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**Moderating effect of Access to Finance and Learning Orientation and Performance of Small and Medium Enterprises (SMEs) in Kano State, Nigeria**

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**Abstract**

*This research investigates the moderating effects of access to finance and learning orientation on the performance of small and medium enterprises (SMEs) in Kano State, Nigeria. Utilizing a quantitative approach, the study collects data from various SMEs to assess how financial accessibility and a culture of continuous learning influence operational success. The population of the study comprises 313 SMEs owners and operators operating legally within Kano urban center. The Krejcie and Morgan table was adopted and established a sample size of 197 SMEs operators. The data were collected through the administration of structured questionnaires to the targeted population. Data collected were estimated using the Spearman's Rank Order Correlation. The findings reveal that both access to finance and a strong learning orientation significantly enhance SME performance, acting as crucial moderators in the relationship between strategic management practices and business outcomes. This study contributes to the existing literature by highlighting the importance of financial resources and adaptive learning in promoting SME growth and sustainability in a developing economy. The implications of these findings suggest that policymakers and stakeholders should focus on improving financial access and fostering a learning environment to strengthen the performance of SMEs in the region.*

**Keywords:** Access to Finance, Learning Orientation, SMEs Performance.

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**1. Introduction**

The performance of Small and Medium Enterprise (SMEs) have largely received global concern by many academic researchers and industry practitioners. This is because SMEs are seen as contributing to a nation's growth and development (OECD, 2017). In developing countries, SMEs are important not only because they create employment but also because they employ unskilled workers, who are overly abundant in these countries. Beside, over 90% of the entire SMEs in the developing countries are in agricultural and non-agricultural sectors, contributing significantly to their GDP (Ugochukwu, Nathaniel & Emeka, 2018).

Access to finance is a significant challenge for SMEs in Nigeria. Limited to financial resources can restrict SMEs ability to invest in growth initiatives, manage risks and improve overall efficiency. SMEs often rely on internal funds or informal sources of finance, which can be insufficient and unreliable. Small and Medium Enterprises (SMEs) play a vital role in the economic development of Nigeria, particularly in Kano State. However, SMEs in Nigeria face significant challenges, including limited access to finance and inadequate market orientation. This study aims to investigate the moderating effect of access to finance and market orientation on the

performance of SMEs in Kano State, Nigeria.

SMEs in Nigeria are motivated by the government with various entrepreneurial opportunities (both financial and non-financial) but the level of awareness is still lacking (NBS & SMEDAN, 2012; Thong, Chye, & Fong, 2013). For example, among every 10 SMEs operators, more than 9, which is equivalent to 95.2 percent, are not aware of the entrepreneurial opportunities available for entrepreneurial activities in Nigeria (NBS & SMEDAN, 2012)

Haider, Asad and Fatima (2017) argued that SMEs play an important role in economic growth, innovation and competitiveness, which ultimately enhances the standard of living of people of any country. Similarly, Ismail, Dassanayaka and Mudalige (n.d) opined that in addition to SMEs contribution to economic development, SMEs play a key role in social development, reduction of poverty through more equal distribution of wealth, more engagement of female citizens, social stability through reduction in unemployment, use of domestic resources thereby creating a chain of new ventures that are important for the development of any country.

According to Small and Medium Enterprise Development Agency of Nigeria (SMEDAN) (2013), SMEs are growth supporting sectors that not only contribute significantly to improve living standards, but also bring substantial local capital formation and are responsible for driving innovation and competition in developing economies. The Organisation for Economic Cooperation and Development [OECD] came to a conclusion that SMEs account for approximately about 90% of firms and employ about 70% of workforce in the world. It has been observed by Abor and Quartey (2010) that SMEs contributes significantly to the Gross Domestic

Product and employment rate of most nations of the world (OECD, 2016).

SMEs in Nigeria, including those in Kano State, often face significant challenges in accessing finance, which can hinder their growth and performance. Infrastructure, government policies and cultural attitudes towards entrepreneurship also influence growth and performance of SMEs in Kano State of Nigeria. This study will contribute to the existing literature on SMEs performance in Nigeria and provide insights into the role of access to finance and learning orientation in driving business success. This study examine the moderating effect of access to finance and market orientation on the performance of kano state SMEs. The paper is organized in five sections: the introduction, literature review, methodology, results and discussion and conclusion and recommendations.

The main objective of the study is to examine the relationship between access to finance, learning orientation and performance of SMEs in Kano state. Specifically, the study seeks to:

- i. Examine the extent to which access to finance influence SMEs performances in Kano State, Nigeria
- ii. Investigate the extent to which learning orientation influence SMEs performance in Kano State, Nigeria

The study seeks to answer the following questions:

- i. Does access to finance influence SMEs performances in Kano State, Nigeria?
- ii. Does learning orientation influence SMEs in Kano State, Nigeria?

## **2. Literature Review**

### **2.1 Conceptual Definitions**

#### **2.1.1 Access to Finance**

According to Kelley, Singer and Herrington (2012), access to financial resources refers to the availability of financial capital and other financial services to SMEs. Similarly, Bouri, Breij,

Diop, Kempner, Klinger and Stevenson (2011) define access to finance as the availability of financial resources (internal, debt, and equity) for SMEs. It also refers to financial services provided by financial institutions (SMEDAN, 2012). The difference between SMEs' demand for financial resources and the supply of those resources is referred to as access to financing (Mazanai & Fatoki, 2012). In a broader sense, access to finance can be defined as the absence of financial and non-financial barriers to financial resources and services. In other words, it is the extent to which financial resources and services are available to users at a reasonable cost of capital (Ganbold, 2008).

### **2.1.2 Learning Orientation**

Gnizy et al., (2014) highlight that learning orientation (LO) promotes a corporate culture and environment that prioritizes learning by highlighting the significance of organizational learning activities for managers. Consequently, LO is viewed as a complex and subjective learning process within businesses (Gnizy et al., 2014; Karpacz & Wojcik-Karpacz, 2024; Wales et al., 2020). When companies truly embrace learning, they open the door to both small wins and big game-changers. We are talking steady improvements like getting a little better every day and bold, out-of-the-box innovations that can shake up an entire industry (Baker & Sinkula, 1999; Baron, 2013). Learning orientation is not just some corporate buzzword. It is about a company's mindset, how much it values learning, shares knowledge, and pushes people to keep growing (Shi et al., 2024). The best organizations do not just talk about learning; they live it. They test new ideas, celebrate experiments (even the flops), and make sure insights flow freely across teams (Alkhalaf & Badewi, 2024).

### **2.1.3 SMEs Performance**

Performance is the actual outcome measured against organizational input. Through performance measurement, organizations would be able to focus on units that need upgrading by appraising the level of work progress in terms of time, quality and cost as well as amalgamating areas with higher output (Hansen & Wernerfelt, 1989; Ringim, 2012; Tomlinson, 2011). To a certain extent, a number of criteria are used in assessing SME performance. The key indicators used in measuring organizational performance include both the subjective and objectives (i.e. profitability, management performance, liquidity and leverage market share, quality of goods and services, human resource management) (Dess & Robinson, 1984). However, Kamyabi and Devi (2011) viewed performance as the measurement of financial ability of the firm such as the investment level, growth in sales and profit. Performance in optimal utilization of resources is related to productivity, effectiveness and efficiency (Berry, Sweeting, & Goto, 2006). In contrast, Man (2009) asserted that performance is the outcome of adapting effective management process. He posited that organizational performance can be measured using a number of criteria such as growth, productivity effectiveness and efficiency.

### **2.2 Empirical Review**

Gborogbosi and Chikwe (2025) examined how learning orientation shapes the organizational agility of small and medium-sized businesses in Rivers State, Nigeria, especially when entrepreneurial orientation is moderating. Many SMEs are encountering considerable difficulties staying flexible and competitive, especially with all the changes in the economy and regulations. To get real insights, the research used cross-sectional survey, gathering data from 167 SME

owners using a well-structured questionnaire and being grounded in dynamic capabilities theory. Data analyzed by regression method. The reliability scores (Cronbach Alpha) comfortably above the 0.7 benchmark. The results showed that learning orientation matters a lot. When teams share a common vision, stay committed to growth, and remain open to new perspectives, they adapt quickly and make smart moves as the business landscape shifts. As SMEs lean into entrepreneurial behaviours like embracing innovation and not being afraid to take risks, the positive link between learning and organizational agility gets stronger. When SMEs add entrepreneurial orientation to the connection linking learning orientation and organizational agility, performance and sustainability become superior. If SMEs want to thrive, they need to build a learning culture, be willing to experiment, and let data guide their decisions.

Karpacz and Wojcik-Karpacz (2024) went down a different path, focusing on MSMEs inside tech parks in Poland. Their goal is to see how learning orientation links to firm performance, and whether market dynamism shakes things up. They gathered data from 182 MSMEs and used good old linear regression to test the waters. The takeaway is that learning orientation clearly helps businesses perform better. But here is the twist: market dynamism didn't really change that relationship. That is a surprise, right? Still, the research sheds light on how valuable learning really is for small and growing businesses, though future studies might need to check out other strategic angles for a fuller picture.

Hernández-Linares et al., (2024) went big with a sample of over a thousand SMEs from Portugal and Spain. Their focus is knowledge-based dynamic capabilities and how those influence firm performance. But they threw

entrepreneurial orientation into the mix too, and it played a key role. The study found that when firms have both the know-how and the drive to act on it, they are far more likely to thrive. It is not just about storing knowledge, but it is about using it to pivot, innovate, and stay sharp. Their message to SMEs is clear: lean into what you know, combine it with entrepreneurial energy, and you will be better equipped to tackle uncertainty and stay ahead of the pack.

In line with the above, this study came up with the following hypotheses:

**Null Hypothesis (H<sub>01</sub>):** Access to finance positively and significantly influence SME performance in Nigeria.

**Null Hypothesis (H<sub>02</sub>):** Learning Orientation positively and significantly influence SME performance in Nigeria.

**Null Hypothesis (H<sub>03</sub>):** Access to finance positively and significantly moderate the relationship between Learning Orientation and SME performance in Nigeria.

### **2.3 Theoretical Framework**

#### **Dynamic Capabilities Theory**

Teece et al., (1997) laid the groundwork with Dynamic Capabilities Theory (Gborogbosi & Onuoha, 2024a), and it is still one of the clearest ways to understand how small businesses especially SMEs in places like Rivers State, Nigeria, manage to stay agile in a world that will not sit still. Teece (2007) later expanded on organizational agility and stated that the ability to sense what is coming, decide smartly, and move fast is not some random skill. It grows from this deep, ongoing commitment to learning. When SMEs lean into that learning mindset, they start spotting market shifts earlier. They pick up on subtle signals, little whispers of change and they adjust before others even notice (Calantone et al., 2002). The whole idea is about building skills and systems that help firms not just keep up but thrive amid chaos. Learning and adaptability are key ingredients here.

Dynamic capabilities theory brings learning orientation and agility under one roof. It is all about spotting chances when they show up, acting on them quickly, and then reshuffling your tools and resources to stay in the game or better yet, ahead of it (Cavusgil & Deligonul, 2025). Dynamic capabilities theory is not just theory, but it is what smart businesses do every day to keep their edge (Gborogbosi & Onuoha, 2024). Learning orientation is the engine driving dynamic capabilities. Learning orientation gives these firms an edge, especially when it is paired with organizational agility (Cavusgil & Deligonul, 2025). Learning orientation shows up in how a company gets curious, shares insights across teams, puts new knowledge to work to improve things, become more innovative, more flexible, and more alive to change (Lyles & Salk, 2007). In unpredictable settings like the business environment in Rivers State, SMEs that learn fast and stay flexible are not just surviving but they are staying one step ahead (Gborogbosi & Onuoha, 2024a).

### 3. Methodology

The study employed the cross-sectional survey research design in analyzing the

**Table 1: Correlations among Variables (Access to Finance and SMEs Performance)**

Correlations			
		Access to Finance (AF)	SMEs Performance
Access to Finance (AF)	Pearson Correlation	1	.751
	Sig. (2-tailed)		.000
	N	197	153
SMEs Performance	Pearson Correlation	.751	1
	Sig. (2-tailed)	.000	
	N	197	197

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

**Source:** Computed Using SPSS, 12.0 (2025)  
 Result presented in Table 1, revealed the relationship between access to finance and SMEs performance in Kano State. The findings indicates that access to finance to SMEs operators in Kano State exhibits a

moderating effect of access to finance and learning orientation on SMEs performance in Kano State. The population of the study comprises 631 registered SMEs owners and operators operating legally within Kano urban center (SMEDAN, 2024). The Krejcie and Morgan table was adopted and established a sample size of 240 SMEs operators. The data were collected through the administration of structured questionnaires to the targeted population and only 197 questionnaire were retrieved. Data collected were evaluates and estimated using the Spearman’s Rank Order Correlation

## 4. Results and Discussion

### 4.1 Spearman’s Rank Order Correlation

The study used the Spearman’s Rank order Correlation coefficient to measure the strength and direction of the relationship between access to finance and SMEs performance and also learning orientation and SMEs performance in Kano State as presented in table 1 and 2:

**Hypothesis 1(Null Hypothesis):** There is no positive relationship between access to finance and SMEs performances in Kano State, Nigeria



to finance have a greater chance to better performance than those without access to finance. This findings means that, any increase in access to finance by the SMEs operators will results to increase in their Performance. The conclusion drawn from this results indicates that, the null hypothesis of no positive relationship

between access to finance and SMEs performance in the state is rejected and an alternative hypothesis is accepted.

**Hypothesis 2 (Null Hypothesis):** There is no positive relationship between learning orientation and SMEs performances in Kano State, Nigeria

**Table 5: Correlation among variables (Access to Finance Moderate Learning Orientation and SMEs Performance)**

Correlations			
		Access to Finance Moderate Learning Orientation	SMEs Performance
Access to Finance Moderate Learning Orientation	Pearson Correlation	1	.593
	Sig. (2-tailed)		.000
	N	197	153
SMEs Performance	Pearson Correlation	.593	1
	Sig. (2-tailed)	.000	
	N	197	197

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

**Source:** Computed Using SPSS, 12.0 (2025)

The Spearman's Correlation Coefficient shows the relationship between Access to Finance Moderate learning orientation and SMEs performance in Kano State. The result shows that SMEs operators with commitment to learning exhibits a strong, positive, and significant correlation with SMEs performance in the state ( $r = 0.593$ ) and significant at the  $0.000 < 0.01$  level. This shows that Access to Finance Moderate learning orientation positively influenced SMEs performance in Kano State. The more SMEs operators give their commitment to learning (new skills, new knowledge, innovations etc), the more their performances. The study therefore concludes that the null hypothesis of no positive relationship between Access to Finance Moderate learning orientation and SMEs performances in Kano State is rejected and alternative hypothesis of positive relationship between Access to Finance Moderate learning orientation and SMEs performances in Kano State is accepted.

## 5. Conclusion and Recommendations

The study on the empirical investigation on the effect of access to finance and learning orientation on SMEs performance in Kano State reveals that both factors significantly influence business outcomes. The results shown that access to finance has a positive impact on SMEs performance. With adequate funding, SMEs can invest in growth initiative, manage risk and improve overall efficiency. Access to Finance Moderate Learning orientation is also crucial for SMES performance. The results also revealed that learning orientation has positive and significant impact on SMEs performance in Kano State.

Based on the findings, the study recommends that:

- The state government should implement policies and programs that provide financial assistance to SMEs such as subsidies, grant and tax incentives

- ii. The government should simplify and expedite loan application processes to reduce bureaucratic hurdles and make financing more accessible.
  - iii. Government should provide regular training and development programs for SMEs owners in the state to enhance skills and knowledge.
- The state should facilitate networking events and conferences to enable SMEs share experiences, best practices and innovative ideas.

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