance of their export endeavours, as indicated by a mean value of 3.7510. This finding suggests that these are the outcomes. A standard deviation of 0.8589 indicates moderate variability in satisfaction levels among the respondents.
- SMEs demonstrated confidence in the prosperity of their export ventures, as suggested by a mean value of 3.7012, indicating a high level of perceived success. The standard deviation shows variation in opinions regarding the extent of success.
- There was a more diverse range of sentiments regarding the fulfilment of expectations, as evidenced by a lower mean value of 3.1411 and a higher standard deviation of 1.0190. SMEs display a variety of experiences and expectations, with some perceiving their expectations as fully met to a greater extent than others.

Table 5.4 reveals the distribution of SMEs' non-oil export performance.

Table 5.4: Distribution revealing the SMEs' non-oil export performance

S/N	Item	Scale Level					Mean	Std Dev.
		SD	D	U	A	SA		
		%	%	%	%	%		
1	This export venture has been very profitable.	4.1	6.6	5.8	70.5	12.9	3.8133	0.8912
2	This export venture has generated a high volume of sales.	1.7	9.5	9.1	63.5	16.2	3.8299	0.8709
3	This export venture has achieved rapid growth.	5.0	6.6	6.2	66.4	15.8	3.8133	0.9500
4	Our global competitiveness has improved.	2.1	6.2	15.8	60.2	15.8	3.8133	0.8480
5	Our strategic position has been strengthened.	2.1	15.8	6.2	69.7	6.2	3.6224	0.8959
6	Our global market share has increased significantly.	2.5	9.5	15.4	66.4	6.2	3.6432	0.8349
7	The performance of this export venture has been very satisfactory.	0.0	15.4	6.2	66.4	12.0	3.7510	0.8589
8	The export venture has been successful.	0.0	21.2	3.3	59.8	15.8	3.7012	0.9757
9	Our expectations have been met.	2.9	24.5	40.7	19.5	12.4	3.1411	1.0190

SD: - Strongly Disagree; D: – Disagree; U: – Undecided; A: – Agree; SA: - Strongly Agree; Std Dev. – Standard deviation, (%)

This section provides in-depth analyses of various factors, including the staff size of the respondents' companies, capital size, years of experience in the domestic market, and the duration of involvement in the export business. Additionally, this section offers a detailed examination of the research constructs, such as the extent of finance source utilisation, constraints affecting access to finance, and the relationship between years of domestic market experience and access to finance. We conducted these analyses to understand how financing sources influence the performance of small and medium-sized enterprises (SMEs) engaged in non-oil exports. To this end, we utilised descriptive statistics derived from the questionnaire data, conducting a comprehensive examination to obtain the most relevant results.

The following section provides an inferential analysis of financing sources and non-oil export performance.

5.5: Inferential Analysis of Financing Sources and Non-oil Export Performance

This section addresses the limitations of descriptive statistics by introducing and exploring advanced data analysis methods. Empirically, we examine the impact of available sources of finance (independent variables) on SMEs' non-oil export performance (dependent variable). We have designed these methods to provide more comprehensive evidence and facilitate hypothesis testing. Additionally, the methods assess the scientific validity of the effects and relationships identified through descriptive analysis.

Statistical tests were conducted to evaluate the hypotheses using multivariate techniques, employing the SPSS statistical tool for multiple linear regression, Pearson correlation, and chi-square tests to analyse and quantify the relationships among these variables.

5.5.1: Hypothesis Testing

The following hypotheses were tested:

- H₀1: Available financing sources do not have a significant impact on non-oil export performance among Nigerian SMEs.
- H₀2: The identified constraints are not related to non-oil exporters' access to external sources of finance.
- H₀3: Years of experience in the domestic market do not significantly determine non-oil exporters' access to finance.

5.5.2: Model Specification for Hypothesis One

The model specification for this study applies to hypothesis one. Two multiple linear regression models were formulated to test this hypothesis. Non-oil export performance is the dependent variable, while internal funds, friends and relatives, deposit money banks, development banks, trade credit from suppliers, and non-bank financial institutions serve as sources of finance, which are the independent variables. Control variables included years of experience in the domestic market, years in the export business, and capital size.

The multiple linear regression models are presented below:

$$NEP = \beta_0 + \beta_1 IF + \beta_2 FR + \beta_3 CDMBs + \beta_4 FGDBs + \beta_5 CFSs + \beta_6 NBFIs + \varepsilon \text{ ----- Model (1)}$$

$$NEP = \alpha_0 + \alpha_1 IF + \alpha_2 FR + \alpha_3 CDMBs + \alpha_4 FGDBs + \alpha_5 CFSs + \alpha_6 NBFIs + \alpha_7 YED + \alpha_8 NYE + \alpha_9 SZ + \varepsilon \text{ ----- Model (2)}$$

Where:

NEP = Non-oil Export Performance is the **Dependent variable**

The sources of finance are the **independent variables**, which include:

IF = Internal Funds or Retained Earnings,

FR = Friends and Relatives,

CDMBs = Credit facilities from Deposit Money Banks (DMBs),

FGDBs = Finance facilities provided by the federal government through development banks,

CFSs = Credit from suppliers

NBFIs= Non-Bank Financial Institutions.

The control variables are:

YED = Years of experience in the domestic market,

NYE = Number of years in export (direct or indirect) business

SZ = Size of capital

The regression consonants are $\beta_0, \beta_1, \beta_2, \beta_3, \beta_4, \beta_5, \beta_6, \alpha_0, \alpha_1, \alpha_2, \alpha_3, \alpha_4, \alpha_5, \alpha_6, \alpha_7, \alpha_8$ and α_9

While ε is the white noise.

5.5.3: Assumptions of Statistical Tests Employed for Hypothesis One

This study examines the impact of financing sources on the performance of non-oil exporters in Nigeria. A multiple linear regression model was formulated to investigate the first hypothesis and explore the effect of the independent variables (sources of finance) on the dependent variable (non-oil export performance). Multiple linear regression is a mathematical method that models the relationship between multiple independent predictive factors and a single dependent outcome variable (Nathans et al., 2012). Before conducting the analysis, the researcher carefully evaluated the following assumptions to ensure the reliability of the findings and validate the appropriateness of using multiple linear regression. The assumptions outlined by Osborne and Waters (2019) are as follows:

- i. Each independent variable has a linear relationship with the dependent variable.
- ii. There is no multicollinearity when it comes to independent variables.
- iii. The model's residuals are homoscedastic, meaning their variance is constant, independent, and not autocorrelated.
- iv. The model's residuals exhibit an approximately normal distribution.

5.5.4: Diagnostics Tests for Regression Analysis in Hypothesis One

Diagnostic tests are essential in regression analysis to verify the assumptions of the model and ensure the reliability of the results. The assumptions outlined above were verified using the diagnostic techniques applied in hypothesis one:

- i. **Mean of Errors:** The residuals (errors) should have a mean of zero, indicating that the model predictions are generally unbiased. If the mean of the errors significantly deviates from zero, the model may systematically overestimate or underestimate the dependent variable.
- ii. **Autocorrelation Test:** Autocorrelation is the correlation between a variable and itself over time. The residuals in the regression analysis must be independent of one another. The Durbin-Watson test is commonly employed to identify autocorrelations. Values approaching 0 or 4 suggest positive or negative autocorrelation, whereas a test statistic close to 2 indicates the absence of autocorrelation. Table 5.5 shows the results of the mean of the errors and the autocorrelation test.

Table 5.5: Diagnostic Test 1 of the Regression Analysis: Mean of Errors and Autocorrelation Test

Model 1		Model 2	
Mean of Errors	Durbin Watson	Mean of Errors	Durbin Watson
.000	1.615	.000	1.584

Dependent variable: SMEs' non-oil export performance

An average error of 0.000 signifies that the models (Models 1 and 2) typically lack any form of bias. The Durbin-Watson statistics of 1.615 and 1.584 (approximately 2.0) for Models 1 and 2, respectively, imply the absence of autocorrelation in the models. The conclusion drawn from the autocorrelation test suggests that the model successfully

captures the systematic patterns inherent in the data, and any remaining variation is considered random and unaffected by previous errors.

In addition to the mean of errors and the autocorrelation test, a multicollinearity test was conducted. Sekaran and Bougie (2016) define multicollinearity as a condition that occurs when two or more predictor variables are exceptionally associated, specifically in multiple regression models. The three principal techniques for identifying multicollinearity are the eigenvalue method, correlation coefficients, and variance inflation factors (Shrestha, 2020). This study utilised variance inflation factors (see Table 5.6). The variance inflation factor quantifies the extent to which the correlation between the independent variables inflates the variance of the estimated regression coefficient. The variance inflation factor (VIF) measures the severity of multicollinearity in the regression analysis. This statistical concept indicates an increase in the variance of the regression coefficient due to collinearity. A VIF value less than 10 indicates no multicollinearity among the predictors of the regression model (Shrestha, 2020).

Table 5.6: Diagnostics Test 2 of the Regression Analysis: Multicollinearity Test Using Variance Inflation Factors

Variables	Model 1	Model 2
	VIF	VIF
Constant	NA	NA
IF	1.355	1.506
FR	1.269	1.515
CDMBs	4.334	6.185
FGDBs	2.841	3.210
CFSs	3.859	4.800
NBFIs	1.825	2.252
YED		5.153
NYE		6.678
SZ		4.839

Dependent variable: SMEs' non-oil export performance

The multicollinearity test using the VIF shows that all predictor and control variables in the two models exhibit VIF values of less than 10, which indicates that the regression models were valid.

- iii. **Normality of Residual Test:** In linear regression, residuals must have a symmetrical distribution around zero, resembling a bell curve (Schmidt &

Finan,2018). This ensures a normal distribution of the model's errors for reliable statistical inferences (Schmidt & Finan,2018). A robust linear relationship in the plot indicates an approximately normal distribution of the residuals.

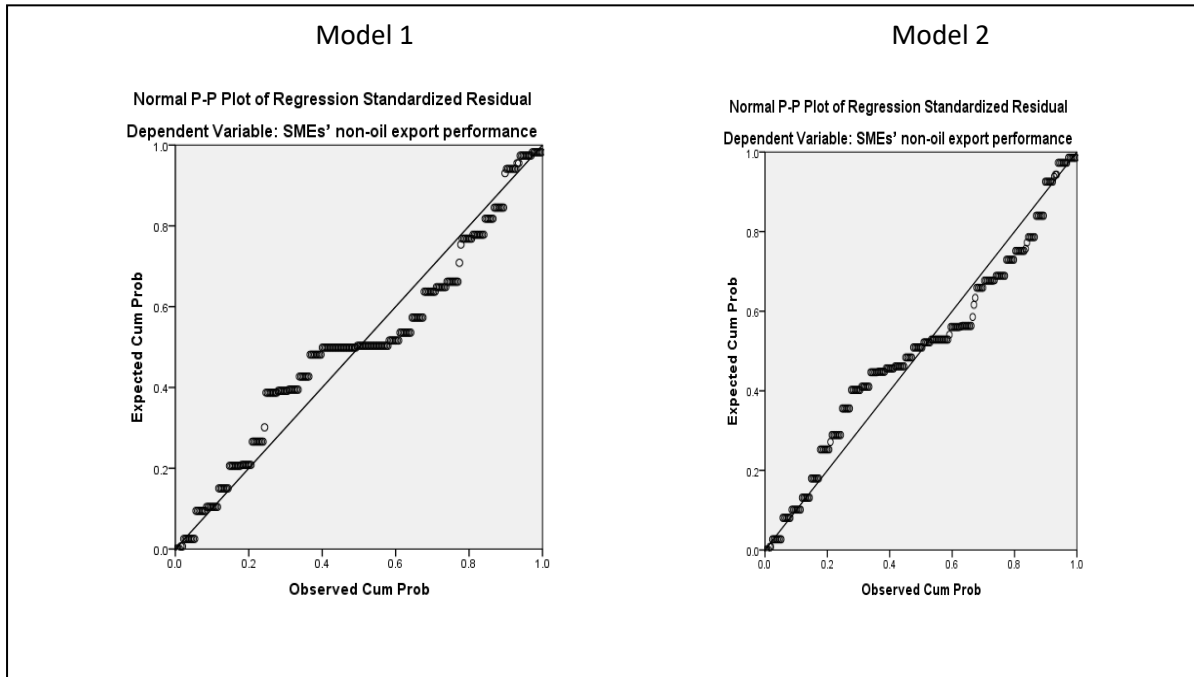


Figure 5.7: Normality of Residual Test

The normal P-P plot of regression standardised residuals for Models 1 and 2 revealed that the residuals from both regression models were approximately normally distributed, as most points closely followed the diagonal line (See Figure 5.7). This implies that the assumption of normality of the residuals is met.

iv. Homoscedasticity and Linearity Test: Homoscedasticity assumes constant residual variability across all levels of independent variables, ensuring consistent model predictions (Schmidt & Finan,2018). Linearity requires a straight-line relationship between independent and dependent variables and is often assessed using scatterplots (Tranmer & Elliot,2008).

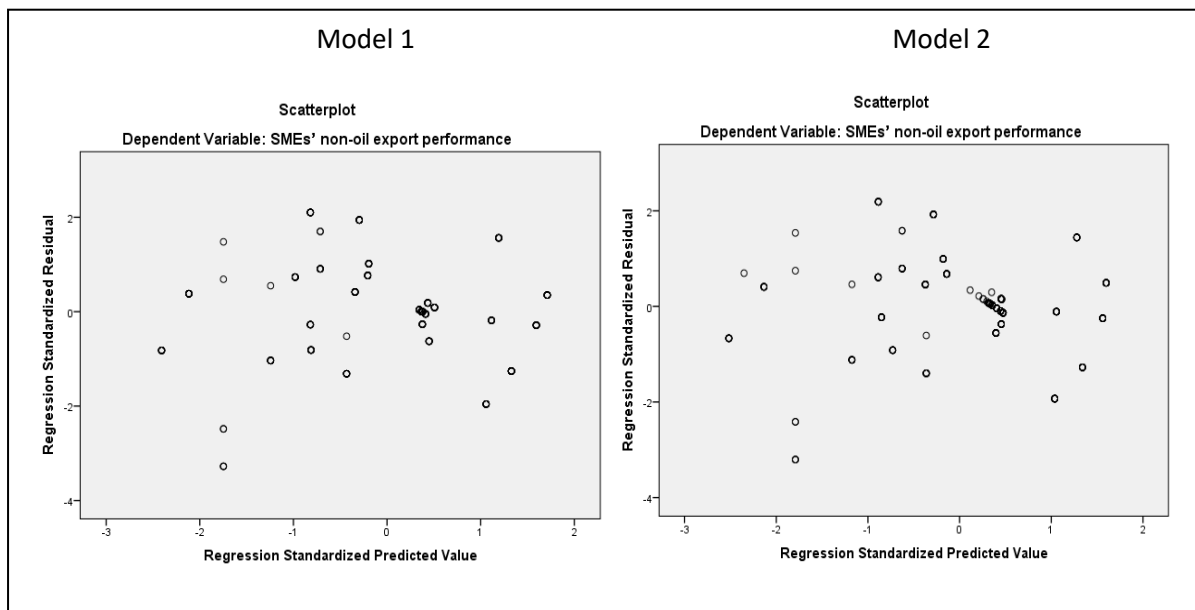


Figure 5:8: Homoscedastic and Linearity Test

As shown in the scatterplots (see Figure 5.8), the residuals were randomly distributed around the horizontal axis, demonstrating that the assumptions of homoscedasticity and linearity were satisfied. The homoscedasticity results show that there is no problem with non-constant variance.

5.6: Inferential Analysis of Financing Sources and Export Performance

Hypothesis One - H₀₁: Available financing sources do not have a significant impact on non-oil export performance among Nigerian SMEs.

Two multiple linear regression models were used to investigate this hypothesis and examine the impact of independent variables on dependent variables. The study included control variables, such as years of experience in the domestic market, number of years in the export business, and size of capital, to accurately measure the impact of sources of finance on non-oil export performance among SMEs in Nigeria. This was performed to prevent these additional factors from influencing the results. Bernerth and Aguinis (2016) suggest that controlling for other variables is an essential step in regression analysis to ensure that the results are relevant and that the detected associations are as close to genuine relationships as possible. According to Schjoedt and Sangboon (2015), adding control variables can improve the accuracy of coefficient estimates for independent variables, lower bias when determining the relationships

between independent and dependent variables, and make the conclusions of the analysis more reliable.

The results of the multiple linear regression are presented in Tables 5.7

Table 5.7: Multiple Linear Regression result for Financing sources and SMEs' non-oil export performance

	Model 1	Model 2
Variable	Coefficient (t-Statistic)	Coefficient (t-Statistic)
Constant	2.909**(23.184)	2.894**(21.829)
IF	-0.205**(-6.657)	-0.202**(-6.189)
FR	0.337**(13.494)	0.335**(12.226)
CDMBs	0.190**(4.425)	0.198**(3.845)
FGDBs	0.187**(4.992)	0.206**(5.161)
CFSS	-0.176**(-4.361)	-0.154**(-3.412)
NBFIs	0.058*(2.043)	0.039(1.226)
YED		0.059502(0.939)
NYE		-0.079573(-1.074)
SZ		-0.021087(-0.523)
Goodness of Fit		
R-squared	0.641	0.644
Adjusted R-square	0.632	0.630
S.E. of regression	0.421	0.422
Durbin-Watson stat	1.615	1.584
Akaike info criterion	1.134	1.151
Schwarz criterion	1.236	1.295
Mean of errors	0.000	0.000
F-statistic	69.573	46.408
Prob(F-statistic)	0.000	0.000

Notes: Dependent Variable: SMEs' non-oil export performance (NEP)

The independent variables are denoted as follows: *IF* represents Internal Funds, *FR* represents Friends and Relatives, *CDMBs* represent credit facilities from Deposit Money Banks, *FGDBs* represent finance facilities provided by the Federal Government through development banks, *CFSS* denote credit from suppliers, *NBFIs* represent non-bank financial institutions, *YED* represents years of experience in the domestic market, *NYE* represents the number of years in export (direct or indirect) business, and *SZ* represents size of capital.

* Significance at 5% level

** Significance at 1% level

Table 5.7 presents the multiple linear regression results for the available financing sources and SMEs' non-oil export performance. It consisted of two linear regression models. The findings showed that the two regression models fit the data well. The results of the two regression analyses are similar, excluding Non-Bank Financial Institutions, which are insignificant in Model 2. As a result, there is a need to select the most appropriate regression model, even though both models fit well. Using prominent model selection criteria, the Akaike info and Schwarz criteria were employed. Statistical analysis often uses the Akaike info and Schwarz criteria to select models. Both criteria help identify the appropriate model for data while minimising complexity. More effective models have lower Akaike information and Schwarz Criterion values than less effective ones. Compared to Model 2, Model 1 has lower Akaike Information

Criterion and Schwarz Criterion values. This suggests that Model 1 strikes an ideal balance between reliability and goodness of fit. The study report is based on two models.

Model 1 reveals the regression analysis results for the sources of finance as predictors of non-oil export performance among SMEs. Reporting on the goodness of fit, the findings show that the sources of finance explain approximately 64% ($R^2 = .641$) of the variance in SMEs' non-oil export performance. The F -statistic = 69.573 with corresponding $p < 0.01$ indicates that the model is statistically significant. These results provide strong evidence to support the hypothesis that available sources of finance are predictors of SMEs' non-oil export performance. It is important to note that while the R^2 value is substantial, it is typical of studies on SME financing (e.g., Baker et al., 2020; Moorthy et al., 2012; Sin et al., 2016; Osano & Languitane, 2016).

Based on the regression coefficient in Model 1, the results show that the extent of internal funds ($\beta_1 = -.205$, $t = -6.657$, $p < 0.01$) negatively and significantly affects SMEs' non-oil export performance in Nigeria. The coefficient represents the relationship between the extent of the use of internal funds and non-oil export performance. In this case, the negative coefficient of **-0.205** suggests a negative relationship between internal funds and non-oil export performance. This result implies that export performance is weaker when greater reliance on internal funds exists. The t -statistic quantifies the magnitude of the difference in the variability observed in the sample data. The coefficient significantly differs from zero, as indicated by a t -value of -6.657. A negative sign confirms the direction of the relationship, indicating a negative impact. A p -value less than 0.01 indicates strong evidence against the null hypothesis, suggesting that the effect of internal funds on non-oil export performance is statistically significant at the 1% level. Therefore, we fail to accept the null hypothesis of no effect and conclude that using internal funds negatively affects non-oil export performance.

The regression coefficient indicates that financial sources from **friends and relatives** ($\beta_2 = .337$, $t = 13.494$, $p < 0.01$) positively and significantly predicted SMEs' non-oil export performance. A beta coefficient of **0.337** suggests a strong positive relationship between financial support from friends and relatives and non-oil export performance. Specifically, for every 1% increase in the proportion of financing sourced from friends and relatives, there is an associated 33.7% increase in non-oil export performance, assuming that all the other factors are constant. The t-statistic of **13.494** was highly significant, indicating that the positive effect of financial support from friends and relatives on non-oil export performance was statistically robust. A p-value of less than 0.01 confirms that the positive impact of finance from friends and relatives on non-oil export performance is statistically significant.

Credit facilities from **Deposit Money Banks** ($\beta_3 = .190$, $t = 4.425$, $p < 0.01$) also positively and significantly predicted SMEs' non-oil export performance. A beta coefficient of **0.190** suggests a positive relationship between credit facilities from Deposit Money Banks and non-oil export performance. Specifically, for every 1% increase in credit facilities from these banks, there is a 19% increase in non-oil export performance if all the other factors remain constant. The t-statistic of **4.425** is statistically significant, indicating that the positive effect of credit facilities from Deposit Money Banks on non-oil export performance is robust. The p-value is less than 0.01, confirming that the positive impact of credit facilities from Deposit Money Banks on non-oil export performance is statistically significant.

The regression results show a positive and significant relationship between the finance facilities provided by the federal government through development banks and non-oil export performance ($\beta_4 = .187$, $t = 4.992$, $p < 0.01$). A beta coefficient of 0.188 suggests a positive relationship between financial facilities from the federal government through development banks and non-oil export performance in Nigeria. Specifically, for every 1% increase in such finance facilities, there is an 18.7% increase in non-oil export performance if all other factors are constant. The t-statistic of 5.014 is statistically significant, indicating that the positive effect of federal government finance facilities on non-oil export performance through development banks is robust. The p-value is less than 0.01, confirming that the positive impact of federal government financial facilities through development banks on non-oil export performance is significant. This means

there is less than a 1% probability that this observed relationship is due to a random chance.

The regression results indicate a negative and significant relationship between suppliers' trade credit and the non-oil export performance of SMEs ($\beta_5 = -.176$, $t = -4.361$, $p < 0.01$). A beta coefficient of -0.176 suggests a negative relationship between supplier trade credit and non-oil export performance. Specifically, for every 1% increase in the use of trade credit from suppliers, there is a 17.6% decrease in non-oil export performance if all other factors are constant. The t-statistic of -4.361 is statistically significant, indicating that the negative effect of suppliers' trade credit on non-oil export performance is robust. A p-value of less than 0.01 confirms that the negative impact of trade credit from suppliers on non-oil export performance is statistically significant. This means there is less than a 1% probability that this observed relationship is due to random chance.

The regression results indicate a positive and significant relationship between loans from non-bank financial institutions and non-oil export performance ($\beta_6 = .058$, $t = 2.043$, $p < 0.05$). A beta coefficient of 0.058 suggests a positive relationship between loans from non-bank financial institutions and the performance of non-oil exporters. Specifically, for every 1% increase in loans from non-bank financial institutions, there is an associated 5.8% increase in non-oil export performance if all the other factors are constant. A t-statistic of 2.043 is statistically significant, indicating that the positive effect of loans from non-bank financial institutions on non-oil export performance is robust.

Model 2 revealed the regression analysis results for the sources of finance as predictors of non-oil export performance among SMEs while allowing for control variables such as years of experience in the domestic market, number of years in export (direct or indirect) business and size of capital. Based on the goodness of fit, the findings show that about 64.4% ($R^2 = .644$) of the variance in SMEs' non-oil export performance is explained by the sources of the finance and control variables. This model explains a significant portion of the variability in the export performance. The F -statistic = 46.408 with corresponding $p < 0.01$ indicates that the model is statistically significant. The fact that the F -statistic is large, and the p-value is small leads to the rejection of the null hypothesis, indicating that the model provides explanatory power.

Based on the regression coefficient in Model 2, the results show that internal funds or retained earnings ($\alpha_1 = -.202$, $t = -6.189$, $p < 0.01$) negatively and significantly affect SMEs' non-oil export performance.

Financing sources from friends and relatives ($\alpha_2 = .335$, $t = 12.226$, $p < 0.01$) positively and significantly predicted SMEs' non-oil export performance of SMEs.

Credit facilities from Deposit Money Banks ($\alpha_3 = .198$, $t = 3.845$, $p < 0.01$) also positively and significantly predicted SMEs' non-oil export performance.

The financing facilities provided by the federal government through development banks also positively and significantly predicted SMEs' non-oil export performance ($\alpha_4 = .206$, $t = 5.161$, $p < 0.01$).

Suppliers' credit ($\alpha_5 = -.154$, $t = -3.412$, $p < 0.01$) negatively affects SMEs' non-oil export performance.

Loans from non-bank financial institutions ($\alpha_6 = 0.039$, $t = 1.226$, $p > 0.05$) **have no significant effect on SMEs' non-oil export performance**. Based on the regression results, loans from non-bank financial institutions (NBFIs) do not have a significant impact on the non-oil export performance of SMEs in Nigeria.

A positive coefficient indicates a weak direct relationship between loans from NBFIs and SMEs' non-oil export performance. Nevertheless, a value of 0.039 suggests that any potential positive impact is relatively modest. The t-value quantifies the magnitude of the difference in the variability observed in the sample data. The coefficient was not significantly different from zero, as indicated by a t-value of 1.226. The t-value did not meet the threshold for establishing a statistically significant impact. The p-value represents the likelihood that the observed relationship occurred because of a random chance. A p-value greater than 0.05 indicates a higher than 5% probability that the observed relationship results from random chance. Thus, the null hypothesis cannot be rejected, indicating that loans from NBFIs do not significantly affect export performance.

Each of the control variables:

Years of experience in the domestic market has no significant effect on SMEs' non-oil export performance ($\alpha_7 = .060$, $t = 0.924$, $p > 0.05$). A p-value greater than 0.05 means

that the effect of years of experience in the domestic market is not statistically significant at the 5% significance level.

The number of years of exports has no significant effect on SMEs' non-oil export performance (direct or indirect). A p-value greater than 0.05 means that the effect of years of experience in the export business is not statistically significant at the 5% significance level. ($\alpha_8 = -.080$, $t = -1.076$, $p > 0.05$),

The size of capital ($\alpha_9 = -.021$, $t = -.521$, $p > 0.05$) has no significant effect on SMEs' non-oil export performance.

The findings indicate that none of the control variables—years of experience in the domestic market, years in export (direct or indirect) business, and capital size—significantly impact SMEs' non-oil export performance. This implies that other factors, possibly unique to the export process (such as market entry strategies, government trade policies, product quality, time lag, exchange rates, or external market conditions), maybe more critical in determining SMEs' export success. Table 5.8 shows a summary of the findings of hypothesis one.

Table 5.8 Summary of Regression Report on Impact of Financing Sources on non-oil export performance among SMEs in Nigeria

Null Hypothesis	Findings Model1	Remarks	Findings Model 2	Remarks
Internal funds do not have a significant impact on non-oil export performance among SMEs in Nigeria.	Internal funds negatively and significantly impact non-oil export performance among SMEs in Nigeria. Significant (-ve) $\beta_1 = -.205$, $t = -6.657$, $p < 0.01$	Reject the null hypothesis.	Internal funds negatively and significantly affect SMEs' non-oil export performance. ($\alpha_1 = -.202$, $t = -6.189$, $p < 0.01$)	Reject the null hypothesis.
Financial support from friends and relatives does not significantly impact non-oil export performance among SMEs in Nigeria.	Financial support from friends and relatives has a positive and significant impact on non-oil export performance among SMEs in Nigeria. Significant (+ve) $\beta_2 = .337$, $t = 13.494$, $p < 0.01$	Reject the null hypothesis.	Financial support from friends and relatives positively and significantly predicted SMEs' non-oil export performance. ($\alpha_2 = .335$, $t = 12.226$, $p < 0.01$)	Rejected the null hypothesis
Credit facilities from Deposit Money Banks do not significantly impact non-oil export performance among Nigerian SMEs.	Credit facilities from Deposit Money Banks positively and significantly impact non-oil export performance among SMEs in Nigeria. Significant (+ve) $\beta_3 = .190$, $t = 4.425$, $p < 0.01$	Reject the null hypothesis.	Credit facilities from Deposit Money Banks also positively and significantly predicted SMEs' non-oil export performance. ($\alpha_3 = .198$, $t = 3.845$, $p < 0.01$)	Rejected the null hypothesis
H_{01d}: Financial support provided by the federal government through development banks does not significantly impact non-oil export performance among Nigerian SMEs.	Financial support provided by the federal government through development banks has a positive and significant impact on non-oil export performance among SMEs in Nigeria. Significant (+ve) $\beta_4 = .187$, $t = 4.992$, $p < 0.01$	Reject the null hypothesis.	Finance facilities by development banks also positively and significantly predicted SMEs' non-oil export performance ($\alpha_4 = .206$, $t = 5.161$, $p < 0.01$).	Rejected the null hypothesis
H_{01e}: Trade Credit from suppliers does not significantly impact non-oil export performance among SMEs in Nigeria.	Trade Credit from suppliers negatively and significantly impacts non-oil export performance among SMEs in Nigeria. Significant (-ve) $\beta_5 = -.176$, $t = -4.361$, $p < 0.01$	Reject the null hypothesis.	Trade Credit from suppliers negatively and significantly impacts SMEs' non-oil export performance. ($\alpha_5 = -.154$, $t = -3.412$, $p < 0.01$)	Rejected the null hypothesis
H_{01f}: Loans from non-bank financial institutions do not have a significant impact on non-oil export performance among SMEs in Nigeria.	Loans from non-bank financial institutions positively and significantly impact non-oil export performance among SMEs in Nigeria. Significant (+ve) $\beta_6 = .058$, $t = 2.043$, $p < 0.05$	Reject the null hypothesis.	Loans from non-bank financial institutions do not significantly affect SMEs' non-oil export performance. ($\alpha_6 = 0.039$, $t = 1.226$, $p > 0.05$)	We fail to reject the null hypothesis.
Years of experience in the domestic market do not significantly impact non-oil export performance.	CONTROL VARIABLE	NIL	Years of experience in the domestic market do not have a significant impact on SMEs' non-oil export performance ($\alpha_7 = .060$, $t = 0.939$, $p > 0.05$)	We fail to reject the null hypothesis.
The number of years in the export business has no significant effect on SMEs' non-oil export performance.	CONTROL VARIABLE	NIL	The number of years in export (direct or indirect) business does not have a significant impact on SMEs' non-oil export performance ($\alpha_8 = -.080$, $t = -1.074$, $p > 0.05$)	We fail to reject the null hypothesis.
The size of capital has no significant effect on SMEs' non-oil export performance.	CONTROL VARIABLE	NIL	The size of capital has no significant effect on SMEs' non-oil export performance. ($\alpha_9 = -.021$, $t = -.523$, $p > 0.05$)	We fail to reject the null hypothesis.

5.7: Inferential Analysis of Constraints and Access to External Sources of Finance

Hypothesis Two – H₀₂: The identified constraints (i.e. collateral requirements, non-flexibility of repayment, non-availability of favourable interest rate, unfavourable loan maturity period, corruption, slow loan disbursement, complicated loan procedure, and peers' borrowing experience) are not related to non-oil exporters' access to external sources of finance.

Table 5.9 shows how the identified constraints relate to access to external formal sources of finance.

Table 5.9: Correlation Analysis of Identified Constraints and Access to External Finance

		External Finance			
Constraints		Credit facilities from Deposit Money Banks (DMBs)	Finance facilities provided by the federal government through development banks	Credit from suppliers	Non-Bank Financial Institutions
Collateral requirements	Pearson Correlation	.341**	.187**	.266**	.274**
	Sig. (2-tailed)	.000	.004	.000	.000
Non-Flexibility of repayment	Pearson Correlation	.310**	.280**	.391**	.460**
	Sig. (2-tailed)	.000	.000	.000	.000
Non-availability of favourable interest rate	Pearson Correlation	.015	.078	.234**	.200**
	Sig. (2-tailed)	.811	.230	.000	.002
Unfavourable Loan maturity period	Pearson Correlation	.165*	.079	.284**	.156*
	Sig. (2-tailed)	.010	.223	.000	.015
The existence of corruption in the loan allocation system	Pearson Correlation	.160*	.121	.299**	.428**
	Sig. (2-tailed)	.013	.060	.000	.000
Slow loan disbursement	Pearson Correlation	.228**	.108	.426**	.416**
	Sig. (2-tailed)	.000	.094	.000	.000
Lengthy and complicated procedures for obtaining loans	Pearson Correlation	.140*	.006	.339**	.367**
	Sig. (2-tailed)	.030	.920	.000	.000
Peers' borrowing experience	Pearson Correlation	.435**	.242**	.514**	.563**
	Sig. (2-tailed)	.000	.000	.000	.000

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

* Correlation is significant at the 0.05 level (2-tailed).

Collateral Requirements: Collateral requirements exhibit a significant correlation with non-oil exporters' access to various financing sources, thereby acting as a considerable barrier. The correlation coefficients range from moderate to strong across different sources. Stringent collateral requirements significantly impede access to credit facilities by deposit money banks ($r = 0.341$, $p = 0.000$). A moderately positive

correlation ($r = 0.341$) suggests that more stringent collateral requirements are associated with DMBs reduced access to credit facilities. A p-value of 0.000 indicated that this relationship was statistically significant. The federal government provided financial facilities through development banks ($r = 0.187$, $p = 0.004$, $p < 0.01$). A lower, but still significant, positive correlation indicates that stringent collateral requirements impede access to finance facilities provided by the federal government through development banks. A p-value of 0.004 confirms the statistical significance of this relationship. Supplier Credit ($r = 0.266$, $p = 0.000$). A moderately positive correlation ($r = 0.266$) signifies that higher collateral requirements are correlated with reduced credit access from suppliers. The p-value of 0.000 shows that this finding is statistically significant, and non-bank financial institutions ($r = 0.274$, $p = 0.000$) show a moderately positive correlation ($r = 0.274$), indicating that stringent collateral requirements also negatively affect access to loans from non-bank financial institutions. A p-value of 0.000 indicated statistical significance. The results imply that collateral requirements are a significant barrier for non-oil exporter SMEs in Nigeria in obtaining financing from external sources.

Non-Flexibility of Repayment: The non-flexibility of repayment terms shows a strong positive correlation with access to external finance. The correlation coefficients were significant across all sources, indicating a robust relationship. This inflexibility significantly hampers access to credit facilities from DMBs ($r = 0.310$, $p = 0.000$), finance facilities from government development banks ($r = 0.280$, $p = 0.000$), supplier credit ($r = 0.391$, $p = 0.000$), and non-bank financial institutions ($r = 0.460$, $p = 0.000$).

Non-Availability of Favourable Interest Rates: The non-availability of favourable interest rates exhibits varying correlations with external sources of finance. While the correlations with credit from suppliers ($r = 0.234$, $p = 0.000$) and non-bank financial institutions ($r = 0.200$, $p = 0.000$) were significant, they were relatively weaker than other constraints such as DMBs ($r = 0.0150$, $p = 0.811$) and FGDBs ($r = 0.078$, $p = 0.230$). This suggests that unfavourable interest rates moderately affect borrowing costs for non-oil exporters. Therefore, addressing this constraint could lower the cost of capital, make borrowing more affordable and stimulate investment and growth among non-oil exporters.

Unfavourable Loan Maturity Period: Unfavourable loan maturity periods significantly correlate with access to external finance across all sources, excluding finance facilities provided by the federal government through development banks ($r=0.079$, $p=0.223$). The positive correlations indicate that loan maturity periods do not align with business needs and moderately hinder access to finance from DMBs ($r = 0.165$, $p = 0.010$, $p<0.05$), supplier credit ($r = 0.284$, $p = 0.000$), and non-bank financial institutions ($r = 0.156$, $p = 0.015$, $p<0.05$). The positive correlation coefficients suggest that as loan maturity periods become less favourable, access to finance becomes more difficult. This is particularly true for financing from Deposit Money Banks (DMBs), credit from suppliers, and non-bank financial institutions, as the correlation coefficients indicate.

However, the correlation with the finance facilities provided by the federal government through development banks was not statistically significant ($r = 0.079$, $p = 0.223$), suggesting that other factors may be at play. Adjusting maturity periods to suit the business cycles of non-oil exporters could enhance accessibility to finance, allowing for more efficient capital utilisation and investment planning.

Existence of Corruption in the Loan Allocation System: Corruption in the loan allocation system demonstrates a significant correlation with access to external finance across all sources. This suggests that corruption adversely affects non-oil exporters' access to finance, influencing credit facilities from DMBs ($r=0.160$, $p=0.013$), finance facilities from government development banks ($r=0.121$, $p=0.060$), suppliers' credit ($r=0.0299$, $p=0.000$), and non-bank financial institutions ($r=0.428$, $p=0.000$).

Slow Loan Disbursement: Slow loan disbursements exhibit a significant correlation with access to credit facilities from DMBs ($r = 0.228$, $p = 0.000$), suppliers' credit ($r = 0.426$, $p = 0.000$), and non-bank financial institutions ($r = 0.416$, $p = 0.000$). Delays in loan disbursements significantly impede access to credit facilities from DMBs, suppliers, and non-bank financial institutions. Finance facilities of government development banks ($r=0.108$, $p=0.094$).

Lengthy and Complicated Procedures for Obtaining Loans: Lengthy and complicated procedures for obtaining loans demonstrate a significant correlation with access to credit facilities from DMBs ($r = 0.140$, $p = 0.030$), suppliers' credit ($r = 0.339$,

$p = 0.000$), and non-bank financial institutions ($r = 0.367$, $p = 0.000$) excluding finance facilities provided by the federal government through development banks ($r=0.006$, $p=0.920$). Cumbersome loan application processes moderately hinder access to credit facilities from DMBs, supplier credit, and non-bank financial institutions.

Peers' Borrowing Experience: Peers' borrowing experience exhibits a strong positive correlation with access to external finance across all sources. This implies that peers' borrowing experience significantly influences non-oil exporters' access to credit facilities from DMBs, finance facilities from government development banks, suppliers' credit, and non-bank financial institutions. Learning from successful borrowing experiences can inform non-oil exporters of their financing strategies and improve their chances of accessing financing for business expansion and development.

Based on these findings, the null hypothesis is rejected, and we conclude that the identified constraints are significantly related to non-oil exporters' access to available external sources of finance.

Table 5.10: Correlation Matrix of Identified Constraints and Access to External Finance

	1	2	3	4	5	6	7	8	9	10	11	12
CDMBs	1											
FGDBs	.792**	1										
CFSs	.801**	.676**	1									
NBFIs	.462**	.434**	.616**	1								
CR	.341**	.187**	.266**	.274**	1							
NF	.310**	.280**	.391**	.460**	.627**	1						
NA	.015	.078	.234**	.200**	.408**	.658**	1					
UL	.165*	.079	.284**	.156*	.568**	.623**	.784**	1				
EC	.160*	.121	.299**	.428**	.771**	.682**	.531**	.673**	1			
SL	.228**	.108	.426**	.416**	.382**	.650**	.600**	.579**	.553**	1		
LC	.140*	.006	.339**	.367**	.486**	.750**	.758**	.770**	.670**	.803**	1	
PE	.435**	.242**	.514**	.563**	.483**	.423**	.356**	.553**	.434**	.531**	.547**	1

Notes: The variables are denoted as follows: *CDMBs* represent credit facilities from Deposit Money Banks, *FGDBs* represent finance facilities provided by the Federal Government through development banks, *CFSs* denote credit from suppliers, *NBFIs* represent non-bank financial institutions, *CR* collateral requirements, *NF* represents non-flexibility of repayment, *NA* represents non-availability of favourable interest rate, *UL* denotes unfavourable loan maturity period, *EC* represents corruption in the loan allocation system, *SL* represents slow loan disbursement, *LC* denotes lengthy and complicated procedures for obtaining loans, *PE* represents peer borrowing experience

* Significance at 5% level

** Significance at 1% level

The correlation matrix of the identified constraints and access to external sources of finance is presented in Table 5.10. The significant correlation between credit facilities

from Deposit Money Banks (CDMBs) and finance facilities from the Federal Government through development banks (FGDBs) (0.792) suggests that SMEs that access one type of finance are likely to access the other. There is a negative correlation (-0.165) between collateral requirements (CR) and unfavourable loan maturity periods (UL), indicating that as collateral requirements increase, loan maturity periods tend to decrease. There is a negative correlation (0.228) between slow loan disbursements (SL) and lengthy, complicated procedures for obtaining loans (LC).

Likewise, the strong relationship between the lack of repayment flexibility and the absence of favourable interest rates (0.658) suggests that these limitations frequently occur together.

Table 5.11 below presents the summary of hypothesis testing on how identified constraints relate to external sources of finance.

Table 5.11: Summary of Hypothesis Testing on how identified constraints relate to external sources of finance

Null Hypotheses	Findings	Remarks
Collateral requirements do not significantly relate to non-oil exporters' access to available external sources of finance.	Collateral requirements exhibit a significant correlation with access to external sources of finance.	Reject the null hypothesis.
Non-flexibility of repayment does not significantly relate to non-oil exporters' access to available external sources of finance.	The non-flexibility of repayment terms shows a strong positive correlation with access to external finance.	Reject the null hypothesis.
The non-availability of favourable interest rates does not significantly relate to non-oil exporters' access to external sources of finance.	Non-availability of favourable interest rates exhibits varying correlations with different external sources of finance.	Reject the null hypothesis.
The unfavourable loan maturity period does not significantly affect non-oil exporters' access to external sources of finance.	Unfavourable loan maturity periods correlate with access to external finance across all sources.	Reject the null hypothesis.
Corruption in the loan allocation system does not significantly affect non-oil exporters' access to external sources of finance.	The existence of corruption in the loan allocation system demonstrates a significant correlation with access to external finance across all sources.	Reject the null hypothesis.
Slow loan disbursement does not significantly relate to non-oil exporters' access to available external sources of finance.	Slow loan disbursement exhibits a significant correlation with access to external finance.	Reject the null hypothesis.
Lengthy and complicated loan procedures do not significantly affect non-oil exporters' access to external sources of finance.	Lengthy and complicated procedures for obtaining loans significantly correlate with access to external finance.	Reject the null hypothesis.
Peers' borrowing experience does not significantly relate to non-oil exporters' access to available external sources of finance.	Peers' borrowing experience strongly correlates with access to external finance across all sources.	Reject the null hypothesis.

5.8: Inferential Analysis of Years of Experience in the Domestic Market and Access to Finance

Hypothesis Three -H₀₃: Years of experience in the domestic market do not significantly determine non-oil exporters' access to finance.

Chi-square tests were used to estimate the likelihood that factors other than chance accounted for the observed relationship between years of experience in the domestic market and non-oil exporters' access to various sources of finance and to assess whether there was a significant association between the two categorical variables.

Table 5.12: Chi-square analysis showing the relationship between years of experience in the domestic market and access to finance by non-oil exporters

		Years of experience in the domestic market				Pearson Chi-Square (p-value)
		Between 1-5 years	Between 6-10 years	Between 11-15 years	Over 15 years	
Sources of Finance						
Internal funds or retained earnings	A little bit	6.2%	3.3%	0.0%	0.0%	96.07 (0.000)
	Sometimes	6.2%	9.1%	0.0%	0.0%	
	Often	3.3%	3.7%	12.4%	0.0%	
	Frequently	15.8%	21.2%	8.7%	10.0%	
Friends and relatives	Not at all	0.0%	9.5%	0.0%	2.5%	132.206 (0.000)
	A little bit	9.1%	6.2%	0.0%	0.0%	
	Sometimes	3.3%	5.4%	14.9%	7.5%	
	Often	12.9%	10.0%	2.9%	0.0%	
	Frequently	6.2%	6.2%	3.3%	0.0%	
Credit facilities from Deposit Money Banks (DMBs)	Not at all	9.5%	12.0%	0.0%	0.0%	206.679 (0.000)
	A little bit	9.1%	3.3%	0.0%	0.0%	
	Sometimes	12.9%	3.3%	0.0%	2.5%	
	Often	0.0%	17.4%	18.7%	2.5%	
	Frequently	0.0%	1.2%	2.5%	5.0%	
Finance facilities provided by the federal government through development banks	Not at all	16.2%	15.8%	0.0%	2.5%	174.173 (0.000)
	A little bit	9.5%	3.3%	0.0%	0.0%	
	Sometimes	2.9%	13.3%	15.4%	0.0%	
	Often	2.9%	1.7%	5.8%	7.5%	
	Frequently	0.0%	3.3%	0.0%	0.0%	
Credit from suppliers	Not at all	6.2%	9.1%	0.0%	0.0%	134.956 (0.000)
	A little bit	3.3%	0.0%	0.0%	0.0%	
	Sometimes	12.4%	.4%	0.0%	2.5%	
	Often	9.5%	13.3%	15.8%	2.5%	
	Frequently	0.0%	14.5%	5.4%	5.0%	
Non-Bank Financial Institutions	Not at all	16.2%	6.6%	0.0%	2.5%	113.805 (0.000)
	A little bit	0.0%	3.3%	0.0%	0.0%	
	Sometimes	5.8%	8.3%	14.9%	7.5%	
	Often	9.5%	12.9%	3.3%	0.0%	
	Frequently	0.0%	6.2%	2.9%	0.0%	

A chi-squared test of independence was conducted to investigate the relationship between years of experience in the domestic market and non-oil exporters' access to finance and performance. The test results are statistically significant (see Table 5.12),

indicating that the variables are related to years of experience in the domestic market and access to finance. Therefore, the null hypothesis was rejected. Chi-square analysis revealed the following:

- There was a significant relationship between **years of experience** in the domestic market and internal funds as a source of finance ($\chi^2 (9) = 96.07, p < 0.01$). The chi-square statistic (χ^2) of 96.07 with nine degrees of freedom and a p-value less than 0.01 indicates a statistically significant relationship between the number of years of experience in the domestic market and reliance on internal funds for financing. This means that the pattern of using internal funds is not randomly distributed but is related to the experience level in the domestic market.
- There was a significant relationship between **years of experience** in the domestic market and financial support from friends and relatives ($\chi^2 (12) = 132.206, p < 0.01$). The chi-square statistic (χ^2) of 132.206 with 12 degrees of freedom and a p-value less than 0.01 indicates a statistically significant relationship between the number of years of experience in the domestic market and reliance on financial support from friends and relatives. This suggests that financial support from friends and relatives varies systematically with the experience level in the domestic market.
- There was a significant relationship between years of experience in the domestic market and credit facilities from Deposit Money Banks ($\chi^2 (12) = 206.679, p < 0.01$). The chi-square statistic (χ^2) of 206.679 with 12 degrees of freedom and a p-value less than 0.01 indicates a statistically significant relationship between the number of years of experience in the domestic market and the ability to access credit facilities from DMBs. This implies that the pattern of accessing credit from DMBs is not random but is associated with the business' experience level.
- There is a significant relationship between years of experience in the domestic market and the financial support provided by the federal government through development banks ($\chi^2 (12) = 174.173, p < 0.01$). The chi-square statistic (χ^2) of 174.173 with 12 degrees of freedom and a p-value less than 0.01 indicates a statistically significant relationship between the number of years of experience

in the domestic market and the ability to access financial support from federal government development banks.

- There was a significant relationship between the years of experience in the domestic market and suppliers' trade credit ($\chi^2 (12) = 134.956, p < 0.01$). The chi-square statistic (χ^2) of 134.956 with 12 degrees of freedom and a p-value less than 0.01 indicates a statistically significant relationship between the number of years of experience in the domestic market and the ability to access trade credit from suppliers.
- There was a significant relationship between years of experience in the domestic market and loans from non-bank financial institutions ($\chi^2 (12) = 113.805, p < 0.01$). The chi-square statistic (χ^2) of 113.805 with 12 degrees of freedom and a p-value less than 0.01 indicates a statistically significant relationship between the number of years of experience in the domestic market and the ability to access loans from non-bank financial institutions.

Overall, years of experience in the domestic market significantly influences non-oil exporters' access to finance. This means that the longer non-oil exporters operate successfully in the domestic market, the better they secure funding for their activities, other things being equal.

Table 5.13 below summarises hypothesis three findings, which outline the relationship between years of experience in the domestic market and access to finance by non-oil exporters.

Table 5.13: Summary of Hypothesis three Findings- Relationship between years of experience in the domestic market and access to finance by non-oil exporters

Null Hypothesis	Findings	Remarks
There is no significant relationship between years of experience in the domestic market and internal funds.	There is a significant relationship between years of experience in the domestic market and internal funds ($\chi^2 (9) = 96.07, p < 0.01$).	Reject the null hypothesis.
There is no significant relationship between years of experience in the domestic market and financial support from friends and relatives.	There is a significant relationship between years of experience in the domestic market and financial support from friends and relatives. ($\chi^2 (12) = 132.206, p < 0.01$).	Reject the null hypothesis.
There is no significant relationship between years of experience in the domestic market and credit facilities from Deposit Money Banks.	There is a significant relationship between years of experience in the domestic market and credit facilities from Deposit Money Banks ($\chi^2 (12) = 206.679, p < 0.01$).	Reject the null hypothesis.
There is no significant relationship between years of experience in the domestic market and financial support from the federal government through development banks.	There is a significant relationship between years of experience in the domestic market and financial support provided by the federal government through development banks. ($\chi^2 (12) = 174.173, p < 0.01$).	Reject the null hypothesis.
There is no significant relationship between years of experience in the domestic market and supplier trade credit.	There is a significant relationship between years of experience in the domestic market and supplier trade credit. ($\chi^2 (12) = 134.956, p < 0.01$).	Reject the null hypothesis.
There is no significant relationship between years of experience in the domestic market and loans from non-bank financial institutions.	There is a significant relationship between years of experience in the domestic market and loans from non-bank financial institutions ($\chi^2 (12) = 134.956, p < 0.01$).	Reject the null hypothesis.

5.8: Chapter Summary

Using SPSS 27, the data analysis provided background information, a descriptive analysis of the research constructs, inferential analysis of financing sources, and non-oil export performance, including hypothesis testing. The multiple linear regression analysis for hypothesis one indicates that external sources of finance have a positive and significant impact on the performance of non-oil exporters in Nigeria, with the exception of suppliers' credit and internal funds, which exhibit negative significance. The findings from Pearson's correlation utilised for hypothesis two indicate that the

identified constraints are significantly related to non-oil exporters' access to available external sources of finance. The chi-square test of independence results from hypothesis three indicate statistical significance, suggesting a strong relationship between the two categorical variables: years of experience in the domestic market and access to finance by non-oil exporters. The findings will be discussed in the next chapter.

CHAPTER SIX

DISCUSSION OF FINDINGS

6.1 Introduction

This chapter presents and discusses the main findings of the previous chapter. The analysis results of the three overarching hypotheses were examined in line with the research aims and objectives. Additionally, the research assesses these results by considering four primary theories that form the basis of the study: information asymmetry theory, financial constraints theory, social capital theory, and dynamic capabilities theory. This study examines the impact of financing sources on Nigerian SMEs' non-oil export performance and the constraints related to external financing. The results were analysed from a sample of 241 registered non-oil exporters in Nigeria, using multiple linear regression, Pearson's correlation, and chi-square statistical tests. These findings suggest that external financing sources significantly affect the performance of non-oil exporter SMEs.

6.2: Discussion of main Results

This study exercises restraint in interpreting the findings. The study derived results from inferential analysis using multiple linear regression, Pearson's correlation, and chi-square statistical techniques. The multiple linear regression analysis results indicate that external sources of finance have a positive and significant impact on the performance of non-oil exporters in Nigeria, except for suppliers' credit and internal funds, which exhibit a negative significance. The positive and significant impacts of external sources enhance non-oil exporters' abilities to grow, expand, and improve their operations. Simultaneously, the negative significance of suppliers' credit and internal funds indicates that reliance on these sources may harm the growth and performance of non-oil exporters.

Pearson's correlation results for hypothesis two indicate that the identified constraints are significantly related to non-oil exporters' access to available external sources of finance. The chi-square test of independence reveals a strong link between the two categorical variables: years of experience in the domestic market and non-oil exporters' access to finance. The findings suggest that broadening financing sources is essential for improving SMES' export performance.

Three null hypotheses were tested:

- H₀1: Available financing sources do not have a significant impact on non-oil export performance among Nigerian SMEs.
- H₀2: The identified constraints are not related to non-oil exporters' access to external sources of finance.
- H₀3: Years of experience in the domestic market do not significantly determine non-oil exporters' access to finance.

6.2.1: Objective One- Discussion of the Findings on the Impact of Finance Sources on Non-oil Export Performance among SMEs in Nigeria.

The first hypothesis addresses this objective. This study examines the impact of finance sources (internal and external) on non-oil export performance among Nigerian SMEs. The results of the multiple linear regression analysis reveal that external finance sources positively impact performance. In contrast, internal sources and suppliers' trade credit have a negative impact.

Starting with external financing sources, funding from family and friends significantly and positively affects non-oil export performance among Nigerian SMEs. According to the descriptive analysis, 31% of non-oil exporters in the survey utilised funds from family and friends. In Nigeria, the 2020 PwC MSME survey revealed that 48% of SMEs relied on financial support from family and friends, making this the most frequently used funding source. The significant positive relationship between financial support from friends and relatives and non-oil export performance highlights the importance of informal funding sources for SMEs. The findings indicate that financial support from family and friends positively impacts non-oil export performance, resulting in a 34% increase.

The findings of this study are consistent with those of previous studies (Allen et al. (2019); Lee and Persson (2016); Mpofu and Sibindi (2022); Nguyen and Canh (2021)). Studies show that the use of family, social, and commercial networks for funding is widespread. SMEs that depend on informal financial support from their social networks may have improved access to working capital, investment funds, or trade-related resources. Chavis et al. (2011) also use information from the World Bank Enterprise Surveys, including data from over 70,000 organisations, focusing on SMEs in 104 countries. Their findings indicate that new businesses rely more on family and friends'

financing than on formal bank loans because financing from friends and relatives often comes with lower costs and fewer strings attached than traditional loans.

The findings of this study show that financial support from family and friends positively affects SMEs' performance, highlighting the importance of social capital in business. This aligns with social capital theory, emphasising the value of social networks and relationships in accessing finance. By effectively leveraging these resources, SMEs can significantly enhance their export performance and contribute to their overall growth and success in international markets.

In contrast to the findings of the present study, Shirokova et al. (2017) emphasised the significance of institutional financial systems and governmental support in fostering innovative enterprises and their global expansion, suggesting that informal financial assistance may be of lesser importance. Love and Roper (2015) contend that business creativity and strategic resources have a more pronounced effect on export performance than informal financial support. Covin and Wales (2019) examined the substantial influence of entrepreneurial orientation on firm performance, particularly in relation to export achievement, which may supersede the relevance of informal financial aid from acquaintances and family members. Entrepreneurial orientation pertains to a firm's strategic posture that prioritises innovation, risk-taking, and proactivity (Dai et al., 2014). Collectively, these studies illustrate that, while informal financial assistance from friends and relatives may play a role in certain instances, other factors, such as organisational support, internal capabilities, strategic orientation, and formal channels, are often more crucial determinants of export performance.

The results of this study indicate that access to funding from deposit money banks has a significantly positive effect on non-oil export performance. This impact demonstrates that DMBs' access to credit facilities can enhance SMEs' abilities to invest in export-related activities. The significant positive relationship between credit facilities from Deposit Money Banks and non-oil export performance underscores the importance of bank financing for SMEs. In this study, a significant proportion of non-oil exporters in Nigeria (38.6%) frequently depend on credit facilities provided by deposit money banks (DMBs). In 2023, DMBs in Nigeria also substantially financed non-oil exports, with 32 banks participating in issuing Nigerian export proceeds (NEPC, 2023). By effectively

leveraging these credit facilities, SMEs can markedly enhance their export performance and contribute to growth and competitiveness in international markets.

According to the results of this study and the empirical research by Abora et al. (2014), a statistically significant and positive link exists between bank support and firms' exports. This finding supports the idea that SMEs can use DMBs' credit facilities as a source of capital. Khan (2015) also indicates that banks consistently play a significant role in fostering SMEs' growth and can be considered critical in developing the SME sector. Lee and Gereffi (2015) evaluate how financial access affects SME export performance within value chains. They found that financial institutions, especially banks, help SMEs compete globally and enhance their export performance through lending facilities. Bellone et al. (2010) investigated the relationship between financial constraints and export activity, concluding that bank credit access dramatically improves enterprises' export performance, particularly that of SMEs. Using data from Italy, Minetti and Zhu (2011) found that bank loans benefit the export development of enterprises, especially SMEs. These studies provide compelling empirical evidence that SMEs can significantly improve their non-oil export performance by accessing credit facilities from deposit money banks. Furthermore, these studies emphasise the necessity of receiving formal financial support for SMEs to overcome financial barriers and compete in global markets.

The findings contradict those of Jeff-Anyene et al. (2016) and Okosodo and Imoughele (2019), who discovered a robust negative association between deposit money bank credit and Nigeria's non-oil export sector growth. The significantly positive relationship between credit facilities from Deposit Money Banks and non-oil export performance underscores the importance of bank financing for SMEs. By effectively leveraging these credit facilities, SMEs can substantially enhance their export performance and contribute to growth and competitiveness in international markets.

The findings of this study have a significant positive impact, indicating that the financing facilities provided by the federal government through development banks effectively enhance the non-oil export performance of SMEs. To support non-oil exports, the Central Bank of Nigeria (CBN) expanded export credit rediscounting and refinancing facilities (RRF) by N50 billion to aid exporters in providing pre-and post-

shipment finance through DMBs (CBN, 2021). This has paid off, and our findings support the government's initiative. Various studies have shown that government support from development banks and export credit agencies positively affects export performance.

The results of the empirical study align with the findings of Okunlola and Akinlo (2021), who suggest that government policies promoting exports have a considerably positive effect on the increase in agricultural production in Nigeria in both the short and long run. Malca et al. (2020) employ structural equation modelling to assess how export promotion programmes (EPPs) affect export performance in a random sample of 95 exporting SMEs in Peru, a developing nation. The findings show that experience from trade mobility-related activities and the previous year's export performance improve SMEs' export resources and performance. Broocks and Van Biesebroeck (2017) utilised extensive firm-level data from Flanders, the largest area in Belgium, to evaluate the effect of an export promotion plan on enterprises' propensity to participate in exporting operations outside the EU single market. The observed impact demonstrates a positive and statistically significant correlation.

In contrast to the findings of this study, Van Klyton et al. (2024) conducted a thorough survey of 330 small and medium-sized firms (SMEs) in Rwanda, using ordered logistic models and the expectation-maximisation iteration method. These results indicate that government funding programmes may have minimal impact on the SMEs involved in regional and global export activities.

This study stresses the strong and positive connection between the federal government's financial support provided by development banks and the performance of non-oil exports. This highlights the practical importance of government-backed finance for small and medium-sized enterprises (SMEs). By effectively utilising these financial resources, SMEs can significantly enhance their export performance, contributing to their growth and competitive edge in the global market.

The findings of this study indicate that loans from non-bank financial institutions positively impact SMEs' non-oil export performance. These results align with those of Rateiwa and Aziakpono (2017), who discovered that non-bank financial institutions (NBFIs) have emerged as viable alternatives to traditional banks in securing long-term

capital amid a decline in traditional bank lending. These loans offer additional capital that SMEs can utilise to support and expand their non-oil exports. In contrast to the findings of this study, a previous study noted that non-bank borrowers tend to experience lower returns and higher risks after receiving a loan from an NBFIs. This occurs because non-bank financial institutions provide less stringent monitoring than traditional banks (Biswas et al., 2020). Non-bank financial institutions, including microfinance institutions, credit unions, and specialised finance companies, often offer more flexible and accessible loan options than traditional banks. This can benefit SMEs that struggle to secure bank loans. Loans from non-bank financial institutions can finance various export activities such as scaling production, adapting products, conducting market research, and executing marketing campaigns. This financial support can directly enhance export performance.

Overall, the findings indicate that external financing sources significantly impact the performance of non-oil exports. The findings of this study align with dynamic capabilities theory, which posits that a firm's resources and capabilities are critical to achieving competitive advantage. Access to external financing is a valuable resource that empowers SMEs to invest in growth and expansion, thereby enhancing their performance. Understanding dynamic capabilities theory highlights the importance of firms that effectively combine, develop, and adjust their internal and external skills to navigate fast-paced environments (Breznik & Lahovnik, 2016; Fainshmidt et al., 2019; Liu, 2014). Access to external finance can significantly benefit small and medium-sized enterprises (SMEs) by providing them with essential resources needed to adapt and thrive in global markets.

The findings also indicate that internal funds and supplier trade credit negatively affect firm performance. This aligns with the idea that relying too heavily on internal funds can limit growth opportunities and access to new markets (Rusu & Roman, 2022). It also aligns with pecking order theory, suggesting that firms prefer internal financing first, followed by debt and equity as a last resort. However, heavy reliance on internal funds can restrict growth opportunities, thus highlighting the need to balance internal and external financing. SMEs that depend heavily on internal funds may struggle to expand their non-oil exports.

Carpenter and Petersen (2002) challenge the idea that internal finance inhibits small firm growth. This study suggests that the prediction model may not be applicable to many firms that receive external financing. It found that internal financing hinders the growth of most firms. The findings support Berger and Udell (1998), who find that retained earnings cannot replace external sources. Furthermore, Chaney (2016) argues that internal financing sources are insufficient to cover additional export expenses. While this study focuses on Nigeria, the results may apply to other emerging markets with similar economic structures.

Given the findings of this study, it is crucial for SMEs in Nigeria not to rely solely on internal funds for export activities. Instead, they should consider exploring alternative funding options, such as external financing or grants. This strategic shift can significantly improve export performance.

Contrary to the findings of this study, Olawale and Garwe (2010) claimed that SMEs require internal funding to survive and succeed. Internal funds can improve resource management, firm survival, and export performance. Hall et al. (2016) find that internal funds can provide SMEs with stable and adequate funding, potentially boosting exports. A negative coefficient and a highly significant p-value suggest a negative relationship between internal funds and export performance. This finding highlights the importance of exploring alternative financing sources to bolster the export activities of Nigerian SMEs.

Concerning trade credit from suppliers, this study establishes that credit from suppliers negatively and significantly influences SMEs' non-oil export performance. This notably negative impact suggests that reliance on trade credit from suppliers can be detrimental to the non-oil export performance of SMEs. This could stem from several factors related to the nature and conditions of trade credit. The significant negative relationship between supplier trade credit and non-oil export performance underscores the challenges associated with this financing method. The 2020 PwC survey also revealed that SMEs in Nigeria utilised only 8% of trade credit. However, the findings of this study support Tingbani et al.'s (2024) non-linear association between business growth and trade credit. After researching 23,023 non-financial UK enterprises over ten years, the study found that trade credit is a significant source of expansion funding. Suppliers' short-term payments may not correspond with exporters' longer sales

cycles or payment delays. Furthermore, Contessi and De Nicola (2012) suggest that trade credit may be a costly mode of financing due to the potential for high hidden charges if consumers fail to capitalise on early-payment discounts. According to Wang et al. (2021), average collection and credit periods can diminish the effectiveness of trade credit in enhancing SMEs' profitability and mitigating operational distress, respectively. The significant negative relationship between supplier trade credit and non-oil export performance emphasises the challenges associated with this financing method.

Contrary to this study's findings, numerous empirical studies have demonstrated that suppliers' credit, as a source of financing, positively impacts firm performance and growth (e.g., Agostino & Trivieri, 2019; Eck et al., 2015; Li et al., 2020). By carefully managing trade credit and diversifying financing sources, SMEs can mitigate this negative impact and enhance their export performance, empowering them to control their financial strategies.

Understanding the importance and effects of each source can help develop strategies to improve SMEs' export capabilities in Nigeria. While this study focuses on Nigeria, the results may also apply to other mono-product emerging economies with similar economic structures, such as Angola, Venezuela, Libya, Chad, Brunei, and Equatorial Guinea. This insight provides hope and encouragement for the potential benefits Nigeria's SMEs can derive from our findings.

6.2.2: Objective Two - To determine if the identified constraints relate to non-oil exporters' access to external financing sources

The assessment of the correlation between prevalent constraints and non-oil exporters' access to external sources of finance aims to understand how these barriers affect access to various funding sources. The Pearson correlation for hypothesis two indicates a strong connection between non-oil exporters' inability to secure funding from external sources and factors such as collateral, flexible repayment terms, corruption, slow loan disbursements, complicated loan processes, and peer borrowing experiences. This study emphasises the constraints related to collateral, high interest rates, and unfavourable loan terms, which are critical aspects of financing constraints

theory. This research focuses on the limitations faced by SMEs in accessing external financing.

The findings reveal a significantly positive relationship between collateral and access to external financing. These findings indicate that strict collateral requirements can create difficulties in obtaining credit through various financing channels. These results concur with previous empirical evidence from Amadasun and Mutezo (2022), Berger and Black (2011), Rahman et al. (2017b), and Yoshino and Taghizadeh-Hesary (2016), who discovered that small businesses require more collateral when securing loan deals. Collateralization is vital to a company's ability to secure external financing, especially in less-developed nations where the financial landscape often lacks clear information and effective enforcement mechanisms (Duarte et al., 2017). The significant correlations across various external sources of finance highlight that stringent collateral requirements pose a considerable barrier for SMEs in developing countries seeking access to necessary funds (Harvie et al., 2013; Osano & Languitane, 2016). This finding suggests that easing collateral requirements can improve financial accessibility and facilitate smoother operations and expansion for non-oil exporters.

The findings underscore the necessity for increased flexibility in repayment options, as they demonstrate a significant positive correlation with the availability of external financing. Kiros (2023) evidenced a statistically significant impact on borrowers' loan repayment performance, which is consistent with our findings. Furthermore, Battaglia et al. (2023) posited that a straightforward financial contract designed to enhance repayment flexibility can effectively facilitate access to finance and promote the growth of firms. Consequently, the provision of more flexible repayment options could substantially improve access to financing, ensure alignment of repayment schedules with the cash flow dynamics of non-oil exporters, and stimulate business expansion.

The lack of favourable interest rates varies with the source of finance. The findings of this study underscore the urgent need for more favourable interest rates, aligning with Osano and Languitane (2016), Chowdhury and Alam (2017), and Irjayanti and Azis (2012). This deficiency in favourable interest rates is a crucial limitation in accessing funding and performance among non-oil exporter SMEs. This aligns with a 2020 PwC-MSME survey, which indicated that high interest rates on loans were the top barrier

for 29% of Nigerian SMEs seeking financing for their operational needs and growth. Otieno et al. (2021) found a strong association between lending interest rates and SMEs' success in Kenya. By contrast, Srifitri and Berliana (2023) demonstrate that interest rates have a statistically minimal negative impact on business decisions and financing choices. Based on the findings of this study, providing more flexible and favourable interest rates could significantly improve access to financing, ensuring that repayment schedules align with the cash flow dynamics of non-oil exporters and foster business expansion in Nigeria.

Unfavourable loan maturity periods show a significantly positive correlation with access to external finance across all sources, excluding finance facilities provided by the federal government through development banks. Loans from development banks are long-term, whereas loans from DMBs, NBFIS, and suppliers' credit are short-term. Due to unfavourable loan maturity periods, the strong associations observed with DMBs, suppliers, and non-bank financial institutions may indicate that non-oil exporters face significant obstacles in obtaining the capital they need.

SMEs may face challenges in aligning their cash flow cycles with payback schedules because they synchronise their loan maturities correctly. Federal government development banks offer non-oil exporters longer and more flexible loan terms than other types of external financing. The CBN's non-oil stimulation facility has a 10-year maturity period (CBN, 2021). This study agrees with previous research, such as Alves et al. (2022), Chen et al. (2019), and Jakubik and Kadioglu (2022), which indicates a significant and asymmetric relationship between loan spread and maturity in emerging markets. Unfavourable loan maturity periods can negatively affect cash flow management for small and medium-sized enterprises (Vermoesen et al., 2013). If the repayment period is too short, SMEs may struggle to generate sufficient cash flow from their export activities to meet their loan repayment commitments.

The findings on corruption indicate a significant positive correlation between corruption and access to external financing across various sources, highlighting the pervasive impact of corrupt practices on Nigeria's non-oil exports. Atitianti and Chikelu's (2021) findings from WBES data on Nigerian firms for 2006 and 2008 indicate that corruption significantly impedes firm advancement in Nigeria. Furthermore, the results of this study align with those of Wellalage et al. (2019), Liu et al. (2020), and Ullah (2020),

who found that corruption negatively affects SMEs' access to finance, especially in emerging economies. Makar et al. (2023) also discovered that increases in corruption significantly reduce Nigeria's GDP over time but are inconsequential in the short term at the 5% significance level. The findings of the PwC-MSME survey 2020 revealed that 2% of SMEs mentioned corruption as a constraint on accessing finance (PwC, 2020).

Lengthy and complex loan applications are associated with reduced access to credit facilities from DMBs, suppliers, and non-banking financial institutions. This does not include the federally funded financing facilities offered by development banks. This finding suggests that intricate loan application procedures somewhat restrict access to credit facilities from DMBs, suppliers, and non-banking financial institutions. These results align with those of other studies, such as Beck and Demirguc-Kunt (2006), Chowdhury and Alam (2017), Distinguin et al. (2016), Haron et al. (2013), and Osano and Languitane (2016), who also found a strong connection between complex loan procedures and challenges in securing external credit. However, some studies, including those by Bannwart et al. (2023), Rusu and Roman (2022), and Oudgou and Boudhar (2023), concluded that while the loan process can serve as a barrier, the strength of the relationship between SMEs and financial institutions, as well as the financial decisions made by SMEs, can significantly influence access to credit. Optimising loan procedures may enhance SMEs' ability to obtain financing, particularly from non-traditional sources.

Peer borrowing experience demonstrates a significant positive link with the availability of external financing from all sources. This suggests that peers' borrowing experiences significantly impact non-oil exporters' ability to obtain credit facilities from deposit money banks (DMBs), finance facilities from government development banks, suppliers' credit, and non-bank financial organisations. Studies by Beck (2013), Quartey et al. (2017), and Adegboye and Iweriebor (2018) support the idea that peer networks and shared borrowing experiences among non-oil exporters can significantly influence their access to external finance, which can substantially impact economic development. Contrary to the findings of this study, Ojonta et al. (2024) suggest that individual enterprise characteristics and economic activities may provide greater credit access than peer networks. Studying successful borrowing examples can offer

valuable insights for non-oil exporters by enabling them to improve their financing methods and increasing their likelihood of obtaining funds for business growth and advancement.

6.2.3: Objective Three- To examine the relationship between years of experience in the domestic market and non-oil exporters' access to finance.

Concerning hypothesis three, this study documents a significant relationship between years of experience in the domestic market and non-oil exporters' access to finance. The findings suggest that years of experience in the domestic market greatly influence access to finance. These findings were not surprising, given that SMEs with domestic market experience build network capital and credit history that lenders might use to assess their financial standing. Firms need domestic market expertise to engage with external financial providers.

The results of this study align with those of previous studies (Coad et al., 2018; Fowowe, 2017), which demonstrate that a company's experience and age significantly impact the credit financing options they select and, ultimately, their performance. This is because lenders can assess the capabilities and viability of established businesses based on their track record. In accordance with this study's findings, Beck et al. (2006) conclude that well-established enterprises possess a substantial advantage in securing equity financing or bank loans. Several factors, such as a strong market presence, credibility, and a thorough understanding of the financial sector, may enhance their attractiveness to financial institutions and investors.

The non-oil sector faces various challenges, including micro-level issues such as a lack of infrastructure, regulatory and policy problems, and limited collateral options, as well as macro-level challenges like a historical dependence on oil, volatility in exchange rates, and global market dynamics (Adedapo, 2023; Onodugo et al., 2013a).

Overall, the theories of financing constraints, social capital, information asymmetry, and dynamic capabilities provide a robust framework for understanding the implications of this study's findings and will further guide policy development to support the financing of non-oil export SMEs in Nigeria. This study supports these theoretical

approaches and highlights the practical implications of SME export financing. These theories converge, and their effects are often interconnected.

From hypothesis one, this study finds that balancing financing sources and organisational dynamics is critical for SMEs' optimal performance, which can be linked to the dynamic capabilities theory. Hypothesis two's findings corroborate the financial constraints theory and information asymmetry theory by highlighting specific impediments faced by Nigeria's non-oil exporters. Collateral requirements, excessive interest rates, and unfavourable loan terms impede enterprises' access to external financing. According to hypothesis three, firms that are more proficient in the domestic market often have well-established connections with their financial institutions. Such relationships can improve credit access, decrease information asymmetry, and enhance financial flexibility.

6.2.4: Objective Four- To develop a sustainable and innovative export financing framework for Nigerian policymakers and non-oil exporter SMEs.

This study aims to create a framework for sustainable and innovative export finance and operations for Nigerian policymakers, non-oil exporting SMEs, and other emerging oil-producing countries seeking to diversify their exports. This study considers five types of external finance sources, both informal and formal, available to non-oil exporters in Nigeria. These sources include family and friends (informal), deposit money banks (corporate finance), government grants (government financing through development banks), supplier trade credit, and non-bank financial institutions. The findings of this study demonstrate how available financing sources affect the performance of non-oil exporter SMEs. The findings also reveal that the identified constraints—collateral requirements, non-flexibility of repayment, non-availability of a favourable interest rate, unfavourable loan maturity period, corruption, slow loan disbursement, complicated loan procedures, and peers' borrowing experience—are related to non-oil exporters' access to external sources of finance. The duration of experience in the home market significantly influences a company's ability to obtain financing.

Several challenges have emerged that require relevant stakeholders' attention to effectively address this overarching research problem. The findings demonstrate the

influence of available financing sources on export performance and the correlation between prevailing constraints and the ability to obtain external financing.

Furthermore, the financing sources of DMBS are limited to traditional methods. They do not have access to innovative funding options such as factoring, invoice discounting, avalising, forfaiting, value chain finance, and warehouse receipts. The conventional financial instruments offered by DMBs are insufficient to address the complexities of conducting international business or meeting the needs of Nigeria's non-oil exporters (Abor et al., 2019; Cumming et al., 2023). Currently, African banks lack the size and strength required to provide financing for international trade, highlighting the need for greater involvement from development finance institutions (Enoch et al., 2015; Fowowe, 2013; McHugh, 2021). Specifically, factoring is a rapidly growing method of obtaining short-term finance for non-oil exporters and their suppliers, but it is still in the early stages of development in Nigeria and Africa (Durst & Gerstlberger, 2020; Esho & Verhoef, 2022). The researcher was part of the Technical Advisory Committee established by the National Assembly House Committee on Banking and Currency to review the factoring bill in July 2018.

Nigeria has not yet passed the Factoring Bill into law. The bill has gone through the first and second readings, as well as public hearings, but still awaits the final approval of the National Assembly. In contrast to conventional financing arrangements, factoring enables suppliers with poor credit scores to obtain funding by leveraging the value of their confirmed invoices (Adhim & Mulyono, 2023; Jia et al., 2020). The factoring bill can be a game-changer for Nigerian non-oil exporters and the broader economy by providing much-needed liquidity and supporting trade and economic development.

Supply chain financing can also be crucial to Nigeria's economic diversification by supporting the growth of MSMEs and enhancing trade efficiency. Supply chain financing (SCF) helps maximise working capital and offers liquidity to purchasers and vendors through the exchange of goods (Gelsomino et al., 2016; Ali et al., 2019). Efforts are ongoing to raise awareness and improve access to supply chain finance, which can further stimulate economic development (International Finance Corporation, 2022). The market size for supply chain finance in Nigeria, according to the IFC 2022 report, is estimated to be approximately ₦2.7 trillion (around \$6.6 billion).

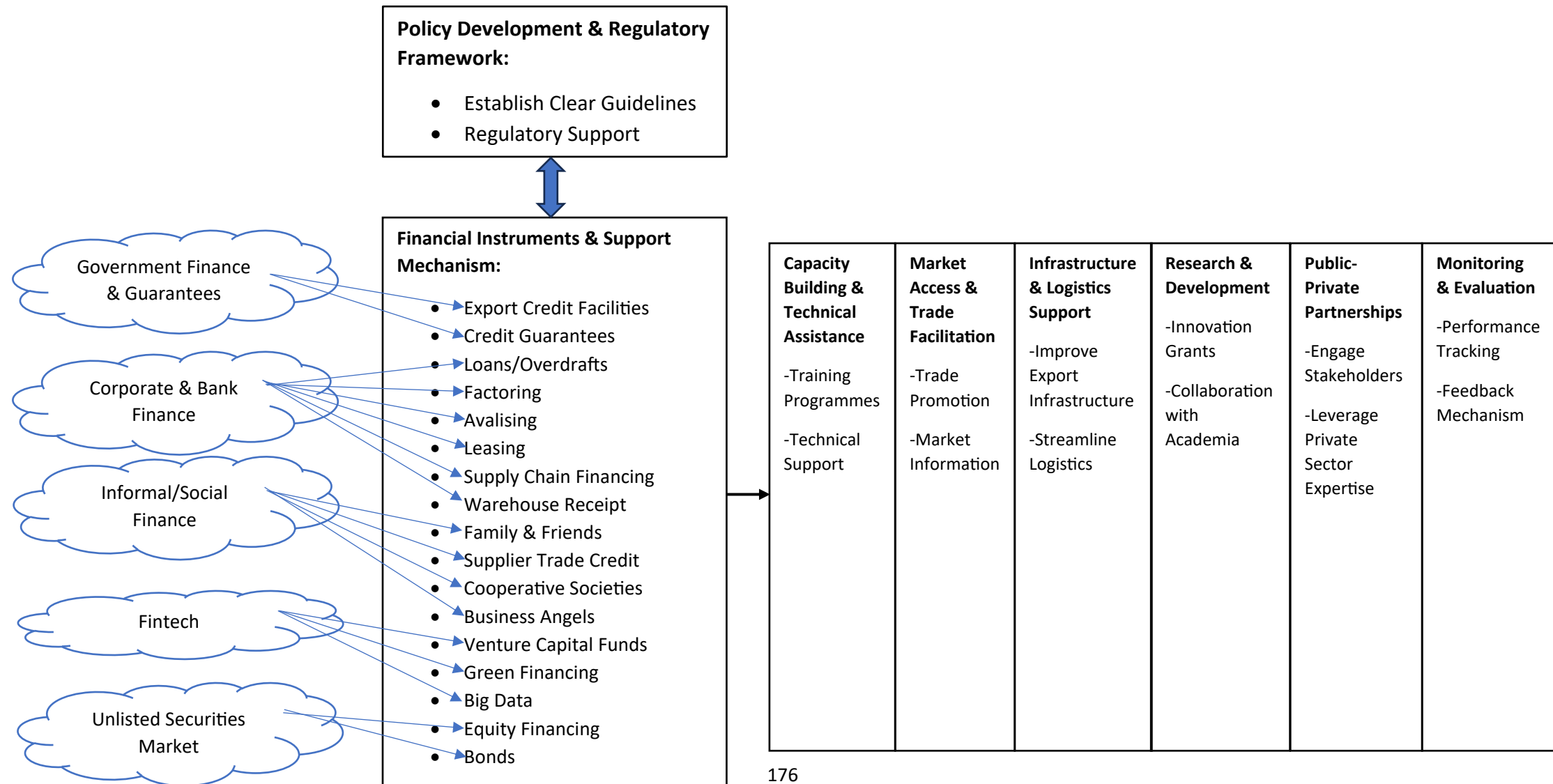
Small and medium-sized enterprises contribute significantly to this supply chain finance opportunity, accounting for a substantial 1.4 trillion Nigerian naira (equivalent to about \$3.5 billion). This financial model assists businesses, particularly MSMEs, by providing early payment on invoices via third-party financial institutions, enhancing cash flow and operational efficiency, which are significant issues in non-oil export operations.

The International Finance Corporation (IFC) has also created warehouse financing products for its trade finance programmes (International Finance Corporation, 2021). These products are intended to provide operating funds to small farmers and agricultural producers in the food supply chain by leveraging their output. In addition, the IFC has developed supply chain solutions that offer short-term funding to exporters in developing countries. These exporters provide goods to multinational corporations on open account terms. Warehouse receipt financing utilises commodities as collateral. Offering pre-export funding benefits agricultural industries in emerging nations (Kadigi & Falanta, 2018).

After integrating the main points of this study's discussion and findings, we proposed a framework for Nigeria's sustainable and innovative non-oil export financing operations. Nigerian policymakers, non-oil exporters, and other economies reliant solely on oil and gas can implement this plan (see Figure 6.1). Developing a framework for sustainable and innovative non-oil export financing in Nigeria necessitates a multi-faceted approach that addresses unique challenges and capitalises on opportunities in the non-oil sector. This involves creating a policy development and regulatory framework that can lead to established and clear guidelines for merging government financing and guarantees with other sources of innovative financing.

This framework seeks to establish a system that promotes the growth and sustainability of Nigeria's non-oil exports while ensuring that SMEs can access innovative and viable financial resources to support their survival in the international marketplace. Policymakers must collaborate closely with financial institutions, export promotion agencies, and SMEs to effectively implement these policies. The goal is to diversify Nigeria's economy, lessen its reliance on oil, and foster a robust economy.

Figure 6.1 THE PROPOSED FRAMEWORK FOR SUSTAINABLE & INNOVATIVE NON-OIL EXPORT FINANCING OPERATIONS IN NIGERIA AS CREATED BY THE RESEARCHER



The following highlights the proposed framework for sustainable and innovative financing and operational guidelines for non-oil export financing in Nigeria, based on the issues identified in this study:

Framework for Regulatory Development and Compliance Implementation (Efefiom et al.,2018; Ekeke & Uprasen,2020; Inyang, 2017).

- Establish precise criteria: Develop comprehensive policies outlining the processes and standards for financing non-oil exports.
- Strengthen regulatory backing: Effectively reduce administrative barriers and optimise export procedures to foster a regulatory framework that supports non-oil export expansion.

Financial Instruments and Support Mechanisms

(Egger& Keuschnigg,2015; Hennecke et al.,2019; Okoli et al.,2023; Razzaq,2024; Riding et al.,2012; Song et al.,2021).

- Export Credit Facilities: Offer low-interest credit options specifically aimed at non-oil exporters to improve their competitiveness.
- Guarantee Schemes: Implement guarantee schemes to mitigate risks associated with non-oil export financing.
- Corporate and bank finance: Promote the use of innovative financing sources.
- Informal and social finance: Integration of informal finance and formal finance.
- Fintech sources and venture capital funds focus on SMES that are oriented towards non-oil exports, green financing, and big data.
- Unlisted Securities Market: Equity Financing and Bonds.

Facilitation of technical assistance and enhancement of competencies (Filatotchev et al., 2009; Freixanet, 2012; Moughari & Daim, 2023).

- Training programmes: Implement initiatives to enhance the financial management skills and foreign trade strategies of small and medium-sized enterprises (SMEs).
- Effective technical support is essential to facilitate product development, accreditation, and inspection control to ensure compliance with international standards.

Maximising market penetration and enhancing trade opportunities (Arkoulakis et al.,2021; Kiveu & Ofafa,2013; Mayer et al.,2014).

- Trade Promotion: Utilise conferences, trade shows, and trade missions to boost the visibility of Nigerian non-oil products in key international markets.
- Market Information: It is crucial to provide small and medium-sized enterprises (SMEs) with vital information on export opportunities and a comprehensive understanding of their requirements.

Logistics management and administration of physical infrastructure (Bensassi & Márquez-Ramos, 2015; Hausman et al., 2013; Portugal-Perez & Wilson, 2012).

- Enhance export infrastructure: Implement a strategic allocation of resources to develop vital infrastructure such as ports, highways, and distribution utilities, thereby streamlining the export process.
- Enhance logistics efficiency: Streamline and optimise logistics operations to minimise transit time and overhead costs for exports.

Intellectual inquiry and innovative progress (Battisti et al.,2015; Casado-Belmonte et al.,2020; Love & Roper,2015).

- Innovation Grants: These grants offer financial assistance for research and development projects focused on creating original products and services with significant export potential.
- Establish collaborations between educational institutions and SMEs to analyse market trends and explore innovative products and services.

Public-Private Partnerships (Marx,2019).

- Promote Synergy: Encourage cooperation among government bodies, financial institutions, and SMEs to offer tailored funding programmes.
- Leverage the business sector's knowledge and skills: Use the private sector's experience to develop financing models that optimise efficiency and effectiveness.

Regulatory oversight and assessment (Davis,2022; Thurber et al.,2011).

Feedback Mechanism: Create platforms to encourage the expression of SMEs' viewpoints on funding initiatives, promoting continuous improvement.

The proposal introduces a comprehensive framework for assessing and analysing the effectiveness of financial policies and initiatives.

6.3: Examples mono-Product Economies That Could Benefit from the Study's Findings

This study's findings reveal the challenges and trends encountered by many mono-product economies, including Africa and other emerging economies. Oil and gas exports account for over 50% of the total export revenue of more than half of African oil and gas-producing countries (Leke et al., 2022). Angola, Libya, Equatorial Guinea, and Venezuela, among others, are considered mono-product economies because they rely on the oil sector (Appel, 2012; Donner, 2009; Ovadia, 2014; World Bank, 2018; McSherry, 2006). Oil and gas constitute a larger share of the export revenue and GDP. The economies of these countries, such as Nigeria, are particularly vulnerable to global oil price fluctuations. This reliance on a single source of income constrains the government's capacity to invest in other industries and diversify the economy.

Given these features, these countries may benefit from this study's results in several ways. First, understanding the favourable impact of external finance on non-oil export performance may enable these countries to develop strategies to improve SMEs' access to external funding. This could help to diversify these economies and reduce their dependence on oil. This study emphasises overcoming obstacles, including collateral requirements and exorbitant interest rates. These countries can introduce policies to alleviate these constraints and enhance the financial prospects of non-oil exporters.

These examples demonstrate that the findings of this study can be applied to these economies. By addressing the identified constraints and enhancing access to external finance, these countries can improve the performance of their non-oil SMEs and contribute to economic diversification.

6.4: Summary

The primary focus of this discussion is the outcomes and conclusions presented in the results chapter. This chapter analyses and compares the findings of this study with those of similar empirical investigations. This study examined the impact of financing sources on non-oil export performance among Nigerian SMEs. The results indicate that external financing sources have a positive and statistically significant effect on non-oil export performance, except for supplier credit. Internal funds alone negatively affect the limiting scale, investment, and competitiveness. Policymakers and financial institutions should promote awareness of available funding sources and streamline access. Excessive reliance on trade credit may signal financial distress or a lack of access to better financing options. Ensuring a harmonious blend of internal and external financing is essential for the export success of SMEs.

The following chapter summarises and concludes the research, highlights its contributions to existing knowledge, and discusses the limitations encountered. This study also offers recommendations for future research.

CHAPTER SEVEN

CONCLUSIONS AND RECOMMENDATIONS

7.1: Introduction

This chapter concludes with recommendations based on significant findings, implications for policy development, and lessons for non-oil export policymakers, financial institutions, and non-oil exporter SMEs in Nigeria and other mono-product economies. This study aims to enhance the understanding of the impact of financial sources on export performance, which could lead to the successful diversification and competitiveness of Nigerian non-oil exports in the global market.

The originality of this study stems from the recognition that more empirical research is needed regarding the impact of available sources of finance on SMEs' non-oil export performance and the constraints of external financing. Previous studies on funding and export performance have primarily focused on developed economies. In emerging economies, including Nigeria, the emphasis has traditionally been placed on commercial bank funding, which motivates this study's focus on the impact of available finance sources on export performance under external financing constraints.

To accomplish this objective effectively, a survey instrument was used to gather data from a sample of 241 active and registered SMEs exporting agricultural products, both processed and unprocessed. These non-oil exporters were registered with the Nigerian Export Promotion Council (NEPC). The collected data were subsequently analysed using SPSS version 27 statistical software.

7.2: Summary of Research

Nigeria's exports are categorised into oil and non-oil products, with oil exports comprising a significant portion of the revenue. In 2010, oil exports made up 67% of total export revenue, while non-oil exports represented only 33%. By 2020, oil exports accounted for 75% of export revenue, whereas non-oil exports contributed 25% of earnings. The oil sector continues to play a vital role in Nigeria's economy by generating substantial foreign exchange earnings and funding for government expenditure. However, the volatile global oil market has resulted in declining earnings from exports to oil-producing countries, prompting oil-dependent nations to diversify their export bases. Diversification is essential for Nigeria as it reduces its vulnerability to fluctuations and uncertainties in the global oil market.

The Nigerian government's efforts to enhance the performance of the non-oil export subsector, particularly among SMEs, have not produced significant results. Export promotion strategies and policies implemented by the Central Bank of Nigeria (CBN), Nigeria Export-Import Bank (NEXIM), and Nigeria Export Promotion Council (NEPC) include protectionism, trade liberalisation, and export promotion measures.

Despite Nigeria's efforts to diversify non-oil exports, studies reveal that SME non-oil exporters—the engines of the country's economic growth—are underfunded and face financial constraints that hinder their competitiveness in the global market. They rely on loans from family and friends, self-financing, joint ventures, and commercial and development banks. As of 2019, Nigeria's SMEs' funding gap was estimated to be N617.3 billion. Research indicates that robust financial markets and banking institutions with solid capital bases are crucial for supporting SMEs engaged in export activities in developing countries.

This study identifies the impact of available financing sources on the performance of non-oil exporters in Nigeria and examines how the identified constraints are related to external sources of finance.

Three broad hypotheses were tested to achieve this research aim, and a sustainable and innovative export financing operations framework was developed for policymakers, non-oil exporter SMEs, and other mono-product emerging economies. The hypotheses examined the impact of financial sources on non-oil export performance among SMEs in Nigeria, the relationship between identified constraints and non-oil exporters' access to external financing sources, and the correlation between years of experience in the domestic market and non-oil exporters' access to finance.

This study thoroughly reviews the literature on the following themes: general financing sources, external financing options for SMEs, an overview of finance and international trade, and the role of financial development in financing and export performance. It also examines financing sources in relation to SMEs' export performance, constraints, access to external financing, domestic market experience, and external financing

availability. Finally, we analyse SMEs and export performance using export performance metrics.

7.3: The Scope of the Study

This study focuses on financing SMEs engaged in non-oil exports in Nigeria. It identifies constraints and their relation to accessing external finance. Additionally, this study investigates the impact of financial development on export financing in Nigeria.

The study does not, however, include:

- Multinational firms in the non-oil export sector
- Informal and unregistered non-oil exporters
- Oil-exporting firms

7.4: Summary of The Research Aims, Objectives and Questions

This study investigates the impact of financing sources on non-oil export performance among Nigerian SMEs, identifies constraints on accessing finance, and examines the relationship between domestic market experience and access to finance. It seeks to address the following overarching question: To what extent is the impact of the available sources of finance on the performance of SME non-oil exporters in Nigeria, and what is the effect of identified constraints on access to finance?

7.5: Summary Research Methods

The research design employed in this study was cross-sectional, as opposed to longitudinal. This study adopts a comprehensive approach that utilises both descriptive and inferential statistics. Data are summarised in tables (frequency, percentages, mean, and standard deviation), and the hypotheses were tested using multiple linear regression analysis, Pearson correlation, and the chi-square test of independence.

7.6: Summary of Findings

This study presents three key findings with practical implications for policymakers and SMEs involved in Nigeria's non-oil exports.

- i. The impact of financing sources on non-oil export performance among Nigerian SMEs reveals that external finance sources enhance performance, while internal sources and suppliers' credit adversely affect it. This study

indicates that an increase in internal funds can negatively impact SMEs' non-oil export performance because external capital is necessary to expand and access untapped markets. Financial support from family and friends positively influences SMEs' non-oil export performance in Nigeria, demonstrating the effects of social capital theory. Additionally, access to funding from Deposit Money Banks and Federal Government financing facilities through development banks also boosts SMEs' non-oil export performance. On the other hand, suppliers' trade credit has a negative effect on SMEs' performance.

- ii. An assessment of the correlation between prevalent constraints and non-oil exporters' access to external finance sources indicates that these constraints significantly affect non-oil exporters' access to external financing. A positive correlation exists between collateral availability and external financing for non-oil exporters. Small businesses require more collateral for loan agreements, and flexible repayment terms can enhance access to financing and promote business expansion. High interest rates serve as a barrier for Nigerian SMEs seeking financing for operational needs and growth, and unfavourable loan maturity periods are also correlated with access to external finance. Corruption hinders firm advancement in Nigeria. However, the strong relationships between SMEs and financial institutions can influence access to credit. Analysing successful peer borrowing can improve financing methods and increase business growth.
- iii. These findings suggest that the duration of experience in the home market significantly influences the financial resources available to Nigerian non-oil exporters. Expertise in the domestic market can enhance their capabilities for financial acquisition and improve global market performance.

7.7: Contributions to Existing Knowledge

This study provides several significant and novel contributions to the body of knowledge on SME financing and export performance, particularly in emerging economies like Nigeria. These contributions are outlined in relation to existing studies as extensions, confirmations, new directions, and refinements of prior research, offering a fresh perspective to the field.

First, this study extends the literature on financial constraints in emerging economies by examining SME financing beyond traditional bank-based funding. While previous studies (e.g., Abora et al., 2014; Beck, 2013; Sibanda et al., 2018; Yoshino & Taghizadeh-Hesary, 2016) have predominantly focused on banking sector credit and trade finance, this study incorporates alternative financing sources, such as social capital and government-backed schemes. The findings demonstrate that informal financing mechanisms and government-supported funds significantly influence SME export performance, providing an empirical extension to prior models that emphasise bank loans.

Second, unlike traditional financial studies that emphasise formal credit systems, this study introduces a new direction by exploring the role of social capital in bridging SME financing gaps in Nigeria. While previous studies (e.g., Muringani et al., 2021; Thompson, 2018) have acknowledged the influence of social networks on business growth, this study demonstrates how personal relationship funding facilitates access to export finance. By integrating social capital theory into the financing discourse, this study contributes to a more holistic understanding of SME financing dynamics in developing economies.

Third, this study's findings confirm and contextualise information asymmetry theory in SME financing by demonstrating that Nigerian SMEs face significant challenges due to limited financial disclosures and inadequate creditworthiness assessments. While previous studies (e.g., Barth et al., 2011; Dong & Men, 2014; Moro et al., 2015) have examined information asymmetry in general financing terms, this study focuses on its impact on non-oil export SMEs in Nigeria. The results validate existing theoretical claims while offering new empirical insights into how transparency issues constrain financing access in a developing-country setting.

Fourth, the research validates and extends dynamic capabilities theory by demonstrating that years of domestic market experience enhance SMEs' ability to secure export financing. While previous studies (e.g., Breznik & Hisrich, 2014; Ferreira et al., 2021; Teece, 2023; Vu, 2020) have explored dynamic capabilities in innovation and competitiveness, this study applies this theory to financing access, showing that firms with greater operational experience develop superior financial relationships and risk management strategies that improve their creditworthiness.

Fifth, this study offers policymakers critical insights by identifying the most effective financing mechanisms to enhance SME export performance. Unlike prior research focusing on general SME financing (e.g., Afolabi, 2013; Gbandi & Amissah, 2014; Taiwo & Falohun, 2013), this study specifically addresses the financing needs of non-oil export SMEs, providing data-driven recommendations for optimising government-backed credit facilities and reducing lending constraints. These policy recommendations contribute to Nigeria's ongoing discourse on economic diversification and similar oil-dependent economies.

Sixth, this study refines the financing constraints theory by demonstrating that the impact of financial limitations on SMEs is highly context-dependent. In the case of Nigerian non-oil export SMEs, these barriers include high collateral requirements, slow loan disbursement, unfavourable loan maturity, and lengthy and complicated procedures for obtaining loans. While prior studies (e.g., Beck et al., 2005) have analysed financial constraints broadly, this study highlights these barriers. These findings offer a nuanced perspective on financing constraints in resource-constrained, import-dependent economies.

Seventh, prior research has extensively examined SME export performance but has largely overlooked the role of alternative financing mechanisms (e.g., Kumarasamy & Singh, 2018). This study fills the gap by establishing a link between financing sources, constraints, and export performance in the Nigerian context. Empirical evidence supports the argument that SMEs utilising a combination of traditional and alternative financing sources achieve higher export performance than those relying solely on commercial bank loans.

Eighth, this study could provide a foundation for comparative analyses in other relevant contexts, such as Algeria, Angola, Venezuela, Libya, Chad, Brunei, and Equatorial Guinea. This contributes to a deeper understanding of the comparable obstacles to financing exports faced by non-oil exporter SMEs.

Ninth, the study develops a novel conceptual framework for innovative export financing, synthesising theoretical perspectives that integrate information asymmetry theory, social capital theory, financing constraints theory, and dynamic capabilities theory to explain how SMEs navigate financing challenges for export performance. Unlike existing models that separately address financial barriers and export performance (e.g., Amornkitvikai & Harvie, 2018), this framework synthesises multiple theoretical perspectives to provide a comprehensive model for export financing in Nigeria. The framework emphasises the importance of integrating government-backed financing instruments, such as export stimulation facilities, with private-sector initiatives to address the unique challenges of mono-product economies.

Developing a framework for sustainable and innovative non-oil export financing in Nigeria requires a multifaceted approach. This approach involves addressing the unique challenges faced by non-oil export small and medium-sized enterprises (SMEs), leveraging opportunities within the non-oil sector, and integrating various financing mechanisms. By considering these factors, the framework offers a comprehensive strategy for optimising non-oil export financing in Nigeria.

This study significantly contributes by extending, confirming, and refining existing theories and empirical findings on SME financing and export performance. Integrating financing constraints, social capital, information asymmetry, and dynamic capabilities into a comprehensive financing model presents a novel perspective on how SMEs in resource-dependent economies can surmount financial barriers and achieve sustainable export growth. The findings have practical implications for policymakers, financial institutions, and SME stakeholders, providing them with actionable insights to optimise export financing strategies.

Based on consolidating the key findings and discussions of this study, we propose a comprehensive framework for Nigeria's sustainable and innovative non-oil financing operations, which policymakers and non-oil exporters in Nigeria can consider. This

involves developing a policy framework and establishing clear guidelines for integrating government financing and guarantees with other sources of innovative financing, thus providing a robust structure for sustainable and innovative financing.

This framework seeks to establish a system that promotes the growth and sustainability of Nigeria's non-oil exports while ensuring that SMEs can access innovative and viable financial resources. By enabling SMEs to survive and thrive in the international marketplace, this framework has the potential to significantly contribute to Nigeria's economic growth and diversification.

7.8: Recommendations

Small and medium-sized enterprises (SMEs) dominate Nigeria's non-oil export subsector. While the government has made efforts to enhance the industry's competitiveness, there is still significant progress needed to achieve the level of non-oil exports required to broaden Nigeria's export base and stimulate economic growth. Therefore, in addition to the proposed framework, this study recommends the following:

- i. The government should create policies to facilitate access to external financing for non-oil exporters. This could include reducing collateral requirements, offering flexible repayment terms, and providing guarantees or subsidies at lower interest rates. Development banks and other financial institutions should be encouraged to design products specifically tailored to the needs of non-oil exporting SMEs.
- ii. Policies could be developed to formalise and encourage social capital networks by recognising the positive impact of financial support from family and friends. This may involve creating platforms for peer-to-peer lending or community-based funding initiatives to provide financial resources to non-oil-exporting SMES.
- iii. Because corruption hinders access to finance, the government should strengthen anti-corruption measures within financial institutions, government-owned development banks, and the broader business environment. Transparent processes and accountability mechanisms can help build trust and improve non-oil exporters' access to credit.

- iv. Policies that support SMEs in establishing a strong domestic presence before pursuing international expansion can be advantageous. This could include offering training, mentorship programs, and resources to help SMEs acquire the necessary experience and expertise in the home market.
- v. The government could implement policies that promote more favourable lending conditions to address the barriers of high interest rates and unfavourable loan terms. This might involve setting caps on interest rates for SME loans of non-oil exporters or offering incentives to financial institutions that provide flexible loan terms, as in some Asian countries.
- vi. The government can promote innovative financing mechanisms, including venture capital funds, factoring, crowdfunding platforms, and targeted loan programs. These alternatives may afford various non-oil-exporting funding options for SMES, thereby diminishing their dependence on traditional banking systems. It is imperative to reform the existing financial regulatory framework to facilitate innovation in financing non-oil exports while maintaining an equilibrium between financial risks. Regulators should implement consistent and targeted measures to stabilise market expectations and avert drastic interventions.
- vii. Policies that foster strong relationships between non-oil exporting SMEs and financial institutions can enhance access to credit. This may involve initiatives to promote regular interaction, establish feedback mechanisms, and undertake collaborative projects between non-oil exporters and banks.
- viii. The government can create knowledge-sharing platforms where non-oil exporter SMEs can learn from the experiences of their successful peers. This can include case studies, workshops, and networking events that highlight best practices in financing and business growth.
- ix. Strengthen existing credit guarantee schemes to mitigate bank lending risk for non-oil exporter SMEs. This could involve increasing the coverage of guarantees and streamlining the application process.
- x. Expand access to concessionary finance through government-backed programmes like the Non-Oil Export Stimulation Facility (NESF). These programmes should provide lower interest rates and longer repayment terms to enhance financing accessibility.

- xi. Streamline the loan application and approval processes to make it easier for non-oil exporters to access finance. This could include reducing paperwork, accelerating approval times, and providing clear guidelines for eligibility criteria.
- xii. Regulatory authorities should work with financial institutions to reduce collateral requirements for non-oil export loans. This can be achieved using alternative forms of security or leveraging credit guarantee schemes. Policy implementations concerning export finance should incorporate fintech more broadly. For example, a credit assessment system capable of operating without financial data can be implemented using machine learning and big data technologies.
- xiii. Insufficient information discourages external lenders from extending loans to non-oil exporters. However, this issue can be resolved through fintech financing alternatives. The credit scoring processes utilised by lending platforms reduce assessment costs, allowing lenders to extend more loans to non-oil exporter SMEs.
- xiv. Wang (2021) analysed the status of financial big data implementation in China and investigated how big data affects the cost of export financing for SMEs. Big data capacity aids banks in creating innovative credit models and cross-border e-commerce platforms. Minimising credit evaluation and risk management expenses can make export finance more accessible for small and medium-sized enterprises (SMEs). This model can be employed in Nigeria and other mono-product economies seeking to improve exporter SMEs' access to finance.
- xv. Consequently, implementing digital finance solutions expands the range of financing channels and methods available to the organisation, alleviates financial limitations, lowers debt levels, enhances the quality of internal controls and risk stability, and prevents financial challenges. Furthermore, the advancement of digital finance mitigates financial risk, reduces misinvestments, and alleviates information asymmetry.
- xvi. Enhancing and perfecting the existing financial system should serve as the foundation for digital finance development, primarily because the Central Bank of Nigeria oversees this system. In addition to the export financing environment, conventional financial institutions must adapt to trends in digital

finance. Implementing digital finance technology can significantly reduce the financial risks faced by non-oil exporters, thereby fostering robust growth by minimising such risks.

By implementing these recommendations, the government can foster a more supportive environment for non-oil export SMEs, surpassing the current level and enabling them to access the necessary finance to grow, thrive, and contribute significantly to Nigeria's economic diversification and competitiveness in the global non-oil export market.

7.9: Research Limitations

Although this study has many positive aspects, certain limitations must be addressed before generalising and interpreting the findings. However, it is worth noting that some of these limitations offer opportunities for future research. These limitations are related to the methodology used and the results obtained. The study encountered difficulties in utilising financial data from non-oil-exporting SMEs due to the lack of publicly available information. One of the key limitations is that the data collected through the survey were categorical and relied on the participants' self-reported information rather than precise numerical values. The data provided by the firms' owners is believed to be qualitative and lacks numerical values. Consequently, it may not be the most suitable dataset for regression analysis (JS Ramalho & da Silva, 2009).

The nine (9) items on the non-oil export performance of small and medium enterprises (SMEs) in Nigeria are based on the subjective responses provided by the SMEs. Subjective measures have been proposed when managers show reluctance or inability to provide objective financial data (Woodcock et al., 1994). Additionally, econometric analysts tend to favour the measurement of continuous variables (i.e., numerical data) over qualitative data. However, the variables in the present study were defined using measurements from previous studies, such as those conducted by Zou et al. (1998), Katsikeas et al. (2000), and Acikdilli et al. (2022).

Another limitation pertains to the sample frame used. Our sample excluded informal non-oil exporters registered with the NEPC. Non-oil exporters often lack formal access to external financing, and according to data from the NEPC, they represent the majority of non-oil exporters. This limitation hinders the research's ability to

comprehensively examine the impact of financing sources on export performance, as it does not include informal non-oil exporters within the economy.

This study employed cross-sectional data, which is a significant cause for concern (Woodside, 2011). Multiple studies (e.g., Amornkitvikai & Harvie, 2018) have found that the effects of financing sources on export performance become apparent over time. This finding supports the recommendation that future research endeavours should adopt a longitudinal design.

Additionally, relying exclusively on quantitative methods rather than mixed methods could invite criticism. Mixed-methods analysis enables a comprehensive examination and enhances understanding of the studied phenomenon by integrating complementary findings from qualitative and quantitative research methodologies (Johnson & Onwuegbuzie, 2004).

In conclusion, it is essential to emphasise that this study's multiple linear regression analysis cannot account for many other variables. Notably, digital finance, supply chain finance, off-balance sheet finance, and various products, services, and sources of financial advice were excluded from the analysis. These variables were omitted from the regression analysis to ensure that the research models exhibited a robust goodness of fit.

7.10: Suggestions for future research

This study examines the relationship between financing and export performance, specifically by analysing how different sources of finance affect the performance of small and medium-sized enterprises (SMEs) that are non-oil exporters. These outcomes have prompted inquiries into the impact of existing finance sources, considering the financial limitations faced by non-oil exporters in emerging economies. The findings, contributions, and limitations of this study provide opportunities for future research.

A cross-country comparative analysis should broaden the current study to explore the understanding of funding options for non-oil small and medium enterprises (SMEs) in oil-rich nations.

Another area for future investigation is conducting a comparative analysis of the funding of small and medium-sized enterprises (SMEs) in developed oil-based economies such as Norway, Canada, and the United Arab Emirates, as well as in emerging oil-based economies.

A further area for future investigation is to broaden our sample frame to encompass informal non-oil exporters, representing the bulk of non-oil exporters. This study focuses on Nigeria, a developing economy located in the African region, alongside other oil-producing countries such as Cameroun, Angola, Algeria, and Libya. Subsequent studies could expand the present study by evaluating this framework in emerging economies.

Given the scope of this study, it would be appropriate to expand it by conducting a longitudinal study involving a similar group of participants over three to five years. The objective is to examine how various available sources of finance have affected export performance during this period. Despite potential costs, challenges, and time requirements, implementing longitudinal techniques is likely to yield new insights. Researchers are encouraged to integrate hybrid methodologies and diverse data sources, including qualitative and quantitative data. This should focus on a specific sample of formal and informal non-oil exporters, as well as formal and informal finance lenders. In doing so, the findings of this study can be further validated to provide more comprehensive insights.

7.11: Conclusion

Drawing on insights from asymmetric information theory, financial constraints theory, social capital theory, and dynamic capabilities theory, this study examines the influence of various sources of finance on the performance of small and medium-sized enterprises (SMEs) exporting non-oil products in Nigeria. A conceptual model was developed following a thorough review of relevant literature related to these theories to achieve the research objectives. This model provided the foundation for formulating the hypotheses. A quantitative research approach, specifically through a questionnaire, was used to collect data from a targeted sample of 339 SMEs that are formal non-oil exporters in Nigeria. The research employs data from a sample frame

of 241 to validate the conceptual framework, showing that external financing sources significantly impact the non-export performance of SMEs in Nigeria.

Consequently, these discoveries suggest the need for financial policies that promote the expansion of Nigeria's non-oil exports and enhance its competitiveness in the global market. This study provides valuable insights into theories, practical implications, and policy development related to financing non-oil exports in Nigeria. This study is particularly significant, as Nigeria is a prime example of a developing economy with a scarcity of research on financing sources and export performance, making this research urgently necessary.

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APPENDICES

Appendix 1: Ethics Approval

Appendix 2: Participant Information Sheet

Appendix 3: Research Consent Form

Appendix 4: Debriefing Letter

Appendix 5: Study Questionnaire

Appendix 6: Test for Response Bias

Appendix 7: Regression Results for Models One and Two

Appendix 1: Ethics Approval Letter: 25-4-2022

Dear Adetutu

ETH2122-2521

Thank you for submitting your application to the College of Business, Law and Social Sciences Research Ethics Committee, which has been reviewed and considered. The outcome of your application is:

Approved.

Feedback on your application is available here. If any changes to the study described in the application are necessary, you must notify the Committee and may be required to resubmit the application. On behalf of the Committee, we wish you the best of luck with your study.

Yours sincerely

(Personal Information Removed)

Appendix 2: Participant Information Sheet

Study No: (Personal Information Removed)

Study Title: THE IMPACT OF FINANCING SOURCES ON EXPORT PERFORMANCE OF SMEs: EVIDENCE FROM NON-OIL EXPORTERS IN NIGERIA

You are invited to take part in a research study. Before you decide, you need to understand the purpose of the research, why the research is being done and what it will involve. You might have questions about your participation, including the research process, data handling and dissemination of the study results. Please read the following information carefully and feel free to ask the researcher if anything is unclear or if you would like more information. Take time to decide whether you wish to take part. Thank you for taking the time to read this information.

Researcher: Adetutu Odekunle

College of Business, Law and Social Science, University of Derby, United Kingdom

What is the purpose of the research?

The research aims to empirically assess the impact of various financing sources on Nigeria's non-oil export performance and explore factors that can improve non-oil exporter SMEs' access to financing, enhancing their competitiveness in the international market.

Why have I been chosen?

You have been chosen because you are a registered non-oil exporter with the Nigerian Export Promotion Council. Your financing experience in non-oil export operations is crucial to this study.

Do I have to take part?

You can choose to take part in this survey. If you decide to participate, you will be asked to sign and return a consent form attached to this letter.

If you decide to participate, you can still withdraw within two weeks of completing the questionnaire, with or without giving a reason. All information you provide will be treated with the utmost confidentiality.

What will happen if I consent to take part?

If you decide to take part in this study, the survey questionnaire will be sent to your email via a link. You will be required to complete it and forward it back to the researcher via the same link.

The information provided in the questionnaire will be processed and analysed to achieve the study's objectives.

The study findings will be disseminated via conference presentations and publications in relevant professional and academic journals. A policy statement will be sent to relevant authorities and stakeholders, including the Central Bank of Nigeria, the Nigeria Export Promotion Council, and the Nigeria Export-Import Bank.

What are the potential benefits and risks of taking part?

Taking part in the study will go a long way in making the impact of different financing options on non-oil export operations known to the relevant authorities. It will also show the need for financial deepening in the financial sector, which may go a long way in boosting the variety of financing options available in Nigeria. Participating in this study will cause no harm, and neither will it cause any disadvantage to your business.

What if there is a problem?

Please contact the researcher and the supervision team if you encounter any problems or have questions about the research.

The Researcher:

Adetutu Odekunle: [E-mail](#)

The Supervision Team:

Director of Study: [Removed information](#)

What if I want to withdraw?

You can withdraw from this study within 14 days after completing the questionnaire.

If you decide to withdraw, please contact Adetutu Odekunle at [\(removed\)](#). Also, state the chosen identifier you provided in the informed consent form, and the data will be removed from the data set.

Will my taking part in the study be kept confidential?

Please be assured that the data generated are purely for this research and will be treated with the utmost anonymity and confidentiality.

The data will be stored and only shared on my Office 365 account. Information will be shared via OneDrive where necessary. Data will not be stored in unencrypted USB sticks.

What will happen to the results of the research study?

The study findings will be disseminated via presentation at conferences and publications in relevant professional and academic journals. A policy statement should be made to relevant authorities and stakeholders, the Central Bank of Nigeria, the Nigeria Export Promotion Council, the Nigeria Export-Import Bank, and Deposit Money Banks. A copy of the thesis will also be sent to the Tertiary Education Trust Fund Abuja and Lagos State University of Science and Technology, who are the researcher's full sponsors.

Who has reviewed the study?

Study supervisors, CRECs and CRCs

If I decide to take part, what do I have to do?

If you decide to take part in this study, the survey questionnaire will be sent to your email via a link. You must complete it and forward it to the researcher via the same link.

Appendix 3: Research Consent Form

Researcher name: Adetutu Odekunle

Researcher email: (Removed)

Study title: The Impact of Financing Sources on Non-oil Export Performance of SMEs in Nigeria

Supervisors: (Removed)

Supervisor email: (Removed)

Privacy Notice

Thank you for agreeing to participate in this research project. The information you supply will be recorded and processed by the UK GDPR / Data Protection Act 2018 / EU GDPR.

The information collected from this research will be used only by the researcher and their supervisor in the context of their research and to meet the requirements of their studies at the University of Derby. The University of Derby is the data controller.

We retain the data and any recordings until 30 January 2026; after that, they will be securely destroyed.

Our lawful basis for processing this data is your explicit consent.

I give my explicit consent for my details to be used as stipulated above Yes ☐ No ☐

As a data subject, you can request withdrawal of consent at any time up to 23 October 2022, two weeks after data collection completion, by contacting [gdpr \(Personal Information Removed\)](#). You can also contact me via my email at (Removed)

Our Data Protection Officer (DPO) (Personal Information Removed). Alternatively, you can email ([Personal Information Removed](#))

Further information on how we handle your information and details of our DPO can be found on our website: ([information removed](#))

I confirm that I have been given an information sheet explaining the purpose of this research and the researcher's contact details. Yes ☐ No ☐

I understand that the data and answers I provide will be stored securely, used only by the research team, and anonymised before publication Yes ☐ No ☐

I understand that my participation is voluntary, that I do not have to take part, that I can refuse to answer any questions, and that my rights to withdraw are Yes ☐ No ☐

I have been given the chance to ask questions, and if I have asked questions, I have been given a satisfactory answer. Yes ☐ No ☐

I understand this study is related to the above-named researcher for the purpose of their academic assessment. Yes ☐ No ☐

You can withdraw your data up to 21 October 2022 after your participation. After this time, your data will be anonymised, and the original, identifiable data will be destroyed. Please provide an ID below, which we will use to remove your data if requested. If you decide to withdraw, please contact Adetutu Odekunle through (Personal information removed) and state the chosen identifier you have provided below.

Chosen identifier (3 letters and 3 numbers; do not use your name or birthdate, etc.):
(Personal information removed)

I give my consent to participate in this study:

Name:

Signed:

Date:

Signed: Adetutu Odekunle

Date

Researcher's contact details:

Adetutu Odekunle

College of Business, Law and Social Sciences

University of Derby

Derby, UK

Appendix 4: Debriefing Letter

Dear participant,

Study Title: Impact of Financing Sources on Non-oil Export Performance of Small and Medium-sized Enterprises in Nigeria.

Thank you for taking part in this research project. Your participation is much appreciated.

The information you have provided will be used for my research purposes only. It will be deleted when I complete my studies, which I anticipate will be by January 2026.

If you need to contact me for any reason related to this research, my email address is: [\(Personal information removed\)](#). Alternatively, you can contact my supervisors: [\(Personal information removed\)](#)

Yours sincerely,
Adetutu Odekunle

Date:

Appendix 5: Questionnaire

I am a doctoral student at the College of Business, Law and Social Studies, University of Derby, United Kingdom. I am conducting research on improving funding access for non-oil exporter SMEs in Nigeria to diversify the nation's export base.

Your participation in completing this self-administered questionnaire is greatly appreciated. All responses will remain anonymous and confidential and will be used solely for academic research.

Please answer all questions honestly and to the best of your ability. Should you require further clarification, kindly contact Odekunle Adetutu at:

(information removed)

Thank you for your valuable contribution.

Impact of Financing Source(s) on Non-Oil Export Performance of Nigerian SMEs

Instruction: Please mark or tick the appropriate box.

PART (A): Background Information

1. What is the staff strength of your company?

- | | | | |
|-------------------------|-----|-------------------------|-----|
| (a) Between 1-10 staff | () | (b) Between 11-20 staff | () |
| (c) Between 21-30 staff | () | (d) Between 31-40 staff | () |
| (e) Above 40 staff | () | | |

2. Size of capital (Million ₦):

- | | | | |
|---------------------------------|-----|---------------------------------|-----|
| (a) Between 0-50 Million (₦) | () | (b) Between 50-100 Million (₦) | () |
| (c) Between 100-150 Million (₦) | () | (d) Between 150-200 Million (₦) | () |
| (e) Above 200 Million (₦) | () | | |

3. Years of experience in the domestic market:

- | | | | |
|-------------------------|-----|------------------------|-----|
| (a) Between 1-5 years | () | (b) Between 6-10 years | () |
| (c) Between 11-15 years | () | (d) Over 15 years | () |

4. Number of years in export (direct or indirect) business:

- | | | | |
|-------------------------|-----|------------------------|-----|
| (a) Between 1-5 years | () | (b) Between 6-10 years | () |
| (c) Between 11-15 years | () | (d) Over 15 years | () |

PART (B): FINANCING SOURCES

Please indicate the **EXTENT** of the use of the following sources of finance (with "1" = Not at all (N), "2"= A little bit (A), "3" = Sometimes (S), "4" = Often, "5" = Frequently (F))

B1	ITEM	N	A	S	O	F
1	Internal funds or retained earnings					
2	Friends and relatives					
3	Credit facilities from Deposit Money Banks (DMBs)					
4	Finance facilities provided by the federal government through development banks.					
5	Credit from suppliers					
6	Non-Bank Financial Institutions					

PART (C): FUNDING CONSTRAINTS

Please indicate the prevalence of the following **CONSTRAINTS** to **FUNDING** in your firm (with "1" = Not at all (N), "2"= A little bit (A), "3" = Sometimes (S), "4" = Often, "5" = Frequently (F))

S/N	ITEM	N	A	S	O	F
1	Collateral requirements					
2	Non-Flexibility of repayment					
3	Non-availability of a favourable interest rate					
4	Unfavourable Loan maturity period					
5	The existence of corruption in the loan allocation system					
6	Slow loan disbursement					
7	Lengthy and complicated procedures for obtaining loans					
8	Peers' borrowing experience					

PART (D): NON-OIL EXPORT PERFORMANCE

Please indicate by ticking the response which shows the extent to which you agree or disagree with each of the following statements (with "1" = strongly disagree (SD), "2"= disagree (D), "3" = undecided (U), "4" = Agree, "5" = strongly agree (SA))

S/N	ITEM	SD	D	U	A	SA
1	This export venture has been very profitable.					
2	This export venture has generated a high volume of sales.					
3	This export venture has achieved rapid growth.					
4	Our global competitiveness has improved.					
5	Our strategic position has been strengthened.					
6	Our global market share has increased significantly.					
7	The performance of this export venture has been very satisfactory.					
8	The export venture has been very successful.					
9	Our expectations have been fully met.					

THANK YOU for taking the time to complete this survey.

Appendix 6: T-Test for response Bias

Group Statistics

	Group	N	Mean	Std. Deviation	Std. Error Mean
Financing Sources	Early Responses	60	3.2083	.93711	.12098
	Late Responses	60	3.1889	.92540	.11947
Funding Constraints	Early Responses	60	3.2979	1.06815	.13790
	Late Responses	60	3.3583	1.04341	.13470
SMEs' non-oil export performance	Early Responses	60	3.6648	.75705	.09774
	Late Responses	60	3.6167	.72628	.09376

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Financing Sources	Equal variances assumed	.036	.850	.114	118	.909	.01944	.17003	-.31726	.35614
	Equal variances not assumed			.114	117.981	.909	.01944	.17003	-.31726	.35614
Funding Constraints	Equal variances assumed	.119	.731	-.313	118	.755	-.06042	.19277	-.44216	.32132
	Equal variances not assumed			-.313	117.935	.755	-.06042	.19277	-.44216	.32132
SMEs' non-oil export performance	Equal variances assumed	.000	.995	.355	118	.723	.04815	.13544	-.22006	.31635
	Equal variances not assumed			.355	117.797	.723	.04815	.13544	-.22006	.31636

Appendix 7: Analysis for Hypotheses 1-3

Regression Results

Dependent Variable: NEP

Method: Least Squares

Date: 05/31/24 Time: 06:59

Sample: 1 241

Included observations: 241

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	2.908665	0.125453	23.18531	0.0000
IF	-0.204471	0.030829	-6.632443	0.0000
FR	0.336655	0.024999	13.46651	0.0000
CF	0.190698	0.042985	4.436431	0.0000
FF	0.187576	0.037414	5.013542	0.0000
CS	-0.176854	0.040457	-4.371415	0.0000
NF	0.057465	0.028422	2.021840	0.0443
R-squared	0.640617	Mean dependent var	3.681328	
Adjusted R-squared	0.631402	S.D. dependent var	0.692774	
S.E. of regression	0.420599	Akaike info criterion	1.134342	
Sum squared resid	41.39542	Schwarz criterion	1.235560	
Log lik				
elihood	-129.6882	Hannan-Quinn criter.	1.175121	
F-statistic	69.51921	Durbin-Watson stat	1.617224	
Prob(F-statistic)	0.000000			

Variance Inflation Factors

Date: 05/31/24 Time: 07:09

Sample: 1 241

Included observations: 241

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	0.015738	21.44085	NA
IF	0.000950	24.32151	1.354996
FR	0.000625	9.870755	1.269448
CF	0.001848	27.05144	4.334454
FF	0.001400	14.07689	2.840536
CS	0.001637	32.25336	3.859304
NF	0.000808	11.08281	1.824805

Regression Result for Model 2

Dependent Variable: NEP
Method: Least Squares
Date: 05/06/24 Time: 02:31
Sample: 1 241
Included observations: 241

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	2.894529	0.132548	21.83753	0.0000
IF	-0.200525	0.032566	-6.157446	0.0000
FR	0.333631	0.027366	12.19156	0.0000
CF	0.198802	0.051456	3.863518	0.0001
FF	0.206578	0.039855	5.183272	0.0000
CS	-0.154776	0.045213	-3.423225	0.0007
NF	0.038098	0.031640	1.204125	0.2298
YED	0.059502	0.064386	0.924149	0.3564
NYE	-0.079573	0.073972	-1.075714	0.2832
SZ	-0.021087	0.040446	-0.521371	0.6026
R-squared	0.643732	Mean dependent var	3.681328	
Adjusted R-squared	0.629851	S.D. dependent var	0.692774	
S.E. of regression	0.421483	Akaike info criterion	1.150533	
Sum squared resid	41.03663	Schwarz criterion	1.295130	
Log-likelihood	-128.6392	Hannan-Quinn criter.	1.208788	
F-statistic	46.37638	Durbin-Watson stat	1.585862	
Prob(F-statistic)	0.000000			

Variance Inflation Factors
Date: 05/06/24 Time: 03:16
Sample: 1 241
Included observations: 241

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	0.017569	23.83451	NA
IF	0.001061	27.02626	1.505683
FR	0.000749	11.77824	1.514763
CF	0.002648	38.60232	6.185253
FF	0.001588	15.90654	3.209735
CS	0.002044	40.11468	4.799956
NF	0.001001	13.67649	2.251859
YED	0.004146	29.84644	5.152653
NYE	0.005472	37.23922	6.677700
SZ	0.001636	16.90670	4.838521

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Internal funds or retained earnings	241	2.00	5.00	4.2116	1.02512
Friends and relatives	241	1.00	5.00	3.1784	1.22360
Credit facilities from Deposit Money Banks (DMBs)	241	1.00	5.00	3.0041	1.31497
Finance facilities provided by the federal government through development banks	241	1.00	5.00	2.4274	1.22301
Credit from suppliers	241	1.00	5.00	3.5685	1.31833
Non-Bank Financial Institutions	241	1.00	5.00	2.9004	1.29036
Collateral requirements	241	1.00	5.00	3.1867	1.38233
Non-Flexibility of repayment	241	1.00	5.00	3.2697	1.25411
Non-availability of favourable interest rate	241	1.00	5.00	3.7054	1.28790
Unfavourable Loan maturity period	241	1.00	5.00	3.4979	1.19765
The existence of corruption in the loan allocation system	241	1.00	5.00	2.9129	1.28965
Slow loan disbursement	241	1.00	5.00	3.5062	1.28815
Lengthy and complicated procedures for obtaining loans	241	1.00	5.00	3.4896	1.35127
Peers' borrowing experience	241	1.00	5.00	3.0664	1.25323
This export venture has been very profitable.	241	1.00	5.00	3.8133	.89115
This export venture has generated a high volume of sales.	241	1.00	5.00	3.8299	.87088
This export venture has achieved rapid growth.	241	1.00	5.00	3.8133	.94999
Our global competitiveness has improved.	241	1.00	5.00	3.8133	.84803
Our strategic position has been strengthened.	241	1.00	5.00	3.6224	.89591
Our global market share has increased significantly.	241	1.00	5.00	3.6432	.83494
The performance of this export venture has been very satisfactory.	241	2.00	5.00	3.7510	.85893
The export venture has been very successful.	241	2.00	5.00	3.7012	.97573
Our expectations have been fully met.	241	1.00	5.00	3.1411	1.01899
Valid N (listwise)	241				

Crosstabs- For Hypothesis 3

Internal funds or retained earnings * Years of experience in the domestic market

Crosstab

% of Total

		Years of experience in the domestic market				Total
		Between1-5 years	Between 6-10 years	Between 11-15 years	Over 15 years	
Internal funds or retained earnings	A little bit	6.2%	3.3%			9.5%
	Sometimes	6.2%	9.1%			15.4%
	Often	3.3%	3.7%	12.4%		19.5%
	Frequently	15.8%	21.2%	8.7%	10.0%	55.6%
Total		31.5%	37.3%	21.2%	10.0%	100.0%

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	96.070 ^a	9	.000
Likelihood Ratio	102.439	9	.000
Linear-by-Linear Association	21.806	1	.000
N of Valid Cases	241		

a. 4 cells (25.0%) have expected count less than 5. The minimum expected count is 2.29.

Friends and relatives * Years of experience in the domestic market

Crosstab

% of Total

		Years of experience in the domestic market				Total
		Between1-5 years	Between 6-10 years	Between 11-15 years	Over 15 years	
Friends and relatives	Not at all		9.5%		2.5%	12.0%
	A little bit	9.1%	6.2%			15.4%
	Sometimes	3.3%	5.4%	14.9%	7.5%	31.1%
	Often	12.9%	10.0%	2.9%		25.7%
	Frequently	6.2%	6.2%	3.3%		15.8%
Total		31.5%	37.3%	21.2%	10.0%	100.0%

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	132.206 ^a	12	.000
Likelihood Ratio	156.945	12	.000
Linear-by-Linear Association	5.884	1	.015
N of Valid Cases	241		

a. 3 cells (15.0%) have an expected count of less than 5. The minimum expected count is 2.89.

Credit facilities from Deposit Money Banks (DMBs) * Years of experience in the domestic market

Crosstab

% of Total

		Years of experience in the domestic market				Total
		Between1-5 years	Between 6-10 years	Between 11-15 years	Over 15 years	
Credit facilities from Deposit Money Banks (DMBs)	Not at all	9.5%	12.0%			21.6%
	A little bit	9.1%	3.3%			12.4%
	Sometimes	12.9%	3.3%		2.5%	18.7%

	Often		17.4%	18.7%	2.5%	38.6%
	Frequently		1.2%	2.5%	5.0%	8.7%
Total		31.5%	37.3%	21.2%	10.0%	100.0%

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	206.679 ^a	12	.000
Likelihood Ratio	235.596	12	.000
Linear-by-Linear Association	89.548	1	.000
N of Valid Cases	241		

a. 4 cells (20.0%) have expected count less than 5. The minimum expected count is 2.09.

Finance facilities provided by the federal government through development banks * Years of experience in the domestic market.

Crosstab

% of Total

		Years of experience in the domestic market				Total
		Between 1-5 years	Between 6-10 years	Between 11-15 years	Over 15 years	
Finance facilities provided by the federal government through development banks	Not at all	16.2%	15.8%		2.5%	34.4%
	A little bit	9.5%	3.3%			12.9%
	Sometimes	2.9%	13.3%	15.4%		31.5%
	Often	2.9%	1.7%	5.8%	7.5%	17.8%
	Frequently		3.3%			3.3%
Total		31.5%	37.3%	21.2%	10.0%	100.0%

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	174.173 ^a	12	.000
Likelihood Ratio	187.430	12	.000
Linear-by-Linear Association	53.697	1	.000
N of Valid Cases	241		

a. 6 cells (30.0%) have expected count less than 5. The minimum expected count is .80.

Credit from suppliers * Years of experience in the domestic market

Crosstab

% of Total

		Years of experience in the domestic market				Total
		Between 1-5 years	Between 6-10 years	Between 11-15 years	Over 15 years	
Credit from suppliers	Not at all	6.2%	9.1%			15.4%
	A little bit	3.3%				3.3%
	Sometimes	12.4%	0.4%		2.5%	15.4%
	Often	9.5%	13.3%	15.8%	2.5%	41.1%
	Frequently		14.5%	5.4%	5.0%	24.9%
Total		31.5%	37.3%	21.2%	10.0%	100.0%

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	134.956 ^a	12	.000

Likelihood Ratio	168.290	12	.000
Linear-by-Linear Association	41.321	1	.000
N of Valid Cases	241		

a. 6 cells (30.0%) have an expected count of less than 5. The minimum expected count is .80.

Non-Bank Financial Institutions * Years of experience in the domestic market

Crosstab

% of Total

		Years of experience in the domestic market				Total
		Between 1-5 years	Between 6-10 years	Between 11-15 years	Over 15 years	
Non-Bank Financial Institutions	Not at all	16.2%	6.6%		2.5%	25.3%
	A little bit		3.3%			3.3%
	Sometimes	5.8%	8.3%	14.9%	7.5%	36.5%
	Often	9.5%	12.9%	3.3%		25.7%
	Frequently		6.2%	2.9%		9.1%
Total		31.5%	37.3%	21.2%	10.0%	100.0%

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	113.805 ^a	12	.000
Likelihood Ratio	135.200	12	.000
Linear-by-Linear Association	8.315	1	.004
N of Valid Cases	241		

a. 6 cells (30.0%) have expected count less than 5. The minimum expected count is .80.

Reliability Financing Sources

Scale: ALL VARIABLES

Case Processing Summary

		N	%
Cases	Valid	21	100.0
	Excluded	0	.0
	Total	21	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.844	.845	6

Item Statistics

	Mean	Std. Deviation	N
Internal funds or retained earnings	4.2381	1.09109	21
Friends and relatives	3.0000	1.37840	21
Credit facilities from Deposit Money Banks (DMBs)	2.8095	1.47034	21
Finance facilities provided by the federal government through development banks	2.3333	1.27802	21
Credit from suppliers	3.1905	1.47034	21
Non-Bank Financial Institutions	2.5714	1.39898	21

Inter-Item Correlation Matrix for Objective 2

	Internal funds or retained earnings	Friends and relatives	Credit facilities from Deposit Money Banks (DMBs)	Finance facilities provided by the federal government through development banks	Credit from suppliers	Non-Bank Financial Institutions
Internal funds or retained earnings	1.000	.332	.373	.406	.500	.562
Friends and relatives	.332	1.000	.099	.312	.345	.311
Credit facilities from Deposit Money Banks (DMBs)	.373	.099	1.000	.834	.850	.372
Finance facilities provided by the federal government through development banks	.406	.312	.834	1.000	.789	.503
Credit from suppliers	.500	.345	.850	.789	1.000	.552
Non-Bank Financial Institutions	.562	.311	.372	.503	.552	1.000

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
Internal funds or retained earnings	13.9048	29.290	.563	.385	.831
Friends and relatives	15.1429	30.129	.337	.359	.872
Credit facilities from Deposit Money Banks (DMBs)	15.3333	25.033	.675	.860	.808
Finance facilities provided by the federal government through development banks	15.8095	25.362	.787	.771	.788
Credit from suppliers	14.9524	23.048	.844	.828	.770

Non-Bank Financial Institutions	15.5714	26.657	.589	.483	.826
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Scale Statistics

Mean	Variance	Std. Deviation	N of Items
18.1429	37.129	6.09332	6

Reliability: Funding Constraints

Scale: ALL VARIABLES

Case Processing Summary

	N	%
Cases Valid	21	100.0
Excluded ^a	0	.0
Total	21	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.906	.907	8

Item Statistics

	Mean	Std. Deviation	N
Collateral requirements	3.0952	1.41084	21
Non-Flexibility of repayment	2.9048	1.22085	21
Non-availability of favourable interest rate	3.3810	1.46548	21
Unfavourable Loan maturity period	3.1905	1.24976	21
Existence of corruption in the loan allocation system	2.5714	1.24786	21
Slow loan disbursement	3.1905	1.32737	21
Lengthy and complicated procedures for obtaining loans	3.0476	1.35927	21
Peers' borrowing experience	3.0476	1.32198	21

Inter-Item Correlation Matrix

	Collateral requirements	Non-Flexibility of repayment	Non-availability of favourable interest rate	Unfavourable Loan maturity period	Existence of corruption in the loan allocation system	Slow loan disbursement	Lengthy and complicated procedures for obtaining loans	Peers' borrowing experience
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Collateral requirements	1.000	.644	.369	.500	.791	.364	.441	.346
Non - Flexibility of repayment	.644	1.000	.636	.471	.628	.567	.636	.375
Non-availability of favourable interest rate	.369	.636	1.000	.777	.477	.578	.743	.377
Unfavourable Loan maturity period	.500	.471	.777	1.000	.568	.489	.701	.509
Existence of corruption in the loan allocation system	.791	.628	.477	.568	1.000	.565	.632	.346
Slow loan disbursement	.364	.567	.578	.489	.565	1.000	.743	.564
Lengthy and complicated procedures for obtaining loans	.441	.636	.743	.701	.632	.743	1.000	.555
Peers' borrowing experience	.346	.375	.377	.509	.346	.564	.555	1.000

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
Collateral requirements	21.3333	53.433	.612	.737	.902
Non -Flexibility of repayment	21.5238	53.562	.728	.683	.892
Non-availability of favourable interest rate	21.0476	50.848	.721	.780	.892
Unfavourable Loan maturity period	21.2381	52.990	.742	.757	.891
The existence of corruption in the loan allocation system	21.8571	53.129	.735	.759	.891
Slow loan disbursement	21.2381	52.690	.706	.647	.893

Lengthy and complicated procedures for obtaining loans	21.3810	50.248	.828	.765	.882
Peers' borrowing experience	21.3810	55.548	.546	.476	.907

Scale Statistics

Mean	Variance	Std. Deviation	N of Items
24.4286	68.057	8.24968	8

Reliability Performance

Scale: ALL VARIABLES

Case Processing Summary

	N	%
Cases Valid	21	100.0
Excluded ^a	0	.0
Total	21	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.900	.903	9

Item Statistics

	Mean	Std. Deviation	N
This export venture has been very profitable.	3.6190	1.07127	21
This export venture has generated a high volume of sales.	3.6667	1.01653	21
This export venture has achieved rapid growth.	3.8571	.91026	21
Our global competitiveness has improved.	3.6667	.96609	21
Our strategic position has been strengthened.	3.4286	1.02817	21
Our global market share has increased significantly.	3.5238	.98077	21
The performance of this export venture has been very satisfactory.	3.7143	.95618	21
The export venture has been very successful.	3.5238	1.07792	21
Our expectations have been fully met.	2.8571	1.01419	21

Inter-Item Correlation Matrix for The Dependent Variable

	This export venture has been very profitable.	This export venture has generated a high volume of sales.	This export venture has achieved rapid growth.	Our global competitiveness has improved.	Our strategic position has been strengthened.	Our global market share has increased significantly.	The performance of this export venture has been very satisfactory.	The export venture has been very successful.	Our expectations have been fully met.
This export venture has been very profitable.	1.000	.383	.249	.354	.428	.199	.181	.181	.316
This export venture has generated a high volume of sales.	.383	1.000	.594	.594	.383	.535	.309	.213	.194
This export venture has achieved rapid growth.	.249	.594	1.000	.796	.656	.816	.698	.539	.356
Our global competitiveness has improved.	.354	.594	.796	1.000	.805	.827	.812	.560	.357
Our strategic position has been strengthened.	.428	.383	.656	.805	1.000	.808	.843	.735	.397
Our global market share has increased significantly.	.199	.535	.816	.827	.808	1.000	.647	.484	.280
The performance of this export venture has been very satisfactory.	.181	.309	.698	.812	.843	.647	1.000	.832	.420
The export venture has been very successful.	.181	.213	.539	.560	.735	.484	.832	1.000	.529
Our expectations have been fully met.	.316	.194	.356	.357	.397	.280	.420	.529	1.000

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
This export venture has been very profitable.	28.2381	39.290	.364	.714	.913
This export venture has generated a high volume of sales.	28.1905	37.862	.514	.536	.900
This export venture has achieved rapid growth.	28.0000	35.900	.788	.851	.881
Our global competitiveness has improved.	28.1905	34.562	.866	.904	.874
Our strategic position has been strengthened.	28.4286	33.957	.861	.949	.873
Our global market share has increased significantly.	28.3333	35.433	.765	.938	.881
The performance of this export venture has been very satisfactory.	28.1429	35.329	.799	.946	.879
The export venture has been very successful.	28.3333	35.533	.672	.799	.889
Our expectations have been fully met.	29.0000	38.500	.461	.359	.904

Scale Statistics

Mean	Variance	Std. Deviation	N of Items
31.8571	45.329	6.73265	9