

T.C.
ISTANBUL AYDIN UNIVERSITY
INSTITUTE OF GRADUATE STUDIES



**AN ANALYSIS AND STUDY OF VENTURE CAPITAL APPLICATION IN
TURKEY AND NIGERIA.**

MASTER THESIS
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Department of Business
Business Administration Program

JULY, 2021

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Department of Business
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JULY, 2021

ONAY FORMU

DECLARATION

I hereby declare with respect that the study “the connection between venture capital and small and medium scale enterprises (SMEs): a case study of SMES in Lagos, Nigeria”, which was written in completion of the Master`s Program in Business Administration, was written without any assistance in violation of scientific ethics and traditions in all the processes from the conceptual clarification phase to the conclusion of the thesis.

Philips Onochie OKOLO

FOREWORD

My profound gratitude goes to HDWM for the extraordinary assistance. I also appreciate my Erasmus-Program Thesis-Advisor Professor Hans Rüdiger KAUFMANN, Prof. Dolares Sanchez BENGUA and Istanbul Aydin University (İAÜ) Thesis Supervisor Doçent Dr. (Associate Professor) Salvatore Joseph TERREGROSSA for the advice and academic support during the program. Furthermore, special thanks to Istanbul Aydin University (İAÜ) who provided me with support for the success of this project.

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AN ANALYSIS AND STUDY OF VENTURE CAPITAL APPLICATION IN TURKEY AND NIGERIA.

ABSTRACT

This study had investigated the connection between venture capital and small and medium scale enterprises (SMEs) using SMEs in Lagos, Nigeria. SMEs has played a significant role in the developed countries of the world where the developing and under-developed nations are aiming to emulate to spur the economic growth and development. It was on this note that this study conducted the relationship between the venture capital and SMEs in one of the developing nations (Nigeria). The study subjected the hypotheses at 5% level of significance where frequency analysis, regression analysis and correlation analysis were used as the estimation techniques. The findings revealed that the null hypothesis fails to be rejected that access to finance is a major hinderance to SMEs in Nigeria, that is, access to finance is one of the major hinderance to SMEs performance in Nigeria. Also, the null hypothesis is accepted because the p-value is less than 1% and 5% significance level that is, venture capital has no significant impact on SMEs in Nigeria at the startup stage. It was concluded that that access to finance has a positive and significant impact on SMEs, venture capital reveals a positive and significant on SMEs, venture capital trust is positive but not significant on SMEs.

Keywords: *SMEs, Venture Capital, Entrepreneurship, Access to Finance, and Regression*

THE CONNECTION BETWEEN VENTURE CAPITAL AND SMALL AND MEDIUM SCALE ENTERPRISES (SMEs) EFFICIENCY: A CASE STUDY OF SMEs IN LAGOS, NIGERIA

ÖZET

Bu çalışma, Nijerya'nın Lagos kentindeki KOBİ'leri kullanan risk sermayesi ile küçük ve orta ölçekli işletmeler (KOBİ'ler) arasındaki bağlantıyı araştırmıştır. Gelişmekte olan ve az gelişmiş ülkelerin ekonomik büyüme ve kalkınmayı teşvik etmek için taklit etmeyi amaçladıkları dünyanın gelişmiş ülkelerinde KOBİ'ler önemli bir rol oynamıştır. Bu çalışma, gelişmekte olan ülkelere birinde (Nijerya) risk sermayesi ile KOBİ'ler arasındaki ilişkiyi yürütmüştür. Çalışma, tahmin teknikleri olarak frekans analizi, regresyon analizi ve korelasyon analizinin kullanıldığı hipotezleri %5 anlamlılık düzeyinde ele almıştır. Bulgular, finansmana erişimin Nijerya'daki KOBİ'ler için büyük bir engel olduğu, yani finansmana erişimin Nijerya'daki KOBİ'lerin performansına yönelik başlıca engellerden biri olduğu şeklindeki sıfır hipotezinin reddedilemeyeceğini ortaya koydu. Ayrıca, p-değeri %1'den ve %5 anlamlılık düzeyinden küçük olduğu için sıfır hipotezi kabul edilmiştir, yani girişim sermayesinin Nijerya'daki KOBİ'ler üzerinde başlangıç aşamasında önemli bir etkisi yoktur. Finansmana erişimin KOBİ'ler üzerinde olumlu ve anlamlı bir etkiye sahip olduğu, girişim sermayesinin KOBİ'ler üzerinde olumlu ve anlamlı bir etkiye sahip olduğu, girişim sermayesi güveninin KOBİ'ler üzerinde olumlu ancak anlamlı olmadığı sonucuna ulaşılmıştır.

Anahtar Kelimeler: *KOBİ'ler, Girişim Sermayesi, Girişimcilik, Finansmana Erişim ve Gerileme*

1. INTRODUCTION

1.1 Study Overview

Capital refers to the financial resource's businesses use to finance their operational activities, such as cash, assets and other materials. This is a critical source of funding for all forms of companies as businesses need certain resources to function. Basically, capital is the main motivate behind every business establishment and its important cannot be overstated in the economy. Manigart and Wright (2013) viewed that venture capital is well-known form of funding firms for an enterprise undertaking, which is different from other financial intermediaries like banks, stock market and so on. Venture capitalists concentrate in identifying the most innovative companies and finance their undertakings in order to prevent the enormous financial and business risks including agency issues (Manigart & Wright, 2013). According to Ghosh and Nanda (2010), venture capital is a main source of funding for the commercialization of essential inventions. Venture capital activity has grown from becoming a curiosity to a point that it is now seen as a cornerstone to economic and social development. The growth of the venture capital sector in various countries has brought on various shapes and sizes due to the various scales of sustainable development and the assumptions of which each market has indeed been developed. Nevertheless, the structural development of a certain economy is central to the growth of the venture capital sector (Karaömerlioglu & Jacobsson, 2000).

Venture capital often plays a critical role throughout the funding and economic implementation of emerging technologies (Ghosh & Nanda, 2010). Kortum and Lerner (1998) showed that the funding of private equity had a significant impact on the quality of proprietary inventions using industry-and company-level details. Nevertheless, not only strong business firms have earned investment capital, small business firms are often funded by investment capital (Gompers 1999).

It is increasingly identified that small and medium-sized enterprises (SMEs) play a crucial role in the generation of income and in the creation of employment across the world. According to Gompers (1994), small and medium-sized businesses often

create innovative products that involve significant funding during the formative phases of their corporations' life cycles. Most businessmen do not have adequate resources to fund their own ventures and thus need to pursue external funding (Gompers, 1994), and several alternative sources of capital exist. In Africa, the SME industry contributes for about 90% of all businesses in both regional areas, allowing for a more equal income distribution in all parts of the world (OECD, 2004). This means that small and medium-sized enterprises are the main source of employment for people and stimulate the development of countries by promoting innovation and entrepreneurship among societies and thereby strengthening the local manufacturing industry and the industrial base. Small and medium-sized businesses in Africa therefore have been used as a very significant force for meeting economic and social development targets, such as alleviating poverty and productivity growth (Biney, 2018).

1.2 Problem Identified

Innovative businesses most often lack enough financial means and thus need to require external funding. In several cases, they have a financial relationship with a financial services firm. The denial of access to capital seems to be a main barrier that inhibits business growth. Issues and problems restricting the acquisition of financial services by businesses have included an inadequacy of measurable security associated with insufficient legal and financial structure that does not acknowledge innovative business lending strategies (Memba, Gakure & Karaja, 2012). Restricted access to institutional capital due to inadequate and insufficient ability to produce finance to corporations continues to have been a barrier in the growth and innovation of the corporate sector. Given the pervasive notice in venture capital as a catalyst to economic development, though, no scientific research has tested the relevance of these arguments (Samila & Sorenson, 2009). The connection between such a financial related delegate and the business visionary is, nonetheless, troubled with a considerable number of uneven data issues (Sahlman, 1990). This is essentially since new, creative firms are for the most part dependent on the thoughts and endeavors of the originator of the firm. These and their suggestions for the estimation of the firm is clearly the religion to watch, control and to check. Another principle normal for investment account other than broad data issue is the perception that most investment support are shut end. Given the confinement of its venture period, the VC needs to or

must end the money related relationship with the firm after a given time frame. This together with the presence of topsy-turvy for example non-irrefutable data now where the leave choice must be taken prompts a significant control-issue, if there are more than one potential leave means.

The likelihood of success excludes the possibility of growth-enhancing and the reduction of development obstacles. Funding is among the most important hurdles to new business productivity. Binks and Ennew (1996) opined that newer and rising businesses are more vulnerable to financial limitations than older and non-growing enterprises. New company's equity status is very low, and financing is sometimes difficult or limited. The greater level of risk of new emerging companies and lack of physical assets as leverage contributes to funding price controls by borrowers because of a budget deficit. As a business sector performing in a developing nation like Nigeria, there are many problems in and outside the sector. In this respect, it is essential to assess these obstacles and to make necessary findings that could help the creation of the private equity sector in such economic systems. Many researchers have looked at venture capital activities in neighboring developing nations and have found various difficulties that make it nearly impossible to work in some of these regions. Such perceived problems include an inadequate legal framework, institutional dynamics, lack of academic funding, lack of infrastructure, limited private sector participation in the economy, and the dominance of multinational firms and oil-related companies. Many researchers of small businesses dwelled on the numerous challenges facing their success which are mostly due to the failure of government programs and policies, Double taxation, frequent criminal activities and corruption. (Babandi Ibrahim Gumel, 2019).

Therefore, the history of small businesses in Nigeria was engulfed in numerous challenges most of which are attributed to policy and system failures. There are human challenges which are related to the capacity of owners and managers, age, educational qualification and skills. The owner's intention as small business challenge, Leadership challenges, Enterprise challenges such as age and size of the business, network of stock holders, ICT adoption in small businesses and Market Orientation. (Babandi Ibrahim Gumel, 2019).

A further perspective attributes the challenges posed by SMEs in obtaining financing to their high-risk level. For several reasons, providers of outside funding view small

and medium-sized businesses as riskier ventures. Firstly, SMEs face a more ambiguous competitive situation than larger businesses with much more differential return rates and higher failure rates. Secondly, small and medium-sized enterprises are relatively less positioned, both in terms of physical and assets funds, to resist economic difficulties. Thirdly, there is the issue of insufficient business processes, which threatens the transparency and durability of knowledge on productivity and repayment capability. In developing countries, the additional problem about a more precarious business environment has a negative effect on the protection of deals.

Evidence strongly suggests that start-up firms around the globe are faced with a few financial hurdles (Manigart & Wright, 2013). Throughout Nigeria, these challenges are intensified by the unexplored private equity sector. The private firms have been ignored by successive administrations throughout Nigeria for so long. As the private sector is a cornerstone of any nation, this report would essentially interrogate and place obstacles in the way of start-ups and new business VC financing.

1.3 Study Questions

The below questions are aimed to answer in this study

- How insufficient funding affect small businesses in managing resources?
- What are the reasons for lack of venture capital in Nigeria?
- Does venture capitalists' trust the Nigerian SMEs?

1.4 Specific Objectives

The below are the objectives of this investigation

- To examine the factors of access to finance among SMEs in Nigeria
- To investigate the reasons for lack of venture capital in Nigeria
- To investigate venture capitalists' trust on the Nigerian SMEs

1.5 Study Hypothesis

Ho1: Access to finance is a major hinderance to SMEs in Nigeria

Ho2: Venture capital has no significant impact on SMEs in Nigeria at the start up stage.

Ho3: The venture capitalists have no trust in the competitiveness of the SMEs.

1.6 Purpose/ Importance

Studies on venture capital have been examined mostly in the developed nations while little studies had been done in the developing nations where Nigeria cannot be left out. Therefore, the idea of venture capital is a new phenomenon in many other developing economies. This work is supposed to contribute to the growth of the small and medium-sized businesses sector as well as the advancement of the capital investment industry. This research aims to fill the gap in the literature on the funding of small and medium-sized venture capital.

The findings of this study will encourage decision makers and the government to implement policies and initiatives that can encourage the development of a thriving venture capital industry that will support the development of small and medium-sized companies in Nigeria. This analysis would enable the government, investment agencies and the private industry to make them more aware of the benefits received and the opportunities and possibilities of the angel investors industry for the growth of small and medium-sized enterprises in Nigeria.

1.7 Study Scope

The study investigated the connection between venture capital and SMEs in Nigeria. In the literature, several debates have been set up to discuss the significant impact of SMEs to stimulate economic growth and development in relation to venture capital. However, some of the developed and developing countries have been using SMEs as a major driver of economic growth. As reported by the Nigeria Bureau of Statistics (NBS), Nigeria's small and medium-sized enterprises had generated around 48 per cent of overall GDP over the last five years. With a total of about 17.4m jobs, they account for about half of industrial employment and was almost 90% of the manufacturing industry in terms of number of projects. On the basis, an assessment of small and medium-sized businesses in Nigeria is required with a view to leveraging the growth and development of the sector in Nigeria. Nonetheless, the city of Lagos, Nigeria shall be the study area where the SMEs will be the major target of this study because the city has the highest population and business activities.

1.8 Definition of some Terms

Venture: A venture is a modern, thrilling, and challenging idea or operation, because it entails the risk of default.

Capital: Wealth in the form of cash or other properties owned or available to an individual or organization for reasons such as starting up a business or investing.

Venture Capital: It is a form of private equity and a method of funding that investors provide to start-ups that are considered to have a long-term growth opportunity.

SMEs: Small and medium-sized enterprises (SMEs) are non-subsidary, commercial enterprises that recruit less than a certain number of workers.

2. REVIEW OF LITERATURE

2.1 Conceptual Clarifications

2.1.1 Venture Capital

Venture capital is an avenue for new enterprises to solve these obstacles. As shareholders, startups partners are involved directly in growing the business performance of successful entrepreneurs. Therefore, with borrowers, investors can evaluate their higher odds against improved rewards. In fact, venture capital managers can minimize intelligence asymmetries by actively tracking and controlling investment firms. The accessibility of venture funding is a key aspect for the success and growth of huge potential businesses. In order to solve these hurdles, investment firms have not just funding but also different kinds of skills (such as public relations, financial strategies, or proprietary information) and links to their resources. The presence of an investment firm could also improve the credibility of a business and result in an increase in interest on the part of other investors, forming a feedback loop between investment and results. The capitalists often utilize specific backups that designate their corporate funding towards youthful firms. A run of the mill highlight of these investment firms is that they seek after two unique objectives: next to high money related returns, there are frequently increasingly different and complex development destinations. Consequently, corporate investment could be an entrance to an undiscovered development that are basic to the venture's prosperity and life span. Conversely, funding firms are just determined by monetary returns because of the nonappearance of a parental organization. As it is notable, both speculator types frequently share the financing cost and the nonmonetary support with different speculators. This supposed syndication implies in a prohibitive sense that a collaboration of at least two speculators happens in a financing round. If the term is utilized more extensively, it likewise depicts circumstances where speculators enter distinctive financing adjusts.

Over the years, the industry has seen a great deal of changes where early financial speculator, which is broadly depicted in the scholarly world as customary has developed to our advanced capital wandering (Cornelius, 2005). Current endeavors in clarifying the institutional changes that have happened between the formative focuses in the business would help extend the information base in the business. He further clarified that the more conventional investment activities were increasingly disposed with theory or hazard taking with accentuation on new pursuits, regularly mechanical ones.

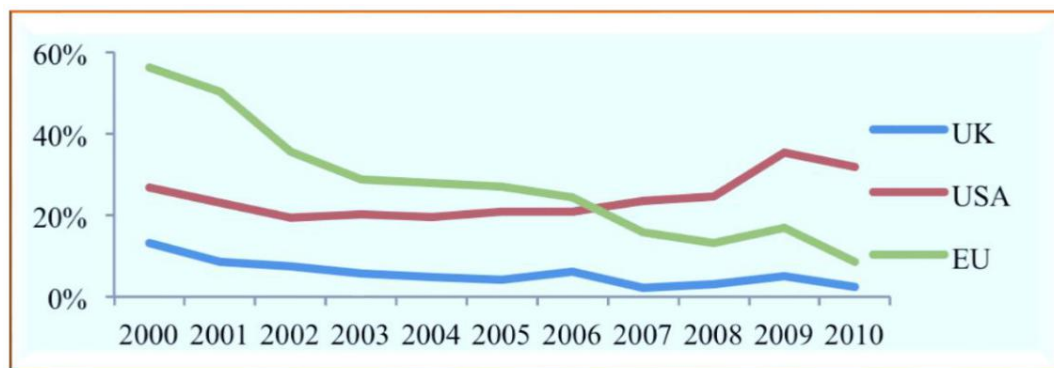


Figure 2.1: Investment in Venture Capital among UK, USA, and EU

Source: Murray, Cowling, Liu and Kalinowska-Beszczyńska (2012)

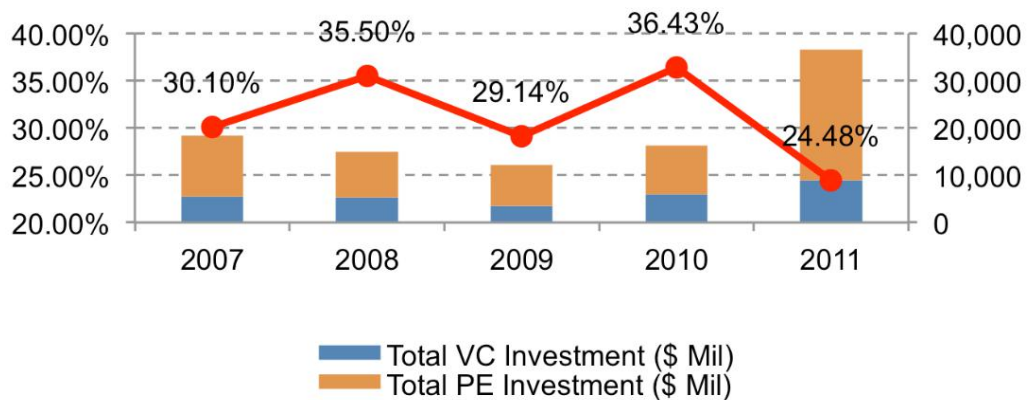


Figure 2.2: China Annual VC illustration

Source: Murray, Cowling, Liu and Kalinowska-Beszczyńska (2012)

In China, Private firms have undergone rapid progress in the last 30 years under the reform and start-up program. The overall number of business entities throughout the PRC rose to almost 7 million in 2009, following the global financial crisis, which greatly slowed the rate of growth of private businesses. At present, though, this development is not followed by a positive and bendable national structural climate

(Zhou, 2012). Considering that the majority of private businesses in China are small and medium-sized enterprises, this lack of adequate widespread support has the propensity in becoming a significant obstacle to the continued development of China's developmental economy and, in particular, to its ability to fulfill the increased job demands of its people.

2.1.1.1 Features of Venture Capital

- *Risk Feature*

Funding, by its extremely importance, is associated with extraordinary hazard. Beginning time organizations or new companies that are normally the speculation focus of funding firms are normally open to higher complete hazard than later-stage or increasingly created partnerships in view of various and variable factors, for example, the vulnerability encompassing the reasonableness of a field-tested strategy to the market or the skill of the pioneering group. One of the most foreseen examinations on the qualities of funding ventures laid out that 60 out of 67 speculations had critical vulnerabilities. These vulnerabilities were connected, for instance, to the plan of action, mechanical dangers, or serious markets-interfaces that were thoroughly (Kaplan & Strömberg, 2004).

- *Availability of Data*

Aside from the noteworthy higher and differentiated hazard included, funding ventures share another intriguing trademark. Since funding is put resources into beginning period enterprises, investment management or corporate information in two distinct manners. From one viewpoint, information is basically not accessible as the business exists for a brief period. Then again, it is exceptionally hazardous to acquire tantamount information on new and at times profoundly inventive field-tested strategies, as the level of similarity is hard to characterize. [10] The restricted information is in this manner the main hotspot for ordinary budgetary assessment models and thus, observing instruments. As an outcome, the aftereffects of monetary assessment models for funding speculations are uncertain and untrustworthy. Customary techniques for budgetary assessment are inadequate for checking funding speculations.

- *Representative Conflict*

The two business visionaries and investors experience the ill effects of a genuine head operator struggle. Information unevenness emerging from the vulnerability of business execution and the general deficiency of information pushes business visionaries (specialists) toward financial speculators since businesspeople are considerably more aware of the wellspring of information (Kaplan and Stromberg, 2001). Since business visionaries will in general utilize this data asymmetry shrewdly, the sane financial specialist will endure the consequences. Outcomes right now from a significantly more noteworthy lack of information, and the restricted information might be astutely utilized by the specialist (Duffner, 2003). The head operator struggle in this manner intensifies the financial speculator's concern of data accessibility. Since information and data are the premise of dependable speculation observing, the checking issues portrayed before right now.

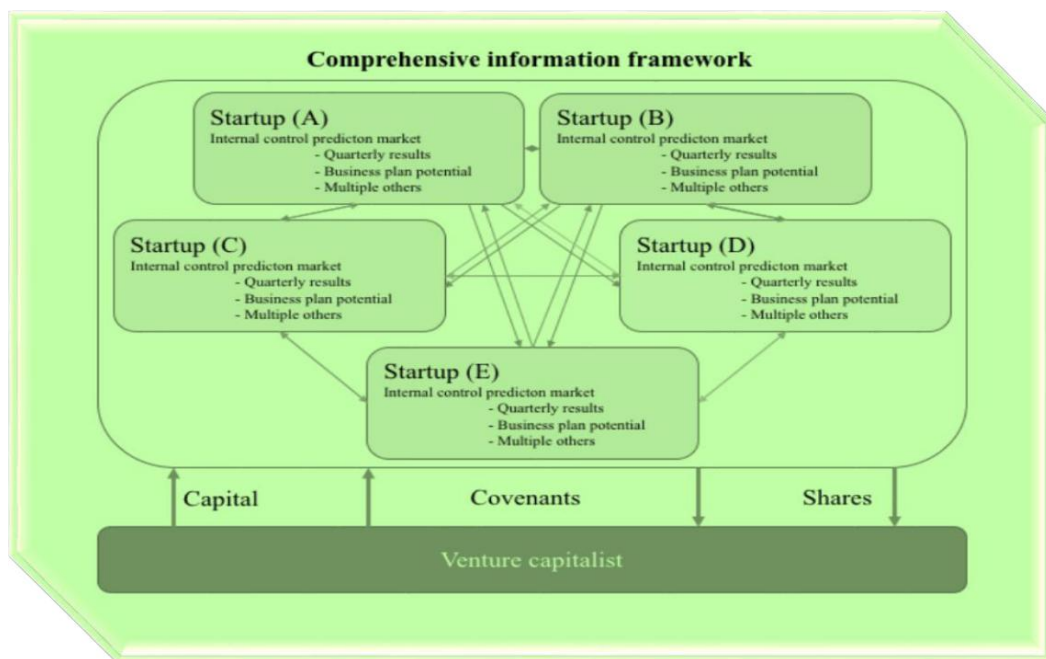


Figure 2.3: Conceptual structure of Venture Capital

Source: Werner, Vianelli & Bodek (2016)

The projected targets are equivalent to that in the internal market for forecasting controls. Although this may sound frustrating, it is an important protective measure against main-agent disputes. Because founders and staff within each start-up have a strong bias to their own viewpoints, the outside viewpoint analyses inner forecasts and acts as an additional tool for more accurate analysis, beyond the more obvious business view. The second stage can be viewed as an outsider's perspective on the

precision of the effects of internal management predictions. The unified assessment process is used to assess the feasibility of diverse and creative investment plans prior to the actual demand assessment. As in a similar assessment of all field-tested strategies in the funding portfolio through expectation showcase exchanging, the capability of individual marketable strategies is supported by the aggregate master data all things considered and representatives working in the total of all contributed new businesses. While the complete data structure likely gives solid data about budgetary and corporate information with extra helpfulness in assessment of field-tested strategies, the quality of the system is in reprocessing data after some time. Forecast markets process data with the productivity of ordinary markets without the confinement of market hours (Chordia, Roll, and Subrahmanyam, 2008). The forecast showcase structure is fit for adjusting to the profoundly unsure and quick changing condition of new businesses on the grounds that the brokers in the markets are as near the source as is conceivable or may even be simply the source. Thus, financial speculators applying the theoretical structure to screen funding ventures have the most ideal amount of data in every minute in time during the system application.

2.1.2 SMEs

The significance of SMEs inside the industrialization time frame is seen again since 1970s. Maybe now, Small and medium-sized businesses are the source through which the development is built in many developing nations. This implies the job of the SMEs in building up a nation differs from country to country, contingent on the political arrangement of the nation, mechanical atmosphere inside the nation and the material assets accessible. Today, governments overall perceive the significance of SMEs and its commitment to development, social attachment, business and nearby advancement. SMEs represent over 95percent of businesses and 60-70% of job and create a huge portion of new openings. Technological change decreases the significance of economies of scale in numerous exercises, the potential commitment of littler firms is improved.

Small and medium endeavors assume a significant job in the advancement of a nation. The development of SMEs is likewise significant for the world economy that has broadly examined as of late. Although the development of SMEs is a notable theme in hypothetical research, still there are some exploration holes that should be

filled. There is no sole multi-dimensional hypothesis which would grasp every potential methodology, most investigations on SMEs development analyze the development factors individually (Wasilczuk, 2000). There occurs no single hypothesis that can satisfactorily clarify small entity development due its effect. In addition, development itself is hard to quantify, and can be estimated either equitably or abstractly. As per Oswald (2003), the significance of assets for SMEs is self-evident: it assists with holding benefits, awards, advances and value, acquired from a scope of sources including self, banks, financial speculators, government offices, etc. Vargas and Rangel (2007) contend that, despite the fact that the assets are significant for a firm to pull efficiency, it was discovered that the improvement of interior capacities has been a higher priority than restricted monetary assets so as to create upper hands, to rival bigger and worldwide contenders. It has likewise been contended that placing more cash into new companies is more exorbitant than helping set up SMEs to develop quicker (Story, 1994). Independent company in Africa can occasionally meet the conditions set by money related establishments, which see SMEs as a hazard, due to poor certifications and absence of data about their capacity reimburse advances. Non-bank budgetary mediators, for example, smaller scale credit establishments, could be a major assistance in loaning cash to the littlest SMEs yet they don't have assets to catch up their clients when they grow.

2.1.2.1 The Ecosystem of Entrepreneurship

The ecosystem of entrepreneurship indicates the sector contributions and the subcomponents to the growth and development of any country. For an inclusive entrepreneurship, the key components are the market, policy, finance, human capital, supports and culture, as illustrated in Figure 4 below in the small circle.

Domains of the Entrepreneurship Ecosystem

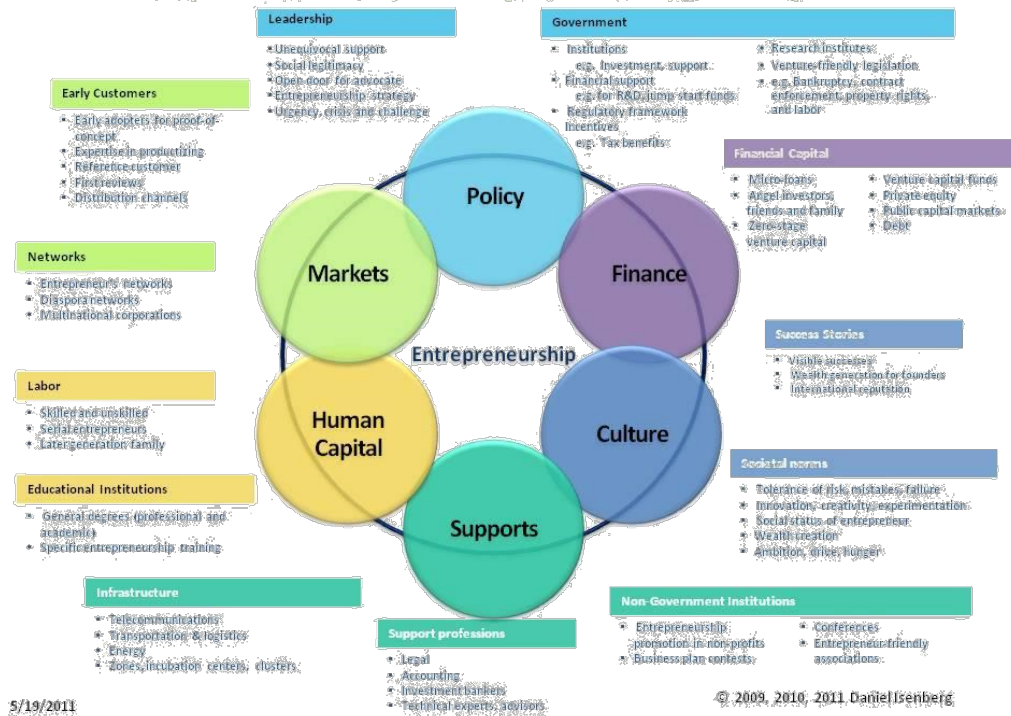


Figure 2.4: Entrepreneurship Incentive

Source: Murray, Cowling, Liu and Kalinowska-Beszczynska (2012)

Entrepreneurial production businesses seem to have a lot of difficulty in acquiring additional funding, since they usually invest in riskier investments whereas there are wide-spread content inequalities between the innovator and the venture capitalist. Many research studies have looked at how capital investment tends to resolve the major problems inherent in the financing of these firms and has an impact on company development and growth (Tyebjee and Bruno, 1984; Sahlman, 1988; Lerner, 1995; & Hellmann and Puri, 2002). One researcher found that investors assist to rectify asymmetry around owners and managers via refined outsourcing, investment vetting, and sub-investment supervising and suggestions (Kaplan & Per Strömberg, 2003). A study revealed that "entrepreneur firms" were much more likely to be offered funding than "competitor firms" and that such creative companies will continue to get goods onto the markets noticeably faster than some other firms (Hellmann & Puri, 2000). In short, private equity firms generate wealth in any position as active managers, adding more than just capital to their venture capital firms.

2.2 Empirical Review

Gompers (1996) carried out an investigation on venture capital industry in USA using regression analysis and the study showed that businesses supported with small venture capital businesses are newer and further undervalued than those with venture capital companies.

Hellmann and Puri (2002) studied the relationship between venture capital and start-up businesses in the US. The data were sourced from different sources via interview, database, and published data. The regression method showed that venture capital Exponentially improve the chances of the company going beyond its original founder to lead the business.

Engel (2002) examine the connection between venture capital and growth of the firm in Germany using panel analysis. Estimated results show that sustaining venture-supported companies make higher rates of growth relative to sustaining non-venture-supported companies.

Birkingshaw and Hill (2003) carried out an examination on the performance of corporate venture capital in UK. Interview was used in the study and revealed that the venture capital approach provides a superior model to some of the problems frequently faced in the sense of commercial projects.

Chemmanur, Krishnan, and Nandy (2008) focused on venture capital and efficiency of private firms in USA using longitudinal analytical survey. They indicated that fund-backed companies were distinguished by higher revenue than non-venture-backed companies required to receive venture funding.

Prempeh (2009) investigated financing issues among Ghana SMEs in 2010 using frequency analysis on the data gathered via questionnaire from the 403 SMEs. The result showed that most SMEs incur from insufficient influence and bad management.

Jeon, Lee, and Kim (2009) examined the strategy of asset and venture capital among SMEs in Korean using panel tobit analysis. They found that Venture capital financial assets tend to lower operational efficiency improvements.

Dushnitsky and Shapira (2010) wrote on independent venture capital and entrepreneurial finance in US using panel data techniques, and the study revealed that a positive significant of investors' performance impact on venture capital.

Bertoni, Colombo, and Croce (2010) worked on venture capital effect and business investment flow in Italy between 1994 and 2003. Descriptive and pooled analysis were used and discovered that strong association exists between venture capital and cash flows during the study period.

Snieska and Venckuviene (2011) investigated venture capital hybrid funding in Lithuania among SMEs using empirical review and revealed that that Lithuania's venture capital market is in its infancy, and the Government's initiative to create hybrid venture capital funds will obviously increase investment in small and medium-sized enterprises (SMEs).

Samila and Sorenson (2011) examined the connection among entrepreneurship, VC, and growth in the US employing a panel survey. It was found that improved VC supply revealed a positive influence business starts, job, and income level.

Agyapong, Agyapong, and Darfor (2011) studied SMEs financing in Ghana. They employed questionnaire to gathered info from the partakers in Ghana and used factor analysis. It was showed that financiers' intensive interest in hazard when dealing or financing small business.

Shu, Yeh, Chiu, and Ho (2011) studied venture capital reputation influences in Taiwan between 1994 and 2007. Panel analysis was used and showed that reputation has an influence on venture capital during the study period.

Memba, Gakure and Karaja, (2012) wrote on the impact of venture capital on SMEs growth in Kenya. They employed questionnaire to source information of the target audience and used descriptive statistic as the estimation technique. They found that venture capital could significantly impact on SMEs growth in Kenya.

Yazdani and Aris (2016) examine government intervention of venture capital among the infant firms in Malaysia using qualitative form of survey. They found that venture capital supported by the government affect the performance of the infant firms.

Cumming and Murtinu (2016) wrote on venture capital in affiliation to bank efficiency among seven European countries between 1991 and 2010 using probit analysis. The data showed that venture capital has an optimistic effect on sales and productivity of the firms.

Dubovik and Steegmans (2017) survey the managing of venture capital funding publicly in Netherland using descriptive and regression analysis between 2010 and 2016. They found the presence of public funds contributes to a lower likelihood of a positive departure.

Maxin (2017) carried out the relationship between venture capital and innovation in Germany using series of econometric test. It was showed that the venture capital confronted with the little positive impact resulted to investor only if the anticipated amount is low.

Achugbu (2017) surveyed financing of start-up businesses in Nigeria using qualitative form of analysis via NVivo statistical package. The result showed that VC financing improved productivity, outgrowths hire advance, increased resource-base, and enhanced management quality for businesses with capital backed.

Biney (2018) wrote on venture capital impact financing and SMEs development in Ghana using panel methods. The study revealed a strong and important link between the investment of venture capital and the development of small and medium-sized businesses in jobs and revenue in Ghana.

Andrusiv *et al.* (2019) examined the Skills and opportunities for investment in venture capital funding in Ukraine using mathematical formula. The findings showed that investments in venture capital worldwide remains large as of 2017, following a fall (24%) in the world level of investment capital.

2.2.1 Tabular Review Summary

Table 2.1: Tabular Review Summary

Year	Author(s) Name	Country	Method	Title	Findings
1996	Gompers	USA	Regression analysis	Venture capital industry in USA	Businesses supported with small venture capital businesses are newer and further undervalued than those with venture capital companies.
2002	Hellmann and Puri	US	Descriptive and regression analysis	The relationship between venture capital and start-up businesses	The method regression showed that venture Exponentially improve the chances of the company going beyond its original founder to lead the business.
2002	Engel	Germany	Panel analysis	The connection between venture capital and growth of the firm.	Estimated results show that sustaining venture- supported companies make higher rates of growth relative to sustaining non-venture-supported companies.
2003	Birkingshaw and Hill	UK	Interview	The performance of corporate venture capital	Venture capital approach provides a superior model to some of the problems frequently faced in the sense of commercial projects.
2008	Chemmanur, Krishnan, and Nandy	USA	Longitudinal analytical survey	Venture capital and efficiency of private firms.	They indicated that fund-backed companies were distinguished by higher revenue than non-venture-backed companies required to receive venture funding.
2009	Jeon, Lee, and Kim	Korean	Panel Tobit analysis	The strategy of asset and venture capital among SMEs in Korean using	They found that Venture capital financial assets tend to lower operational efficiency improvements
2010	Dushnitsky and Shapira	US	Panel data techniques	Independent venture capital and entrepreneurial finance	The study revealed that a positive significant of investors' performance impact on venture capital
2010	Bertoni, Colombo, and Croce	Italy	Descriptive and pooled analysis	Venture capital effect and business investment flow in Italy between 1994 and 2003.	It was discovered that strong association exists between venture capital and cash flows during the study period.
2011	Snieska and Venckuviene	Lithuania	Empirical Review	Venture capital hybrid funding in Lithuania	The study revealed that Lithuania's venture capital market is in its infancy.
2011	Samila and Sorenson	US	Panel survey	The connection among entrepreneurship, VC, and growth	It was found that improved VC supply revealed a positive influence business starts, job, and income level.
2011	Agyapong, Agyapong, and Darfor	Ghana	Factor Analysis	SMEs financing in Ghana.	Financiers' intensive interest in hazard when dealing or financing small business
2011	Shu, Yeh, Chiu, and Ho	Taiwan	Panel Analysis	Venture capital reputation influences in Taiwan between 1994 and 2007.	It was showed that reputation has an influence on venture capital during the study period
2012	Memba, Gakure, and Karaja	Kenya	Descriptive Statistic	The impact of venture capital on SMEs growth	They found that venture capital could significantly impact on SMEs growth in Kenya
2015	Prempeh	Ghana	Frequency analysis	investigated financing issues among Ghana SMEs in 2010	The results showed that most SMEs incur from insufficient influence and bad management

Table 2.1 (cont.): Tabular Review Summary

Year	Author(s) Name	Country	Method	Title	Findings
2016	Yazdani and Aris	Malaysia	Review	Government intervention of venture capital among the infant firms in Malaysia	They found that venture capital supported by the government affect the performance of infant firms.
2016	Cumming and Murtinu	seven European countries	Probit analysis	(2016) wrote on venture capital in affiliation among between 1991 and 2010.	Venture capital has an optimistic effect on sales and productivity of firms.
2017	Dubovik and Steegmans	Netherland	Descriptive and regression analysis	Survey the managing of venture capital funding publicly	They found the presence of public funds contributes to a lower likelihood of aa positive departure
2017	Maxin	Germany	Econometric test	Venture capital and innovation in Germany using series of	It was showed that the venture capital confronted with the little positive impact resulted to investor only if the anticipated amount is low.
2017	Achugbu	Nigeria	Qualitative form of analysis	Surveyed financing of start-up businesses in Nigeria using	The result showed that VC financing improved productivity, outgrowths hire advance, increased resource-base, and enhanced management quality for businesses with capital backed.
2018	Biney	Ghana	Panel Method	Venture capital impact financing and SMEs development	The study revealed a strong and important link between the investment venture capital of the development and of small and medium-sized businesses in jobs and revenue
2019	Andrusiv <i>et al.</i>	Ukraine	Mathematical formula	The Skills and opportunities for investment in venture capital funding in	The findings showed that investments in venture capital worldwide remains large as of 2017, following a fall (24%) in the world level of investment capital.

Source: Writer's compilation (2020)

2.2.2 Gap in the Literature

Based on the review conducted by previous researchers in relation to venture capital and small and medium scale enterprises (SMEs) in this study, it was discovered that the output (result) of their result is not consistent, that is, their reports were different due to geographical coverage, methodology, time period, survey scaling and sampling.

However, venture capital and SMEs have been mostly studied in the developed and developing countries but few were been done in Nigeria. This necessitates this study to further investigate the relationship between venture capital and SMEs in Nigeria.

2.3 Framework

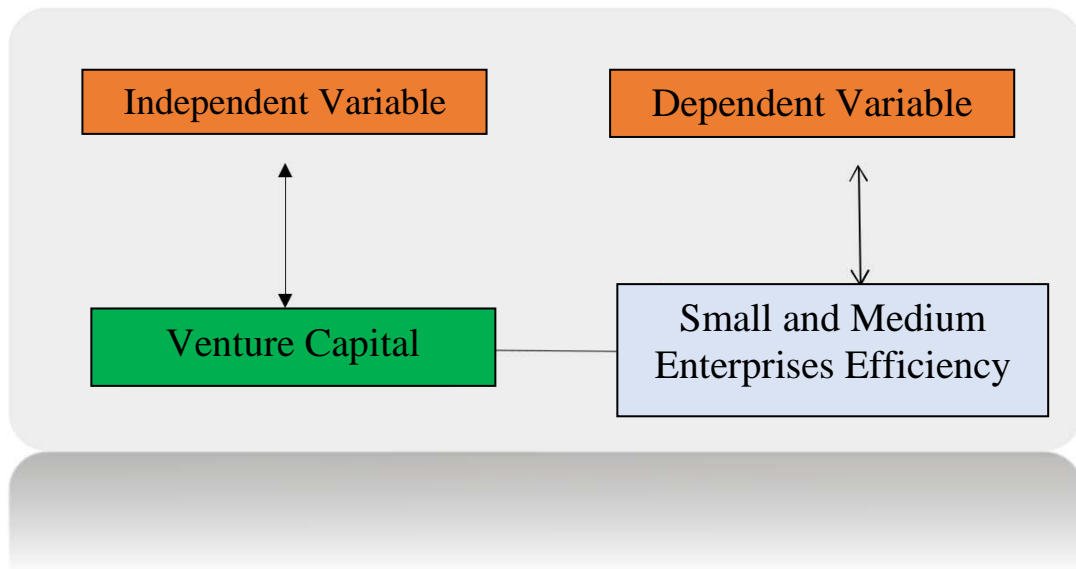


Figure 2.5: Conceptual framework shows the linkage between the dependent variable and independent variable.

Source: Writer's design, (2020)

The figure above shows two reliant variables and two control variables, the dependent variables are small and medium enterprise efficiency while the independent variable is venture capital.

3. METHODOLOGY

The methodology is the means of assembling and evaluating information gathered from the elements of the population to achieving the research determinations. This section confers the procedure that will be used to determine the connection between venture capital and SMEs in Nigeria. The section contains study design, data and sample size, study instrument, study validity, regression model and *apriori* expectation. The study chose quantitative research method because it will definitively prove the facts of my research objectives. Looking at the variables it will help me to prove the hypothesis or possibly disprove it.

3.1 Study Design

This analysis used a random sampling method and an observational survey. The survey of this examination endeavor to talk about the purpose behind specific circumstances. In this methodology, at least two variables are typically inspected to test the hypothesis. This allow to examine interrelationships between factors and to make logical inductions.

3.2 Data and Sample Size

Primary data was used in this study by means of a descriptive experimental design. The descriptive research characterized the data and attributes of what has been studied. In this present study, the target population was 200 from the SMEs within Lagos state, Nigeria.

3.3 Study Instrument

The questionnaire was drawn by means of the Likert rating scale of 5 (five) points such as: extremely agreed, agreed, not sure, disagree, and extremely disagree. This questionnaire shall be split into two parts. Section A comprised of the demographics of the participants (location, age, academic and professional skills), while Section B

contains classified information on the opinions of the respondents relating to determine the connection between venture capital and SMEs in Nigeria.

3.4 Study Validity

A factor analysis will be submitted for the construction validity of the study instrument. Respondents' responses will be analysed using the alpha coefficient (Cronbach's alpha) and, based on the thumb rule, the Cronbach-Alpha factor above 0.6 is reliable.

3.5 Reliability

To certify the reliability of the instrument in this study, the research instrument was subjected to test-retest technique, whereby the instrument was administered to some of the small and medium enterprises in city of Lagos, Nigeria. Their response will be analyzed using and based on the rule of thumb, a Cronbach-Alpha above 0.6 is considered reliable.

3.6 Regression Model

In order to achieve the stated objective in this study, a mathematical functional model shall be used where SMEP will be a function of venture capital. However, the functional model is specified below:

$$\text{SMEP} = f(\text{VC})$$

Where

SMEP = Small and Medium Enterprise Performance as dependent variable

VC = Venture Capital as the independent variable

The mathematical model is presented as follows:

$$Y = b_0 + b_1X$$

Where Y is dependable variable while X is independent variable

$$\text{SMEE} = b_0 + b_1\text{VC} + e_t \text{-----eq1}$$

3.7 Description of Proxy

Table 3.1: Variable Descriptions

Variable	Description
Small and Medium-sized Enterprise Efficiency	SMEE shows the performance of small and medium enterprise which is used as the dependent variable in this study.
Venture Capital	Venture Capital is used as the independent variable and serves a symbol as one of the determinants of variables in this study

Source: Writer's compilation (2020)

3.8 A-priori Expectation

The a priori anticipation displays the sign independent variable(s) are probable to show to dependent variable. The mathematical illustration is represented as;

$$\frac{\partial \text{SMEE}}{\partial \text{VC}} > 0,05$$

Venture capital is expected to be positive to small and medium-sized enterprises efficiency.

4. DISCUSSION OF RESULT

4.1 Demographic Analysis

Table 4.1: Gender

	Frequency	Percent	Valid Percent	Cumulative Percent
Male	111	53.4	53.4	53.4
Female	97	46.6	46.6	100.0
Total	208	100.0	100.0	

Source: Researcher's compilation

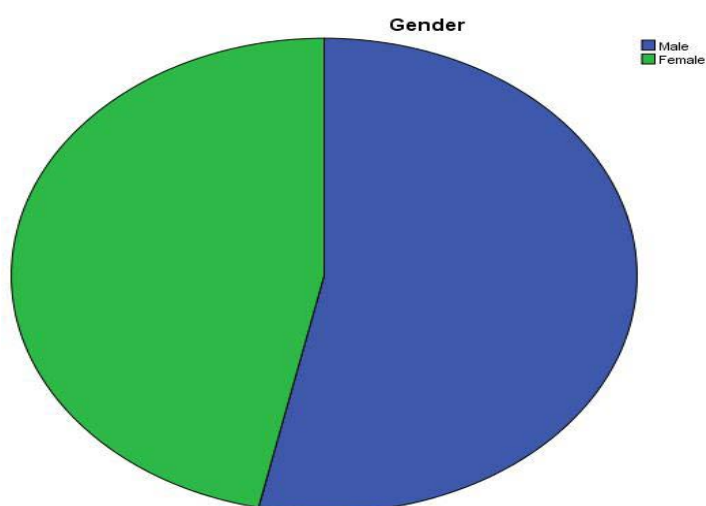


Figure 4.1: Gender

Source: Researcher's compilation

The above table and figure show the frequency of the participants in which 111 participants frequency with 53.4 percent are for male and 97 participants with 46.6 percent are for female. This indicates that male participants are more than the female participants though the difference is not wild.

Table 4.2: Marital Status

	Frequency	Percent	Valid Percent	Cumulative Percent
Unmarried	77	37.0	37.0	37.0
Married	111	53.4	53.4	90.4
Divorce	3	1.4	1.4	91.8
Widow	17	8.2	8.2	100.0
Total	208	100.0	100.0	

Source: Researcher's compilation

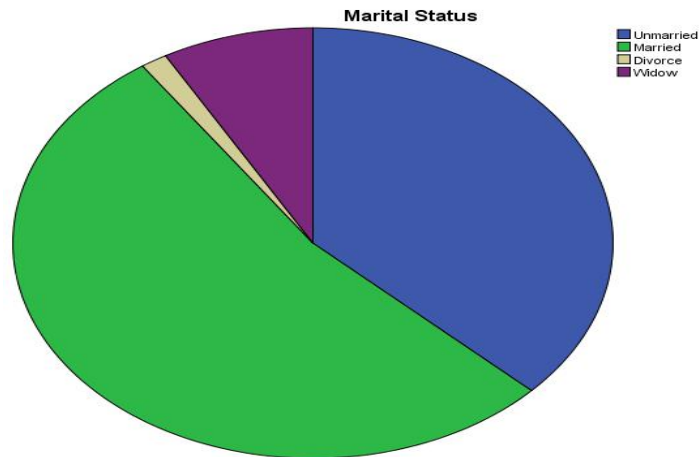


Figure 4.2: Marital Status

Source: Researcher's compilation

The marital status reported in Table 4.2 shows that 77 participants with 37 percent are unmarried, 111 frequency with 53.4 percent are married, 3 frequency with 1.4 percent are divorce and 17 of them with 8,2 percent are widow. It was discovered that married frequency has the highest participants followed by unmarried, widow and divorce respectively.

Table 4.3: Age

	Frequency	Percent	Valid Percent	Cumulative Percent
18-25 years	12	5.8	5.8	5.8
26-35 years	115	55.3	55.3	61.1
36-45 years	72	34.6	34.6	95.7
46 years and above	9	4.3	4.3	100.0
Total	208	100.0	100.0	

Source: Researcher's compilation

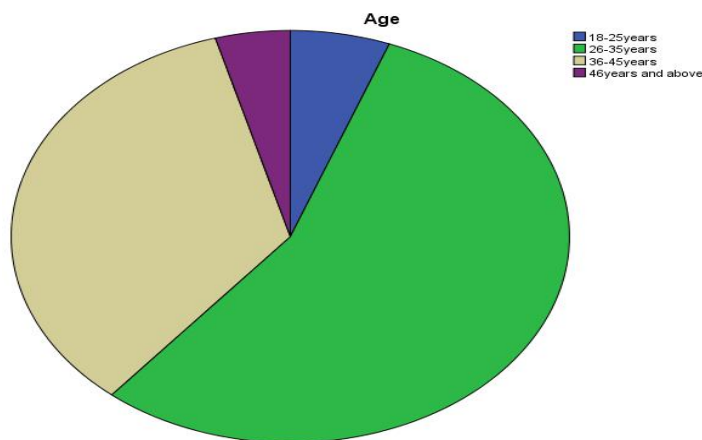


Figure 4.3: Age

Source: Researcher's compilation

The age of the respondents in different bracket shows that 12 frequency has age bracket 18-25 years with 5.8 percent, 115 participants with 55.3 percent has age bracket 26-35 years, 72 frequency with 34.6 percent has age bracket 36-45 years while 46 years and above has 9 frequency with 4.3 percent. This implies that age bracket 26-35 years has the higher percent followed by age bracket 36-45 years, 18-25 years, and 46 years and above.

Table 4.4: Education

	Frequency	Percent	Valid Percent	Cumulative Percent
Secondary Certificate	23	11.1	11.1	11.1
Bachelor's Degree	81	38.9	38.9	50.0
Master's Degree	70	33.7	33.7	83.7
Doctoral Degree	13	6.3	6.3	89.9
Others	21	10.1	10.1	100.0
Total	208	100.0	100.0	

Source: Researcher's compilation

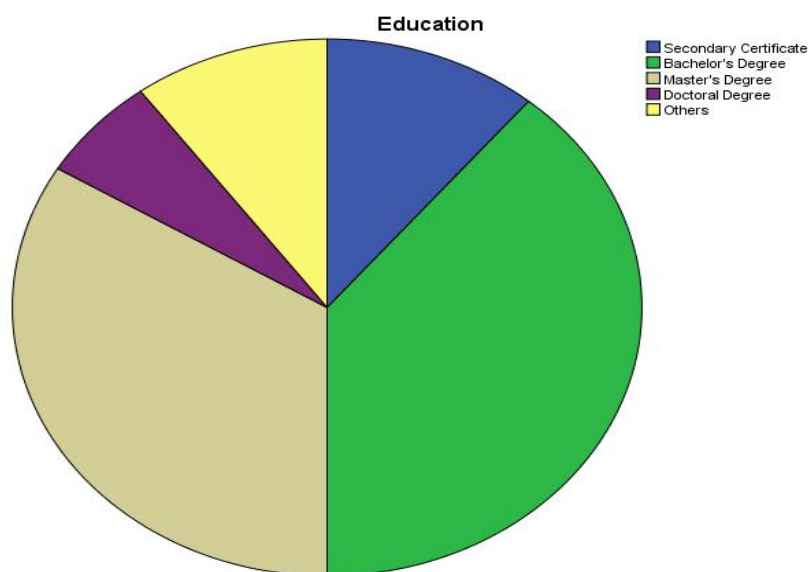


Figure 4.4: Education

Source: Researcher's compilation

The above table and figure show the education level of the participants and 23 of them have secondary certificate with 11.1 percent, 81 of them have bachelor's degree, 70 of them have master's degree with 33.7 percent, 13 of them have doctoral degree with 6.3 percent while 21 of them are for other options. This however means that most of them have bachelor's degree, followed by master's degree, secondary certificate, doctoral degree and other options.

4.2 Frequency Analysis

Table 4.5: How long have you been into business?

	Frequency	Percent	Valid Percent	Cumulative Percent
I just started	33	15.9	15.9	15.9
A year ago,	46	22.1	22.1	38.0
Less than three years	74	35.6	35.6	73.6
More than three years from now	55	26.4	26.4	100.0
Total	208	100.0	100.0	

Source: Researcher's compilation

33 participants with 15.9 percent chose they just started business, 46 of the frequency with 22.1 percent have been in business a year ago, 74 of them with 35.6 percent are less than three years, and 55 participants with 26.4 percent are more than three years. This implies that many of the participants chose less than three years in business, followed by more than three years from now, a year ago, and I just started.

Table 4.6: Have you ever obtained a loan from venture capitalists before?

	Frequency	Percent	Valid Percent	Cumulative Percent
No	136	65.4	65.4	65.4
Yes	72	34.6	34.6	100.0
Total	208	100.0	100.0	

Source: Researcher's compilation

Table 4.6 presented above shows that 136 frequency with 65.4 percent chose No that they have never obtained a loan from venture capitalist before and 72 of the frequency chose yes. This indicates that many of the participants have not obtained a loan from venture capitalists.

Table 4.7: Do you prefer sourcing for a loan from venture capitalist instead of other sources

	Frequency	Percent	Valid Percent	Cumulative Percent
No	102	49.0	49.0	49.0
No Idea	17	8.2	8.2	57.2
Yes	89	42.8	42.8	100.0
Total	208	100.0	100.0	

Source: Researcher's compilation

Table 4.7 shows that 102 frequency representing 49.0 percent chose No, that they do prefer sourcing for a loan from venture capitalist instead of other sources 17 frequency with 8.2 percent chose No idea while 89 frequency with 42.8 percent

chose Yes. This connotes that many of the participants do not prefer sourcing for a loan from venture capitalist instead of other sources.

Table 4.8: How convenient was it to get access to a loan?

	Frequency	Percent	Valid Percent	Cumulative Percent
Convenient	46	22.1	22.1	22.1
Partially Convenient	53	25.5	25.5	47.6
Not Convenient	101	48.6	48.6	96.2
Perfectly Convenient	8	3.8	3.8	100.0
Total	208	100.0	100.0	

Source: Researcher's compilation

46 participants with 22.1 percent chose convenient, 53 participants with 25.5 percent chose partially convenient, 101 participants with 48.6 percent chose not convenient, while 8 participants with 3.8 percent chose perfectly convenient. This indicates that access to loan is not always convenient.

Table 4.9: The interest charged on a loan is satisfactory

	Frequency	Percent	Valid Percent	Cumulative Percent
No	56	26.9	26.9	26.9
Not Really	58	27.9	27.9	54.8
Undecided	16	7.7	7.7	62.5
Yes	78	37.5	37.5	100.0
Total	208	100.0	100.0	

Source: Researcher's compilation

The interest charged on a loan is satisfactory presented in Table 4.9 shows that 56 of the frequency chose No, 58 of them with 27.9 percent chose not really, 16 of the participants chose undecided with 7.7 percent while 78 of the frequency with 37.5 percent chose Yes, implying that the interest charged on a loan is not satisfactory.

Table 4.10: How do you regard the chances to access funding for SMEs in Nigeria

	Frequency	Percent	Valid Percent	Cumulative Percent
Very Low	23	11.1	11.1	11.1
Low	51	24.5	24.5	35.6
Moderate	61	29.3	29.3	64.9
High	65	31.3	31.3	96.2
Very High	8	3.8	3.8	100.0
Total	208	100.0	100.0	

Source: Researcher's compilation

23 frequency with 11.1 percent regard the chances to access funding for SMEs in Nigeria very low, 51 of them representing 24.5 percent chose low, 61 of the frequency with 29.3 percent are moderate, 61 participants chose high and 8 participants representing 3.8 percent chose very high. This could imply that the chances of getting funding to finance SMEs in Nigeria is moderate.

Table 4.11: Venture capitalists regard most of the SMEs lack

	Frequency	Percent	Valid Percent	Cumulative Percent
Information	43	20.7	20.7	20.7
Qualification	61	29.3	29.3	50.0
Strategic Skills	104	50.0	50.0	100.0
Total	208	100.0	100.0	

Source: Researcher's compilation

Table 4.11 reports that 43 frequency representing 20.7 percent suggested that venture capitalists regard most of the SMEs lack information, 61 of them with 29.3 percent chose that venture capitalists regard most of the SMEs lack qualification and 104 of the participants chose that venture capitalists regard most of the SMEs lack strategic skills.

This could imply that most SMEs often lack strategic skills, followed by qualification and information.

Table 4.12: Do you think insufficient funding affects small businesses in managing resources?

	Frequency	Percent	Valid Percent	Cumulative Percent
Do not know at all	6	2.9	2.9	2.9
Do not know	2	1.0	1.0	3.8
Do not agree	162	77.9	77.9	81.7
Agree	38	18.3	18.3	100.0
Total	208	100.0	100.0	

Source: Researcher's compilation

Table 4.12 presents that 6 frequency with 2.9 percent chose do not know at all that insufficient funding affects small businesses in managing resources, 2 of them chose do not know, 162 of the frequency with 77.9 percent chose do not agree while 38 of the frequency with 18.3 percent chose agree. This means that many of the frequency do not agree that insufficient funding affects small businesses in managing resources.

Table 4.13: Do you think access to finance is the major hindering factor of the SMEs?

	Frequency	Percent	Valid Percent	Cumulative Percent
Do not know	7	3.4	3.4	3.4
Do not agree	7	3.4	3.4	6.7
Agree	135	64.9	64.9	71.6
Extremely agree	59	28.4	28.4	100.0
Total	208	100.0	100.0	

Source: Researcher's compilation

The above table presents that 7 frequency with 3.4 percent chose do not know that access to finance is the major hindering factor of the SMEs, 7 of them with 3.4 percent chose do not agree, 135 of the participants representing 64.9 percent chose agree while 59 of the participants with 28.4 percent chose extremely agree. This connotes that access to finance is the major hindering factor of the SMEs.

Table 4.14: Do you think VC provides strategic assistance in relation to access to finance and other financial related?

	Frequency	Percent	Valid Percent	Cumulative Percent
Do not know at all	1	.5	.5	.5
Do not know	20	9.6	9.6	10.1
Do not agree	9	4.3	4.3	14.4
Agree	139	66.8	66.8	81.3
Extremely agree	39	18.8	18.8	100.0
Total	208	100.0	100.0	

Source: Researcher's compilation

Table 4.14 shows 1 respondent with 0.5 percent chose do not know at all that venture capital provides strategic assistance in relation to access to finance and other financial related, 20 respondents with 9.6 percent chose do not know, 9 frequency with 4.3 percent chose do not agree, 139 of them chose agree and 39 of the frequency with 18.8 percent chose extremely agree. This implies that venture capital provides strategic assistance in relation to access to finance and other financial related.

Table 4.15: The venture capital system is not effective due to the lack of institutions/systems

	Frequency	Percent	Valid Percent	Cumulative Percent
Do not know at all	1	.5	.5	.5
Do not know	14	6.7	6.7	7.2
Do not agree	45	21.6	21.6	28.8
Agree	94	45.2	45.2	74.0
Extremely agree	54	26.0	26.0	100.0
Total	208	100.0	100.0	

Source: Researcher's compilation

1 respondent with 0.5 percent suggested do not know at all that the venture capital system is not effective due to the lack of institutions/systems, 14 frequency representing 6.7 percent suggested do not know, 45 of the frequency with 21.6 percent suggested do not agree, 94 frequency with 45.2 percent suggested agree and 54 of them with 26.0 percent extremely agreed. This indicates that the venture capital system is not effective due to the lack of institutions/systems.

Table 4.16: Venture capital does not stimulate access to finance among SMEs

	Frequency	Percent	Valid Percent	Cumulative Percent
Do not know at all	1	.5	.5	.5
Do not know	17	8.2	8.2	8.7
Do not agree	59	28.4	28.4	37.0
Agree	102	49.0	49.0	86.1
Extremely agree	29	13.9	13.9	100.0
Total	208	100.0	100.0	

Source: Researcher's compilation

Table 4.16 shows 1 respondent with 0.5 percent chose do not know at all that venture capital does not stimulate access to finance among SMEs, 17 respondents with 8.2 percent chose do not know, 59 frequency with 28.4 percent chose do not agree, 102 of the frequency with 49.0 percent chose agree and 29 of the frequency with 13.9 percent chose extremely agree. This signifies that many of the frequency agreed venture capital does not stimulate access to finance among SMEs.

Table 4.17: Venture capitalists do not create awareness for Startups to achieve capital due to a lack of trust in the competitiveness of their Startups

	Frequency	Percent	Valid Percent	Cumulative Percent
Do not know at all	1	.5	.5	.5
Do not know	12	5.8	5.8	6.3
Do not agree	67	32.2	32.2	38.5
Agree	78	37.5	37.5	76.0
Extremely agree	50	24.0	24.0	100.0
Total	208	100.0	100.0	

Source: Researcher's compilation

1 respondent with 0.5 percent suggested do not know at all that venture capitalists do not create awareness for Startups to achieve capital due to a lack of trust in the competitiveness of their Startups, 12 frequency representing 5.8 percent suggested do not know, 67 of the frequency with 32.2 percent suggested do not agree, 78 frequency with 37.5 percent suggested agree and 50 of them with 24.0 percent extremely agreed.

This connotes that venture capitalists do not create awareness for Startups to achieve capital due to a lack of trust in the competitiveness of their Startups.

Table 4.18: Products are produced based on the customers' demand

	Frequency	Percent	Valid Percent	Cumulative Percent
Do not know at all	3	1.4	1.4	1.4
Do not know	9	4.3	4.3	5.8
Do not agree	6	2.9	2.9	8.7
Agree	148	71.2	71.2	79.8
Extremely agree	42	20.2	20.2	100.0
Total	208	100.0	100.0	

Source: Researcher's compilation

Table 4.18 shows 3 respondents with 1.4 percent chose do not know at all that SMEs products are produced based on the customers' demand, 9 respondents with 4.3 percent chose do not know, 6 frequency with 2.9 percent chose do not agree, 148 of them chose agree with 71.2 percent and 42 of the frequency with 20.2 percent chose extremely agree.

This implies that majority agreed that SMEs products are produced based on the customers' demand.

Table 4.19: The processing and decision making are solely controlled without the consideration of the subordinates

	Frequency	Percent	Valid Percent	Cumulative Percent
Do not know at all	2	1.0	1.0	1.0
Do not know	10	4.8	4.8	5.8
Do not agree	69	33.2	33.2	38.9
Agree	75	36.1	36.1	75.0
Extremely agree	52	25.0	25.0	100.0
Total	208	100.0	100.0	

Source: Researcher's compilation

2 respondents with 1.0 percent suggested do not know at all that SMs processing and decision making are solely controlled without the consideration of the subordinates, 10 frequency representing 4.8 percent suggested do not know, 69 of the frequency with 33.2 percent suggested do not agree, 75 frequency with 36.1 percent suggested agree and 52 of them with 25.0 percent extremely agreed, indicating that SMEs processing and decision making are solely controlled without the consideration of the subordinates.

Table 4.20: SMEs decision-making is autocratic, rather than dependent on extensive strategy and intensive analysis

	Frequency	Percent	Valid Percent	Cumulative Percent
Do not know at all	3	1.4	1.4	1.4
Do not know	6	2.9	2.9	4.3
Do not agree	72	34.6	34.6	38.9
Agree	85	40.9	40.9	79.8
Extremely agree	42	20.2	20.2	100.0
Total	208	100.0	100.0	

Source: Researcher's compilation

Table 4.20 shows 3 respondents with 1.4 percent chose do not know at all that decision-making is autocratic, rather than dependent on extensive strategy and intensive analysis, 6 respondents with 2.9 percent chose do not know, 72 frequency with 34.6 percent chose do not agree, 85 of them chose agree and 42 of the frequency with 20.2 percent chose extremely agree, signifying that many of the partakers concur that SMEs decision-making is autocratic, rather than dependent on extensive strategy and intensive analysis.

Table 4.21: Small businesses have little control of their environment and face greater volatility

	Frequency	Percent	Valid Percent	Cumulative Percent
Do not know at all	3	1.4	1.4	1.4
Do not know	8	3.8	3.8	5.3
Do not agree	46	22.1	22.1	27.4
Agree	100	48.1	48.1	75.5
Extremely agree	51	24.5	24.5	100.0
Total	208	100.0	100.0	

Source: Researcher's compilation

3 of the respondents with 1.4 percent specified do not know at all that small businesses have little control of their environment and face greater volatility, 8 frequency representing 3.8 percent suggested do not know, 46 of the frequency with 22.1 percent suggested do not agree, 100 frequency with 48.1 percent suggested agree and 51 of them with 24.5 percent extremely agreed, meaning that small businesses have little control of their environment and face greater volatility.

Table 4.22: The risk of operating SMEs is high

	Frequency	Percent	Valid Percent	Cumulative Percent
Do not know at all	1	.5	.5	.5
Do not know	8	3.8	3.8	4.3
Do not agree	43	20.7	20.7	25.0
Agree	114	54.8	54.8	79.8
Extremely agree	42	20.2	20.2	100.0
Total	208	100.0	100.0	

Source: Researcher's compilation

Table 4.22 shows 1 respondent with 0.5 percent chose do not know at all that the risk of operating SMEs is high, 8 respondents with 3.8 percent chose do not know, 43 frequency with 20.7 percent chose do not agree, 114 of them chose agree and 42 of the frequency with 20.2 percent chose extremely agree. This indicates that the risk of operating SMEs is high.

Table 4.23: Government charges such as taxes and other levies discourages small business operations

	Frequency	Percent	Valid Percent	Cumulative Percent
Do not know at all	2	1.0	1.0	1.0
Do not know	7	3.4	3.4	4.3
Do not agree	42	20.2	20.2	24.5
Agree	95	45.7	45.7	70.2
Extremely agree	62	29.8	29.8	100.0
Total	208	100.0	100.0	

Source: Researcher's compilation

2 respondents with 1.0 percent suggested do not know at all that government charges such as taxes and other levies discourages small business operations, 7 frequency representing 3.4 percent suggested do not know, 42 of the frequency with 20.2 percent suggested do not agree, 95 frequency with 45.7 percent suggested agree and 62 of them with 29.8 percent extremely agreed which implies that government charges such as taxes and other levies discourages small business operations.

Table 4.24: Most small businesses lack strategic planning due to short term goal-oriented

	Frequency	Percent	Valid Percent	Cumulative Percent
Do not know at all	2	1.0	1.0	1.0
Do not know	13	6.3	6.3	7.2
Do not agree	37	17.8	17.8	25.0
Agree	114	54.8	54.8	79.8
Extremely agree	42	20.2	20.2	100.0
Total	208	100.0	100.0	

Source: Researcher's compilation

Table 4.24 shows 2 respondents with 1.0 percent chose do not know at all that most small businesses lack strategic planning due to short term goal-oriented, 13 respondents with 6.3 percent chose do not know, 37 frequency with 17.8 percent chose do not agree, 114 of them chose agree and 42 of the frequency with 54.8 percent chose extremely agree, indicating majority of the participants agreed that most small businesses lack strategic planning due to short term goal-oriented.

Table 4.25: SMEs impact is not essential compared to larger corporations

	Frequency	Percent	Valid Percent	Cumulative Percent
Do not know at all	4	1.9	1.9	1.9
Do not know	9	4.3	4.3	6.3
Do not agree	46	22.1	22.1	28.4
Agree	102	49.0	49.0	77.4
Extremely agree	47	22.6	22.6	100.0
Total	208	100.0	100.0	

Source: Researcher's compilation

4 respondents with 1.9 percent suggested do not know at all, 9 frequency representing 4.3 percent suggested do not know, 46 of the frequency with 22.1 percent suggested do not agree, 102 frequency with 49.0 percent suggested agree and 47 of them with 22.6 percent extremely agreed that SMEs impact is not essential compared to larger corporations. This indicates that SMEs in Nigeria seems not essential compared to larger corporations.

Table 4.26: A product produced by small businesses are very expensive

	Frequency	Percent	Valid Percent	Cumulative Percent
Do not know at all	5	2.4	2.4	2.4
Do not know	8	3.8	3.8	6.3
Do not agree	56	26.9	26.9	33.2
Agree	98	47.1	47.1	80.3
Extremely agree	41	19.7	19.7	100.0
Total	208	100.0	100.0	

Source: Researcher's compilation

Table 4.26 shows 5 respondents with 2.4 percent chose do not know at all, 8 respondents with 3.8 percent chose do not know, 56 frequency with 26.9 percent chose do not agree, 98 of them with 47.1 percent chose agree and 41 of the frequency with 19.7 percent chose extremely agree that a product produced by small businesses are very expensive and it implies that product produced by small businesses are very expensive due to cost of loan, access to finance, government restrictions, and many others.

Table 4.27: Collateral deprive most small business to get access to finance

	Frequency	Percent	Valid Percent	Cumulative Percent
Do not know at all	1	.5	.5	.5
Do not know	6	2.9	2.9	3.4
Do not agree	50	24.0	24.0	27.4
Agree	95	45.7	45.7	73.1
Extremely agree	56	26.9	26.9	100.0
Total	208	100.0	100.0	

Source: Researcher's compilation

1 respondent with 0.5 percent suggested do not know at all that collateral deprive most small business to get access to finance, 6 frequency representing 2.9 percent suggested do not know, 50 of the frequency with 24.0 percent suggested do not agree, 95 frequency with 45.7 percent suggested agree and 56 of them with 26.9 percent extremely agreed. This means that collateral deprive most small business to get access to finance.

Table 4.28: Chances of getting fund assistance from venture capitalists are low

	Frequency	Percent	Valid Percent	Cumulative Percent
Do not know at all	5	2.4	2.4	2.4
Do not know	14	6.7	6.7	9.1
Do not agree	53	25.5	25.5	34.6
Agree	93	44.7	44.7	79.3
Extremely agree	43	20.7	20.7	100.0
Total	208	100.0	100.0	

Source: Researcher's compilation

Table 4.28 shows 5 participants with 2.4 percent chose do not know at all that Chances of getting fund assistance from venture capitalists are low, 14 respondents with 6.7 percent chose do not know, 53 frequency with 25.5 percent chose do not agree, 93 of them chose agree and 43 of the frequency with 20.7percent chose extremely agree, indicating that chances of getting fund assistance from venture capitalists are low.

Table 4.29: Rate of return is set at a moderate rate for easy access to finance

	Frequency	Percent	Valid Percent	Cumulative Percent
Do not know at all	1	.5	.5	.5
Do not know	12	5.8	5.8	6.3
Do not agree	7	3.4	3.4	9.6
Agree	141	67.8	67.8	77.4
Extremely agree	47	22.6	22.6	100.0
Total	208	100.0	100.0	

Source: Researcher's compilation

1 respondent with 0.5 percent suggested do not know at all that rate of return is set at a moderate rate for easy access to finance, 12 frequency representing 5.8 percent suggested do not know, 7 of the frequency with 3.4percent suggested do not agree, 141 frequency with 67.8 percent suggested agree and 47 of them with 22.6 percent extremely agreed. This shows that the rate of return is set at a moderate rate for easy access to finance to attract the public though it may not be the actual rate.

Table 4.30: Venture capitalist stimulates marketing networks

	Frequency	Percent	Valid Percent	Cumulative Percent
Do not know at all	1	.5	.5	.5
Do not know	16	7.7	7.7	8.2
Do not agree	4	1.9	1.9	10.1
Agree	137	65.9	65.9	76.0
Extremely agree	50	24.0	24.0	100.0
Total	208	100.0	100.0	

Source: Researcher's compilation

Table 4.30 shows 1 respondent with 0.5 percent chose do not know at all that venture capitalist stimulates marketing networks, 16 respondents with 7.7 percent chose do not know, 4 frequency with 1.9 percent chose do not agree, 137 of them chose agree and 50 of the frequency with 24.0 percent chose extremely agree. This signifies that venture capitalist stimulates marketing networks.

Table 4.31: VC financial resources are well managed

	Frequency	Percent	Valid Percent	Cumulative Percent
Do not know at all	1	.5	.5	.5
Do not know	7	3.4	3.4	3.8
Do not agree	7	3.4	3.4	7.2
Agree	150	72.1	72.1	79.3
Extremely agree	43	20.7	20.7	100.0
Total	208	100.0	100.0	

Source: Researcher's compilation

1 respondent with 0.5 percent suggested do not know at all that VC financial resources are well managed, 7 frequency representing 3.4 percent suggested do not know, 7 of the frequency with 3.4 percent suggested do not agree, 150 frequency with 72.1 percent suggested agree and 43 of them with 20.7 percent extremely agreed, implying that VC financial resources are well managed.

Table 4.32: VC provides managerial advice

	Frequency	Percent	Valid Percent	Cumulative Percent
Do not know	7	3.4	3.4	3.4
Agree	6	2.9	2.9	6.3
Do not Agree	130	62.5	62.5	68.8
Extremely agree	65	31.3	31.3	100.0
Total	208	100.0	100.0	

Source: Researcher's compilation

The above table presents that 7 frequency with 3.4 percent chose do not know that VC provides managerial advice, 6 of them with 3.4 percent chose agree, 130 of the participants representing 62.5 percent chose do not agree while 65 of the participants with 31.3 percent chose extremely agree, connoting that VC does not provides managerial advice.

Table 4.33: VC does not measure nor respond to risk well

	Frequency	Percent	Valid Percent	Cumulative Percent
Do not know at all	1	.5	.5	.5
Do not know	6	2.9	2.9	3.4
Do not agree	9	4.3	4.3	7.7
Agree	140	67.3	67.3	75.0
Extremely agree	52	25.0	25.0	100.0
Total	208	100.0	100.0	

Source: Researcher's compilation

Table 4.33 shows 1 respondent with 0.5 percent chose do not know at all that VC does not measure nor respond to risk well, 6 respondents with 2.9 percent chose do not know, 9 frequency with 4.3 percent chose do not agree, 140 of them chose agree and 52 of the frequency with 25.0 percent chose extremely agree. This implies that VC does not measure nor respond to risk well.

Table 4.34: Venture capital promotes new ideas and strategic planning of the small businesses

	Frequency	Percent	Valid Percent	Cumulative Percent
Do not know at all	12	5.8	5.8	5.8
Do not know	6	2.9	2.9	8.7
Agree	4	1.9	1.9	10.6
Do not agree	91	43.8	43.8	54.3
Extremely agree	95	45.7	45.7	100.0
Total	208	100.0	100.0	

Source: Researcher's compilation

12 respondents with 5.8 percent suggested do not know at all that venture capital promotes new ideas and strategic planning of the small businesses, 6 frequency representing 2.9 percent suggested do not know, 4 of the frequency with 1.9 percent

suggested agree, 91 frequency with 45.7 percent suggested do not agree and 95 of them with 45.7 percent extremely agreed, indicating that venture capital fairly promotes new ideas and strategic planning of the small businesses.

4.3 Reliability Test

Table 4.35: Reliability Statistics

Cronbach's Alpha	N of Items
.905	23

Source: Researcher's compilation

The reliability test conducted in this study shows the Cronbach value of 0.905 with 23 items in the questionnaire. This signifies that the 23 items have 90.5 percent reliability to achieve the study objectives.

4.4 Factor Analysis

Table 4.36: Factor Variance

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	7.726	33.591	33.591	7.726	33.591	33.591
2	2.129	9.255	42.847	2.129	9.255	42.847
3	1.405	6.109	48.955	1.405	6.109	48.955
4	1.339	5.824	54.779	1.339	5.824	54.779
5	1.096	4.766	59.546	1.096	4.766	59.546
6	.930	4.045	63.591			
7	.820	3.564	67.155			
8	.795	3.456	70.611			
9	.733	3.188	73.799			
10	.671	2.917	76.716			
11	.669	2.910	79.625			
12	.622	2.706	82.332			
13	.563	2.449	84.780			
14	.523	2.273	87.054			
15	.507	2.206	89.260			
16	.417	1.813	91.073			
17	.374	1.626	92.699			
18	.360	1.564	94.263			
19	.334	1.452	95.715			
20	.325	1.413	97.128			
21	.260	1.131	98.259			
22	.205	.893	99.152			
23	.195	.848	100.000			

Source: Researcher's compilation

Table 4.36 presents the report of factor analysis conducted in the study. It reveals that at component 5, the variation of the items is 59.546 which is above average, implying that component 5 explains more than 50 percent variation in the items.

4.5 Regression Analysis

Table 4.37: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	52.489	3	17.496	30.345	.000
	Residual	117.622	204	.577		
	Total	170.111	207			

D V: SMEs

IV: (Constant), Venture Capital Trust, Venture Capital, Access to Finance

Source: Researcher's compilation

The analysis of variance presented above shows the regression residual sum of squares value of 117.622, mean square value of 0.577, F-stat of 30.345 with sig value of 0.000, implying that the control variables can jointly explain the dependent variable.

Table 4.38: Coefficients

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.380	.461		.823	.411
Access to Finance	.275	.084	.196	3.256	.001
venture Capital	.503	.066	.462	7.671	.000
Venture Capital Trust	.103	.072	.083	1.421	.157

D V: SMEs

Source: Researcher's compilation

The report of the regression analysis presented in Table 4.38 shows the constant coefficient value of 0.380, standard error of 0.461, t-stat value of 0.823 and the significant value of 0.411 signifying that when all the control variables are constant, there will be a positive and insignificant impact on SMEs. The coefficient value of access to finance (ATF) is 0.275, standard error value of 0.084, t-stat value of 3.256 with sig value 0.001, indicating that access to finance has positive and significant impact on SMEs, that is, a unit increase in access to finance, there will be an increase in SMEs. The coefficient value of venture capital is 0.593 with standard error value of 0.066, t-stat value of 7.671 and sig value of 0.000, implying that a unit increase in venture capital will increase SMEs with the value of 0.593, that is venture capital reveals a positive and significant on SMEs. More so, the coefficient value of venture capital trust is 0.103, standard error value is 0.072, with t-stat value of 1.421 and sig value of 0.157, implying that a unit in venture capital trust will increase SMEs that is, venture capital trust reveals positive but not significant on SMEs during the study period.

4.5.1 Hypothesis Testing & Decision Rule

Ho1: Access to finance is a major hinderance to SMEs in Nigeria **H1:** Access to finance is not a major hinderance to SMEs in Nigeria

Decision Rule:

Coefficient Value P-value Access to finance 0.275 0.001

The null hypothesis fails to be rejected that access to finance is a major hinderance to SMEs in Nigeria, that is, access to finance is one of the major hinderance to SMEs performance in Nigeria.

Ho2: venture capital has no significant impact on SMEs in Nigeria at the start up stage

Decision Rule:

Coefficient Value P-value Cost of capital 0.503 0.001

The null hypothesis is accepted because the p-value is less than 1% and 5% significance level that is, venture capital has no significant impact on SMEs in Nigeria at the startup stage

Ho3: Venture capitalists have no trust in the competitiveness of the SMEs

Decision Rule:

Coefficient Value P-value Venture capital trust 0.103 0.157

The null hypothesis fails to be accepted due to the p-value which is more than 1%, 5% and 10% alpha level, that is, venture capitalists have trust in the competitiveness of the SMEs in Nigeria.

4.6 Correlation Analysis

Table 4.39: Correlations

		Venture Capital	SMEs	Venture Capital Trust	Access to Finance
Venture Capital	Pearson	1	.513**	.023	.253**
	Correlation Sig. (2-tailed)	208	.000 208	.741 208	.000 208
SMEs	Pearson	.513**	1	.108	.319**
	Correlation Sig. (2-tailed)	.000 208	.000 208	.119 208	.000 208
Venture Capital Trust	Pearson	.023	.108	1	.075
	Correlation Sig. (2-tailed)	.741 208	.119 208	.282 208	.282 208
Access to Finance	Pearson	.253**	.319**	.075	1
	Correlation Sig. (2-tailed)	.000 208	.000 208	.282 208	.282 208

Source: Researcher's compilation

Table 4.39 presents the coefficient Pearson correlation between the variables. The coefficient correlation value between venture capital and SMEs is 0.513 with p-value of 0.000, indicating that positive correlation exists between venture capital and SMEs significantly. The coefficient correlation value of venture capital and venture capital trust is 0.023 with p-value 0.741, signifying that there exist positive and insignificant relationship between venture capital and venture capital trust. Also, venture capital and access to finance has the coefficient correlation value of 0.253 with the p-value of 0.000, indicating that positive and significant relationship exists between venture capital and access to finance.

5. DISCUSSION OF FINDINGS AND CONCLUSION

From the analysis conducted in the study, it was found that that male participants are more than the female participants though the difference is not wild, the married participants has the highest participants followed by unmarried, widow and divorce respectively, the age bracket 26-35 years has the higher percent followed by age bracket 36-45 years, 18-25 years, and 46 years and above, most of them have bachelor's degree, followed by master's degree, secondary certificate, doctoral degree and other options, many of the participants chose less than three years business experience, followed by more than three years from now, a year ago, and I just started, many of them have not obtained a loan from venture capitalists. However, many of the participants do not prefer sourcing for a loan from venture capitalist instead of other sources, meanwhile, access to loan is not always convenient and the interest charged on a loan is not satisfactory though the chances of getting funding to finance SMEs in Nigeria is moderate.

The report of the findings showed that most SMEs often lack strategic skills, followed by qualification and information, many of the frequency do not agree that insufficient funding affects small businesses in managing resources, that access to finance is the major hindering factor of the SMEs, that venture capital provides strategic assistance in relation to access to finance and other financial related, and the venture capital system is not effective due to the lack of institutions/systems.

Many of the participants agreed venture capital does not stimulate access to finance among SMEs, the venture capitalists do not create awareness for Startups to achieve capital due to a lack of trust in the competitiveness of their Startups. More so, majority of the participants agreed that SMEs products are produced based on the customers' demand, that SMEs processing and decision making are solely controlled without the consideration of the subordinates, the partakers concur that SMEs decision-making is autocratic, rather than dependent on extensive strategy and

intensive analysis, and small businesses have little control of their environment and face greater volatility.

The frequency analysis indicated that the risk of operating SMEs is high, though majority of the participants agreed that most small businesses lack strategic planning due to short term goal-oriented, that government charges such as taxes and other levies discourages small business operations. The SMEs in Nigeria seems not essential compared to larger corporations, the product produced by small businesses are very expensive due to cost of loan, access to finance, government restrictions, and many others, and the collateral deprive most small businesses to get access to finance, though the chances of getting fund assistance from venture capitalists are low. The rate of return is set at a moderate rate for easy access to finance to attract the public though it may not be the actual rate, venture capitalist stimulates marketing networks, and many of the participants agreed that venture capital financial resources are well managed, that venture capital does not provides managerial advice, that VC does not measure nor respond to risk well, that venture capital fairly promotes new ideas and strategic planning of the small businesses.

The findings from the regression residual showed that the control variables can jointly explain the dependent variable and further reported that there will be a positive and insignificant impact on SMEs. The coefficient value of access to finance indicated that access to finance has positive and significant impact on SMEs, that is, a unit increase in access to finance, there will be an increase in SMEs. It was showed that a unit increase in venture capital will increase SMEs with the value of 0.593, that is venture capital reveals a positive and significant on SMEs. More so, the coefficient value of venture capital trust revealed that a unit in venture capital trust will increase SMEs that is, venture capital trust reveals positive but not significant on SMEs during the study period. The correlation test revealed that venture capital and SMEs has positive significant relationship, venture capital and venture capital trust has a positive and insignificant relationship and venture capital and access to finance has the coefficient correlation positive and significant relationship.

5.1 Conclusion

Based on the findings of this study:

- It was concluded that access to loan is not always convenient and the interest charged on a loan is not satisfactory though the chances of getting funding to finance SMEs in Nigeria is moderate.
- It was concluded that that most SMEs often lack strategic skills, qualification and information, though insufficient funding affects small businesses in managing resources, but access to finance is the major hindering factor of the SMEs.
- It was also concluded that venture capital system is not effective due to the lack of institutions/systems in Nigeria, and it does not stimulate access to finance among SMEs.
- The venture capitalists do not create awareness for Startups to achieve capital due to a lack of trust in the competitiveness of their Startups.
- Additionally, it was concluded that risk of operating SMEs is high, though most small businesses lack strategic planning due to short term goal-oriented, and government charges such as taxes and other levies discourages small business operations.
- It was equally concluded that SMEs in Nigeria seems not essential compared to larger corporations due to the product produced by small businesses are very expensive because of cost of loan, access to finance, government restrictions, and many others.
- Nevertheless, it was concluded that that access to finance has positive and significant impact on SMEs, venture capital reveals a positive and significant on SMEs, venture capital trust positive but not significant on SMEs.

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APPENDICES

Research Objectives	Research Hypothesis	Questionnaire Survey	Literature Review
To examine the factors of access to finance among SMEs in Nigeria	Ho1: Access to finance is a major hinderance to SMEs in Nigeria	1. Do you think insufficient funding affect small businesses in managing resources? Or: Likert scale: strongly agree, agree...	Zhang, C. Dang, X., Peng, T., & Xue, C. (2019). Dynamic Evolution of Venture Capital Network in Clean Energy Industries Based on STERGM. <i>Sustainability, 11</i> , 1-25.
		2. Do you think access to finance is the major hindering factor of the SMEs?	Achugbu, T. U. (2017). Venture Capital Financing for Innovative Start-up Companies in Nigeria. <i>Texila International Journal of Management, 3</i> (2), 1-16. DOI: 10.21522/TIJMG.2015.03.02.Art001.
		3. How do you regard the chances to access Funding for SMEs in Nigeria. Very high-high-.... 4. Do you think VC provides strategic assistance in relation to Access to finance and others financial related?	Dubovik, A. & Steegmans, J. (2017). The Performance of Publicly Managed Venture Capital Funds. CPB Netherlands Bureau for Economic Policy Analysis, 1-13.
To investigate the reasons for lack of venture capital in Nigeria	Ho2: Venture capital has no significant impact on SMEs in Nigeria at the start up stage.	1. State your level of agreement: The Venture capital system is not effective due to lack of institutions / systems Strongly agree, agree, do not know, do not agree, do not agree at all.	Andrusiv et al. (2020). Experience and prospects of innovation development venture capital financing. <i>Management Science Letters</i> 10, 781–788
		2. Venture capital does not stimulate access to finance among SMEs. Likert scale	Prempeh, K. B. (2015). Problems of financing SMEs in Ghana: a case study of the Sunyani Municipality. MPRA Paper No. 68086, posted 27 Nov 2015
To investigate venture capitalists' trust on the Nigerian SMEs	Ho3: The venture capitalists have no trust in the competitiveness of the SMEs.	1. Note three questions in one: Better: Please, click your perception: Venture capitalists regard Most of the SMEs lacking - qualification - strategic skills - information	Šarić, M. S. (2017). SMEs Perspective on Venture Capital Investment Criteria - A Study of Croatian SMEs.
		2. Please, state your level of agreement with the following statement: Venture capitalists do not create awareness for StartUps to achieve capital due to a lack of trust in the competitiveness of their StartUps?	Biney, C. O. (2018). Impact of Venture Capital Financing on SMEs' Growth and Development in Ghana. Ph.D. thesis submitted to Lincoln University.

Appendices 1:

Survey Form

Dear Respondent,

This questionnaire seeks to gather some information about the relationship between venture capital and small and medium scale enterprises (SMEs) efficiency: a case study of SMEs in Lagos, Nigeria. Your contribution shall be used mainly for the study purpose.

Thanks.

Yours faithfully

Signed

Philips Okolo Onochie

PART A: Personal Information

1. Gender (a) Male () (b) Female ()
2. Marital Status: (a) Unmarried () (b) Married ()
(c) Widow () (d) Divorce ()
3. Age (a) 18- 25years () (b) 26-35years () (c) 36-45years ()
(d) 46 and above ()
4. Educational Level
(a) Secondary Level ()
(b) Bachelor's Degree ()
(c) Master's Degree ()
(d) Doctoral Degree ()
(e) Others ()
5. Occupation
a. Self-employed ()
b. Unemployed ()
c. Employed ()
d. Others ()
6. How long have you been into business?
(a) I just started ()
(b) A year ago ()
(c) Less than three years from now ()
(d) More than five years from now ()
7. Have you ever obtained a loan from venture capitalists before?
a. Yes () b. No ()

8. Do you prefer sourcing for a loan from venture capitalist instead of other sources
- a. Yes (), b. No () c. No Idea ()
9. How convenient was it to get access to a loan?
- a. Perfectly convenient () b. Convenient () c. Partially convenient ()
- d. Not convenient at all ()
10. The interest charged on loan is satisfactory
- a. Yes () b. No () c. Not Really d. Undecided ()
11. How do you regard the chances to access funding for SMEs in Nigeria.
- a. Very High ()
- b. High ()
- c. Moderate ()
- d. Low ()
- e. Very Low ()
12. Please, click your perception: Venture capitalists regard Most of the SMEs lacking
- a. Qualification ()
- b. Strategic Skills ()
- c. Information ()

PART B: Study Questions Venture Capital and SMEs

1	State your level of agreement:	Extremely agree	Agree	Do not know	Do not agree	Do not agree at all
2	Do you think insufficient funding affect small businesses in managing resources?					
3	Do you think access to finance is the major hindering factor of the SMEs?					
4	Do you think VC provides strategic assistance in relation to access to finance and other financial related?					
5	The Venture capital system is not effective due to lack of institutions/ systems					
6	Venture capital does not stimulate access to finance among SMEs.					
7	Venture capitalists do not create awareness for Startups to achieve capital due to a lack of trust in the competitiveness of their Startups					

SMEs

		Extremely agreed	Agree	Not sure	Disagree	Extremely Disagree
8	Products are produced based on the customers demand					
9	The processing and decision making are solely controlled without the consideration of the subordinates					
10	Decision-making is autocratic, rather than dependent on extensive strategy and intensive analysis					
11	Small businesses have little control of their environment and face greater volatility					
12	The risk of operating SMEs is high					
13	Government charges such as taxes and other levies discourages small business operations					
14	Most small businesses lack strategic planning due to short term goal oriented					
15	SMEs impact is not essential compared to larger corporations					

16	Product produced by small businesses are very expensive					
17	Collateral deprive most small business to get access to finance					
18	Chances of getting fund assistance from venture capitalists is low					

Venture Capital (VC)

		Extremely agreed	Agree	Not sure	Disagree	Extremely Disagree
19	Rate of return is set at a moderate rate for easy access to finance					
20	Venture capitalist stimulates marketing networks					
21	Financial resources are well managed					
22	Provides managerial advice					
23	Able to measure and respond to risk well					
24	Promotes new ideas and strategic planning of the small businesses					

Appendices 2:

Frequency Analysis

Gender

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Male	111	53.4	53.4	53.4
Female	97	46.6	46.6	100.0
Total	208	100.0	100.0	

Marital Status

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Unmarried	77	37.0	37.0	37.0
Married	111	53.4	53.4	90.4
Divorce	3	1.4	1.4	91.8
Widow	17	8.2	8.2	100.0
Total	208	100.0	100.0	

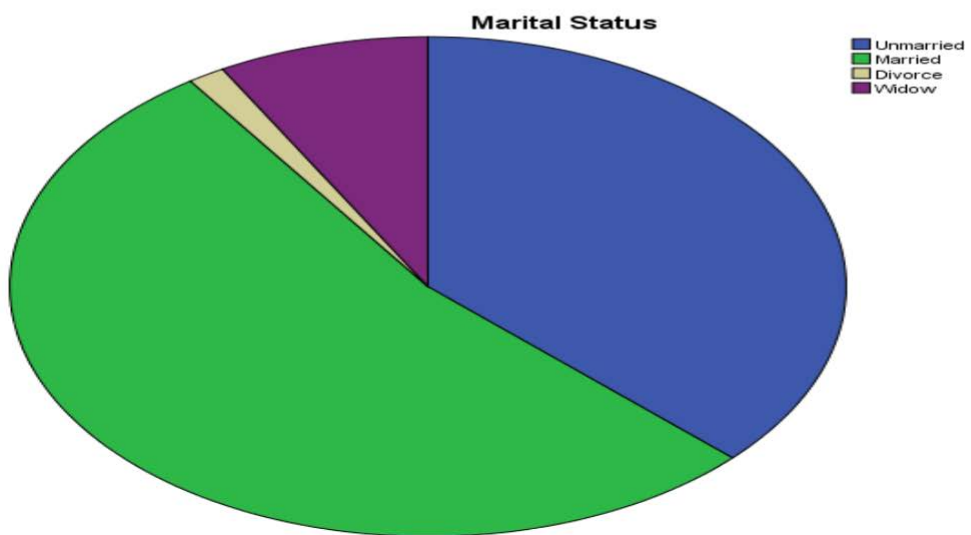
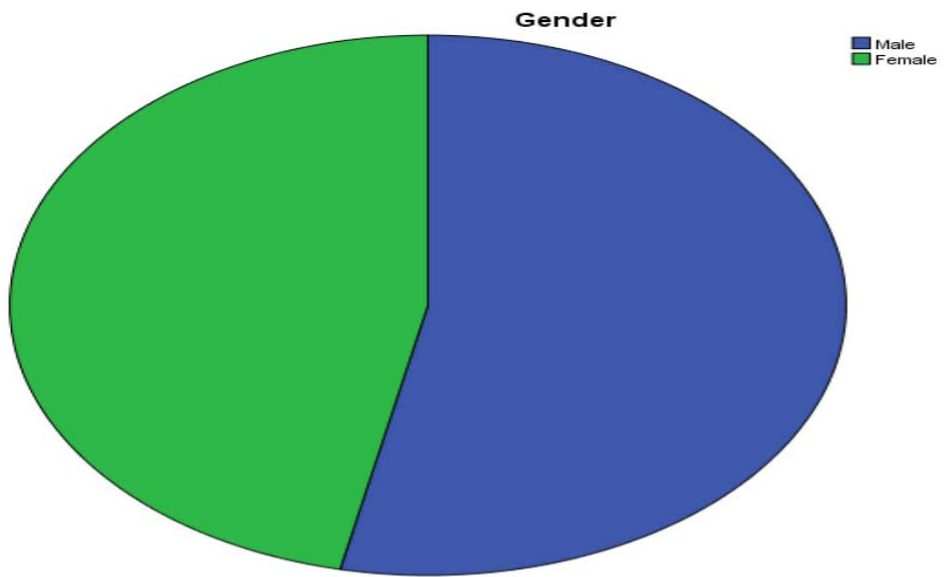
Age

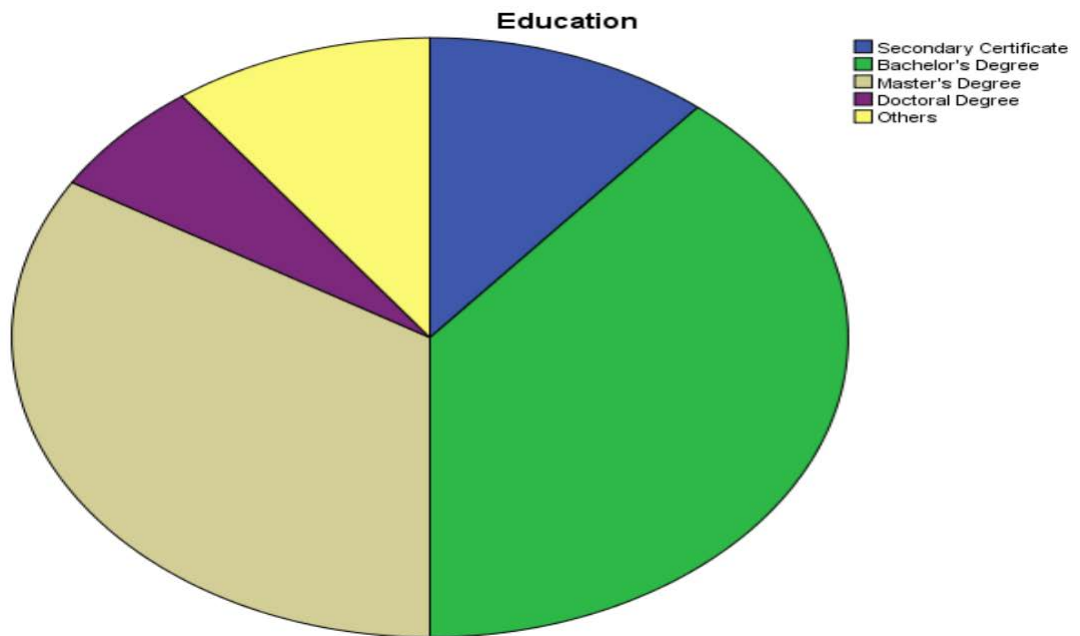
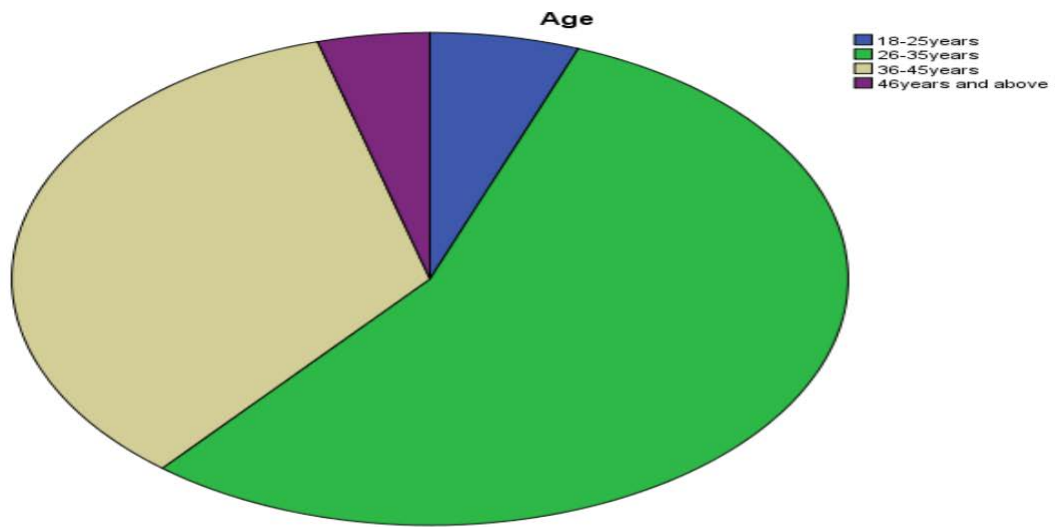
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 18-25years	12	5.8	5.8	5.8
26-35years	115	55.3	55.3	61.1
36-45years	72	34.6	34.6	95.7
46years and above	9	4.3	4.3	100.0
Total	208	100.0	100.0	

Education

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Secondary Certificate	23	11.1	11.1	11.1
Bachelor's Degree	81	38.9	38.9	50.0
Master's Degree	70	33.7	33.7	83.7
Doctoral Degree	13	6.3	6.3	89.9
Others	21	10.1	10.1	100.0
Total	208	100.0	100.0	

Pie Chart





How long have you been into business?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	I just started	33	15.9	15.9
	A year ago	46	22.1	38.0
	Less than three years	74	35.6	73.6
	More than three years from now	55	26.4	100.0
	Total	208	100.0	100.0

Have you ever obtained a loan from venture capitalists before?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	136	65.4	65.4
	Yes	72	34.6	100.0
	Total	208	100.0	100.0

Do you prefer sourcing for a loan from venture capitalist instead of other sources

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	102	49.0	49.0
	No Idea	17	8.2	57.2
	Yes	89	42.8	100.0
	Total	208	100.0	100.0

How convenient was it to get access to a loan?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not Convenient	46	22.1	22.1

Partially Convenient	53	25.5	25.5	47.6
Convenient	101	48.6	48.6	96.2
Perfectly Convenient	8	3.8	3.8	100.0
Total	208	100.0	100.0	

The interest charged on a loan is satisfactory

	Frequency	Percent	Valid Percent	Cumulative Percent
No	56	26.9	26.9	26.9
Not Really	58	27.9	27.9	54.8
Valid Undecided	16	7.7	7.7	62.5
Yes	78	37.5	37.5	100.0
Total	208	100.0	100.0	

How do you regard the chances to access funding for SMEs in Nigeria

	Frequency	Percent	Valid Percent	Cumulative Percent
Very Low	23	11.1	11.1	11.1
Low	51	24.5	24.5	35.6
Valid Moderate	61	29.3	29.3	64.9
High	65	31.3	31.3	96.2
Very High	8	3.8	3.8	100.0
Total	208	100.0	100.0	

Please, click your perception: Venture capitalists regard Most of the SMEs lacking

	Frequency	Percent	Valid Percent	Cumulative Percent
Information	43	20.7	20.7	20.7
Valid Qualification	61	29.3	29.3	50.0
Strategic Skills	104	50.0	50.0	100.0
Total	208	100.0	100.0	

Do you think insufficient funding affects small businesses in managing resources?

	Frequency	Percent	Valid Percent	Cumulative Percent
Do not know at all	6	2.9	2.9	2.9
Do not know	2	1.0	1.0	3.8
Valid Do not agree	162	77.9	77.9	81.7
Agree	38	18.3	18.3	100.0
Total	208	100.0	100.0	

Do you think access to finance is the major hindering factor of the SMEs?

	Frequency	Percent	Valid Percent	Cumulative Percent
Do not know	7	3.4	3.4	3.4
Do not agree	7	3.4	3.4	6.7
Valid Agree	135	64.9	64.9	71.6
Extremely agree	59	28.4	28.4	100.0
Total	208	100.0	100.0	

Do you think VC provides strategic assistance in relation to access to finance and other financial related?

	Frequency	Percent	Valid Percent	Cumulative Percent
Do not know at all	1	.5	.5	.5
Do not know	20	9.6	9.6	10.1
Valid Do not agree	9	4.3	4.3	14.4
Agree	139	66.8	66.8	81.3
Extremely agree	39	18.8	18.8	100.0
Total	208	100.0	100.0	

The venture capital system is not effective due to the lack of institutions/systems

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Do not know at all	1	.5	.5	.5
Do not know	14	6.7	6.7	7.2
Do not agree	45	21.6	21.6	28.8
Agree	94	45.2	45.2	74.0
Extremely agree	54	26.0	26.0	100.0
Total	208	100.0	100.0	

Venture capital does not stimulate access to finance among SMEs

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Do not know at all	1	.5	.5	.5
Do not know	17	8.2	8.2	8.7
Do not agree	59	28.4	28.4	37.0
Agree	102	49.0	49.0	86.1
Extremely agree	29	13.9	13.9	100.0
Total	208	100.0	100.0	

Venture capitalists do not create awareness for Startups to achieve capital due to a lack of trust in the competitiveness of their Startups

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Do not know at all	1	.5	.5	.5
Do not know	12	5.8	5.8	6.3
Do not agree	67	32.2	32.2	38.5
Agree	78	37.5	37.5	76.0
Extremely agree	50	24.0	24.0	100.0
Total	208	100.0	100.0	

Products are produced based on the customers' demand

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Do not know at all	3	1.4	1.4	1.4
Do not know	9	4.3	4.3	5.8
Do not agree	6	2.9	2.9	8.7
Agree	148	71.2	71.2	79.8
Extremely agree	42	20.2	20.2	100.0
Total	208	100.0	100.0	

The processing and decision making are solely controlled without the consideration of the subordinates

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Do not know at all	2	1.0	1.0	1.0
Do not know	10	4.8	4.8	5.8
Do not agree	69	33.2	33.2	38.9
Agree	75	36.1	36.1	75.0
Extremely agree	52	25.0	25.0	100.0
Total	208	100.0	100.0	

Decision-making is autocratic, rather than dependent on extensive strategy and intensive analysis

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Do not know at all	3	1.4	1.4	1.4
Do not know	6	2.9	2.9	4.3
Do not agree	72	34.6	34.6	38.9
Agree	85	40.9	40.9	79.8
Extremely agree	42	20.2	20.2	100.0
Total	208	100.0	100.0	

Small businesses have little control of their environment and face greater volatility

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Do not know at all	3	1.4	1.4	1.4
Do not know	8	3.8	3.8	5.3
Do not agree	46	22.1	22.1	27.4
Agree	100	48.1	48.1	75.5
Extremely agree	51	24.5	24.5	100.0
Total	208	100.0	100.0	

The risk of operating SMEs is high

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Do not know at all	1	.5	.5	.5
Do not know	8	3.8	3.8	4.3
Do not agree	43	20.7	20.7	25.0
Agree	114	54.8	54.8	79.8
Extremely agree	42	20.2	20.2	100.0
Total	208	100.0	100.0	

Government charges such as taxes and other levies discourages small business operations

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Do not know at all	2	1.0	1.0	1.0
Do not know	7	3.4	3.4	4.3
Do not agree	42	20.2	20.2	24.5
Agree	95	45.7	45.7	70.2
Extremely agree	62	29.8	29.8	100.0
Total	208	100.0	100.0	

Most small businesses lack strategic planning due to short term goal-oriented

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Do not know at all	2	1.0	1.0	1.0
Do not know	13	6.3	6.3	7.2
Do not agree	37	17.8	17.8	25.0
Agree	114	54.8	54.8	79.8
Extremely agree	42	20.2	20.2	100.0
Total	208	100.0	100.0	

SMEs impact is not essential compared to larger corporations

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Do not know at all	4	1.9	1.9	1.9
Do not know	9	4.3	4.3	6.3
Do not agree	46	22.1	22.1	28.4
Agree	102	49.0	49.0	77.4
Extremely agree	47	22.6	22.6	100.0
Total	208	100.0	100.0	

A product produced by small businesses are very expensive

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Do not know at all	5	2.4	2.4	2.4
Do not know	8	3.8	3.8	6.3
Do not agree	56	26.9	26.9	33.2
Agree	98	47.1	47.1	80.3
Extremely agree	41	19.7	19.7	100.0
Total	208	100.0	100.0	

Collateral deprive most small business to get access to finance

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Do not know at all	1	.5	.5
	Do not know	6	2.9	3.4
	Do not agree	50	24.0	27.4
	Agree	95	45.7	73.1
	Extremely agree	56	26.9	100.0
	Total	208	100.0	100.0

Chances of getting fund assistance from venture capitalists are low

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Do not know at all	5	2.4	2.4
	Do not know	14	6.7	9.1
	Do not agree	53	25.5	34.6
	Agree	93	44.7	79.3
	Extremely agree	43	20.7	100.0
	Total	208	100.0	100.0

Rate of return is set at a moderate rate for easy access to finance

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Do not know at all	1	.5	.5
	Do not know	12	5.8	6.3
	Do not agree	7	3.4	9.6
	Agree	141	67.8	77.4
	Extremely agree	47	22.6	100.0
	Total	208	100.0	100.0

Venture capitalist stimulates marketing networks

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Do not know at all	1	.5	.5
	Do not know	16	7.7	8.2

Do not agree	4	1.9	1.9	10.1
Agree	137	65.9	65.9	76.0
Extremely agree	50	24.0	24.0	100.0
Total	208	100.0	100.0	

Financial resources are well managed

	Frequency	Percent	Valid Percent	Cumulative Percent
Do not know at all	1	.5	.5	.5
Do not know	7	3.4	3.4	3.8
Do not agree	7	3.4	3.4	7.2
Valid Agree	150	72.1	72.1	79.3
Extremely agree	43	20.7	20.7	100.0
Total	208	100.0	100.0	

Provides managerial advice

	Frequency	Percent	Valid Percent	Cumulative Percent
Do not know	7	3.4	3.4	3.4
Do not agree	6	2.9	2.9	6.3
Valid Agree	130	62.5	62.5	68.8
Extremely agree	65	31.3	31.3	100.0
Total	208	100.0	100.0	

Able to measure and respond to risk well

	Frequency	Percent	Valid Percent	Cumulative Percent
Do not know at all	1	.5	.5	.5
Do not know	6	2.9	2.9	3.4
Valid Do not agree	9	4.3	4.3	7.7
Agree	140	67.3	67.3	75.0
Extremely agree	52	25.0	25.0	100.0

Total	208	100.0	100.0
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Promotes new ideas and strategic planning of the small businesses

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Do not know at all	12	5.8	5.8
	Do not know	6	2.9	8.7
	Do not agree	4	1.9	10.6
	Agree	91	43.8	54.3
	Extremely agree	95	45.7	100.0
	Total	208	100.0	100.0

Reliability

Reliability Statistics

Cronbach's Alpha	N of Items
.905	23

Factor Analysis

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	7.726	33.591	33.591	7.726	33.591	33.591
2	2.129	9.255	42.847	2.129	9.255	42.847
3	1.405	6.109	48.955	1.405	6.109	48.955
4	1.339	5.824	54.779	1.339	5.824	54.779
5	1.096	4.766	59.546	1.096	4.766	59.546
6	.930	4.045	63.591			
7	.820	3.564	67.155			
8	.795	3.456	70.611			

9	.733	3.188	73.799		
10	.671	2.917	76.716		
11	.669	2.910	79.625		
12	.622	2.706	82.332		
13	.563	2.449	84.780		
14	.523	2.273	87.054		
15	.507	2.206	89.260		
16	.417	1.813	91.073		
17	.374	1.626	92.699		
18	.360	1.564	94.263		
19	.334	1.452	95.715		
20	.325	1.413	97.128		
21	.260	1.131	98.259		
22	.205	.893	99.152		
23	.195	.848	100.000		

Extraction Method: Principal Component Analysis.

Regression

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.555 ^a	.309	.298	.759

a. Predictors: (Constant), Venture Capital Trust, Venture Capital, Access to Finance

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	52.489	3	17.496	30.345	.000 ^b
	Residual	117.622	204	.577		
	Total	170.111	207			

a. Dependent Variable: SMEs

b. Predictors: (Constant), Venture Capital Trust, Venture Capital, Access to Finance

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.380	.461		.823	.411
	Access to Finance	.275	.084	.196	3.256	.001
	Venture Capital	.503	.066	.462	7.671	.000
	Venture Capital Trust	.103	.072	.083	1.421	.157

a. Dependent Variable: SMEs

Correlations

Correlations

		Venture Capital	SMEs	Venture Capital Trust	Access to Finance
Venture Capital	Pearson Correlation	1	.513 ^{**}	.023	.253 ^{**}
	Sig. (2-tailed)		.000	.741	.000
	N	208	208	208	208
SMEs	Pearson Correlation	.513 ^{**}	1	.108	.319 ^{**}
	Sig. (2-tailed)	.000		.119	.000
	N	208	208	208	208
Venture Capital Trust	Pearson Correlation	.023	.108	1	.075
	Sig. (2-tailed)	.741	.119		.282
	N	208	208	208	208
Access to Finance	Pearson Correlation	.253 ^{**}	.319 ^{**}	.075	1
	Sig. (2-tailed)	.000	.000	.282	
	N	208	208	208	208

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

PERSONAL INFORMATION PHILIPS ONOCHIE OKOLO

WORK EXPERIENCE

10/2012–04/2013

SHELL PETROLEUM DEVELOPMENT COMPANY OGUNU WARRI DELTA STATE (Nigeria)

Receipt & Despatch Unit of the Warehouse.

Responsibilities:

- i. Sees to the booking of vendors and other customers to ensure clients access our facility without issues.
- ii. Support the team by raising exit passes for movement of goods in and out of the warehouse.
- iii. Support the Inspectors in the quality assurance confirmation to ensure compliance for all material received.
- iv. See to the proper filling of goods receipt document.

Apr 2014–Aug 2014

SEIYA TRANSPORT (MARINE) LIMITED DELTA STATE (OFF-SHORE) (Nigeria)

Responsibilities:

- i. I was assigned to a sea vessel and mainly undertook cleaning and maintenance duties in the ship as last man onboard.
- ii. I also worked as part of a team of assistants in the engine room and rotating duties with some of the cabin crew members.
- iii. Support the Operations department in overseeing the operation and day to day management of the vessel.
- iv. Ensure safety compliance in carrying out my duties.

2009–2016 **Sales assistant**

ZENEK VENTURES NIGERIA LIMITED KADUNA STATE (Voluntary Assistant during vacation)

Responsibilities:

- i. Liaises with the customers where necessary to ensure the satisfaction of customer's

orders through improved relationships and accessibility by means of phone calls and e-mails.

- ii. Respond to customer's complaints such that arises within 24hrs.
- iii. Provide reliable and timely feedback to customers.

May 2016–Apr 2017 Assistant lecturer

MARITIME ACADEMY OF NIGERIA ORON, AKWIBOM STATE. (NATIONAL YOUTH SERVICE CORPS)

Responsibilities:

- 1. Assistant lecturer in the school of maritime studies.

EDUCATION AND TRAINING

1 Oct 2018–Present MASTERS IN BUSINESS ADMINISTRATION

ISTANBUL AYDIN UNIVERSITY AND HOCHULE DER WIRTSCHAFT FUR MANAGEMENT (ERASMUS), MANNHEIM (Germany)

- INTERNATIONAL BUSINESS AND ADMINISTRATION.
- GERMAN CORPORATE GOVERNANCE CODE AND COMMUNICATIONS.
- PROJECT AND THEORY DRIVEN MANAGERMENTS.

1 Sep 2010–14 Dec 2015 BACHELOR OF TECHNOLOGY

FEDERAL UNIVERSITY OF TECHNOLOGY, OWERRI IMO STATE (Nigeria)
Maritime Management Technology

2002–2008 Senior School Certificate of Education

Royal Comprehensive College, Ezzangbo Abakaliki Ebonyi State.
WEST AFRICAN EXAMINATION COUNCIL (WAEC)

1993–2002 First School Leaving Certificate

ST Mary's Nursery and Primary school Emene, Enugu State.
PRIMARY SCHOOL LEAVING CERTIFICATE

PERSONAL SKILLS

Mother tongue(s) English

Communication skills

- Ability to present and communicate excellent ideas clearly.
- Friendly and open-minded, committed to client satisfaction.

Organisational / managerial skills

- Ability to build and lead creative team and also a team player.
- Ability to coordinate the separate activities of the total supply chain (TSC) in order to get goods to the end users in JIT (Just In Time) delivery and cost effectively.

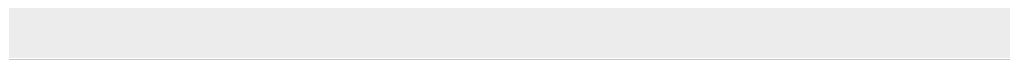
Job-related skills

- Ability to create and implement Logistics plans that can help the firm gain competitive advantage.
- Knowledge of key areas of shipping business such as; ship chartering, ship finance, maritime economics and asset management and the whole Supply Chain Management.

Digital skills

SELF-ASSESSMENT				

Digital skills - Self-assessment grid



IT SKILLS

- Proficient in the use of Microsoft Office packages.
- Experienced in social media feeds and web content.

