

EFFECT OF ENTREPRENEURSHIP FINANCING ON SME's PERFORMANCE IN AKWA IBOM STATE, SOUTH-SOUTH, NIGERIA.

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ABSTRACT

This study investigated the effect of entrepreneurship financing (Crowd funding, Accelerators & Incubators) on Small and Medium Enterprises (SMEs) in Akwa Ibom State, South-South region of Nigeria, focusing on Crowd funding, Accelerators, and incubators. The study adopted a survey research design and the population for the study was 576 SMEs in Akwa Ibom State as obtained from the Ministry of Industry and the Association of Entrepreneurs and Artisan in Akwa Ibom State. The Taro Yamene's formula was used in determining the sample size of 236, convenience sampling technique was used to select the respondents for the study. A structured five-point Likert scale questionnaire was used as instrument for data collection, descriptive statistics and Smart PLS-SEM were used to analyze the data gathered for the study. The findings revealed significant effects of Crowd funding, and Accelerators & incubators on SME performance, with Accelerators and incubators demonstrating the most substantial influence. The study recommends the promotion and facilitation of crowdfunding platforms in Akwa Ibom State, South-South region to enhance SME performance through the creation of a conducive environment and regulatory frameworks. Additionally, strategic investment in accelerators and incubators is recommended, emphasizing alignment with SME needs and sectors to maximize their positive impact. These proposed measures aim to instill confidence in crowdfunding mechanisms and offer tailored support to foster SME growth and success in the region.

Keywords: Entrepreneurship Financing, Crowd funding, Accelerators and incubators, SMEs Performance.

INTRODUCTION

The vital role of entrepreneurship in the economic and industrial development of Nigeria, and many other countries in the world has become increasingly realized over the years. It has now dawned on us as

Nigerians that our ill-conceived over dependence on oil and government since independence have not proven successful, mainly because of poor governance, mal-adapted institutions and structures as well as the unattended problems of the bulk of Nigerian enterprises that fall preponderantly

within the micro, small and medium scale enterprises. Entrepreneurship is a critical driver of economic development, particularly in Akwa Ibom, South-South Nigeria, where Small and Medium-sized Enterprises (SMEs) play a pivotal role in job creation, innovation, and poverty reduction.

The performance of SMEs in this region is often influenced by various factors, with access to financing being a key determinant. Adequate financial support is essential for SMEs to overcome challenges such as limited resources, market volatility, and operational constraints. In Akwa Ibom State, South-South region of Nigeria, where entrepreneurship is one of the main means of employment entrepreneurs faces various challenges, and understanding the effect of entrepreneurship financing on SME performance becomes crucial for policy-makers, financial institutions, and entrepreneurs themselves. Examining the relationship between entrepreneurship financing and SME performance can provide valuable insights into the dynamics of the local business environment and contribute to the design of targeted interventions to foster sustainable economic growth in the region.

Presently, SMEs faces significant challenges in accessing adequate financing, hindering their growth and performance (Anyanwu, 2016; Adegbite et al., 2018). Limited access to capital constrains entrepreneurs from investing in innovation, marketing, and expansion, thereby impeding their ability to compete effectively in the market. This financial constraint is exacerbated by the high cost of borrowing and stringent collateral requirements imposed by financial institutions, creating a barrier for SMEs to secure the necessary funds for sustainable operations. The desired state envisions a scenario where SMEs in the South-South region have improved access to diverse and affordable financing options.

Several studies have highlighted the significance of financing for SMEs in different contexts (Cassar, 2015; Beck et al., 2015). In the Nigerian context, previous research has focused on the challenges faced by SMEs, including limited access to finance (Adegbite et al., 2018; Anyanwu, 2016). However, there is a need for more specific investigations into the South-South region, given its unique economic and entrepreneurial landscape. This study aims to fill this gap by exploring the effect of entrepreneurship financing on SMEs' performance in South-South Nigeria, providing a nuanced understanding of the financial dynamics shaping the success or failure of entrepreneurial ventures in this region. By addressing the current financial constraints, entrepreneurs can make strategic investments in technology, human capital, and market expansion, ultimately enhancing their performance and contribution to the local economy.

Furthermore, some studies have explored the effect of entrepreneurship financing on SMEs in other geographical regions in Nigeria, but there is a noticeable scarcity of research centered on the Akwa Ibom State (Oyinloye et al., 2019). This research gap underscores the importance of examining factors such as informal financing channels, bureaucratic hurdles, and limited financial literacy among SME owners in the region. Also, it is essential to consider the advantages of government initiatives like the Micro, Small, and Medium Enterprises Development Fund (MSMEDF) designed to support SMEs. Consequently, this research endeavors to explore the relationship between entrepreneurship financing (including crowd-funding, accelerator & incubators) on SME performance in Akwa Ibom State of Nigeria, considering the distinctive economic and environmental factors shaping the State.

Based on the forgoing, the study was guided by the following stated nullhypotheses:

H01: Crowd funding has no significant effect on SMEs performance in the Akwa Ibom State, south-south region of Nigeria.

H02: Accelerators and incubators have no significant effect on SMEs performance in Akwa Ibom State, south-south region of Nigeria.

LITERATURE REVIEW

Crowd Funding

Bessière et al. (2019) characterize crowdfunding as a transformative practice in finance, involving the solicitation of financial support from a diverse group of individuals through online platforms. This innovative approach has revolutionized traditional financing structures, fostering inclusivity and accessibility. Sharma et al. (2021) emphasizes the significance of crowdfunding, highlighting its role in aggregating financial contributions from a broad and varied audience primarily through digital platforms. The evolving nature of crowdfunding is according to Tan and Reddy (2021), is a method of gathering financial support from a large community via online platforms and social networks. This contemporary financial model, as noted by Wierzbicka (2018), is inherently collaborative, with individuals pooling resources to back diverse initiatives facilitated by online platforms. Rijanto (2021) posits a global perspective, framing crowdfunding as a bridge that connects creators and backers worldwide. Beyond mere fundraising, crowdfunding facilitates a direct connection between innovators and supporters, reflecting a dynamic shift in how ideas are brought to fruition (Bessière et al., 2019; Sharma et al., 2021; Tan and Reddy, 2021; Wierzbicka, 2018; Rijanto, 2021). This collaborative and inclusive financial mechanism has become an integral part of the entrepreneurial landscape, empowering creators and bridging the gap between idea conception and realization.

Accelerators and incubators

Accelerators play a crucial role in fostering the growth and development of early-stage startups by providing essential resources and support. According to Regmi et al. (2015), business accelerators (BAs) offer seed capital, physical workspace, and guidance to help startups refine their products, acquire customers, and secure additional funding and talent for the business. The effectiveness of BA programs is heightened when startup teams embrace an open innovation attitude, fostering collaboration and knowledge sharing, as emphasized by Battistella et al. (2018). Business incubators in Alsos et al. (2011) view, are significant drivers of job creation and regional economic development, playing a critical role in transitioning innovative ideas into viable businesses. Battistella et al. (2018), highlights the importance of business incubators in fostering innovation, with Pauwels et al. (2016) defining an incubation model as a critical framework offering startups essential support, including office space, mentorship, financial guidance, and networking opportunities. Mian et al. (2016) emphasizes the dynamic nature of the business incubation concept, showcasing its versatility and adaptability across various industries and stages of business development. This diversification of institutions and approaches is a testament to the ongoing evolution and effectiveness of incubators in supporting startup success.

Corporate accelerators, on the other hand, represent a dynamic form of accelerator programs often sponsored by large corporations. These initiatives aim to leverage the startup ecosystem for mutual benefit. By partnering with startups, as outlined in existing literature, corporate accelerators serve as powerful catalysts for innovation and growth. Through collaboration, large corporations can gain

fresh perspectives, access innovative technologies, and foster entrepreneurial spirit within their organizations. Simultaneously, startups can benefit from the financial backing, industry expertise, and market access that these corporate partnerships provide. This synergy between established corporations and agile startups represents a win-win scenario, nurturing innovation and driving progress in various industries, in line with the principles of open innovation and collaboration highlighted by Battistella et al. (2018).

Startup accelerators play a crucial role in the entrepreneurial ecosystem by providing a structured and intensive program designed to help young companies grow and succeed. These programs typically last for a few months and offer a combination of mentorship, investment, and educational resources to assist startups in reaching their next stage of development quickly. Accelerators have gained prominence in recent years as a response to the limitations of traditional incubation models, which primarily offered office space and basic business support services. The emergence of accelerators has added a new dimension to the startup landscape, emphasizing the importance of education, mentoring, and a time-limited, results-focused approach to support the rapid development of innovative ventures (Cohen and Hochberg, 2014; Miller and Bound, 2011).

In the modern entrepreneurial environment, accelerators serve as a catalyst for venture creation and growth. They bring together experienced mentors and investors to provide startups with valuable guidance and resources. This approach is significantly different from earlier incubation models, which often lacked the structured, educational components that accelerators offer. By concentrating on the acceleration of successful venture creation, accelerators contribute to the development of a more vibrant and dynamic startup ecosystem, fostering innovation and entrepreneurship.

Furthermore, their focus on time-limited, intensive programs helps startups to overcome common challenges and obstacles more efficiently, ultimately increasing their chances of success (Bruneel et al., 2012).

Startup accelerators have emerged as a transformative force in the world of entrepreneurship by addressing the limitations of traditional incubation models. They offer comprehensive support, combining mentorship, investment, and education, to help startups rapidly progress to the next stage of their development. By doing so, accelerators play a crucial role in stimulating successful venture creation and enhancing the overall innovation and entrepreneurship landscape. Their innovative approach, as compared to earlier models, underscores the significance of providing tailored, time-bound assistance to startups, thereby contributing to the growth and success of new and innovative ventures (Cohen and Hochberg, 2014; Miller and Bound, 2011; Bruneel et al., 2012).

Furthermore, accelerators and incubators serve as gateways to a broader entrepreneurial ecosystem that can be transformational for SMEs. These ecosystems encompass mentors, industry experts, potential customers, and investors, all of whom can provide invaluable guidance, expertise, and opportunities for the supported businesses (Isenberg, 2010). Mentors and industry experts can offer valuable insights, helping SMEs refine their business strategies and navigate challenges more effectively. Access to potential customers can facilitate product development and market validation, while connections with investors can open doors to additional funding rounds, leading to accelerated growth.

The benefits of engaging with an entrepreneurial ecosystem go beyond just financial support. SMEs that immerse themselves in this network can build meaningful relationships, learn from experienced individuals, and explore new

market opportunities. These interactions foster innovation and competitiveness, positively impacting the performance and sustainability of SMEs in the long term. Ultimately, the combination of financial investment and ecosystem access provided by accelerators and incubators can significantly enhance the growth prospects of the businesses they support, making them important players in the entrepreneurial landscape.

Accelerators and incubators play a crucial role in fostering the growth and success of small and medium-sized enterprises (SMEs). One way to assess their impact on SMEs is through the measurement of various success metrics. Chen and Wu (2020) highlight the significance of metrics such as revenue growth, customer acquisition, product development milestones, and profitability. These metrics provide valuable insights into the effectiveness of support programs and the overall progress of SMEs within these ecosystems. For instance, increased revenue growth indicates the ability of SMEs to scale their operations, while successful product development milestones showcase their innovation and adaptability. Furthermore, profitability is a fundamental measure that signifies the sustainability and financial health of SMEs. By tracking these metrics, accelerators and incubators can evaluate the tangible benefits they provide to SMEs in terms of business growth and development.

Resource utilization is another key aspect of SME support within accelerators and incubators, which can significantly impact their performance. Delmar and Shane (2003) emphasize the importance of efficient resource utilization. These programs offer SMEs shared office spaces, access to equipment, and professional services such as legal and accounting assistance. Efficiently using these resources can lead to cost savings for SMEs, enabling them to redirect their financial resources and

efforts towards core business activities. This not only helps SMEs operate more efficiently but also allows them to focus on innovation, product development, and market expansion, all of which contribute to enhanced performance and competitiveness.

Participation in accelerators and incubators also provides SMEs with access to a valuable network of peers, mentors, and alumni. Spigel (2017) underscores the significance of these relationships, which can lead to collaborative opportunities, knowledge sharing, and strategic partnerships. Such interactions and collaborations have a positive impact on SME performance by fostering innovation and expanding their market reach. Mentors and peers can provide guidance, expertise, and industry insights, helping SMEs navigate challenges and make informed decisions. These networks also offer opportunities for SMEs to explore synergistic partnerships, which can lead to joint ventures, co-developed products, and access to new customer segments. All of these factors collectively contribute to improved SME performance, making participation in accelerators and incubators a valuable growth strategy for these businesses. The success of SMEs in accelerators and incubators is determined by a combination of measurable success metrics, efficient resource utilization, and access to a supportive network. The use of metrics like revenue growth, customer acquisition, product development milestones, and profitability allows for a quantitative assessment of the benefits derived from these programs. Efficient resource utilization empowers SMEs to focus on their core business activities, leading to cost savings and enhanced performance. Moreover, the network of peers, mentors, and alumni offers collaborative opportunities, knowledge sharing, and strategic partnerships, all of which positively impact SME performance by increasing innovation and expanding

market reach. These factors collectively highlight the significance of accelerators and incubators in nurturing the growth and success of SMEs.

SMEs Performance

Small and Medium-Sized Enterprises (SMEs) play a pivotal role in the global economy, and their performance is a multifaceted concept crucial for their sustained success. According to Park and Byun (2022), SME performance is fundamentally tied to the achievement of business objectives, such as profitability, growth, and sustainability. These objectives are vital for the resilience of SMEs in the face of economic challenges. Polishchuk and Ivashchenko (2019) highlight the importance of measuring various key performance indicators to assess the overall health of SMEs. These indicators span financial metrics, operational efficiency, and market competitiveness, providing a comprehensive view of the operational effectiveness of SMEs. Merritt and Zhao (2020) emphasize specific factors like sales revenue, return on investment, and customer satisfaction as critical metrics for evaluating SMEs. These metrics are integral in determining SME success in a competitive landscape, underlining the significance of building strong customer relationships and delivering high-quality products or services.

The multifaceted nature of performance, as outlined by various scholars such as Barney et al. (2022), Li and Zhang (2022), O'Reilly and Tushman (2022), Rindova et al. (2022), and Slater and Narver (2022), underscores the complexity and significance of this concept in the realm of business and organizational management. These scholars collectively emphasize that performance cannot be reduced to a single, one-size-fits-all definition. It encompasses a broad spectrum of objectives, ranging from achieving specific goals to generating financial returns, adding value for

stakeholders, adapting to a rapidly changing business environment, and distinguishing oneself from competitors. This diversity in perspectives reflects the evolving dynamics of modern organizations, where success is measured not only in financial terms but also in terms of adaptability, innovation, and the capacity to meet the diverse expectations of stakeholders. In essence, the concept of performance extends far beyond mere profit margins and encapsulates the intricate interplay of various elements that contribute to the overall success and sustainability of a firm.

In the sphere of small and medium-sized enterprises (SMEs), gaining a thorough understanding of their performance stands as a crucial area of investigation within the field of entrepreneurship. Such an examination not only reveals valuable insights into these enterprises' growth trajectories but also sheds light on their significant contributions to the overall economy (Isichei et al., 2019). Performance, in this context, encompasses the assessment of outcomes or results that occur within a specific framework, capturing the cumulative effects of the actions and initiatives undertaken (Simpson et al., 2012). Scholars commonly utilize both objective and subjective measures as analytical tools to assess the effectiveness of a given firm (Boso et al., 2013). This research is pivotal in guiding policies and strategies aimed at promoting the health and sustainability of SMEs, which are essential components of vibrant economies.

Firm growth, which can be observed as an increase in business turnover over time or an expansion in workforce size, is a critical aspect of assessing a company's performance. This growth is often intertwined with profitability, a key indicator commonly evaluated through metrics such as profit margins or return on investment (Simpson et al., 2012). The combination of both financial and nonfinancial measures is instrumental in

comprehensively evaluating a firm's performance, making it a widely explored subject in the realm of business research. Scholars have extensively delved into this topic, with contributions from researchers such as Greenbank (2001), Boso et al. (2013), Anderson and Eshima (2013), Agwu (2018), Isichei et al. (2019), Olubiyi et al. (2019), and Basco et al. (2020). This body of research underscores the multifaceted nature of assessing firm performance, highlighting the need to consider a range of factors beyond simple turnover or workforce size to gain a holistic understanding of a company's success in a dynamic business environment.

Crowd Funding and SMEs Performance

Eldridge et al. (2021) conducted a study on the impact of equity crowdfunding on innovation and growth opportunities within small and medium-sized enterprises (SMEs) in the UK, using data from Fame BVD. The research aimed to determine if equity crowdfunding serves as a catalyst for innovation and growth. Contrary to the expectation that crowdfunding would significantly influence innovation, the findings revealed no substantial impact on innovation in small firms. However, the study demonstrated a strong positive correlation between crowdfunding and growth opportunities for SMEs. In a separate investigation, Hoque et al. (2018) engaged in quantitative research among 190 entrepreneurs in Bangladesh, employing crowdfunding based on social cognitive theory. The study, utilizing structural equation modeling (SEM) in IBM SPSS-AMOS 25.0, established a direct and positive effect of crowdfunding on entrepreneurs' self-efficacy, supporting the notion that crowdfunding can enhance entrepreneurial self-efficacy and overall performance. Thottoli (2022) explored the relevance of conventional and Islamic crowdfunding as financing instruments for SMEs through a qualitative approach, concluding that

equity-based crowdfunding, whether conventional or Islamic, is the most suitable model for SME financing. Additionally, Hendratmi et al. (2019) adopted a qualitative approach with an exploratory case study strategy to examine the role of Islamic crowdfunding in the business development of start-ups in Singapore, Malaysia, and Indonesia. The results indicated increased assets, sales turnover, and capacity for MSMEs and startups funded through the Kapital Boost crowdfunding platform, highlighting easier access to financing for pioneering entrepreneurs compared to traditional bank-provided credit.

Accelerators, incubators and SMEs Performance

Hong and Lu (2016) investigated China's business incubators, analyzing 120 state-level incubators from 2008 to 2012. The study found no evidence supporting the idea that infrastructure support contributes to intellectual property generation or venture capital acquisition. Instead, it suggested a modest contribution of business assistance to SMEs' access to venture capital and highlighted the importance of professional technical assistance for SME growth in the Chinese context. Additionally, the study revealed positive correlations between incubator age and the number of tenants with incubator firms' performance. Del Sarto et al (2022) focused on Italian startups in accelerator programs since 2013, demonstrating the benefits of different external knowledge sources provided by accelerators for various innovation outcomes. Their findings contributed to both accelerator and startup literature, emphasizing the impact of external knowledge on innovation performance. In another study, Del Sarto et al (2020) explored the relationship between participation in accelerator programs and firm survival using fuzzy-set qualitative comparative analysis. The study concluded

that factors influencing the survival of accelerated firms differ from those affecting incubated firms, providing evidence for the distinct characteristics of accelerators. Chowdhury and Audretsch (2023) investigated the unequal benefits of accelerator program participation for ventures, finding that entrepreneurs' human capital resources, specifically high education, positively influenced innovation and social performance. However, other factors like entrepreneurial experience and industry experience did not significantly impact venture performance. Canovas-Saiz et al (2021) examined accelerator performance, confirming that accelerator portfolio size, start-ups' survival rates, and the number of employees in accelerated firms positively affected the funding received by start-ups. They also highlighted the higher impact of U.S.-based and long-standing accelerators on start-ups' survival rates.

Theoretical Review

Real Options Theory (ROT) has emerged as a powerful framework in corporate finance, extending the principles of financial options to real-world investment decisions. Introduced by Myers and Pindyck (1980), ROT provides a systematic approach to evaluating investment opportunities in the presence of uncertainty and flexibility. In the context of entrepreneurship financing for small and medium-sized enterprises (SMEs), ROT offers valuable insights into the strategic decision-making process. In regions like the South-South of Nigeria, where SMEs play a vital role in economic development, understanding the application of ROT can have significant implications for performance enhancement. By incorporating the flexibility inherent in entrepreneurial ventures, ROT enables SME owners and financiers to better assess investment opportunities, manage risk, and optimize resource allocation, ultimately contributing to improved performance outcomes (Myers, 1984; Pindyck, 1988).

METHODOLOGY

This study utilized a survey research design to investigate the effect of entrepreneurship financing on SME's performance in the South-South region of Nigeria. Data was gathered through a structured questionnaire employing a five-point Likert scale. With a population of 220,765 SME owners, a sample size of 530 was determined using Yamane's (1973) sample size determination formula. Electronic distribution of 530 copies questionnaire yielded 503 usable responses, which were then analyzed. Convenience sampling was employed for data collection, facilitating accessibility to respondents. Analysis of the collected data was conducted using Partial Least Structural Equation Modeling (PLS-SEM), incorporating both the measurement and structural model aspects, allowing for a comprehensive examination of the research hypotheses and relationships within the study framework. The model of study is specified in **Figure 1** below: -

RESULTS AND DISCUSSIONS

The study administers 530 copies questionnaire to selected SMEs owners/operators who were available on ground and accepted to participate in the survey out of which 503 were filled representing a response rate of 95%. Preliminary check for missing values, outliers and bias test was conducted and the result show there is no missing values, outliers and bias responses.

The Measurement Model

In assessing the measurement model, the outer loadings are assessed first, and as a rule loadings above 0.70 are accepted as they indicate the construct explains more than 50% of the indicator's variance, thus

providing acceptable item reliability (Hair et al 2019). Table 1 presents the reliability measures for the study scales, assessing the internal consistency and stability of the constructs under consideration. The Cronbach's Alpha values for Accelerators and Incubators, Crowd Funding, and SMEs Performance are 0.911, 0.888, and 0.913, respectively, indicating high levels of internal consistency. The rho_A coefficients, alternative measures of reliability, are also robust, ranging from 0.912 to 0.913 across the three constructs. Composite reliability scores further reinforce the reliability of the scales, with values of 0.934, 0.918, and 0.935 for Accelerators and Incubators, Crowd Funding, and SMEs Performance, respectively. Moreover, the Average Variance Extracted (AVE) values, representing the amount of variance captured by the constructs relative to measurement error, are 0.738, 0.691, and 0.741, suggesting that a substantial proportion of the variance is attributed to the constructs themselves rather than measurement error. The high values across these reliability indices affirm the trustworthiness and stability of the study scales, enhancing the confidence in the validity of the measurement model.

The table 2 presents the Heterotrait-Monotrait Ratio (HTMT) values between three variables: Accelerators and Incubators, Crowd Funding, and SMEs Performance. HTMT is a metric used to assess discriminant validity in structural equation modeling, indicating the extent to which constructs measure different traits compared to the same trait. In this table, the diagonal values (in bold) represent the correlation between a variable and itself (monotrait correlations), while the off-diagonal values represent the correlations between different variables (heterotrait correlations). A HTMT value close to 1 suggests a lack of discriminant validity, while values significantly below 1 indicate adequate discriminant validity. In this case,

the HTMT values for Accelerators and Incubators with Crowd Funding (0.343) and SMEs Performance (0.569) are below 1, indicating sufficient discriminant validity between these constructs. Similarly, the HTMT value for Crowd Funding and SMEs Performance (0.468) is also below 1, further supporting the discriminant validity among all three constructs. Therefore, these findings suggest that the variables in the analysis measure distinct traits rather than being highly correlated manifestations of the same underlying construct.

The Structural Model

In assessing the structural model, the standard assessment criteria were considered which include the path coefficient, t-values, p-values and coefficient of determination (R^2), the bootstrapping procedure was conducted using a resample of 5000. The R-square value stood at 0.831 (See Table 3) indicating that the variation in SMEs performance is explain by entrepreneurship financing dimensions of venture capital, angel investment and bank lending to the degree of 83%, the remaining 17% variation could be explained by other factors. The result of the path coefficient is presented in the table 4.

Test of Hypotheses

Hypothesis One

Table 4.5 presents the results of path coefficients, T statistics, p-values, and decision outcomes for the hypotheses related to the influence of accelerators and incubators, as well as crowdfunding on SMEs performance in the south-south region of Nigeria.

For the relationship between crowdfunding and SMEs performance, the path coefficient Beta** is 0.314, with a T statistic of 6.014

and a p-value of 0.031. The decision based on these results is also "Rejected," suggesting a significant positive effect of crowdfunding on SMEs performance. This supports the alternative hypothesis (Ha1) that there is a significant effect of crowdfunding on SMEs performance in the Akwa Ibom State south-south region of Nigeria. The rejection of the null hypotheses implies that crowdfunding, have a statistically significant impact on SMEs performance in the south-south region of Nigeria.

The path coefficient Beta** for the relationship between accelerators and incubators and SMEs performance is found to be 0.624, with a T statistic of 12.487 and a p-value of 0.000. The decision based on these results is "Rejected," indicating that there is a significant positive effect of accelerators and incubators on SMEs performance. This supports the alternative hypothesis (Ha2) that there is a significant effect of accelerators and incubators on SMEs performance in the south-south region of Nigeria.

Hypothesis Two

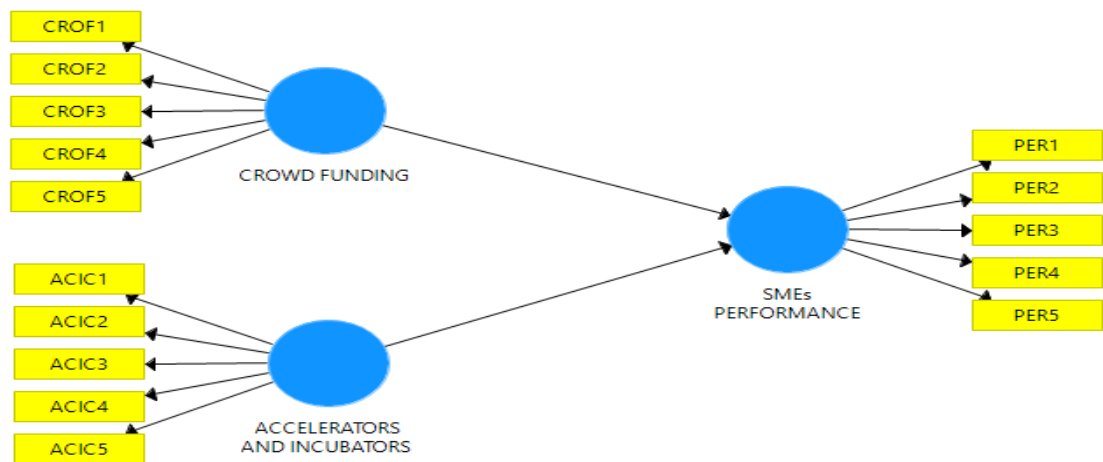


Figure 1: Theoretical model on the effect of entrepreneurship financing on SME's performance in south-south, Nigeria.

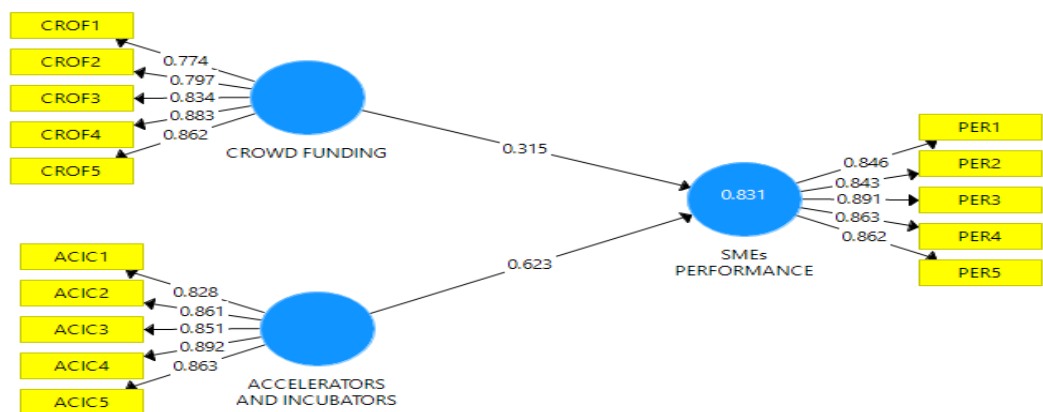


Figure 2: Indicator Outer Loadings

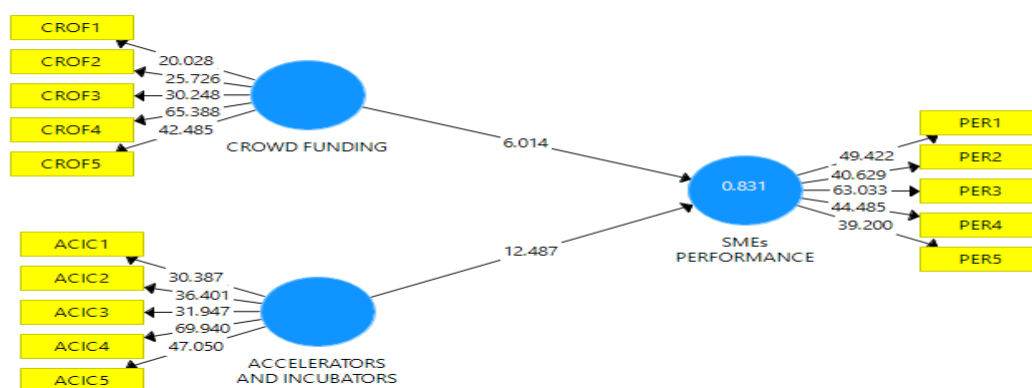


Figure 3: Path coefficient of the regression model

Table 1: Reliability of Study Scale

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
ACCELERATORS AND INCUBATORS	0.911	0.912	0.934	0.738
CROWD FUNDING	0.888	0.894	0.918	0.691
SMEs PERFORMANCE	0.913	0.913	0.935	0.741

Source : SmartPLS Output 2024

2: Heterotrait-Monotrait Ratio (HTMT)

	ACCELERATORS AND INCUBATORS	CROWD FUNDING	SMEs PERFORMANCE
ACCELERATORS AND INCUBATORS			
CROWD FUNDING	0.343		
SMEs PERFORMANCE	0.569	0.468	

Source : SmartPLS Output 2024

Table 3.: R² Summary

	R Square	R Square Adjusted
SMEs PERFORMANCE	0.831	0.830

Source: SmartPLS Output 2024

Table 4: Path Coefficient

	Path coefficient Beta**	T Statistics	P Values	Decision
ACCELERATORS AND INCUBATORS -> SMEs PERFORMANCE	0.624	12.487	0.000	Rejected
CROWD FUNDING -> SMEs PERFORMANCE	0.314	6.014	0.031	Rejected

Source: SmartPLS Output 2024

5. CONCLUSION AND RECOMMENDATIONS

The study on the effect of entrepreneurship financing on SMEs performance in the south-south region of Nigeria has yielded significant insights into the role of accelerators, incubators, and crowdfunding in shaping SMEs outcomes. The findings reveal that both accelerators and incubators, as well as crowdfunding, have a statistically significant positive impact on SMEs performance in the south-south region of Nigeria with accelerators and incubators having the most significant effect. This underscores the importance of various forms of entrepreneurship financing mechanisms in fostering growth and success among SMEs in Nigeria's south-south region. The empirical evidence provided by this study contributes to the existing literature on entrepreneurship, finance, and economic development in Nigeria and offers valuable implications for policymakers, entrepreneurs, and investors alike.

Based on the forgoing, the study recommends:

1. Promotion and Facilitation of Crowdfunding Platforms; Recognizing the significant positive effect of crowdfunding on SMEs performance, there is a need to actively promote and facilitate the use of crowdfunding platforms in the south-south region by creating enabling environment and developing regulatory frameworks that protect both investors and entrepreneurs, thereby boosting confidence in crowdfunding mechanisms.
2. Strategic Investment in Accelerators and Incubators; Given the substantial positive impact of accelerators and incubators on

SMEs performance in the south-south region, policymakers and investors should strategically allocate resources to support the development and expansion of these entrepreneurship support mechanisms. More so, efforts should be made to align accelerator and incubator programs with the specific needs and sectors of SMEs in the region, fostering a tailored approach to maximize their positive effects.

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