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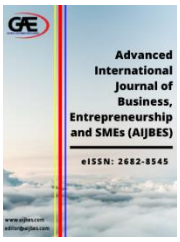

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THE MEDIATING EFFECT OF FINANCE ON THE RELATIONSHIP BETWEEN SMES' INTERNAL GROWTH STRATEGY AND EXPORT PERFORMANCE

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Abstract:

Research on the role of small and medium enterprises (SMEs) in economic growth and development has focused more in recent times on determinants of SMEs' export performance (EP). However, as much attention is being given to investigating the effect of finance on SMEs' performance, its impact as a mediating factor in the relationship between firms' internal growth strategies and export performance indicators, has not been sufficiently established in most developing economies including Nigeria. The present study thus examines this gap in a multi-stage, cross-sectional and purposive survey of 285 owners/managers of SME firms in Lagos, Oyo, and Osun with the highest numbers of SMEs in Nigeria. The empirical data collected were processed and analysed with multiple regression and correlation methods on PASW Statistics 18. The result shows internal growth strategy impacting positively and significantly on EP through entrepreneurial orientation, employees' productivity enhancement programs, marketing philosophy, resources, and export risk management. Similarly, positive and significant effects of finance on EP were established through firms' access to credits and start-up capital, terms of loans, and financing mechanisms for export facilitation. Essentially, the study detected evidence of the mediation effect of finance as a significant factor in the relationship between SMEs' internal growth strategy and export performance in southwest Nigeria. The three hypotheses tested were thus, rejected and recommendations made to SMEs' stakeholders & government to strengthen entrepreneurial ingenuity, employees' productivity enhancement, SMEs' financial inclusion, and long-term strategic management in the areas of SMEs' competitive advantage and positioning strategies in the foreign market.

Keywords:

Export Performance, Finance, Internal Growth, SMEs, Strategy

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Introduction

The relative ability of firms or countries to sell part of what is locally produced in the foreign market is known as export performance, EP ("Export Performance," n.d.). A fast and steady increase in quantity and value of exports indicates a rising fortune and a successful EP. On the other hand, a slow and sluggish growth implies poor EP, while a declining trend and prolonged fall in exports, will mean a failure! Some of the previous researches into SMEs' international operations (Marr & Schiuma, 2003; Ostgaard & Birley, 1995; Sefiani & Bown, 2013) have asserted that export performance is a strategic measure and a key interest that business organizations employ to assess the realization of their set objectives and performance internationally. Export performance is therefore, a guide for determining the level of success achieved in the foreign market by an economic agent, whether a firm, a sector or a country. A thorough and analytical examination of the interrelated variables characterizing the operation of the business entities engaging in international trade can thus, reveal and establish the significant factors responsible for the level of success recorded (Navarro-García, Peris-Oritz and Barrera-Barrera, 2016). This process is imperative for the purpose of evaluation, control, comparison and improvement in strategies needed for better and greater performance. This, to Surya, Menne, Sabhan, Suriani, Abubakar & Idris (2021), is the real essence of performance appraisal and measurement which determine firms' strengths for possible improvement in exploitation of exporting opportunities; and also, the recognition of firms' weaknesses to avoid export threats. Such a process will however, depend on tenability and acceptability of the variables and dimensions employed. This requirement underscores the diversity, quantity and quality of physical and human resources at SMEs' disposal, and also their capabilities in exporting businesses. Knight and Cavusgil (2004) opined that resource of firms and its efficient usage, decreases uncertainties and barriers in foreign market. The concern of researchers in this subject area is however, how to conceptualize a model that would effectively capture firms' export performance and integrate its direct and indirect drivers (Sousa, M. C. P, 2004). Such a model will need to provide a comprehensive understanding of why some firms perform better than others in exporting. Santos & Brito (2012) suggested that researchers need to consider the interests of all the stakeholders in the measurement of performance outcome of firms' activities. Accordingly, they exhorted the use of both objective and subjective dimensions in measurement and assessment of firm performance. These according to the analysts, may include measurements of dimensions such as extension in sales, sustained profitability, market value, job satisfaction, customer fulfilment, corporate social responsibility and environmental care. With reference to export markets, Katsikeas, Leonidou, and Morgan (2000) advanced the need to consider the interests of three major groups namely: the government, business owners/managers and marketing researchers in measurement and analysis of firm export performance. According to Czinkota (1994), government will need a clear understanding of export performance and factors influencing it for policy making on the need to improve foreign exchange earnings, employment generation, productivity and poverty alleviation. As to Porter (1980), the business owners/managers will need to comprehend firms' export performance and its determinants for growth strategies, sustainability and winning the war of competition in the foreign market. For marketing researchers, useful knowledge will be gained for development of theories and concepts that are relevant to foreign market activities (Zou and Stan 1998). Research (Navarro-García, et al. 2016) contends that only analytical approach can enhance the understanding of firms' export performance and identify the key determinants and relationships that translate into higher performance indices of firms engaging in exports.

Be that as it may, most of the past studies in this area have produced mixed results due to differences in their methodical approaches or complexity of variables and dimensions captured

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(Jin and Cho, 2018; Monteiro, Soares, & Rua, 2017; Ghimire & Abo, 2013; Fonseka, Yang, & Tian, 2013; Pandula, 2011; Chen, Zou, & Wang, 2009). In addition, research works with focus on direct and indirect impact analyses of internal and external determinants of SMEs' export performance in Nigeria, are still very few indeed (Salaudeen & Adebayo, 2021; Safari & Saleh, 2020; Ajayi, 2016; Eniola & Entebang, 2015). However, it is axiomatic and self-evident that whenever an appropriate business growth strategy is pursued with enhanced financing, the result is usually, a rapid and improved performance by the small and medium enterprises (SMEs) in both local and export markets. The failure to achieve similar results in Nigeria for so long, despite the various articulated efforts of the governments and SME stakeholders, raises an interesting question. This gap, the present study with its focus on SME business organizations, is billed to bridge by identifying the direct impact of the internal growth strategies and also, the direct and indirect influence of finance factors on non-oil export performance (EP) in the southwest Nigeria. The result of the study is expected to bring improvement in synergizing strategic action plans of exporting firms with increased financial inclusion in the sector for higher performance in the non-oil exporting business. Specifically, the objectives of the study will include:

1. To determine the impact of firms' internal growth strategy on SMEs' non-oil export performance.
2. To ascertain the influence of financing on SMEs' contribution to non-oil exports.
3. To investigate the influence of financing on the relationship between firms' internal growth strategy and SMEs' non-oil export performance.

Accordingly, the research questions will include:
1. What is the impact of SMEs' internal growth strategy on non-oil export performance?
2. What is the influence of financing on SMEs' non-oil export performance?
   What is the mediating impact of financing on the relationship between firms' internal growth strategy and SMEs' non-oil export performance?

Literature Review

Theoretical Framework

The resource-based perspective of Penrose (1959), its advancement by Barney (1991) on firm's growth strategy and its effect on performance, presuppose that firm's performance indices are determined by combination of firm's tangible resources, competence and capabilities in terms of acquired knowledge, experience, marketing sagacity and business network. The cardinal point in these theoretical postulates on firm's growth strategy therefore, is the 'economies of growth' in terms of sales, market value and profitability that are believed to accompany firms through experiential growth as the managers perform their routinized functions over time. These are growth-induced benefits of internal momentum in managerial skills, applicable experience and transferable knowledge, which the rank and file of the firm's management team acquire and display, through learning-by-practice as they perform their executive functions in their respective capacity over the firm's growth trajectory. Such value-embedded managerial talents and growth opportunities, usually translates to valuable firm-specific knowledge and a source of competitive advantage for the firm with strong propensity to influence firms' performance indices over time. According to Ajayi (2016), the synergy between the unique resources of a firm and functionality of the firm's core capabilities, can ensure high competitive positioning and superior performance for a firm in its market. However, mere possession of valuable resources by firms does not translate automatically to superior performance (Teece &

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Pisano, 1994; Sánchez, 2012). Similarly, improved firm performance in its market cannot be guaranteed by its dependence only on its bulk of resources (Barney, 1986). Therefore, only analysis of the strength and weakness of the firm's owned resources, can lead to profitable exploitation of inherent opportunities in those resources for the firm in its market (Surya, et al., 2021). Such analyses however, need to be founded on proper understanding of firms' business activities with regards to factors that characterize both the internal and external environment of the business (Tarawalie & Conteh, 2021). This implies that any investigation into firms' export performance indices must be thorough and take into consideration, both the direct and indirect effects of the key drivers of firms' internal and external factors, while the significance of such determinants in the exporting process of the SMEs, is established logically and scientifically.

Study Variables and Development of Hypotheses

SMEs and Growth in Export Performance

The term "Small and Medium-scaled Enterprises" usually abbreviated as SMEs "defies a precise definition" in social sciences according to Iorun (2014, p. 260). The term is commonly used for a variety of businesses which are conventionally considered small, either as a result of their relative size, value of sales turnover, number of people employed, initial capital outlay and firms' financial capability (Osotimehin et al., 2012). SMEs are commonly found in agriculture, agro-businesses, manufacturing concerns, mining related ventures, pharmaceuticals, distributive and service sectors ("Small business," n.d.). According to PwC MSME survey (2020), the Nigerian SME sector is owned and managed by private entrepreneurs, most of who are in their '20 – 60' age group bracket; 77% male dominated and 23% controlled by female business persons. The organizational structure of the SMEs include: sole proprietorship (73%), partnership (6%), private limited liability (14%), faith based organizations (5%), cooperative societies (1%) and others (1%). The OECD has defined SMEs as "firms employing up to 249 persons, with breakdown as including: "micro (1 to 9), small (10 to 49) and medium (50-249)" (OECD, 2017, p. 4). This definition, as affirmed by the organization, provides the best ground for comparability across different countries of the world, given variations in their data collection approaches. Balunywa (2010) however, expressed a contrary view as to using employment criteria in defining the MSMEs especially, where labour intensive method is a popular industrial strategy as it is in most developing economies and thus, suggested using the value of capital assets employed by firms instead. In line with the National Policy on Micro, Small and Medium Enterprises (MSMEs) in Nigeria, the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) has defined the MSMEs both in terms of the number of employees and the total Naira (₦) value of the assets employed. Accordingly, the Micro Enterprises (MEs) are defined as firms with a staff strength of less than 10 employees or asset value of less than ₦5 million; the Small Enterprises (SEs) are those enterprises with staff strength of between 10 – 49 employees or asset value from ₦5 million up to ₦50 million; while the Medium Enterprises MEs) are the enterprises with a staff strength of between 50 and 199 employees or with asset value from ₦50 million up to ₦500 million (PwC MSME Survey, 2020).

At any rate, the role of the small and medium scale enterprises (SMEs) on economic growth of a country is well recognized all over the world. Also, despite the limited data available on the non-oil exports contribution of the SMEs to Nigerian economy on region-by-region basis, the benefits of the non-oil exports to Nigeria's economic growth and development, cannot be over-emphasized. Export trade contributes to financial interrelationship among the trading partners,

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as it enhances their domestic capacity and impacts positively on their economic growth (Sanjo & Ibrahim, 2017). This has helped in transforming the structure of such economies, as it is evidenced in exports benefits to many of the developed and fast developing nations of the world. The SME sector according to OECD (2017) remains the major economic agent in this process, as it accounts for about 99% of all firms engaging in international business, while generating employment for more than 70% of the world population. SMEs are also, the major players in value creation in the developed countries as they generate on the average, 50 to 60% value addition (OECD, 2017). The sector plays a pivotal role in the formal economy of OECD member countries, as it provides over 50% contribution to GDP and about 80% of employment, insomuch as it accounts for over 90% of informal employment in developing OECD member countries (Arzeni, 2020). With reference to emerging economies including Nigeria, PwC MSME Survey (2020), has revealed that SMEs accounts for about 45% of all the available jobs and 33% of the GDP on the average. This is especially, true for resource-rich countries that are particularly susceptible to commodity price fluctuations in the international product market, as it is the case with Nigeria in the world oil market (OECD, 2017, p. 6). In fact, the Nigerian trade policy is currently, more tilted towards promoting the non-oil exports for the benefits of economic diversification. And specifically, that is the ongoing orientation and the most favoured agenda for the SMEs by Nigerian policy makers in the manufacturing, mining, agriculture and agro-business sectors in the Southwest, and Nigeria at large. SME sector therefore, is of crucial importance in macroeconomic policy concern in contemporary developing economies, with special focus on job creation, financial inclusion to alleviate poverty and export diversification programme to increase the foreign exchange earnings of countries. Consequently, the overriding concern is finding other alternative sources of foreign exchange earnings to the fading glory of the oil boom era in Nigeria. This has made the option of diversifying the economy with the aid of vibrant SMEs in the non-oil sector, a tenable and the best option available for the nation's anticipation to stabilize, grow and develop the economy. This without doubt, is a way of tapping sustainably into the creative and innovative ingenuity of the teaming Nigerian youth. Invariably too, a more reliable framework to achieving this vision, is a set of actionable growth strategies for sustainability of the SME sector, which according to Premium Times Newspaper (2019), is employing over 84% of Nigerian workforce.

Firms' Internal Growth Strategy and SMEs' Export Performance

The term 'Strategy' refers to a well-planned and broad-based course of action intended for long-term achievement of specific objectives. When applied to business growth, the term implies the strategic action plans that seek to create or improve specific business parameters for expansion of firm's operations (Abolarinwa, et al., 2020). Such strategic plans according to research, may have to include pragmatic actions on firm's entrepreneurial orientation, marketing philosophy, employees' learning culture, technology drive, product/market diversification direction, and risk management style, that can bring about increase in sales volume, profitability and consequently, credit worthiness of a firm (Safari & Saleh, 2020; Aminu & Shariff, 2016; Crane, Gantz, Isaacs, Jose & Sharp, 2013). This assertion is evidenced by the global effect of Covid-19 on exporting businesses, as it has occasioned the need for SMEs to be more resilient in strategic planning, business sustainability and growth management especially, from the aftermath of the devastating pandemic, more than ever before. This is needed to ameliorate the negative impacts of the induced lockdown on production, market activities, as well as restrictions on movement and social gatherings (Bularafa & Adamu, 2021). The attendant socio-economic disruptions of the pandemic have thus, given rise to new demands on business owners and managers especially, those engaging

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in product exports, to opt for more effective survival strategies and growth of businesses during and after the crisis period. PwC MSME Survey (2020) asserts that only businesses with functional mechanisms and well-designed internal growth strategies would survive the socio-economic dilemma of Covid-19 pandemic in the domestic and export market operations. In other words, a novel managerial orientation and strategic competence in business planning on resource deployment, risk management, organizational change, operational scope, financial management, employees' productivity, employees' health care, sales maximization and sustained profitability are required for any firm to overcome the aftermath of the pandemic. These new challenges on SME owners and managers would thus, not only mitigate the ongoing socio-economic crisis situation but help to sustain and expand exporting businesses in the post-Covid period (Abolarinwa, et al., 2020). The goal of internal growth strategy therefore, is to bring about organizational change that will help in formulating and prudently, executing business expansion measures and programs that will enlarge firm's share of its market on a long term basis with the needs of its target audience and the company's vision, well accomplished (Act! Team, 2020). The external growth strategy which can either be through merger or business acquisition would also, be vital for firms in dire need of external financing capital needed to pursue and manage firm's export market. Accordingly, both internal and external strategies would collectively, provide the pillars of what determine a solid business development strategy for successful operations of exporting SMEs in the foreign market (Bruin, 2017).

In a recent review of Ansoff popular matrix, Hanlon (2021) gave a synopsis of the four market expansion models in the matrix as including: market penetration; new market development; new product development; and diversification. Each of the four models according to Hanlon, is a strategic planning approach available to a firm that intends to widen its customer base and grow its sales, revenue and profit through alternative marketing approach which can help firms to identify opportunities in reducing its operational costs, or enhancing its distribution network or expanding its supply capacity in its supply value chain. However, each of the strategic designs outlined invariably, depends on firm's ability to successfully exploit its competitive advantage which to a large extent, depends on the richness or productiveness of the firm's long-term business growth strategy (Act! Team, 2020).

Porter (1980) also, suggested other generic growth strategies that are with broad and narrow measures to enhance competitiveness of firm's operations in its market. The broad measure involves a firm pursuing low-cost leadership or product differentiation strategy in its market, while the narrow measure involves a firm choosing to focus on a segment of a market and pursuing either lowest cost or product differentiation strategy. These strategies according to Porter are the various strategic or long-term designs available to firms in combating the five competitive forces which include: forces of new entrants to the market; the bargaining power of suppliers; the bargaining power of buyers; threat of substitute products; and competitive rivalry among the existing firms in a market.

Obviously therefore, the intensity of business or marketing strategies as described, cannot but be dependent on competencies of the firm's owners and managers which in effect, is a powerful determinant of exporting firms' higher performance level (Sánchez, 2012). A firm according to Barney (1986) can thus, choose to operate any of the growth strategies outlined, depending on the managerial ability and competence of its owners/managers in recognizing when the business needs a boost and the appropriate growth strategy to be put in place in order to exploit the set of productive and marketing opportunities associated with it. Invariably, the ultimate

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motive of businesses taking to any of these strategic growth plans, is either for the purpose of seeking an increase in domestic market shares, or improvement in international coverage, or achieving some kind of economies of scale that could result in cost reduction and consequent revenue maximization, with a strong focus on higher profit making (Bruin, 2017).

This study therefore, examines the direct effect of firm's internal growth strategy on exporting capability of the SMEs with hypothesis (H1) developed on the foregoing as:

- *H1: Firm's internal growth strategy has no impact on SMEs' export performance.*

Financing Factors and SMEs' Export Performance

Sustaining a virile SME sector that is capable of stimulating economic growth and eradicating poverty depends to a large extent, on availability of finance. Previous research (Owenvbiugie & Igbinedion, 2015; Gbandi & Amissah, 2014; Xavier, Kelley, Kew, Herrington and Vorderwülbecke, 2013; Demir & Caglayan, 2012; Akingunola, 2011; Wiklund & Shepherd, 2005) have found lack of finance capital as detrimental to firms' growth and performance indices. Amidst the series of contending challenges facing the SMEs in Nigeria, other research (Bazil, 2005; IFC, 2007; Soludo, 2008; Folorunsho, 2011; Ezeudu, 2014; Muktar, 2009; Gulani & Usman, 2013; WTO, 2016; Abosede et al., 2017) have also, identified inadequate finance as one of the major problems militating against effective performance of Nigerian SMEs, both in the domestic and export markets. PwC MSME (2020) survey report has acknowledged the significance of finance capital on sustenance and expansion strategy of the small and medium-scale firms in Nigeria. The survey report indicates that the major source of finance capital resource to Nigerian SMEs is inheritance and gifts from families & friends and this, represents about 48% of available finance to the SME sector, while only 15% of firms get loans from credit institutions. This obviously, shows that the formal source of finance for SME sustainability and growth in Nigeria is inadequate enough. In spite of that, an appreciable proportion (46%) of SMEs' owners/managers in Nigeria would prefer funding their business growth through private equity capital against the 33% of firms that would go for debt financing (PwC MSME Survey, 2020). The foregoing analysis therefore, goes to show the preponderance of scholarly views affirming the fact that finance is key to survival and growth strategy of any business enterprise, whether large, medium or small-scaled. The present study thus, examines the effect of finance on SMEs' export performance through firms' access to credits, inadequacy of startup capitals, terms of loan acquisition & repayments, as well as functional export finance mechanism. Hence, we formulate the second hypothesis (H2) in the study as follow:

- *H2: Financing factors have no influence on SMEs' non-oil export performance.*

Financing as a Mediator in the Relationship between Firms' Internal Growth Strategy and SMEs' Export Performance

Finance as an important determinant of firms' performance indices, has a great deal of impacts. These impacts can be directly or indirectly related to firm's performance. For example, successful implementation of any business growth strategy to a large extent will depend on how easily accessible is finance capital to the business. However, while there are copious evidence in literature to support the direct impact of finance on firms' performance, the impact of finance through its relationship with other independent variables like firms' growth strategies, has not been sufficiently researched in developing economies like Nigeria (Aminu & Shariff, 2016). Thus, in a review of literature aimed at developing a conceptual framework for identifying the significant determinants influencing the firms' performance indicators, the

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researchers acknowledged the indirect or mediating impact of finance capital in the relationship of four basic strategic orientations (i.e. entrepreneurial direction, market philosophy, learning culture, technology drive) and access to finance on firm's performance. Similarly, Noghondari & Noghondari (2017) in a study on the mediating role of finance asserted that the hidden or indirect impact of financial leverage is significant on the relationship between ownership concentration and financial corporate performance. Conversely, Fahimi & Fakhari (2017) examined the role of finance as a mediator in the relationship between intellectual capital and market share of the listed companies in Tehran stock exchange and discovered a positive and significant relationship but with no mediation effect of finance on the relationship investigated. Based on the research evidences cited therefore, it appears that finance factor has both implicit and explicit roles to play in the relationship between firm's growth strategies and export performance which cannot be facilitated without access of businesses to institutional finance either through bank loans or equity funds from the capital market when needed. Therefore, in addition to its direct impact on firm's performance, the role of finance as an indirect or mediating predictor of SME performance indices through firms' expansion strategies cannot be undermined. The present study thus, examined the indirect impact of finance as a mediating variable on the relationship between firm's internal growth strategy and SMEs' export performance in southwest Nigeria in hypothesis (H3) which is formulated as:

- *H3: Financing factors have no influence on the relationship between Firms' Internal Growth Strategy and SMEs' export performance.*

The Conceptual Framework

The conceptual framework adopted for the present study is based on theory of internal growth of firm by Penrose (1959), the Resource Based View of Barney (1991) and the dynamic capability theory of Teece, et al. (1997). Penrose in his theory postulates the growth in firm's performance through internal strategies adopted by firm's management. In other words, the theory holds that firm's performance to a large extent, depends on how management strategy enhances the productive capability of the other firm-specific resources at the firm's disposal. The theory therefore, suggests that effective management style creates dynamic integration which stimulates growth in firm performance indices. The conceptual parlance of Resource Based View of Barney (1991) concerns the key firm-specific resources that are valued, rare in quality and of inimitable characteristics, and capabilities in form of entrepreneurial competences, acquired knowledge, corporate ingenuity, and control factors like unique financial indicators that can mediate vital relationships among the variables that create firms competitive edge and also, helps in positioning the firms within its market and impact on firm's performance indices. The ability of the firm to create, integrate and reconfigure these owned resources, capabilities and control factors to sustain the firms in its market particularly, at the time of strategic shift in its market, is the area of the dynamic capability theory of Teece, et al. (1997). The combination of the three theories outlined, forms the foundation of the integrative framework we have proposed for capturing the objective of the study that seeks to examine and identify the significance of firms' internal growth strategy and financing factors as vital drivers of SMEs' export performance in the southwest Nigeria. For brevity and clarity, SME firms in this study are taken to mean any small or medium-scale income-generating business organisation, engaging in production and/or sale of goods and services for domestic and/or international markets. Thus, the conceptual framework for the present study will examine the relationships among the study variables as depicted in Figure 1 below and will form the basis of the hypotheses to be tested in this study:

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- the dependence of SMEs' export performance on firms' internal growth strategies through the dimensions of entrepreneurial orientation, marketing philosophy, employees' productivity programs, employees' learning culture, resource and risk management style, on which hypothesis (H1) is based;
- the dependence of SMEs' export performance on finance in terms of easy access to credits, start-up capital, terms of loan acquisition & repayment, export finance mechanism which together, form the expression for hypothesis (H2).
- The mediating effect of finance (as captured in the study) on the relationship between firms' internal growth strategies and SMEs' export performance, forming the basis of hypothesis (H3).

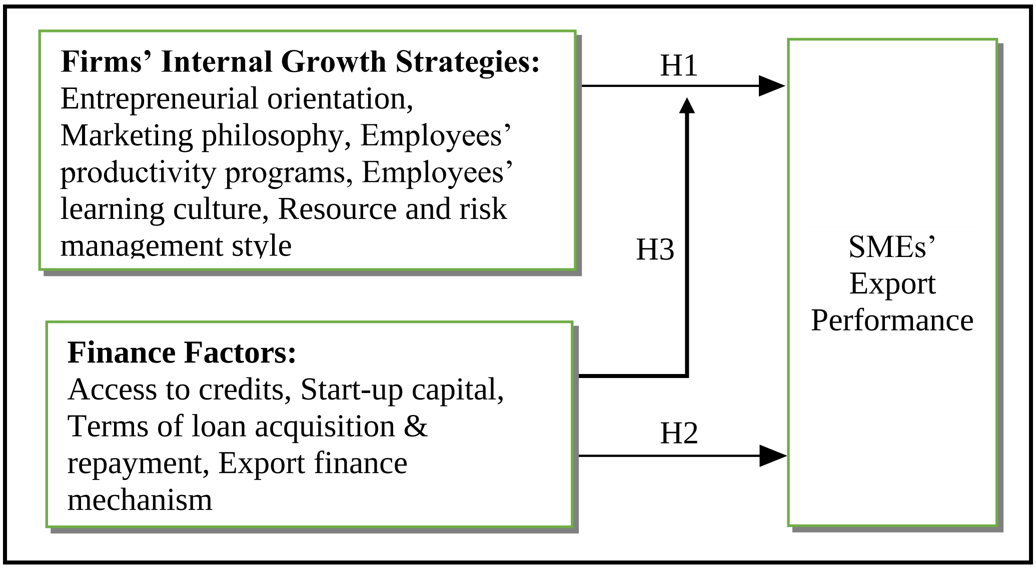

Figure 1: Conceptual Framework

Source: Authors' own

Methodology

The present study adopted a quantitative survey technique, using cross-sectional, descriptive and purposive design. This method has made possible, the collection of sufficient numerical data at once on all the study variables, for answering the research questions and testing the hypotheses formulated for the study without variable manipulation. Otokiti (2005) emphasized that the study objectives and the kind of questions to be asked in a given research, determine the choice of research method to be used. Therefore, the choice of statistical tool of quantification method and exploratory research design in this study was informed by the research intent, which was mainly, to carry out a thoroughly empirical investigation, using the numerical data for answering the research questions on the relationships existing among the identified study variables, as well as testing and validating the hypotheses formulated for the study.

The Population and Study Location

The latest data on MSMEs in Nigeria according to the most recent survey by SMEDAN/NBS (2017) estimated the Population of Micro, Small and Medium-scale Enterprises in Nigeria at 41.5 million. Of this number, the Micro enterprises accounts for 41.4 million (or 99.8%), while the SMEs make up the rest 100,000 firms nationally. A further breakdown by the SMEDAN/NBS has put the number of SMEs in the southwest comprising of Lagos, Ogun,

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Osun, Oyo, Ondo and Ekiti states at 25,000 firms. Consequently, three of the states including Lagos, Oyo and Osun with highest numbers of SMEs according to SMEDAN/NBS (2017), were chosen for the field survey exercise.

Sample Size Determination and Sample Design

A survey research of 300 SME firms was proposed for the study. This sample size was determined, using the formula of Cochran (1977) as:

$$\text{Sample Size (n)} = z^2 \times p \times (1 - p) / (C.\ I)^2 \text{ .... (eq.1)}$$

$$= 1.96^2 \times (0.75) \times (0.25) / (0.05)^2 = 288 \text{ (approx. 300).}$$

Thus, with p - the proportion of SMEs operating in the southwest Nigeria put as p = 0.25 (or 25,000/100,000); confidence level, C. I (95%); error margin (5%); (z) - the critical value from the normal distribution table (i.e. where, z =1.96); and at 5% confidence interval, the sample size (n) was determined as in eq. (1) above.

Therefore, given the sample size of 300 SMEs as determined, the sample design was to conduct the field survey in the three selected study locations as: Lagos - 150, Oyo - 85 and Osun – 65 respondent firms respectively. The prominence of Lagos as a study location with the largest sample assigned, was due to its being the commercial nerve centre that generated over 25% of Nigeria's total GDP in the last 5 years and having about 12% of all the SMEs in Nigeria (PwC MSME Survey, 2020). A purposive random sampling technique based on convenience and subject to respondents' availability and accessibility in each of the study locations as suggested by Abrams (2010), was adopted in the selection of the SME owners/managers, males and females within the "20 – 60" age bracket and different social classes, as well as belonging to the non-oil product exporters (active and potential). This method was found more convenient and yielded better result, given the poor response rate experienced from the failed online attempts that was initially made at getting data collected through email addresses of the enterprises.

Method of Data Collection and Analysis

The instrument designed for the study was pre-tested in a mini pilot study organised in Lagos to establish its operationalization and practicability. This was done to determine the appropriateness of the questionnaire before being used in the final survey exercise. The questionnaire was later revised, based on the feedback from the pilot study that gave a high Cronbach Alpha coefficient of 0.907. This result anchors the multi-stage, cross-sectional and purposive sample survey organised with self-administered questionnaires that were randomly distributed to selected study respondents from among the qualifying SME firms defined as the units of analysis and represented by their owners or senior managers across the three selected south-western states of Lagos, Oyo and Osun. To make the data collection process easier, three well-trained field assistants complimented the efforts of the researchers in the direct administration of the study instruments through contacts made with the respondents. This gave a better response rate, despite having to make repeated calls on some of the respondents, when and where necessary. The questionnaire was constructed in such a way, as to reflect the research objectives, questions and to elicit and measure appropriate responses from the study respondents to research questions on study indicators, using the Likert-type psychometric response scores, in which respondents in the study were made to voluntarily indicate their level of agreement or otherwise to carefully constructed statements on 5 points scale of: (1) - Strongly Disagree; (2) – Disagree; (3) - Neither Agree nor Disagree; (4) – Agree; (5) - Strongly

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Agree. The choice of the quantitative method for the study is informed by the fact that it is an investigative process based on systematic and empirical approach to quantification and collection of numerical data for subsequent analysis, inferences and validation of the relevant study hypotheses for solutions to the research problems. The original data collected was processed with the aid of PASW Statistics 18; while the result was analysed with multiple regression and correlation methods. The null hypothesis testing approach was also, considered useful and appropriate for the study because of its capacity to test and conclude on whether or not, a relationship exists between the observed or measured phenomena.

Specifically, as outlined in the conceptual framework (figure 1), the analysis of mediation process was performed on the data collected in the study exercise in order to answer the question of:

a) How the response variable, internal growth strategy (X) significantly predicts SMEs' exports performance (Y);
b) And also, to establish if the relationship in (a) above is fully, partially, or not mediated by the independent variable, finance (M).

The approach of Baron & Kenny (1986, p. 1176) was applied for the mediation analysis in the study and the objective of the process is to test a hypothesis on whether finance (as an independent variable, M), plays a significant mediating role between the major predictor variable in the study (i.e., firms' internal growth strategy, X) and the dependent variable (SMEs' export performance, Y). Figure 2 presents the summary of the mediation procedure.

As such, the mediation verification steps taken with respect to empirical data collected on the relevant study variables include:

a) A bivariate correlation analysis between each pair of the study variables. If the correlation result is positive and significant for each pair of variables under investigation, then we proceed to the next step;
b) A direct relationship (*as on path c*) between firms' internal growth strategy (X) and SMEs' export performance (Y). This relationship must be significant to continue the verification;
c) A direct relationship (*as on path a*) between firms' internal growth strategy (X) and the mediator variables, finance (M). The regression weight of this relationship must also, be significant or else, the mediation process is null and void;

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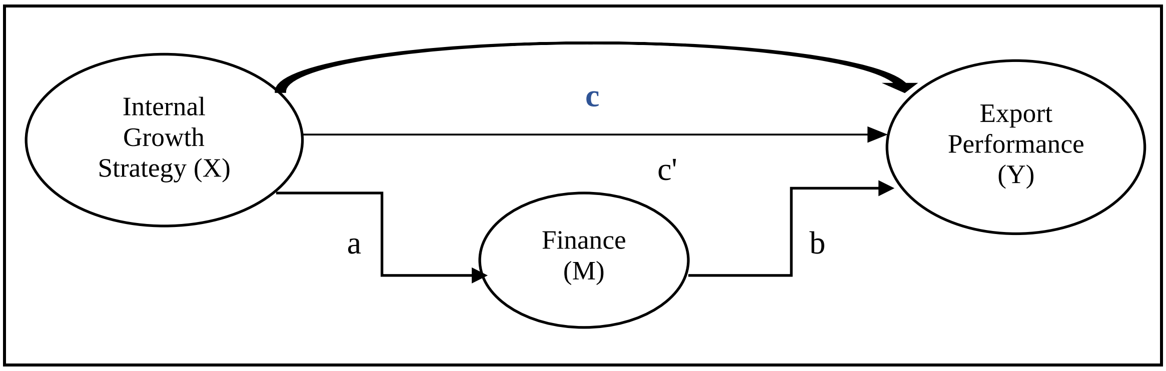

Figure 2: Mediation Model Showing the Verification Procedure and Regression Paths
Source: Authors' own

d) A direct and significant relationship (*as on path b*) is established for the mediator variable (finance, M) when introduced simultaneously, into the relationship between the independent variable (firm's internal growth strategy, X) and the dependent variable (SMEs' export performance, Y).
e) Finally, we assess the strength of the mediator variable (M) in its impact on SMEs' export performance measure (Y) as: [c – c'] or [a × b]. Thus:

- if a significant relationship is found to exist between the independent variable (firm's internal growth strategy, X) and the dependent variable (Export contribution, Y), but got reduced (from what its value was in step b above) after the introduction of the mediator (M) in step (d), then we will have evidence to support a partial mediation role of the mediating variable, finance (M) on the relationship between X and Y;
- if on the other hand, the relationship between X and Y in (b) above remains significant and not reduced after the introduction of a mediating variable (M) in step (d) then, the mediating variable (M) introduced is not mediating in the relationship between X and Y. And hence, the null hypothesis or assumption of mediation in the relationship concerned will be rejected.
- However, if the relationship between X and Y got reduced and becomes non-significant after the introduction of the mediator variable, finance (M) in step (d), then the variable introduced has fully mediated between X and Y variables. We will thus, have evidence to support the existence of full mediation role of the M variable in the relationship between the independent variable (X) and the dependent variable (Y).

Findings and Discussions

It is instructive to note here that although 300 firms was the sample size originally proposed for the study, the actual result of the field survey conducted across the three study locations, produced 285 respondent firms that successfully filled and returned the study questionnaires from among those owners/senior managers of SMEs contacted on the study. This result that gave a 95% response rate from the original 300 owners/managers of SME firms contacted was considered adequate enough and thus, formed the basis of our analysis. The reliability of the instrument used was ascertained with Cronbach Alpha coefficient (α) of 0.907 on the SPSS from the pilot study earlier organised. This measure is considered reliable, given the Likert-type of response scale used for the measurement of the study variables.

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Effects of Firms' Internal Growth Strategy on SMEs' Export Performance

The result of multiple regression analysis of the impacts of Internal Growth Strategies (IGS) on SMEs' Export Performance (EP) expressed in model 1 is as shown in Table 1 below. The result of the total sample shown in column II of the Table is split into two for small firms with 10 - 49 employees, and the medium firms with 50 - 199 employees respectively. The multiple regression equation (Model 1) expresses the relationship between the dependent variable, SMEs' export performance (Y_{exp}) and the constructs of the independent variable, SMEs' internal growth strategy (IGS) including: Entrepreneurial Orientation (EO_1), Marketing Philosophy (MP_2), Employees' Productivity Programs (EPP_3), Employees' Learning Culture (ELC_4), and Resource & Risk Management Style (RRM_5). In specific form, the equation in this section is presented for the total sample as:

$$Y_{exp} = 0.182+0.179EO_1+0.215MP_2+0.118EPP_3+0.064ELC_4+0.253RRM_5+U_i \ldots \text{ (Model 1).}$$

All variables are as defined in Table 1 and U_i = Error term. The Table shows that the constant, which is also the intercept, reveals the level of the resultant variable, SMEs' export performance when all the independent variables are zero. The result obtained for the intercepts is however, insignificant at 5% level for the three models examined. This is theoretically relevant as it indicates that when all the predictors considered in the multiple regressions (model 1) are non-functional, it will be extremely difficult if not impossible, for firms to successfully engage in exporting business.

The beta coefficient showing the effect of entrepreneurial orientation (in Table 1) is positive and significant ($\beta = 0.179$, p value < 0.05) especially, for the small-scale firms sampled ($\beta = 0.225$, p value < 0.05). This shows that the more successful is the strategy by the small-scale SME owners and managers in entrepreneurial knowledge acquisition & managerial skills in the southwest Nigeria, the greater will be their ability to undertake profitable investment and ventures that will boost their firms' contributions to the non-oil export product. The result is however, insignificant for the medium size enterprises, as the correlation coefficient displayed a positively weak relationship with $\beta = 0.106$, p value > 0.05.

Table 1: Effects of Internal Growth Strategy (IGS) on SMEs' Export Performance by Business Size

Variable	**Total Sample**		**Small-scale Firms (10-49 employees)**		**Medium-scale Firms (50-199 employees)**	
Internal Growth Strategies (X_i)	*Equation Coef.*	*t-statistic*	*Equation Coef.*	*t-statistic*	*Equation Coef.*	*t-statistic*
(Constant)	0.182	0.615	0.317	0.974	0.033	0.042
Entrepreneurial Orientation (EO_1)	0.179*	2.573	0.225*	2.601	0.106	0.930
Marketing Philosophy (MP_2)	0.215*	3.155	0.121	1.456	0.385*	2.992
Employees' Productivity Programs (EPP_3),	0.118*	2.547	0.107*	2. 771	0.029	0.292
Employees' Learning Culture (ELC_4),	0.064	1.093	0.041	0.605	0.046	0.375
Resource & Risk Management Style (RRM_5)	0.253*	3.582	0.274*	3.051	0.235*	2.114

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Indicator	Total Sample	Small	Medium
Correlation Coefficient (R)	0.671	0.706	0.625
R-Square (R^2)	0.450	0.498	0.390
Adjusted R-Square	0.440	0.484	0.353
No. of Observations	285	199	86
F-test Statistics	44.758*	36.694*	10.486*
($F_{0.05(v1,v2)}$)	(2.26)	(2.27)	(2.33)

Dependent Variable = SMEs' export performance (Y); Independent Variable =Internal Growth Strategies (X_i)
*p = significant at 5% level
Note: SPSS Regression Output based on the field study

The firm's marketing philosophy (MP_2) is another construct displaying a positive and significant effect on export performance of the SME firms sampled in the study with covariate (β) = 0.215, p value < 0.05. This significant result is positively displayed especially, for the medium-sized enterprises with beta coefficient (β) = 0.385, *p* value < 0.05. The implication of this is that any innovative marketing philosophy, concept or idea with propensity for substantial reduction in cost of production, improved product quality, increase in sales or companies' market share, while positively influencing customer purchase decisions to the benefits of the firms, will significantly impact on non-oil export performance of the SMEs particularly, the medium size firms in the southwest and by extension, Nigeria.

Similarly, organizational strategy on employees' productivity programs (EPP_3) also, has a positive and significant beta coefficient (β = 0.118, p value < 0.05) to imply a strong relationship with SMEs' export performance especially, the small-scaled firms with covariate (β) = 0.107, *p* value < 0.05 as shown in Table 1. However, the employees' learning culture (ELC_4) displayed a positive but insignificant beta coefficient (β) = 0.064, *p* value > 0.05) on export performance of the SMEs in the southwest. The implication of this appears to be that organizational convention for supporting employees' continuous education, training and creativity on marketing, export orientation and value addition in the SME firms is still weak and yet to impact significantly on SMEs' export performance in the southwest Nigeria.

Lastly, the covariate of resource & risk management style (RRM_5) shows a positive and significant correlation with the SMEs' export performance in all the three models examined, with β = 0.253, *p* value < 0.05 for the total sample; β = 0.274, *p* value < 0.05 for small-scale SMEs; and β = 0.235, *p* value < 0.05 for the medium scale SMEs. This result suggests that prudent resource management is a recipe for increasing export contribution from all the SME firms operating in the Southwest, Nigeria. The result also, appears to support Barney (1991) in his resource-based perspective with its emphasis on prudent resource management as a panacea to firms' competitiveness. It also shows the significance of adopting the right strategy on resource and risk management in order to ensure optimal balance between the potentials for making profit and the risk of losing in exporting process according to Crane, et al., (2013).

Finally, the coefficient of determination as given by the adjusted R^2 values in Table 1 for the total sample, small-scale and medium-scale firms, shows the model quality as 45.0%, 49.8% and 39.0% respectively. These significant results show the levels to which the predictor variable, internal growth strategy (IGS) through its dimensions (as examined), has explained the internal variations in the dependent variable, SMEs' export performance, leaving the rest influence to other factors that are not included in the analysis.

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Effects of Financing Factors on SMEs' Export Performance

Finance refers to all activities associated with a business having access to credits or equity funds for its domestic and/or international commitments on investments and expansion programs, assets acquisition and maintenance, settlements of liabilities and debts. The present study examined the effect of the dimensions of finance as a vital driver of SMEs' export performance as shown in Table 2, from the result of multiple regressions (Model 2) of SMEs' export potentials on the constructs characterizing the SMEs' financing factors in the study.

The multiple regressions in model 2 represents the total sample which is split into two groups of firms according to their sources of capital, either mainly from the formal or informal sources. This classification is based on the fact that every enterprise is financed either through bank debt or equity capital or a combination of both. SMEs in particular, usually source for finance capital either from the formal finance sector (FFS) or the informal finance sector (IFS).

Table 2: Effects of Finance on SMEs' Export Performance by Source of Finance.

Variables	**Total Sample**		**Formal Sources of Finance Capital**		**Informal Sources of Finance Capital**	
Financing factors (Xi)	*Equation Coef.*	*t-statist*	*Equation Coef.*	*t-statist*	*Equation Coef.*	*t-statist*
(Constant)	0.541*	3.641	0.282*	2.190	0.600*	2.775
Firms' Access to Credits (FAC_1)	0.231*	4.099	0.219*	2.725	0.188*	2.353
Adequacy of Start-up Capital (ASC_2)	0.278*	4.862	0.393*	4.732	0.116	1.470
Terms of Loan Acquisition & Repayment ($TLAR_3$)	0.191*	3.791	0.200*	2.857	0.161*	2.130
Export Finance Mechanism ($AEFM_4$).	0.164*	3.036	0.160*	2.112	0.160*	2.035
Indicators	**Total Sample**		**Formal Sources**		**Informal Sources**	
Correlation Coefficient (R)	0.808		0.796		0.803	
R-Square (R^2)	0.653		0.633		0.644	
Adjusted R-Square	0.643		0.614		0.638	
No. of Observation	285		122		163	
F-test Statistics ($F_{0.05(v1,v2)}$)	98.958* (2.26)		33.172* (2.33)		64.352* (2.27)	

Dependent Variable = SMEs' export performance (Y); Independent Variable =Financing factors (X_i)
*p = significant at 5% level
Note: SPSS Regression output based on the field study

Previous research (Aminu & Shariff, 2016; Gulani & Usman, 2013; Muktar, 2009), have identified the combined effect of the independent variable, finance as one of the major & direct drivers of performance indicator of Nigerian SMEs, both in the domestic and export markets.

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This study however, examines in detail, the impact analysis of financing factor as including: firms' access to credit (FAC_1), adequacy of start-up capital (ASC_2), terms of loan acquisition & repayment ($TLAR_3$), and export finance mechanisms (EFM_4), in a multiple regression model 2 showing the relationship for the sampled firms as in Table 2:

$$Y_{exp} = 0.541+0.231FAC_1+0.278ASC_2+0.191TLAR_3+0.164EFM_4+Ui\text{.........} \text{ (Model 2).}$$

All variables are as defined in Table 2, and Ui = Error term. The constant (α_0) of the equations in the table shows that when all the predictor variables are zeros, the value of the equations across the three models will be positive. This satisfies the apriori expectation or condition that any would-be exporting firms must at least, break-even and passed some domestic tests before venturing into the process.

The result of relationship between firms' access to credit (FAC_1) both in the formal and informal financing sectors and the firm's performance in the foreign market, is positive and significant as obtained for all the three models in our analysis. The coefficients of correlation for firms in the total sample is $\beta = 0.231$, p value < 0.05; for SMEs sourcing for funds mainly in the formal financing sector is $\beta = 0.219$, p value < 0.05; while for those firms sourcing for funds from the informal sector is $\beta = 0.188$, p value < 0.05. These results support the view of Muktar (2009) that easy access to finance is a basic necessity for stability, growth and improved performance of SME firms, both in the domestic and international market.

Furthermore, the regression result of the relationship between adequacy of the start-up capital (ASC_2) and SMEs' performance is positive and significant as $\beta = 0.278$, p value < 0.05 for the total sample studied. However, this positive and significant ($\beta = 0.393$, p value < 0.05) result is only significantly reflective of firms that source for start-up business capital through the formal sector only, while an insignificant covariate ($\beta = 0.116$, p value > 0.05) is gotten for the firms sourcing for capital mainly from the informal financial sector. This result appears to support the CBN (2020) guidelines on financial inclusion for SME start-ups in its anchor borrower program (ABP), agri-business/small and medium enterprise investment scheme (AGSMEIS) and its plan to integrate non-interest financial institutions (NIFI) in all its intervention programs to institutionally and officially support SME start-ups, sustainability and expansion strategies especially, in the aftermath of covid-19 pandemic.

Moreover, the analysis of terms of loan acquisition and repayment ($TLAR_3$) for the SME owners and how it affects their export performance, reveals positive and significant covariate ($\beta =0.191$, p value < 0.05) in the total sample. This is especially, notable for firms that source for their initial capital requirements mainly through loans from the banking sector where a positive and significant relationship with (β) = 0.200, p value < 0.05 is obtained. Alternatively, a weak and insignificant relationship ($\beta = 0.161$, p value < 0.05) is found for those firms that source for capital mainly from the informal financial sector. This result suggests that all things been equal, better terms of loan acquisition and repayment will significantly impact on export performance of the SMEs in the Southwest Nigeria. The result can also, be advisory to government to further intensify its directives to the commercial banks, finance houses and investment corporations on terms of loan acquisition and repayment options to private-sector for promoting growth and development of the SMEs in the Southwest Nigeria.

Finally, the result on effects of export financing mechanisms (EFM_4) also shows a positive coefficients of correlation ($\beta = 0.164$, p value < 0.05) showing a significant effect on export contributions of SMEs sourcing for funds from both formal and informal sectors. This

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significant finding implies that adequate provision of functional export financing mechanisms to aid the exporting process and commitments of the SMEs operating in the southwest Nigeria, can lead to significant increase in export contributions of the firms.

The model quality is assessed by the coefficient of determination (i.e., adjusted R^2) which in Table 2, shows that the variation in the non-oil export contributions of SMEs in the study, is explained by the key driver of the relationship (i.e., the independent variable, financing factor) to well above 60.0% threshold for three models examined in the study. This level according to theoretical expectation is highly considerable.

Mediating Influence of Finance on the Relationship between Internal Growth Strategy and SMEs' Export Performance

The analysis of how finance mediates in the causal relationship between internal growth strategy and SMEs' Export performance is explained with the aid of regression analysis, using the approach of Baron and Kenny (1986, p. 1176) as follow:

- First, we established on the SPSS as shown in Table 3, a bivariate correlation analysis showing positive and significant correlation between each pair of the variables under investigation at 0.01 levels (2-tailed). With this result, the first requirement that all variables in mediation analysis be significantly correlated is satisfied.

Table 3: Pearson Moment Correlations Coefficients for SMEs' Export Contribution, Internal Growth Strategy and Finance

Variables		**SMEs' Export Contribution**	**Internal Growth Strategy**	**Finance**
SMEs' Export Contribution	Pearson Correlation	1		
	Sig. (2-tailed)			
Internal Growth Strategy	Pearson Correlation	.587**	1	
	Sig. (2-tailed)	.000		
Financing Factor	Pearson Correlation	.289**	.310**	1
	Sig. (2-tailed)	.000	.000	

**p = Correlation is significant at the 0.01 level (2-tailed).
Notes: SPSS Computation based on Researcher's field survey data

- Next, a simple regression model (3) showing the relationship between the dependent variable, SMEs' export performance (Y) and the predictor variable, Internal Growth strategy (X) as the only predictor is established on the SPSS, as shown in Table 4. The total regression weight of this relationship is the value of unstandardized beta coefficient β = 0.526, p value = 0.000 (see Table 4). This is a positive and significant relationship. By this result, the second condition necessary for mediation process is satisfied.

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Table 4: Regression predicting relationship between SMEs' Non-Oil Exports Performance (Y) and Internal Growth Strategy (X), with N = 285.

Model 3	Unstandard. Coef.		Standard. Coef.	t	Sig.	Correlations		
	β	Std. Error	Beta			Zero-order	Partial	Part
(Constant)	1.795	.186		9.669	.000			
Internal Growth Strategy	.526*	.044	.587	12.064	.000	.587	.587	.587

a. = Dependent Variable: SMEs' Export Performance
Notes: SPSS computations based on the study field survey data; *p value < 0.05

- Furthermore, the relationship between the predictor variable, Internal Growth Strategy (X) and Finance (M) acting as the dependent variable, is evaluated in model 4 as shown in Table 5 below. The relationship here presupposes that the internal growth strategy (X) adopted by a firm can generate internal finance through plough-back profits for further growth. The regression weight which corresponds to unweighted beta coefficient (β) = 0.394, p - value < 0.05 reveals a significant relationship between Internal Growth Strategy (X) and Finance (M) as in Table 5. This result is in line with the requirement of Baron and Kenny (1986) logic of establishing mediation.

Table 5: Regression Predicting Relationship Between the Predictor Variable, Internal Growth Strategy (X) and the Mediator, Finance (M), with N = 285

Model 4	Unstandard. Coefficients		Std. Coef.	t	Sig.	Correlations		
	β	Std. Error	Beta			Zero-order	Partial	Part
(Constant)	2.255	.309		7.300	.000			
Internal Growth Strategy	.394*	.073	.310	5.434	.000	.310	.310	.310

a. Dependent Variable = Finance (M).
Notes: SPSS Computation from the study field survey data; *p < 0.05

- Lastly, the regression (Model 5) result shows export performance (Y) as the resultant criterion in a relationship where both Internal Growth Strategy (X) and Finance (M), act simultaneously as predictors of Y. Table 6 presents the strength of the mediator variable, Finance (M) displaying a positive and significant correlation coefficient: β = 0.083, p-value < 0.05 as it jointly predicts the dependent variable, export performance (Y) in this relationship.

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Table 6: Regression Predicting Relationship between Internal Growth Strategy (X) and Export Performance (Y) in the presence of the Mediator, Finance (M), with N = 285

Model 5	Unstandard. Coef.		Standard . Coef.	t	Sig.	Correlations		
	β	Std. Error	Beta			Zero-order	Partial	Part
(Constant)	1.607	.201		7.994	.000			
Internal Growth Strategy (X)	.493*	.046	.550	10.839	.000	.587	.546	.523
Finance (M)	.083*	.036	.118	2.319	.021	.289	.138	.112

a. = Dependent Variable: Export Performance
Notes: SPSS Computation from the study field survey data; *p < 0.05

Table 6 also shows the result of the relationships describing the mediation process, as the regression weight of internal growth strategy (X) on export performance (Y) is reduced from its value of β = 0.526, p value < 0.05 (in Table 4) to β = 0.493, p value < 0.05 (in Table 6) after the mediation process through the mediating impact of finance (M). The estimate of the strength of this reduction is calculated as: c – c' = 0.526 – 0.493 = 0.033 (3.3%); or as the product of regression effects of X on M (i.e., paths 'a') and the regression effect of M on Y (i.e., path 'b' in figure 2 below) as in: a × b = 0.394 × 0.083 ≈ 0.033 (or 3.3%).

The graphical illustration of the above analysis is presented in figure 3, where the mediating variable, finance (M) on the average, reduced the strength of the overall effect of the predictor variable, internal growth strategy (X) on SMEs' export performance (Y) from: path c = 0.526 to path c' = 0.493 (i.e., 0.526 – 0.493 = 0.033) or as: path a × path b = 0.394 × 0.083 ≈ 0.033 (i.e., 3.3%).

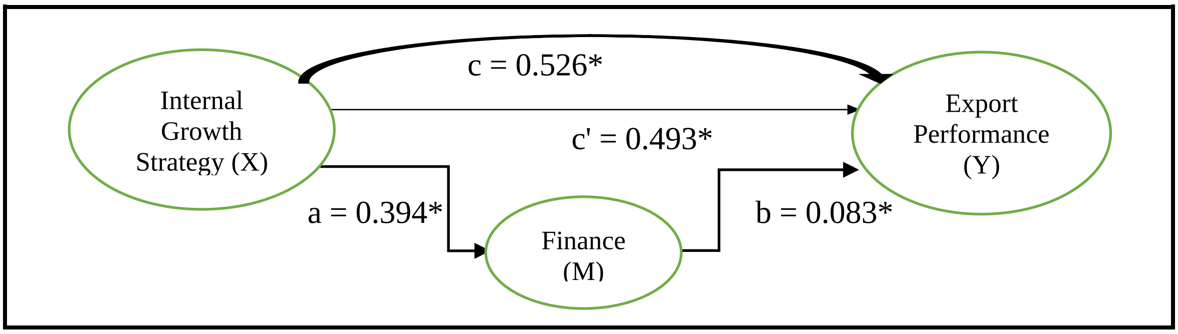

Figure 3: Mediation Model Showing the Numerical Strength of Relationships Between Internal Growth Strategy (X) and SMEs' Export Performance (Y) as Mediated Through by Finance (M); *p < 0.05
Source: Authors' own

Consequently, as the relationships examined on path a, path b and path c are all significant, we have evidence to support the partial mediation effect of finance (M) on the relationship between the predictor variable, Internal Growth Strategy (X) and the dependent variable, SMEs' export performance (Y). This finding supports the result of earlier studies (Noghondari& Noghondari, 2017; Fahimi & Fakhari, 2017; López-Cabarcos, et. al., 2015; Aminu & Shariff, 2016) that

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found the mediating role of finance as a catalytic variable for transforming or orchestrating the value creating ability of firms' resources and strategic activities like internal growth strategies into higher performance.

Tests of Hypotheses

Hypothesis 1 (H1): Firm's Internal Growth Strategy has No Impact on SMEs' Export Performance

From the multiple regression model (1) which expresses the direct relationship between the dependent variable, SMEs' export performance (Y) and the independent variable, firms' internal growth strategy (X), the multiple correlation coefficient ($r = 0.671$, p value < 0.05) obtained, gave a strong, positive and significant correlation between the variables. For this, the F-statistic (as calculated = 44.758, p value < 0.05) is significant and greater than the F-critical value of 2.26 at 5% significant level (see Table 7). The null hypothesis (H1) of no relationship between SMEs' export performance and the dimensions of firm's internal growth strategy as investigated in the study was thus, rejected in place of the alternative hypothesis.

Table 7: Hypothesis Test (H1)

Variable	**Total Sample**
Multiple Correlation Coefficient (R)	0.671
R-Square (R^2)	0.450
Adjusted R-Square	0.440
Std. error of the estimate	0.760
No. of Observations	285
F-test Statistic	44.758
Probability (F-test statistic), p-value	0.000
F-critical value at 5% significant level	2.26*

*p = significant at 5% level, according to Snedecor & Cochran, 1980.
Note: SPSS Regression Output based on data from the field study

The above result supports the findings from earlier studies (Ajayi, 2016; D'Angelo, 2010; Goldstein & Hilliard, 2008; Sousa, 2014) on the significant impacts of firm's internal growth strategy on SMEs' export performance.

Hypothesis 2 (H2): Finance has No Impact on SMEs' Export Performance

The multiple regressions (in model 2) portrayed the overall effects of financing factors on SMEs' export performance (as shown in Table 8).

Table 8: Hypothesis Test (H2)

Variable	**Total Sample**
Multiple Correlation Coefficient (R)	0.808
R-Square (R^2)	0.653
Adjusted R-Square	0.643
Std. error of the estimate	0.731
No. of Observations	285
F-test Statistic	98.958*
Probability (F-test statistic), p-value	0.000
F-critical value at 5% significant level	2.26

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*p = significant at 5% level, according to Snedecor & Cochran, 1980.
Note: SPSS Regression Output based on data from the field study

The multiple correlation coefficient ($r = 0.808$, p value < 0.05) showed a positive and significant relationship. The related F-test statistic (as calculated = 95.919, p value < 0.05) is also, significant and by far greater than its F- critical or table values (2.26) at 5% significant level (see Table 8). By this result, the null hypothesis (H2) of no relationship between finance and SMEs' export performance was not supported. The alternative view was accepted instead. The result attests to findings from the previous studies (Gulani & Usman, 2013; Muktar, 2009; WTO, 2016; Abosede et al., 2017) which have held that dedicated financial inclusion is a sure way to the needed improvement in SMEs' performance indices in Nigeria.

Hypothesis 3 (H3): Financing Factors Have No Influence on The Relationship Between Firms' Internal Growth Strategy and SMEs' Export Performance

The study fundamentally found evidence supporting a partial influence of mediating variable, finance (M) as an important catalyst in the strength of the total regression impact of the predictor variable, internal growth strategy (X) on SMEs' export performance (Y), with regression weight $\beta_1 = 0.526$, $p < 0.05$) reducing to $\beta_2 = 0.493$, $p < 0.05$ (i.e., giving a difference of 3.3%) after the mediator, finance (M) was introduced into the relationship between X and Y. And, since the relationship between X and Y in our analysis still remains significant, even after the introduction of the mediating variable (M) as shown in Table 6, this implies a partial mediation role of finance (M) in the relationship examined. Hence, the null hypothesis (H3) of no mediation role of financing factor (M) in the relationship between internal growth strategy (X) and export performance (Y) was rejected in favour of the alternative hypothesis. We thus, conclude that provision of the needed funds to finance SMEs' product and market expansion strategies in the southwest has a significant catalytic role to play in effectiveness of measures taken to increase SMEs' earning capacity from the non-oil export supply to the international market.

Conclusion and Recommendations

The study found a highly positive and significant multiple correlation coefficient ($r = 0.671$, p value < 0.05) expressing the strength of relationship between export performance indicator in the southwest Nigeria and the dimensions of SMEs' internal growth strategy mainly through entrepreneurial orientation, employees' productivity programs, resource and export risk management style, as well as efficient marketing philosophy (see Table 1). Given the result as described therefore, the null hypothesis (H1) of no relationship between internal growth strategy and the SMEs' non-oil export performance indicator was rejected. By implication therefore, we hold that with cutting-edge strategy on entrepreneurial orientation, managerial & employee' productivity enhancement, prudent resource and export risk management, and also efficient marketing philosophy, there will be positive and significant increase in SMEs' non-oil export performance in the Southwest Nigeria. This significant finding supports the view of López-Cabarcos et al. (2015); Barney, (1991); Powell & Dent-Micallef (1997) which have found well-coordinated dimensions of firms' internal growth strategies as key factors that enhance firms' competitiveness and as such, determining firms' performance measures in its market.

Similarly, the study discovered positive and significant SME financing factors as including adequacy of start-up capital for new SME ventures, easy access of firms to credits facilities from the formal financial sectors, soft terms of loan acquisition and repayment and availability

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of functional export finance mechanism, with a multiple correlation coefficient ($r = 0.803$, p value < 0.05) characterizing the relationship between the SME financing and export performance in the southwest. The null hypothesis (H2) of no relationship between financing factor and SMEs' export performance was rejected; while we concluded that SMEs' export performance in the southwest will be significantly boosted, if appropriate and functional measures are put in place to ensure the implementation of working policies and facilitation of financial inclusion for the SMEs in support of the non-oil product export promotion and facilitation in the southwest Nigeria. This result attests to the findings of Muktar (2009); Gulani & Usman (2013); WTO (2016); Abosede et al. (2017) which have found that that solution to financing factors is one of the basic necessities needed for stability, growth and improved performance of the SME firms, both in the domestic and international market.

And ultimately, the study found evidence supporting a partial mediating effect of finance on the relationship between firms' internal growth strategy of the exporting firms and their export performance in the Southwest Nigeria. This result shows that undermining access of the SMEs to debt financing or equity financing, can reduced the positive influence of even the best business strategies employed by SMEs on export performance by 3.3% on the average. It also, shows that SMEs that have in place, strategies for generating both internal and external finance will experience improved export performance relative to their competitors. Hence, we rejected the hypothesis (H3) of no mediating influence of finance on the relationship between internal growth strategy and SMEs' non-oil export performance. The study therefore, concludes that all things being equal, the more SMEs in the southwest Nigeria have access to financial resources to promulgate and implement their business expansion programs into the foreign market, the more their export performance will increase. While this result conforms with the view of Aminu & Shariff (2016), it also corroborates the findings of Fahimi & Fakhari (2017); Noghondari & Noghondari (2017) which have confirmed the catalytic and significant role of finance in augmenting the influence of key determinants of firm's performance measures.

The study thus, recommends to exporting SMEs in the Southwest Nigeria: internal growth strategies that are based on efficient and state-of-the-art entrepreneurial orientation, employees' productivity development programs, prudent resource and export risk management, as well as cutting-edge marketing philosophy. These will require that firms' owners upgrade their managers' and employees' experience and capability in long term strategic marketing, planning and project execution with sound resource commitments into well identified areas of competitive advantages within the domestic economy, while capitalizing on effective positioning strategies in the foreign market. The government also, needs to be consistent in its export policy support programs for the success of small and medium-scale enterprises by creating well secured and enabling environment for exporting activities while making the specialized financial institutions created for the purpose of granting soft loans to SMEs' owners, to be more functional, accessible and effective. This will require government fiscal support for the SMEs; while effectively discouraging high interest rates which deter entrepreneurs with genuine business ideas, thereby making borrowing cheaper to aid business expansion programs of SMEs engaging in production of the non-oil products particularly, those intended for exports.

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