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EFFECT OF ENTREPRENEURIAL SPECIFIC CHARACTERISTICS ON MICRO, SMALL AND MEDIUM ENTERPRISES ACCESS TO MICROFINANCE BANK FINANCE IN NIGERIA

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Abstract
This study examines the effect of entrepreneurial specific characteristics on micro, small and medium enterprises (MSMEs) access to Microfinance Bank finance (MFBs) in Nigeria. This study is quantitative in nature and it adopts correlational research design. Data was collected through a self-designed questionnaire using Google online form. The population of this study was 900 entrepreneurs who owned MSMEs in Abuja, Nigeria. Sample size of 90 was ascertained using Yamane Taro sample size technique, out of which 85 responses were received from the respondents via Google online form. An ordinal logistic regression data analysis method via Statistical Package for the Social Sciences (SPSS) was used as the technique for data analysis. Findings revealed that collateral, entrepreneur's experience, entrepreneur's educational level and business plan have statistical significant positive relationship with MSMEs access to MFBs loans and advances in Nigeria, while business size, gender and entrepreneur's age have a statistical insignificant negative relationship with MSMEs access to MFBs loans and advances in Nigeria. This recommends that an arm of Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) should be dedicated on training entrepreneurs on how to write business plan in other to obtain bank loan and advances.

Keywords: Microfinance Banks, Business Plan, Entrepreneur's Age, Information Asymmetry Theory

Introduction

Activities of Micro, Small and Medium Enterprises (MSMEs) will always transmit to economic growth in any economy, just like in Nigeria. MSMEs have contributed to employment generation, export participation, poverty alleviation and women empowerment. Chinonso and Zhen (2016) stated that about 95% of enterprises across the world are MSMEs, accounting about 60% of private sector employment. According to National Bureau of Statistics (2020) MSMEs account for 84% of Nigeria's employment as compared to 63% and 54% for Germany and UK respectively. Similarly, from the report of National Bureau of Statistics (2020), MSMEs has contributed 49% to Nigeria's Gross Domestic Product (GDP) compared to 54% in Germany and 51% in UK, this evidence that MSMEs is an important pillar towards the growth of Nigeria's economy.

The major function of Microfinance Banks (MFBs) all over the world is to provide assistance to small scale business. Majority of the MSMEs are micro enterprises with very limited access to resources such as advanced technology and formal credit. Despite the significant contributions to social and economic development, MSMEs are often regarded as "the missing middle" they are usually not the subject of interest by commercial bank as regards to access to bank loan (Nguyen, Gan & Hu, 2015). MFBs began in Nigeria in the year 2005 and was introduced by the Central Bank of Nigeria (CBN). MFBs were introduced to reduce the poverty level and promote small scale businesses of people living below the poverty line and who has the will to make a living for themselves and their families. It was also created to help in the employment generation, rural development, economic growth and industrialization, provision of microfinance and skill acquisition development for income generation, build community capacities for wealth creation among enterprising poor people and to promote sustainable livelihood by strengthening rural responsive banking system.

Access to finance is the most serious barrier to the expansion of businesses and start-ups (Osano and Languitone, 2016; Okechukwu & Jimba, 2023). In fact, the study of Boushnak, Rageb, Ragab and Sakr (2018) opined that access to finance is still one of the greatest obstacles facing Small and Medium Enterprises (SMEs) all over the world and it has prevented them from developing. Availability of finance allows small businesses to undertake productive investments and contribute to the development of the national economy and alleviation of poverty (Oshora, Desalegn, Hegyes, Farkas & Zeman, 2021; Rostam & Ashikul, 2018). Both internal and external financial resources are necessary for MSMEs to be able to grow, expand, develop and prosper (Ogubazghi & Muturi, 2014; Erdogan, 2019; Okechukwu, Kayode, & Jimba, 2022). MSMEs heavily rely on internal finance (Fatoki, 2014). However, the entrepreneur's own and family accumulated wealth often appear to be limited to cover all the financing needs of their business. Moreover, the poor performance and the unstable income of MSMEs also make internal financing challenging. Hence, the increasing demand for external sources of finance.

Tran and Mong (2021) argued that many MSMEs use bank loans as the main source of external capital. External finance is generally composed of both equity and debt. The external equity market of developing countries is inefficient, particularly for MSMEs and this makes it difficult for MSMEs to access external equity. This explains why MSMEs depend on debt, particularly bank loan. According to Ogubazghi and Muturi (2014), World Bank enterprise survey in 2013 of 130,000 firms in 135 countries, found out that limited access to finance ranked at the top of the list of obstacles to growth and development of MSMEs.

Numerous studies have discussed that MSMEs are financially more constrained than larger firms in both developed and developing countries. Pham (2017) opined that financial constraints have been the major source of business failure in developing countries. A review of the literature on MSMEs financing challenges in Nigeria revealed that there is no empirical study done previously on the effect of entrepreneurial characteristics on MSMEs accessibility to debt finance from MFBs. Therefore the contribution of this study to knowledge is to fill the gaps in the literature review that has to do with impeding setback to entrepreneur's accessibility to loan and advances from MFBs.

Conceptual Review of Literature

According to Chinonso and Zhen (2016) entrepreneurial characteristics are those factors which can positively or negatively influence MSMEs accessibility to finance. Entrepreneurial characteristics include; entrepreneur's education level, experience, collateral, business plan, gender, age and size of the business.

Collateral refers to the extent to which assets are committed by borrowers to a lender as security for debt payment, of which, the security assets should be used to recover the principal in case of default (Osano & Languitone, 2016). MSMEs possess fewer assets that can be pledged as collateral and, hence, are faced credit rationing from banks (Rahman, Belas, Kliestik & Tyll, 2017). According to Moulick (2020) collateral is a mortgaged asset that bank accept as safety for loan disbursement. The study of Boushnak, Rageb, Ragab and Sakr (2018) asserted that collateral are the assets and property that the borrower possess, which gives the lender the assurance that if the borrower defaults on paying the obligation, the risk of default will be mitigated from the assets.

Business plan is a fundamental management method that utilizes set of documents arranged by enterprise administration to abridge its operational and financial objectives and to indicate how both operational and financial objectives will be accomplished (Boushnak et al., 2018; Kolawole, Okechukwu & Agi, 2022). Fatoki (2014) opined that business plan is a document prepared by an entrepreneur of which the lender will use to ascertain the viability of the business before disbursement of loan. Ogubazghi and Muturi (2014) opined that educational level indicate the educational qualification obtained by an entrepreneur. Gender in this study is used to ascertain whether women entrepreneur or the male counterpart is preferred by MFBs. Also, entrepreneur's age in this study was segmented using a specific age range to ascertain which between young and old entrepreneurs is most preferred by MFBs. Business size could be measured either as total asset or total revenue generated. Entrepreneur's experience involves the period of time in which an entrepreneur has been engaged in the entrepreneurship activities.

According to Mukete et al. (2021) access to credit often refers to the possibility for individuals, enterprises, groups, organizations as well as governments to access financial services. These services may include credits, deposits, payments, insurances, and other risk management services at affordable costs. While the study of Hue, Thuy, Huy and Nuong (2020) opined that access to credit refers to the ease with which SMEs receive financial support or loans from lending institutions. Similarly, Surafel (2021) asserted that access to finance involves the ability of an entity to obtain bank credit, insurance payment and other risk management advise from a financial institution. Financial institution suffers credit risk while rending credit facilities to MSMEs. Credit risk involves the possibility to make banks suffer a lot of losses because of the uncertainties in credit activities (Shi & Zhang, 2009).

The criteria used in determining whether a business outfit should be categorized as micro, small or medium enterprises changes between nations and also between businesses. According to Bank of Industry (2020), MSMEs is defined based on the number of employees, total asset and turnover as captured in table 1 below.

Table 1: Classification of MSMEs

Type	No of Employees	Total Asset	Turnover
Micro Enterprise	≤ 10	$\leq$ ₦5M	$\leq$ ₦20M
Small Enterprise	$>11 \leq 50$	> ₦5M $\leq$ ₦100M	$\leq$ ₦100M
Medium Enterprise	$>51 \leq 200$	> ₦100M $\leq$ ₦500M	$\leq$ ₦500M

Empirical Review of Literature

This study carried out empirical review on studies that examined the relationship between collateral, entrepreneur's experience, entrepreneur's educational level, business plan, business size, gender and entrepreneur's age and MSMEs entrepreneur access to bank loans and advances.

Collateral and MSMEs Access to Finance

The main objective of the study of Moulick (2020) was to examine the determinants of SME financing in Bangladesh, questionnaires were administered 350 SMEs and 50 credit officer. The result indicated that collateral has a significant and positive effect on SMEs financing in Bangladesh. Similarly, Rahman, Rahman and Belas (2017) investigated the determinants of access to finance for SMEs in the context of three Central European countries: Czech Republic, Slovak Republic, and Hungary. Data was obtained from 793 SMEs from the three mentioned countries using questionnaire. It was discovered from the finding that there is a positive and significant relationship between the pledge of collateral and access to finance within the three countries studied.

The purpose of the study Osano and Languitone (2016) was to establish the factors that influence access to finance by SMEs. The study administered questionnaire to a sample size of 242 SMEs. Finding revealed a significant and positive relationship between collateral and access to finance by SMEs.

Also, the study of Rahman et al. (2017) was conducted to ascertain the effect of collateral on SMEs financing in Visegrad countries (Czech Republic, Slovak Republic, Hungary and Poland) between 2012 to 2014. From the finding, it was discovered that there is a significant and positive effect of collateral requirements on SMEs loan contract. The study also discovered that the presence of information asymmetry between SMEs and banks is significant and insignificant with large firms. In contrast, Boushnak et al. (2018) examined factors that influence credit decision making for lending to SMEs. Data was gathered from 313 structured questionnaires respnded by credit risk and marketing employees from National Bank of Egypt. Finding showed that collateral has an insignificant positive effect on credit decision for lending SMEs.

From the study of Demiri, Tmava and Durguti (2021) that examined the variables that determine access to bank loan by SMEs in Kosovo and North Macedonia. It was discovered that collateral has an insignificant positive effect on accessibility of bank loan by SMEs. Just like the aforementioned, Moulick, Sil and Neogy (2021) examined the effect of firms' attributes on access to bank loan. The semi-structured questionnaire was administered to 400 SMEs in Bangladesh. Finding showed that collateral has an insignificant positive relationship with access to bank loan. From an opposing finding, Balogun, Nazeem and Agumba (2016) studied determinants predicting credit accessibility within SMEs in the South African construction industry. Questionnaires were administered to 179 construction SMEs. From the binary logistic regression, it was discovered that collateral has an insignificant negative relationship with credit accessibility by SMEs in the South Africa.

Ho_1: Collateral has no significant relationship with MSMEs access to MFBs finance in Nigeria.

Entrepreneur's Experience and MSMEs Access to Finance

Abdesamed and Wahab (2012) used survey data from 76 SMEs in Tripoli and Sabha to ascertain whether entrepreneur's experience determine SMEs access to bank loan. The result showed that entrepreneur's experience significantly and positively affect SMEs bank loan in Libya. In the same token, Bello and Mustapha (2021) investigated the determinants of access to finance among MSMEs. A sample of 507 manufacturing MSMEs in Nigeria was used. The logistic regression revealed that entrepreneur's experience has a significant and positive effect on MSMEs access to finance.

From the logistic regression of the study of Fatoki and Asah (2011) that was conducted to ascertain whether entrepreneurial characteristics has effect on access to debt finance. It was discovered that entrepreneur's experience has a positive and significant effect on access to debt finance in South Africa. In contrast, the study of Nega and Seid (2016) was on the demand and supply issues relating to SMEs access to finance in Ethiopia. The demand side analysis is done using primary data collected from 519 business firms drawn from the major towns in Ethiopia. Similarly, information for the supply side analysis was collected from 8 banks and 3 micro finance institutions. Result from the logistic regression revealed that entrepreneur's experience is insignificant and positive to SMEs financing.

Kira (2013) distributed 200 questionnaires to SMEs in Tanzania in a study conducted to ascertain the factors that influence the access to debt financing by SMEs. The result showed that entrepreneur's experience has an insignificant positive relationship with access to debt financing by SMEs.

Ho_2: Entrepreneur's experience has no significant relationship with MSMEs access to MFBs finance in Nigeria.

Entrepreneur's Educational Level and MSMEs Access to Finance

Banks perceive owner with higher educational qualification as creditworthy, such entrepreneurs have higher likelihood of accessing bank loan than those who do not have it (Ogubazghi & Muturi, 2014). Kuruppu and Azeez (2016) investigated the determinants of financing preference of SMEs in Sri Lanka. Data was gathered from 812 Sri Lankan SMEs owners using questionnaires. The technique for data analysis was ordinal regression, which revealed that education background has a significant positive effect on SMEs financing preference by banks. Also, the study of Ahmad, Haq and Tayachi (2021) was to ascertain how entrepreneurial specific factor like education is used as a predictor in accessing finance by SMEs in Khyber Pakhtunkhwa, Pakistan. 204 questionnaires were distributed to SMEs in Khyber Pakhtunkhwa. From the binary logistic regression, the result showed that education level has a significant positive correlation with entrepreneur access to finance.

Mukete et al. (2021) examined the determinants of small and medium size enterprises access to credit schemes around Mezam division located in the North West region of Cameroon. A two-stage sampling technique was used to obtain data from 294 enterprises. Descriptive statistics and logit regression analysis were used to analyze the data. Result revealed that education qualification has significant negative effect on MSMEs access to credit. In a similar manner, Makani, Letsina and Ewane (2020) conducted a study to ascertain the effect of the characteristics of Cameroonian owned family SMEs on access to bank credit. To achieve this, the study used primary data collected from 180 family SMEs. Chi-square test and logistic regression were conducted and it was discovered that educational level has a significant and negative influence on access to bank credit.

Abdesamed and Wahab (2014) studied the determinants of SME application for a bank loan. Primary data was gathered from the questionnaires. 530 SMEs were selected that has between 1 to 50 employees. The logistic regression tests indicated that education has an insignificant negative effect on firm's tendency to apply for a bank loan. In like manner from the foregoing finding, Tmava, Peci and Luboteni (2013) investigated the impact of firm and entrepreneurship characteristics in SMEs investment finance through debt (bank loan). Data were gathered using questionnaire with 150 SMEs in Kosovo. From the linear regression, the result showed that entrepreneur's education has an insignificant negative impact on SMEs access to finance. Equally, the study of Rop, Otumba, Kibas and Nassiuma (2021) aimed at establishing the empirical link between entrepreneurs characteristics and access to bank financing by SMEs in Eldoret town. Questionnaires were administered to 140 respondents. Finding showed that educational level has an insignificant negative relationship towards access to bank financing by SMEs.

Ho_3: Entrepreneur's educational level has no significant relationship with MSMEs access to MFBs finance in Nigeria.

Business Plan and MSMEs Access to Finance

The study of Pham (2017) investigated the determinants of credit access by SMEs existing for less than forty-two months in the Phu Tho province located in Northern Vietnam. The study administered questionnaires to a sample size 0f 350 SMEs. Finding from the regression analysis revealed that business plan has a significant and positive effect on credit access by SMEs. In a similar study done in Vietnam, Hue et al. (2020) evaluated the factors affecting the access to bank credit by SMEs. 300 questionnaires were administered to SMEs in Thai Nguyen province, in Vietnam. The result disclosed that business plan has a positive and significant relationship with SMEs access to bank credit.

Dong and Nham (2018) analysed the factors affecting accessibility to credit capital of small and medium enterprises in Vietnam. The study used Probit and Logit regression approach to estimate the impact of the factors affecting the disbursement probability of a loan to 301 SMEs. Finding showed that business plan has a significant and positive impact on disbursement probability of loan to SMEs. Furthermore, Fatoki and Asah (2011) used 150 questionnaires administered to SMEs to investigate the impact of firm and entrepreneurial characteristics on access to debt finance in South Africa. The result from the logistic regression indicated that business plan has a significant and positive effect on SMEs access to debt finance.

Tran (2021) examined the impact of firm characteristics on SMEs' access to bank credit. The study used primary data taken from a survey questionnaire of the 269 SMEs in Chi Minh city, Vietnam. The regression analysis showed that business plan has a significant and positive correlation with SMEs' access to bank credit. In contrast to the forgoing result, the aim of the study of Demiri et al. (2021) was to analyze variables that influence access to bank loan by SMEs in Kosovo and North Macedonia. 600 questionnaires were distributed to businesses in Kosovo and Northern Macedonia respectively. Finding showed that business plan has a significant negative influence on SMEs access to bank loan.

Ho_4: Business plan has no significant relationship with MSMEs access to MFBs finance in Nigeria.

Business Size and MSMEs Access to Finance

The purpose of the study of Surafel (2021) was to investigate factors influencing access to finance and its availability for SMEs in Gulele subcity, Addis Ababa. The study used primary data which was collected from 364 respondents. From the logistic regression, it was discovered that size of the firm has a significant and positive effect on availability and access to bank credit by SMEs. Likewise the study of Nguyen, Gan and Hu (2015) that examined the factors that affect credit accessibility by SMEs in Vietnam, it was discovered that size of the business has a significant and positive correlation with credit accessibility by SMEs.

The aim of the study of Kira (2015) was to ascertain the determinants of access to debt financing by SMEs. The study was based on a survey of 164 Tanzanian firms. Finding reported that business size has a significant positive effect on SMEs access to debt financing. In contrast to the aforementioned finding, Flaminianoa and Francisco (2021) analyzed the relationship between entrepreneur’s characteristics and credit constraints among SMEs using 480 SMEs in national capital region and the neighboring calabarzon region in the Philippines. Finding showed that business size has an insignificant negative relationship with bank credit to SMEs.

Using binary logistic regression, Silwal and Mool (2020) examined SMEs and credit accessibility in Kathmandu Valley. 150 questionnaires were administered to SMEs entrepreneurs and it was discovered from the finding that business size has an insignificant negative relationship with credit accessibility by SMEs.

Ho_5: Business size has no significant relationship with MSMEs access to MFBs finance in Nigeria.

Gender and MSMEs Access to Finance

The thrust of Campanella and Serino (2019) study was to find out the effect of manager personal characteristics on SMEs’ access to bank loan with the aim of ascertaining whether the lending decision-making process is influenced by behavioral biases. Database constructed through questionnaires which were administered to manager of SMEs consisting of 214 SMEs located in the south of Italy. The logistic regression showed that gender has a significant and positive relationship with SMEs’ access to bank loan. The study of Mukete et al. (2021) that examined the determinants of small and medium size enterprises access to credit schemes around Mezam division located in the North West region of Cameroon discovered that gender has significant and positive effect on MSMEs access to credit.

Nguyen, Gan and Hu (2015) did a study on SMEs credit accessibility in Vietnam. Primary data was obtained from a survey of 487 SMEs in Hanoi, Vietnam. Data analysis was done via logistic regression, the result revealed that gender has an insignificant positive relationship with SMEs credit accessibility. In the same manner, the study of Ahmad, Haq and Tayachi (2021) that was done in Khyber Pakhtunkhwa, Pakistan discovered that gender is insignificant and positive towards entrepreneur access to finance. Similarly, Irwin and Scott (2010) used univariate statistical analysis to investigate barriers to raising bank finance faced by UK SMEs. A survey of 400 SMEs conducted revealed that gender has an insignificant but positive effect on access to bank finance by SMEs.

Gamage (2013) examined what determines access to bank finance in small and medium-sized enterprises in Sri Lanka. The sample was made up of 610 enterprises. From the logistic regression result, it was discovered that gender has an insignificant negative effect on access to bank finance. Also, Pallegedara (2017) examined the factors influencing the SMEs' access to bank finance provided by commercial banks and other financial institutions in Sri Lanka. Data was collected from 149 SMEs in Colombo and Matara districts of Sri Lanka. Finding revealed that gender has an insignificant negative relationship with SMEs' access to bank finance.

Ho_6: Gender has no significant relationship with MSMEs access to MFBs finance in Nigeria.

Entrepreneur's Age and MSMEs Access to Finance

Young aged owners are perceived as innovative and good performers, but risky portfolio (Ogubazghi & Muturi, 2014). Campanella and Serino (2019) studied the effect of entrepreneur's age on SMEs' access to bank loan using 214 SMEs located in the south of Italy. Finding revealed that age has a significant and positive effect on SMEs' access to bank loan. In the same token, the study of Ogubazghi and Muturi (2014) was to find out the influence of owner's characteristics on SMEs' access to bank loan. Questionnaires were administered to 87 small and medium manufacturing enterprises drawn from Asmara city. From the logistic regression, the study found out that business owner's age has a significant positive effect on SMEs access to bank loan.

The study of Chinonso and Zhen (2016) was to ascertain the influence of entrepreneurial characteristics on access to debt finance by SMEs from banks in Nigeria. The sample size of 150 respondents was administered questionnaires. Age of the entrepreneur was found to be significant and negative with access to debt finance by SMEs from the logistic regression. Contrary to the foregoing finding, the study of Moulick et al. (2021) examined the relationship between entrepreneur's age and access to bank loan, it was discovered that age has an insignificant negative relationship with SMEs access to bank loan.

From the study of Rop et al. (2021), it was discovered that the age of an entrepreneur has an insignificant negative relationship with access to bank financing by SMEs. Also, Faisal, Anthony and John (2018) investigated the factors affecting access to formal credit by MSMEs in Uganda. The result showed that entrepreneur's age has an insignificant negative effect on access to formal credit by MSMEs in Uganda. Similar finding from the study of Silwal and Mool (2020) that was conducted in Kathmandu Valley using 150 SMEs entrepreneurs revealed that entrepreneur's age has an insignificant negative relationship with credit accessibility by SMEs entrepreneurs.

Ho_7: Entrepreneur's age has no significant relationship with MSMEs access to MFBs finance in Nigeria.

Theoretical Framework

This study hinged on the theories of capital structure such as the pecking order theory, trade off theory and information asymmetry theory to explain how MSMEs could be affected in accessing bank finance in Nigeria.

The Pecking Order Theory

Pecking order theory assumes that enterprises follow a financing hierarchy and that source of finance is either internal or external (Oshora et al., 2021; Miglo, 2010). Donaldson was the first to describe this theory in 1961, however in 1984, Myers and Majluf article published made pecking order theory popular. This theory opines that firms need to prioritize their sources of financing from internal source such as entrepreneur's own capital and available cash to external funding. According to Kuruppu and Azeez (2016) small firms go for external sources of financing when the internal sources are found inadequate.

The study of Tmava et al. (2013) ranked pecking order from accumulated profit, to amortization, to debt, and, finally, the equity capital which involves issue of shares. If external finance is required, debt is preferred than equity (Kuruppu & Azeez, 2016). The utilisation of internal finance over external finance makes an entrepreneur to have more information than investors leading to information asymmetry.

Information Asymmetry Theory
Information asymmetry theory deals with the study of decisions in exchanges where one party has more or superior information than the other (Surafel, 2021). The study of Matagu (2018) opined that Stiglitz and Weiss (1981), Akerlof (1970) and Spence (1973) were the three proponents' economists who developed the theory of asymmetric information in the 1970s. Bergh, Ketchen, Orlandi and Boyd (2018) asserted that information asymmetry involves a condition wherein one party in a relationship has more or better information than another. Greater information asymmetry causes greater losses to the bank, this is because financial markets require value relevant information to efficiently allocate capital from the investors.

Credit risk is the main risk faced by the banking industry (Shi & Zhang, 2009). The existing of information asymmetry is the root cause of commercial bank credit risk and is certainly a major cause. The study of Tupangiu (2017) opined that information asymmetry generates two main problems such as adverse selection and moral hazard. Adverse selection implies an immoral effect of market functioning. The attitude of the loan applicant, not to provide the bank with information such as market position competition, dependence on a partner, possible unpaid claims that may become non-performing, prospects of continuity of the activity for certain sectors of the economic activity and bias selection, all these will give rise to information asymmetry.

Moral hazard involves a situation in which the borrower, after the credit granting, takes risky actions that may lead to the failure of the financed project. The study of Derrien, Kecskes and Mansi (2016) noted that the two major consequences of information asymmetry are increase in cost of debt and expected high rate of denial of bank credit to MSMEs.

Trade-Off Theory
In 1958, Modigliani and Miller first published a theorem stating that tax has no effect on capital structure and firm value. However, in 1963 they revised the irrelevance theory of tax by incorporating the tax benefit in their corporate capital structure and firm value. According to Jacinta, Mahfuzur and Selvam (2017) firm issue debt financing pay interest because it is tax deductible and it also provides a tax shield in the form of lower tax exposure, however, equity financing is not entitled to such tax deductibility. The study of Kraus and Litzenberger (1973) was the first to explicitly dissect trade off theory, they noted that trade off theory is a composition of capital structure that reflects a trade-off between the tax benefits of debt and the expected costs of bankruptcy.

Thus, in the revised theoretical argument by Modigliani and Miller, full debt relative to equity financing is a preferred choice for an optimal capital structure that maximizes the firm value, which also reduce the total cost of capital. However, as firms increase their leverage, shareholders will also demand for increase in dividend to compensate for any likelihood of premature liquidation from debt holders as a result of default on interest payments. The end product of increase in leverage and demand for increase in dividend will result to increase in cost of capital for the firm. the study of Surafel (2021) opined that trade off theory of capital structure is the thought that a firm chooses how much debt finance and how much equity finance to utilize that will not increase the cost of capital, in other words, trade off theory strike a balance between the dead-weight costs of bankruptcy and the tax saving benefits of debt.

Research Methodology

This study is quantitative in nature and it adopts correlational research design. Data was collected through a self-designed questionnaire using Google online form, it allows completed questionnaire responses to be received automatically. The questionnaire included an introductory cover outlining the research objectives and the author's assurance of confidentiality of information to encourage participants to answer freely and gain high response rate. The questionnaire was structured in seven concise sections to collect information from the sample size.

The first section of the questionnaire covers general information. Section two to eight cover the seven hypotheses of this study which include collateral, entrepreneur's experience, entrepreneur's educational level, business plan, business size, gender and entrepreneur's age. Five-point Likert scale were administered to respondents ranging from 5 = Strongly Agree, 4 = Agree, 3 = Undecided, 2 = Disagree and 1= Strongly Disagree. The population of this study was 900 entrepreneurs who owned MSMEs in Abuja, Nigeria. Sample size of 90 was ascertained using Yamane Taro sample size technique, out of which 85 responses were received from the respondents via Google online form.

$$n = \frac{N}{1 + N(e)^2}$$

Description:
n = sample size
N = population
e = degree of error is within tolerable limits, this study uses 10 % .
Based on the Yamane Taro formula, the sample size is calculated as follows:

$$n = \frac{900}{1 + 900(0.1)^2} = 90$$

This study used ordinal logistic regression also known as ordered logit model on data analysis. From the data generated, SPSS version 16.0 was used to ascertain the relationship between entrepreneurial specific characteristics and MSMEs access to MFBs finance in Nigeria. A total of 90 copies of the questionnaires were administered, out of which 85 responses were received. This represents 89% response rate and compares favourably with prior studies that have employed similar data collection method. For instance, in the study of Osano and Languitone, (2016), out of the 242 questionnaires administered to SMEs owners, 123 were filled and returned, representing a response rate of about 51%. Abdesamed and Wahab (2012) distributed questionnaires to 100 SMEs, only 76 SMEs had completed and returned their questionnaires, contributing to the response rates of 76%. Finally, the study of Pham (2017) handed out a total of 350 questionnaires, 259 were fully completed representing 74%.

The model below represents the regression equation used in this study

BLAMSME = F(COL, ENE, EDU, BUP, BSI, GEN, EGE, μ)....................................(1)
The above model can also be written as
BLAMSME = β_0 + β_1COL + β_2ENE + β_3EDU + β_4BUP + β_5BSI + β_6GEN + β_7EGE μ..(2)

Where
BLAMSME = Bank Loan and Advances to Micro, Small and Medium Enterprises
COL = Collateral
ENE = Entrepreneur's Experience

EDU = Entrepreneur's Educational Level
BUP = Business Plan
BSI = Business Size
GEN = Gender
EGE = Entrepreneur's Age
β = coefficient of the parameter
it = Time coefficient
μ = error term

Characteristics of Respondents
Table 2 below summarizes the characteristics of the respondents using the respondents' gender, number of employees, entrepreneur's experience and education, sector of activity and years of operation.

Table 2: Demographic of Respondents

		Frequency	Percentage
Gender	Male	53	62.4
	Female	32	37.6
	Total	85	100
Number of Employees	1-10 (Micro)	58	68.2
	11-50 (Small)	20	23.5
	50-200 (Medium)	7	8.3
	Total	85	100.0
Entrepreneur's Experience	0-5 Years	53	62.4
	6-10 Years	19	22.4
	11 Years and Above	13	15.2
	Total	85	100.0
Entrepreneur's Education	Secondary	9	10.6
	Diploma	37	43.5
	Bachelor	32	37.6
	Master	5	5.9
	PhD	2	2.4
	Total	85	100.0
Sector of Activities	Manufacturing	39	45.9
	Service provision	16	18.8
	Agriculture	10	11.8
	Trading	20	23.5
	Total	85	100.0
Years of Operation	0-11 Months (Pre Start)	23	27.1
	1-2 Years (Start)	36	42.4
	3-4 Years (Young)	13	15.3
	5-9 Years (Established)	8	9.4
	10 Years and Above (Old)	5	5.8
	Total	85	100.0

Source: Author's Compilation

Majority of the respondents that filled the administered questionnaire were male. Demographic of respondents above revealed that 62.4% were male while 37.6% were female. The dominance of male over female signifies enthusiastic entrepreneurship characteristics nature of the male gender, there is the need to advocate and sensitise the female gender over participation on entrepreneurship activities in Nigeria. Greater number of the respondents were micro enterprises that employee between 1-10 employees representing 68.2%, 23.5% of the respondents were small enterprises while 8.3% were medium enterprises. The high percentage of micro enterprises connote that as a matter of urgency, legislative acts should be promulgated that will make micro enterprises to strive in Nigeria as they contribute more to employment generation.

62.4% of the entrepreneurs have 0-5 years of experience which is evidenced on the years of operation as 84.8% from the years of operation fell between 0-4 years. 22.4% of the respondents were between 6-10 years of experience while 15.2% of the respondents had 11 years and above.
Most of the respondents were diploma holders with a percentage of 43.5%, next was bachelor degree holders with a percentage of 37.6%, secondary school certificate holders were 10.6%. Masters and PhD degree holders were just 5.9% and 2.4% respectively. Based on the sector of activities, manufacturing sector has the highest number of entrepreneurs that responded to the questionnaires with 45.9%, followed by trading sector with 23.5%, service provision and the agricultural sector were 18.8% and 11.8% respectively. The respondents from the manufacturing sector had mentioned that they were into production of liquid soap, manufacture and packaging of flour, starchy foods, biscuits and other consumables, making it an area that should be paid greater attention in other to harness the potentials for economic growth.

Finally, from the demographic of respondents, looking at the years of operation from the entrepreneurs that filled the questionnaires, 27.1% of the respondents said that they have not spent up to one year in the entrepreneurial business, which makes them fall into the category of pre start, which is 0-11 months after commencement. 42.4% of the respondents were between 1-2 years in operation, 15.3% of respondents were young entrepreneurs between 3-4 years, 9.4% fell into the category of established businesses from 5-9 years, while just 5.8% of the respondents have been in operation for the past 10 years and above. It is pertinent that the root cause of only few entrepreneurial business surpassing 10 years should be unravel.

Diagnostic Test
The diagnostic tests conducted on this study include Cronbach's Alpha, descriptive statistics, tests of normality, model fitting information, goodness of fit, Pseudo R-Square, spearman rank correlation and test of parallel lines. This study used ordinal logistic regression because the likert scale is more than three and also because the data is non parametric.

Table 3: Cronbach's Alpha

Variable	Cronbach's Alpha	Decision
Collateral	0.70	Reliable
Entrepreneur's Experience	0.65	Reliable
Entrepreneur's Educational Level	0.80	Reliable
Business Plan	0.72	Reliable
Business Size	0.82	Reliable
Gender	0.79	Reliable
Entrepreneur's Age	0.75	Reliable

Source: SPSS 16.0

Cronbach's alpha tests to see if multiple-question Likert scale surveys are reliable. Cronbach's alpha is a measure used to assess the reliability, or internal consistency, of a set of scale or test items. Cronbach's alpha is one way of measuring the strength of that consistency. The study of Osano and Languitone (2016), Chinonso and Zhen (2016), Moulick et al. (2021) opined that 60% and above is a reliable and hence an acceptable reliability coefficient level.

Table 4: Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
BLAMSME	85	0.30	4.30	1.2898	0.54018	3.597	0.261	14.909	0.517
COL	85	0.00	0.01	0.0056	0.00092	-0.491	0.261	-1.093	0.517
ENE	85	2.00	3.18	2.8418	0.36163	-1.216	0.261	0.151	0.517
EDU	85	3.00	4.00	3.6471	0.48072	-0.627	0.261	-1.647	0.517
BUP	85	1.00	1.40	1.1630	0.10587	0.020	0.261	-0.572	0.517
BSI	85	0.61	0.84	0.7376	0.05864	0.232	0.261	-1.158	0.517
GEN	85	0.30	1.30	0.7763	0.34905	0.200	0.261	-1.665	0.517
AGE	85	4.24	6.74	5.7350	0.46284	0.052	0.261	-0.072	0.517
Valid N (listwise)	85								

Source: SPSS 16.0

Table 4 shows the descriptive statistics, this study is interested on the skewness and kurtosis. Divide the statistic of the skewness by the standard error, likewise for kurtosis, divide the statistic by the standard error, if all the answer lies between -1.96 and +1.96, it means that the data is normally distributed. The skewness and kurtosis shows that the data is not normally distributed and the tests of normality further proved that the data is not normally distributed. Hence, ordinal logistic regression analysis is used to test relationship for data that is not normally distributed.

Table 5: Tests of Normality

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	Df	Sig.	Statistic	df	Sig.
BLAMSME	0.314	85	0.021	0.893	85	0.003
COL	0.214	85	0.031	0.990	85	0.004
ENE	0.339	85	0.040	0.850	85	0.010
EDU	0.311	85	0.001	0.898	85	0.008
BUP	0.335	85	0.004	0.858	85	0.003
BSI	0.203	85	0.010	0.845	85	0.029
GEN	0.294	85	0.040	0.794	85	0.025
EGE	0.407	85	0.002	0.640	85	0.001
a. Lilliefors Significance Correction						

Source: SPSS 16.0

Test of normality in table 5 is used to ascertain whether data is normally distributed or not. Kolmogorov-Smirnov is used for data set that is above sample size of 100 while Shapiro-Wilk is used for data set that is below sample size of 100. Since the data set in this study is below sample size of 100, the emphasis will be on Shapiro-Wilk. From the table above, it shows that Shapiro-Wilk is statistically significant, hence the data is not normal distributed. This is a further proof that the study should adopt the ordinal logistic regression analysis.

Table 6: Model Fitting Information

Model	-2 Log Likelihood	Chi-Square	df	Sig.
Intercept Only	298.907			
Final	0.000	298.907	74	0.000
Link function: Logit.				

Source: SPSS 16.0

The model fitting information explains how well the model fit the data. It is statistically significant at 0.00, this means that the model fit the data.

Table 7: Goodness-of-Fit

	Chi-Square	df	Sig.
Pearson	9.336	444	0.991
Deviance	13.219	444	0.964
Link function: Logit.			

Source: SPSS 16.0

The Goodness of fit of table 7 contains the Pearson and Deviance Chi-Square test which are used to determine whether a model exhibit good fit to the data, non significant result exhibit that the model fit the data very well. From the table above, Pearson showed a 0.991 which is higher than 0.05 and Deviance revealed a 0.964 which is also higher than 0.05. Both Pearson and Deviance showed a non significant value, this clearly means that the model fit the data.

Table 8: Pseudo R-Square

Cox and Snell	0.970
Nagelkerke	0.812
McFadden	1.000
Link function: Logit.	

Source: SPSS 16.0

Emphasis on the Pseudo R-Square from table 8 is on the Nagelkerke. Unlike the adjusted R-Square for a linear regression, in ordinal logistic regression, Pseudo R-Square is used. 0.812 indicate that 81.20% change in MSMEs access to finance is as a result of collateral, entrepreneur's experience, entrepreneur's educational level, business plan, business size, gender and entrepreneur's age. This means that that 81.20% change of the dependent variable is as a result of the independent variable.

Table 9: Spearman Rank Correlation

			BLAMSME	COL	ENE	EDU	BUP	BSI	GEN	EGE
Spearman's rho	BLAMSME	Correlation Coefficient	1.000							
		Sig. (2-tailed)								
		N	85							
	COL	Correlation Coefficient	0.837	1.000						
		Sig. (2-tailed)	0.737							
		N	85	85						
	ENE	Correlation Coefficient	-0.118	0.712**	1.000					
		Sig. (2-tailed)	0.280	0.000						
		N	85	85	85					
	EDU	Correlation Coefficient	0.730	0.032	-0.056	1.000				
		Sig. (2-tailed)	0.784	0.770	0.608					
		N	85	85	85	85				
	BUP	Correlation Coefficient	-0.236*	0.034	0.303**	-0.194	1.000			
		Sig. (2-tailed)	0.029	0.759	0.005	0.075				
		N	85	85	85	85	85			
	BSI	Correlation Coefficient	0.028	0.009	-0.291**	0.242*	0.096	1.000		
		Sig. (2-tailed)	0.803	0.935	0.007	0.026	0.380			
		N	85	85	85	85	85	85		
	GEN	Correlation Coefficient	-0.185	0.412**	0.593**	-0.139	0.122	-0.341**	1.000	
		Sig. (2-tailed)	0.090	0.000	0.000	0.204	0.267	0.001		
		N	85	85	85	85	85	85	85	
	EGE	Correlation Coefficient	-0.355**	-0.064	0.291**	-0.088	0.030	-0.381**	0.376**	1.000
		Sig. (2-tailed)	0.001	0.558	0.007	0.422	0.787	0.000	0.000	
		N	85	85	85	85	85	85	85	85
*. Correlation is significant at the 0.05 level (2-tailed).										
**. Correlation is significant at the 0.01 level (2-tailed).										

Source: SPSS 16.0

A not normally distributed likert scale data means that non parametric method should be adopted which give rise to ordinal logistic regression and spearman rank correlation. Table 9 above shows the spearman rank correlation. The spearman rank correlation findings suggest that there is a strong relationship between collateral (0.837), entrepreneur's educational level (0.730) and MSMEs access to finance. However, there were weak relationship between entrepreneur's experience, business plan, business size, gender, entrepreneur's age and MSMEs access to finance.

Table 10: Test of Parallel Lines

Model	-2 Log Likelihood	Chi-Square	df	Sig.
Null Hypothesis	212.262			
General	0.000[a]	212.262	1035	0.980

Source: SPSS 16.0

Test of parallel lines from table 10, test for the assumption of proportional odds, this is to ensure that the test of parallel lines has not been violated. This test the null hypothesis that the odds of each explanatory variable are consistent or are the same across different threshold of the outcome variable. The test should not be statistically significant in order to be sure that the study has not violated the assumption of the proportion odds. Since the Sig. value of 0.980 is higher than 0.05, it means that the study has not violated the assumption of the proportion odds.

Table 11: Parameter Estimates from the Ordinal Logistic Regression

		Estimate	Std. Error	Wald	df	Sig.	95% Confidence Interval	
							Lower Bound	Upper Bound
Threshold	[BLAMSME = 1.00]	-21.424	22.177	0.933	1	0.334	-64.890	22.041
	[BLAMSME = 1.08]	-14.993	22.059	0.462	1	0.497	-58.228	28.243
	[BLAMSME = 1.11]	-13.400	22.033	0.370	1	0.543	-56.584	29.785
	[BLAMSME = 1.15]	-11.756	22.001	0.285	1	0.593	-54.877	31.366
	[BLAMSME = 1.18]	-3.190	21.877	0.021	1	0.884	-46.069	39.688
	[BLAMSME = 1.23]	3.221	21.879	0.022	1	0.883	-39.661	46.102
	[BLAMSME = 1.30]	12.918	22.206	0.338	1	0.561	-30.604	56.441
Location	COL	7.506	22.755	0.109	1	0.042	52.104	37.093
	ENE	15.440	23.299	0.439	1	0.008	30.224	61.105
	EDU	18.023	6.150	8.588	1	0.003	30.077	5.969
	BUP	34.644	15.898	4.749	1	0.029	3.485	65.804
	BSI	-14.001	22.106	0.401	1	0.526	-57.328	29.325
	GEN	-26.709	26.290	1.032	1	0.310	-78.237	24.818
	EGE	-12.782	4.935	6.707	1	0.110	-22.455	3.109

Source: SPSS 16.0

Discussion of Findings

The finding from the ordinal logistic regression revealed that collateral has a statistical significant positive relationship with MSMEs access to MFBs finance in Nigeria. The estimate of 7.506 indicates that a one unit increase in the provision of collateral will lead to 7.506 increase to MSMEs accessibility to MFBs finance. This implies that the higher the availability of collateral, the higher the chances of accessing MFBs loan and advances. From this result, the null hypothesis that states that collateral has no significant relationship with MSMEs access to MFBs finance is rejected while the alternative hypothesis that states that collateral has a significant relationship with MSMEs access to MFBs finance in Nigeria is accepted. This finding is consistent with the finding of Moulick (2020), Rahman et al. (2017), Osano and Languitone (2016) who documented a positive and significant relationship between the pledge of collateral and access to finance. This finding is however inconsistent with the findings of Demiri et al. (2021), Moulick et al. (2021), Boushnak et al. (2018) who documented that collateral has an insignificant positive effect on credit decision for lending MSMEs.

Entrepreneur's experience has a statistical significant positive relationship with MSMEs access to MFBs finance in Nigeria. From the estimate of entrepreneur's experience, it was discovered that a one unit increase in entrepreneur's experience will result to 15.440 increase in accessing MFBs finance by MSMEs. This implies that it is more likely for entrepreneurs with so many years of experience in a particular sector to access MFBs loans and advances. This study therefore rejects the null hypothesis while the alternative hypothesis that states that entrepreneur's experience has a significant relationship with MSMEs access to MFBs finance in Nigeria is accepted. This finding agrees with the finding of Fatoki and Asah (2011), Bello and Mustapha (2021), Abdesamed and Wahab (2012) who discovered that entrepreneur's experience has positive and significant effect on access to bank finance. In contrast, the study of Kira (2013), Nega and Seid (2016) found that entrepreneur's experience has an insignificant positive relationship with access to debt financing by MSMEs.

The estimate from entrepreneur's educational level is 18.023 and from the Sig. value, it is statistically significant. The positive estimate of 18.023 connote that a one unit increase in entrepreneur's educational level will lead to 18.023 increase in accessing MFBs finance by MSMEs. This means that MFBs will always want to disburse loan and advances to entrepreneurs with a higher educational level. The null hypothesis of this study is rejected while the alternative hypothesis that states that entrepreneur's educational level has a significant relationship with MSMEs access to MFBs finance in Nigeria is accepted. This finding aligns with the findings of Ahmad et al. (2021), Kuruppu and Azeez (2016) that documented that education level has a significant positive correlation with entrepreneur access to finance. In contrast, Tmava et al. (2013), Rop, Otumba et al. (2021), Abdesamed and Wahab (2014) documented that entrepreneur's education has an insignificant negative impact on MSMEs access to finance.

The preparation and submission of business plan has a statistical significant positive relationship with MSMEs accessibility to MFBs loan and advances in Nigeria. A one unit increase in business plan will lead to a 34.644 increase in accessing MFBs finance by MSMEs. This indicates that entrepreneur will be granted MFBs loan and advances if they provide business plan. This study rejected the null hypothesis and accepted the alternative hypothesis that states that business plan has a significant relationship with MSMEs access to MFBs finance in Nigeria. This finding is consistent with the findings of Fatoki and Asah (2011), Tran (2021), Hue et al. (2020), Pham (2017), Dong and Nham (2018) who documented that business plan has a significant and positive correlation with SMEs' access to bank credit. It is however inconsistent with the findings of Demiri et al. (2021) that found that business plan has a significant negative influence on MSMEs access to bank loan.

There is a statistical insignificant negative relationship between business size and MSMEs access to MFBs loan and advances in Nigeria. The estimate of -14.001 means that a one unit increase in business size will result to 14.001 decrease in accessing MFBs finance by MSMEs. What this connotes is that MFBs do not put into consideration the size of the business in disbursing bank credit. From this finding, the null hypothesis that states that business size has no significant relationship with MSMEs access to MFBs finance in Nigeria is accepted and the alternative hypothesis rejected. This finding aligns with the findings of Flaminianoa and Francisco (2021), Silwal and Mool (2020) who discovered that business size has an insignificant negative relationship with bank credit to SMEs. On the contrary, the study of Kira (2015), Surafel (2021), Nguyen et al. (2015) disclosed that size of the business has a significant and positive correlation with credit accessibility by MSMEs.

The result from gender revealed a statistical insignificant negative relationship with MSMEs access to MFBs loan and advances in Nigeria. -26.709 as the estimate indicate that a one unit increase in gender will lead to 26.709 decrease in accessing MFBs finance by MSMEs. This implies that gender is not paramount in disbursing loan to entrepreneurs by MFBs. The null hypothesis that states that gender has no significant relationship with MSMEs access to MFBs finance in Nigeria is accepted and the alternative hypothesis rejected. This finding is consistent with findings of Pallegedara (2017), Gamage (2013) that discovered that gender has an insignificant negative effect on access to bank finance. However, the study of Mukete et al. (2021), Campanella and Serino (2019) contradict this finding, they found that gender has a significant and positive relationship with MSMEs' access to bank loan.

Entrepreneur's age has a statistical insignificant negative relationship MSMEs access to MFBs loan and advances in Nigeria, with an estimate of -12.782. This estimate signifies that a one unit increase in entrepreneur's age will result to 12.782 decrease of loan accessibility by entrepreneurs. This indicates that if an entrepreneur disclose his/her age, it does not induce MFBs to grant loan to the entrepreneur. The null hypothesis that states that entrepreneur's age has no significant relationship with MSMEs access to MFBs finance in Nigeria is accepted and the alternative hypothesis rejected. This finding agrees with the study of Silwal and Mool (2020), Faisal, Anthony and John (2018), Rop et al. (2021), Moulick et al. (2021) who documented that age has an insignificant negative relationship with access to bank financing by MSMEs. In contrast, the study of Campanella and Serino (2019), Ogubazghi and Muturi (2014) found that age has a significant and positive effect on MSMEs' access to bank loan.

Conclusion and Recommendations

This study conclude that collateral, entrepreneur's experience, entrepreneur's educational level and business plan have statistical significant positive relationship with MSMEs access to MFBs loans and advances in Nigeria, while business size, gender and entrepreneur's age have a statistical insignificant negative relationship with MSMEs access to MFBs loans and advances in Nigeria.

This study recommends that since collateral requirement is one the major instruments that MFBs considers in order to grant a loan request to an entrepreneur, it is pertinent that any entrepreneur requesting for loan must have collateral. An arm of Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) should be dedicated on training entrepreneurs on how to write business plan in other to obtain bank loan and advances. SMEDAN could also partner with tertiary institutions in Nigeria so that entrepreneurs could acquire diploma education at a minimal cost, with the educational knowledge acquired, entrepreneurs will be able to manage their businesses efficiently, this will go a long way as a catalyst to boost the chances of MFBs granting loan to entrepreneurs in Nigeria.

Gender and age of an entrepreneur does not skew MFBs to favour a particular age or gender, hence the female gender which is always believed to be at the disadvantaged position, they should be encouraged to seek for loan from MFBs in Nigeria. Previous studies had opined that large firms access bank loan easily as compared to smaller firms, findings from this study points otherwise. The business size is irrelevant in accessing MFBs loan by entrepreneurs and therefore entrepreneurs within the category of micro enterprises must be encouraged and be given priority by MFBs as soon as they seek for bank credit from MFBs in Nigeria because they serve as the root by which every other aspect of businesses such as small and medium enterprises grow.

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