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Nexus International University ISSN: *3007-1682*; 10(1): 257–266

Effect of Bootstrapping dimensions moderated by Cost of Doing Business on Performance of Small and Medium Scale Enterprises (SMEs) in South-West, Nigeria

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Abstract. The role Small and Medium Scale Enterprises (SMEs) can never be overemphasised in the has economic drivers in either developed and developing countries of the world. However, contract to immense contribution of SMEs to nation economic growth, most SMEs in Nigeria struggle to survive beyond five years due to poor performance. The major challenge SMEs in Nigeria include developing creative ways of acquiring resources in non-traditional ways cum cost of doing business which to greater extent affect SMEs performance. Thus, this study investigated the effect of Bootstrapping dimension moderated by cost of doing business on the performance of Small and Medium Enterprises in South-West, Nigeria. The study adopted survey research design and the population of the study comprised 14, 527 owner/managers of small and medium scale enterprises (SMEs) enterprises in Lagos and Oyo States. The study utilized stratified simple random sampling technique with a sample size of 750 owner/managers of SMEs determined using Cochran's (1977) formula and data were analyzed using regression analyses. The findings revealed that cost of doing business ($\beta = 0.003$, $\Delta R^2 = 0.021$, $\Delta F = 14.820$, $p < 0.05$) significantly moderated the effect of bootstrapping measure by owner's financing, subsidy financing, delayed payment, joint utilization, and social capital on the performance of SMEs in South-West, Nigeria. The study concluded that bootstrapping improved performance of SMEs in South-West, Nigeria, cost of doing business significantly moderated effect of bootstrapping on the performance of SMEs in South-West, Nigeria. It was recommended that management of small and medium scale enterprises in South-West, Nigeria should pay more attention on subsidy financing, delayed payment, social capital with less attention on joint utilization in order to improve their performance.

Keywords: Cost of Doing Business, Delayed Payment, Joint Utilisation, Owner Financing SME Performance, Social Capital, Subsidy Financing

1. Introduction

SMEs encounter financial challenges that tend to deter their sales growth and most of the problems are directly associated to limited access to financial resources. SME's ability to easily access finance and expand business is barred by collateral requirements as well as unexplained bank charges (Garikai, 2011) which hinder their accessibility to finance to help them to expand. Collateral, interest rates, extra bank charges, inability to evaluate financial proposals and lack of financial management skills also limit the productivity of SMEs (PwC, 2020). Given such shortcomings, SMEs often resort to informal sources of credit, though with high interest rates. Hence, informal credit sources constitute very substantial contributions to business start-ups in developing

countries (Ndikubwimana, 2016). They however increase SMEs' vulnerability to heavy reliance on owners' internally generated finances. Given such background, it is quite evident that there is an existing financing gap for SMEs in the country.

Because of the difficulties in raising finance from traditional economic agents, that is, financial institutions or equity markets that primarily result from information asymmetries problems, SMEs increasingly adopt financial Bootstrapping practices to respond to these constraints (Horváth & Szerb, 2018). Similar to Horváth and Szerb (2018), Aghion (2017) asserted that Bootstrapping helps to profile businesses in terms of the adopted Bootstrapping techniques. Also, the implementation of Bootstrapping techniques has been linked to strategic choices designed to optimize the use of internal resources and the business' cost structure (Rita, 2019). Therefore, this study contributes to unveil the effect of Bootstrapping on performance of small and medium scale Enterprises in South-West, Nigeria as moderated by Cost of Doing Business.

Several studies have been examined by scholars on social capital and performance on the mediating role of innovation; management of knowledge, innovation and performance in SMEs across the globe (Agyapong, Agyapong, & Poku, 2017; Chipeta &Muthinja, 2018; Dato-on, 2017; Pal, Sethi, Jena, Patra, & Pal, 2020; Valdez-Juárez, García-Pérez de Lema, & Maldonado-Guzmán, 2016), however, study that shows the moderating effect of cost of doing business on Bootstrapping dimensions and SME's performance in Nigeria are limited. Thus, the need to fill this gap. Therefore, this study intends to examine the effect of Bootstrapping dimensions on performance of small and medium scale enterprises in South-West, Nigeria with cost of doing business as moderator. The study hypothesized that Bootstrapping dimensions has no significant effect on performance of the selected Small and Medium Scale Enterprises (SMEs) in South-West, Nigeria as moderated by Cost of Doing Business. The study participants are limited to owners and managers of SMEs in Oyo and Lagos State. The study is of immense benefits to financial policy makers, financial analyst, entrepreneurs, government and business.

2. Literature Review

2.1 Cost of Doing Business

The cost of doing business is any expense a business incurs while in the process of conducting business (Doing Business, 2020). A cost of doing business could be a direct cost, like raw materials, or an indirect cost, like building security (Nnabuife, Okeke, & Purity, 2018). Cost of doing business means all costs incurred in the purchase, processing, sale and other related activities relevant to the item in question and must include without limitation the following items of expense: labor (including salaries of executives or officers), rent, interest on borrowed capital, depreciation, inflation, cost of selling, maintenance of equipment, delivery costs, credit losses, cost of all licenses, taxes, insurance, and advertising (Doing Business, 2019). Regardless of type, such costs must be considered carefully by managers, business owners, and anyone involved in running a company, since the amount of such costs will play a large role in determining if a company is profitable or not (Saha& Banerjee, 2015). Understanding the cost of doing business is essential to running a business properly. This cost depends on many factors, including the costs of services and goods, compliance with regulations, inflation and interest rates for taxes and borrowed funds. The lower a business's overall cost, the easier it will be for it to operate, pay taxes, and hire employees, if necessary (Xia & Gan, 2020).

2.2 Concept of Bootstrapping

Bootstrapping is the pursuit of creative ways of acquiring resources in non-traditional ways by focusing on internal resources instead of external source. Bootstrapping is defined as the set of methods or practices used by businesses to optimize cash management by reducing operating costs and improving cash flow management (Alvarado & Mora-Esquivel, 2020). Horváth and Szerb (2018) concluded that financial Bootstrapping techniques are commonly used by SMEs, regardless of their market experience. According to Al Issa (2020), Bootstrapping enables meeting the need for resources without relying on long-term external finance from debt holders and/or new owners.

Bootstrapping is a method of gaining new or stretching current financial resources essential to the operation of the business (Neeley & Van Auken, 2012). Bootstrapping is the implementation of a variety of methods to fund a business and stresses internal financing methods, with minimal amounts of debt and equity financing, or from nontraditional sources. Knowledge associated with bootstrapping finance can play a vital role in protecting small businesses (Korunka, Kessler, Frank, & Lueger, 2010).

2.3 Concept of SME

Small and Medium Scales Enterprises as firm which employ total of between 10 to 200 employees. On the

other hand, the government classified SMES as firms that employ up to 300 Peoples with a capital base of N100millon. Central Bank of Nigeria, (2010) opined that small and medium enterprises (SMEs) are important to the development of any economy because they possess great potentials for employment generation, improvement of technology, output diversification, development of indigenous entrepreneurship and forward integration with large-scale industries.

Muo, Oladimeji, and Okunbadejo (2020) classified SMEs into four main categories that includes micro enterprises that employs less than 6 individuals, very small enterprises that employs 6-9 workers, small enterprises that employs 10– 29 employees and medium enterprises that employs 29-50 individuals. Small and Medium enterprises according to the above definition emphasizes on employee size as compared to other definitions that takes into account fixed assets and others.

The small and medium scale industry is seen as a key to Nigeria's growth and alleviation of poverty and unemployment in the country (Afolabi, 2016). With the increasing number of SMEs in the country, the need to harmonizing their policies, programmes and activities became very important and this led to the formation of Small and Medium Scale Enterprises Agency of Nigeria (SMEDAN) in 2004. This agency was establishment by the government for the sole aim of regulating the activities concerning SMEs in the country. Some other agencies also work in collaboration this SMEDAN to ensure healthy business climate in the country.

2.4 Empirical Review

Bello and Mohammed (2015) revealed that financial intermediation, bank loans and advances, to small and medium scale enterprises, bank lending rate to small and medium scale enterprises, exchange rate and monetary policy have positive and significant effect on small and medium scale enterprises performance in Nigeria. Financial capital plays an important role in enhancing firm performance (Contessi& De Nicola 2012; Sibanda et al. 2018). Compared with large firms, SMEs obviously invest less in innovative technology and use less sophisticated technical equipment. The capacity of SMEs regarding their ability to pay back loans creates difficulties when they wish to access financial capital (Jaradat, Roshaiza, Rosliza, & Wan, 2018). On the contrary, Bebczuk (2004) also found a negative impact on the cost of doing business and performance of SMEs in a study conducted on determinants of access to credit by SMEs in Argentina. In the same vein, Galolo (2017) revealed that loans even with the equity scheme introduction do not make significant positive impact on loan disbursement to finance SMEs. Insufficient finance can later generate a decline in firm performance (Jaradat et al. 2018; Sibanda, Hove-Sibanda, & Herring, 2018). SMEs are more likely to access financial support for working capital rather than for enhancing firm growth (Fanta, 2012). Sibanda et al. (2018) found that there was a negative impact of access to finance on SME firm performance. In contrast, Jaradat et al. (2018) state that financial accessibility constraints are negatively associated with SMEs' performance. Financial constraints are seen as the main barrier to innovation by SMEs (Bož́c& Rajh 2016). Onwe, Ogbo, and Ameh (2020) found that registration reforms and new firm registration have significant moderating effect on business performance. The study also found that where two or more business environment indicators are improved in a relatively short space of time, new firm registration is more likely to accelerate. However, countries with weaker business environments require larger reforms to increase the registration rate. de Mel, McKenzie and Woodruff (2013) also find that the waiving of registration fees is ineffective at changing the number of firms registering.

3. Methodology

Survey research design was used in the study. This design was adopted as a result of the need to generate primary data through the use of structured questionnaire to achieve the research objective. Past researchers such as Mutia (2017); Ngirande and Terara (2014); Kihanya (2013) amongst others have used this design in their studies. The research design makes it possible for quantitative analysis which provides numbers as empirical material for research.

3.1 Population of the Study

The population of this study comprised fourteen thousand five hundred and twenty-seven (14,527) small and medium scale enterprises in Lagos and Oyo States (SMEDAN, 2017). The population of this study included small and medium scale enterprises in Lagos and Oyo States. Lagos and Oyo States were selected because the two States have the highest number of SMEs in Nigeria. The population of the study were the owners / managers of the fourteen thousand five hundred and twenty-seven (14,527) small and medium scale enterprises in Lagos and Oyo States.

3.2 Sample size determination

The sample size for this study was determined using the Cochran's sample size formula (1977). The

Cochran formula allowed the researcher to calculate an ideal sample size given a desired level of precision, desired confidence level, and the estimated proportion of the attribute present in the population. Cochran's formula was considered especially appropriate in situations with large populations (Glen, 2020). The formula is shown below:

$$n = \frac{NZ2pq}{D2\,(N-1) + Z2pq} \quad \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots$$

Where:
n = Sample size
N = Population size
Z = Standardized normal variable and its value that corresponds to 95 % confidence interval equals 1.96.
P = Degree of variability (0.5) q = 1-p d= Degree of accuracy (0.05) α= level of significance (5%)
Applying the formula;
n = 14527 x (1.96)2 x 0.5 x (1-0.5) / (0.04)2 x (14527-1) + (1.96)2 x 0.5 x (1-0.5)
n = 13951.7308 / 24.202
576.47 n = 577 respondents
However, to compensate for non- response probability; 30% of the sample will have to be added to it to increase the sample base as suggested by (Israel, 2009).
30% non-response = 0.3 x 577= 173.1Approximately, 173n= 577 + 173
n= 750 respondents

3.3 Method of Data Collection/Research Instrument

The study made use of primary data for this study and the data were collected through use of a well-structured questionnaire adapted by the researcher which reflected the study objectives and questions. The questionnaire was administered to 750 owner/managers of selected SMEs in Lagos and Oyo States, Nigeria.
Methods of Data Analysis
Data collected was analysed by inferential statistical technique. Multiple linear regression analysis was applied to test hypothesis to establish the effect of all the independent sub-variables (owner's financing, subsidy financing, delayed payment, joint utilization and social capital) on dependent variables performance of selected small and medium scale enterprises in South-West, Nigeria. Analysis was carried out using Statistical Package for Social Science (SPSS) version 25 software.

3.4 Model Specification

The variables for this study were operationalized with the use of different statistical denotations and values.
Y = f (XZ)
Where: Y = Dependent Variable (SME Performance)
X = Independent Variable (Bootstrapping)
Z = Moderating Variable
$Y = (y_1, y_2, y_3, y_4, y_5)$
Where: y_1 = Sales Growth (SG)y_2 = Employee Turnover (ET)y_3 = Market Share Growth (MSG)y_4 = Profitability (PT)y_5 = Productivity Growth (PG)
$X = (x_1, x_2, x_3, x_4, x_5)$
Where: x_1 = Owner's Financing (OF)x_2 = Subsidy Financing (SF)x_3 = Delayed Payment (DP)
x_4 = Joint Utilisation (JU)x_5 = Social Capital (SC)
$Z = (z_2)$
Where:z_1 = Cost of doing business (CDB)
Equations to test the hypotheses formulated are:
$SPi = \beta_0 + \beta iBTi + \beta iz CBD_2 i + \beta izBT^* CBD_2 i + ei$ ……..... eqn
SP = f (BT*CBD_i, *IR*)
A priori expectation

In line with the hypothesis formulated, it was the expectation of this study that Bootstrapping dimensions will positively influence performance level of SMEs moderated by cost of doing business as contained in the specific objectives of this study

$SPi = \beta_0 + \beta iBTi + \beta iz CBD_2 i + \beta izBT^* CBD_2 i + ei$ …….. eq. (viii)	$\beta_{iz2} \neq 0; P \leq 0.05$; Ho_8 will be rejected

4. Data Presentation and Analysis

Hypothesis Testing

Restatement of Research Objective, Research Question and Hypothesis

Objective: assess the effect of Bootstrapping on performance of the selected Small and Medium Scale Enterprises (SMEs) in South-West, Nigeria as moderated by Cost of Doing Business.
Research Question: What is the effect of Bootstrapping on performance of Small and Medium Scale Enterprises (SMEs) in South-West, Nigeria as moderated by Cost of Doing Business.
Research Hypothesis: Bootstrapping has no significant effect on performance of the selected Small and Medium Scale Enterprises (SMEs) in South-West, Nigeria as moderated by Cost of Doing Business.

A hierarchical regression was performed to test the null hypothesis. A composite index was obtained for the Bootstrapping and was used in the regression analysis. Also, data for performance was created by adding responses of all items for the variable. In addition, an interaction term for Bootstrapping * Cost of Doing Business was obtained by multiplying the composite score for Bootstrapping and Cost of Doing Business. The results of the analysis step by step are presented in table below:

Goodness of Fit for multiple regression analysis for effect of Bootstrapping on Performance of Small and Medium Scale Enterprises (SMEs) in South-West, Nigeria as moderated by Cost of Doing Business

Model Summary									
					Change Statistics				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
1	.292[a]	.085	.084	11.693	.085	59.783	1	643	.000
2	.292[b]	.085	.083	11.700	.000	.232	1	642	.630
3	.326[c]	.106	.102	11.576	.021	14.820	1	641	.000
a. Predictors: (Constant), Bootstrapping									
b. Predictors: (Constant), Bootstrapping, Cost of doing business									
c. Predictors: (Constant), Bootstrapping, Cost of doing business, Bootstrapping*Cost of Doing Business									

Source: *Researchers' Findings 2022*

Table above presents the summary of hierarchical regression analysis which was used to test how cost of doing business moderates the effect of bootstrapping and performance of Small and Medium Scale Enterprises (SMEs) in South-West, Nigeria. The predictors are bootstrapping, cost of doing business and interaction of bootstrapping and cost of doing business aggregated, (BO*CBD) while the dependent variable is SME performance aggregated. The results in table above shows that $R^2 = 0.085$ and adjusted $R^2 = 0.084$ for Model I. This indicates that bootstrapping explained 8.4% variation in the performance of Small and Medium Scale Enterprises (SMEs) in South-West, Nigeria. With the inclusion of cost of doing business in Model II as an independent variable, there was an increase (R^2 change) of 0.000 from 0.085 to 0.085. Thus, bootstrapping and cost of doing business explains 8.5% of the systematic changes in performance of Small and Medium Scale Enterprises (SMEs) in South-West, Nigeria.

In the model III, when the interaction term/variable was introduced in the model, R^2 is 0.106 while adjusted R^2 is 0.102. Introducing the interaction variable marginally increase the R^2 change to 0.021. This signifies an improvement in the explanatory power of the model. That is, it has an additional contribution to the variation in SMEs performance in the model. The interaction of the moderator (cost of doing business) and bootstrapping magnifies SME performance.
ANOVA for Regression Bootstrapping and performance of the selected Small and Medium Scale Enterprises (SMEs) in South-West, Nigeria as moderated by cost of doing business

ANOVA[a]						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	8173.973	1	8173.973	59.783	.000[b]
	Residual	87915.804	643	136.728		
	Total	96089.777	644			
2	Regression	8205.764	2	4102.882	29.972	.000[c]
	Residual	87884.013	642	136.891		

	Total	96089.777	644			
3	Regression	10191.800	3	3397.267	25.352	.000[d]
	Residual	85897.977	641	134.006		
	Total	96089.777	644			
a. Dependent Variable: SME Performance						
b. Predictors: (Constant), Bootstrapping						
c. Predictors: (Constant), Bootstrapping, Cost of doing business						
d. Predictors: (Constant), Bootstrapping, Cost of doing business, Bootstrapping*Cost of Doing Business						

Source: *Researchers' Findings 2022*

Tables above show an F statistic of F (1,643) is 59.783, $p < 0.05$ for Model 1, where bootstrapping aggregated is the independent variables. This implies that bootstrapping has significant effect on performance of Small and Medium Scale Enterprises (SMEs) in South-West, Nigeria.
Model II which included cost of doing business as a moderating variable shows an F statistic of F (2,642) is 29.972, $p < 0.05$. This implies that the fitted model of bootstrapping with the inclusion of cost of doing business (moderating variable) as an additional variable has a significant effect on performance of Small and Medium Scale Enterprises (SMEs) in South-West, Nigeria.

Model III which introduces the interaction term with the independent variable show an F statistic of F (3,641) = 25.352, $p < 0.05$. This implies that the fitted model of bootstrapping and cost of doing business with the interaction term (moderating variable) has a significant effect on performance of Small and Medium Scale Enterprises (SMEs) in South-West, Nigeria.

Summary of multiple regression analysis for effect of Bootstrapping on Performance of Small and Medium Scale Enterprises (SMEs) in South-West, Nigeria as moderated by Cost of Doing Business

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	77.111	4.817		16.010	.000
	Bootstrapping	.316	.041	.292	7.732	.000
2	(Constant)	76.856	4.848		15.852	.000
	Bootstrapping	.324	.044	.299	7.398	.000
	Cost of doing business	.000	.001	-.019	-.482	.630
3	(Constant)	77.105	4.797		16.072	.000
	Bootstrapping	.294	.044	.271	6.678	.000
	Cost of doing business	-.002	.001	-.178	-3.100	.002
	Bootstrapping*Cost of Doing Business	.003	.001	.223	3.850	.000
a. Dependent Variable: SME Performance						

Source: *Researchers' Findings 2022*

Table above shows the regression coefficient results with three models. In Model I, the dependent variable (performance of Small and Medium Scale Enterprises (SMEs) was regressed on the independent variable (bootstrapping). The results of the regression analysis revealed that bootstrapping ($\beta = 0.316$, $t = 7.732$, $p < 0.05$) has positive and significant effect on performance of Small and Medium Scale Enterprises (SMEs). This implies that one unit change in bootstrapping is associated with 0.316 change in performance of Small and Medium Scale Enterprises (SMEs). The overall model confirmed that bootstrapping had a significant contribution to the performance of Small and Medium Scale Enterprises (SMEs) (F (1, 643) = 59.783, $p < 0.05$).

The results in model II revealed that bootstrapping ($\beta = 0.324$, $t = 7.398$, $p < 0.05$) has positive and significant effect on performance of Small and Medium Scale Enterprises (SMEs), while Cost of Doing Business ($\beta = 0.000$, $t = -0.482$, $p > 0.05$) has positive but insignificant effect on performance of Small and Medium Scale Enterprises (SMEs). This implies that one unit change in bootstrapping is associated with 0.324 change in performance of Small and Medium Scale Enterprises (SMEs). The regression coefficients for bootstrapping revealed that it affects performance of Small and Medium Scale Enterprises (SMEs) in a positive and significant way. The overall model also confirmed that bootstrapping and Cost of Doing Business had a significant contribution to the performance of Small and Medium Scale Enterprises (SMEs) (F (2, 642) = 29.972, $p < 0.05$).

Model III considered existence of the interaction effect and thus the independent variables were Bootstrapping

(BO), Cost of Doing Business (CDB), Interaction of BO and CDB. When interaction was included in the model, the explained variation in SME performance increased to 10.6% (R^2= 0.106) with an adjusted R-squared value of 0.102. R^2 changes (ΔR^2) from 0.083 in Model II to 0.102 in Model III (ΔR^2 = 0.021). Further, the overall model was statistically significant ($F = 25.352$, $p < 0.05$). The change in F ratio ($\Delta F = 14.820$) at $p < 0.05$ was statistically significant. The results were further confirmed by the beta coefficient of the interaction term ($\beta = 0.003$, $t = 0.223$, $p < 0.05$) thus indicating moderating effect of Cost of Doing Business with a total effect of 0.003 at 95% confidence level. Therefore, based on the moderation rule by Mackinnon et al. (2007) that a variable has a moderating effect if the coefficient of the variable is significant both before and after moderation, Cost of Doing Business is actually a moderating variable. Therefore, the model showing the relationship between the independent variables and the dependent variables was expressed as follows:

SME Performance = 77.105 + 0.294BO + -0.002CDB + 0.003BO*CDB……. Eq. (viii)

Where:

BO = Bootstrapping

CDB = Cost of Doing Business

SME P = SME Performance

The regression equation established shows that taking all factors (Bootstrapping, Cost of Doing Business, Interaction of Bootstrapping and Cost of Doing Business (BO*CDB) into account, constant at zero, performance of Small and Medium Scale Enterprises (SMEs) would be 77.105 which is positive. As seen in Model III, when interaction is included in the model, the effect of any improvement in Bootstrapping, Cost of Doing Business and the interaction variable (BO*CDB) by a single unit results to a corresponding increase in performance of Small and Medium Scale Enterprises (SMEs) by 0.294 and 0.003 units respectively. The results suggest that Cost of Doing Business has a statistically positive and significant moderating effect on the effect of bootstrapping on performance of Small and Medium Scale Enterprises (SMEs)in South-West, Nigeria. Cost of Doing Business may significantly impact on SME's efficiency. Hence, SMEs in Nigeria need a supportive Cost of Doing Business for the successful implementation of bootstrapping. This would make them more profitable and perform better. Based on the results, the null hypothesis which states that bootstrapping has no significant effect on performance of the selected Small and Medium Scale Enterprises (SMEs) in South-West, Nigeria as moderated by Cost of Doing Business.is hereby rejected.

5. Discussion on the findings

The combined results of multiple regression analysis for hypothesis eight discovered that Bootstrapping has significant effect on performance of the selected Small and Medium Scale Enterprises (SMEs) in South-West, Nigeria as moderated by Cost of Doing Business. The combination of the independent sub variables was significant in predicting the cost of doing business in Nigeria. In other words, Bootstrapping dimensions of owner's financing, subsidy financing, delayed payment, joint utilization, and social capital has significant effect on performance of the selected Small and Medium Scale Enterprises (SMEs) in South-West, Nigeria as moderated by Cost of Doing Business. Thus, Bootstrapping dimensions of owner's financing, subsidy financing, delayed payment, joint utilization, and social capital has significant effect on performance of the selected Small and Medium Scale Enterprises (SMEs) in South-West, Nigeria as moderated by Cost of Doing Business.

Conceptually, the cost of doing business is any expense a business incurs while in the process of conducting business (Doing Business, 2020). A cost of doing business could be a direct cost, like raw materials, or an indirect cost, like building security (Nnabuife et al; 2018). Cost of doing business means all costs incurred in the purchase, processing, sale and other related activities relevant to the item in question and must include without limitation the following items of expense: labor (including salaries of executives or officers), rent, interest on borrowed capital, depreciation, inflation, cost of selling, maintenance of equipment, delivery costs, credit losses, cost of all licenses, taxes, insurance, and advertising (Doing Business, 2019). Regardless of type, such costs must be considered carefully by managers, business owners, and anyone involved in running a company, since the amount of such costs will play a large role in determining if a company is profitable or not (Saha& Banerjee, 2015). Understanding the cost of doing business is essential to running a business properly. This cost depends on many factors, including the costs of services and goods, compliance with regulations, inflation and interest rates for taxes and borrowed funds. The lower a business's overall cost, the easier it will be for it to operate, pay taxes, and hire employees, if necessary (Xia & Gan, 2020).

Several studies have been examined by scholars on social capital and performance on the mediating role of innovation; management of knowledge, innovation and performance in SMEs across the globe (Agyapong, Agyapong, & Poku, 2017; Chipeta &

Muthinja, 2018; Dato-on, 2017; Pal, Sethi, Jena, Patra, & Pal, 2020; Valdez-Juárez, García-Pérez de Lema, & Maldonado-Guzmán, 2016), however, study that shows the moderating effect of cost of doing business on Bootstrapping dimensions and SME's performance in Nigeria are limited.

Based on the aggregated multiple regression results for hypothesis eight Bootstrapping dimensions of owner's financing, subsidy financing, delayed payment, joint utilization, and social capital has significant effect on performance of the selected Small and Medium Scale Enterprises (SMEs) in South-West, Nigeria as moderated by Cost of Doing Business

6. Conclusion and Recommendations

6.1 Conclusion of the Study

Today's global business environment has become highly dynamic, complex, turbulent and highly competitive. The increasingly turbulent, fast changing and hyper competitive nature of the global business environment has led to an increase in the level of uncertainty in the market place. SMEs in Nigeria face enormous pressures as the nation integrates more into the world economy. Because of the difficulties in raising finance from traditional economic agents, that is, financial institutions or equity markets that primarily result from information asymmetries problems, Bootstrapping has been identified as a panacea for entrepreneurs to remedy the constant struggle to find a capital strategy that will support their growth objective. Therefore, this study revealed that findings showed that Bootstrapping has significant effect on performance of the selected Small and Medium Scale Enterprises (SMEs) in South-West, Nigeria as moderated by Cost of Doing Business.

6.2 Recommendations

Based on the findings of this study, the study recommended that management of small and medium scale enterprises in South-West, Nigeria should bear in mind taxation on business, cost of getting business permits, difficulty in obtaining electricity connection, inflation rate, and request of bribe by government official in order to plan effectively as these plays a role on Bootstrapping and performance.

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