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Examining Financing Strategies and Performance of MSMEs in Ilorin, Kwara State, Nigeria

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Abstract:

Purpose: *Micro, Small, and Medium-Sized Enterprises (MSMEs) are widely recognized as essential contributors to economic development; however, their expansion in Nigeria has faced obstacles due to a range of challenges. One of the significant hurdles facing MSMEs in Nigeria, particularly in Ilorin Kwara State, is the issue of securing adequate financing. This study aims to explore the impact of different financing strategies on the performance of MSMEs in Ilorin Kwara State, Nigeria. The specific objectives of the study include assessing how crowdfunding affects MSMEs' performance, examining the influence of cooperative financing on MSMEs' performance, and investigating the consequences of lease financing on the operational outcome of Micro, Small, and Medium-Sized Enterprises (MSMEs) in Ilorin Kwara State. Therefore, MSMEs that prioritize their performance should consider employing various financing techniques to raise funds.*
Design/Methodology/Approach: *This study utilized a quantitative approach to collect survey data from a sample of 357 MSMEs in Ilorin, Kwara State chosen through a combination of random and purposive selection methods. The collected quantitative data were then subjected to analysis through multiple regression techniques.*
Findings: *The study's results indicated a noteworthy and positive correlation between crowdfunding ($\beta=0.024$, $p<0.003$), cooperative financing ($\beta=0.014$, $p<0.001$), and lease financing ($\beta=0.025$, $p<0.002$) with MSMEs' performance.*
Practical Implications: *It can be concluded that financing strategies have a meaningful and positive influence on the efficiency and effectiveness of Micro, Small, and Medium-Sized Enterprises (MSMEs) in Ilorin Kwara State, Nigeria.*
Originality/Value: *The innovative approach of this study adds to the current corpus of scholarly literature by highlighting the impact of crowdfunding, cooperative finance, and lease finance as alternative sources of funding for MSME owners.*

Keywords: *Financing strategies, crowdfunding, cooperative finance, lease finance, MSME performance.*

Paper type: *Research, case study.*

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1. Introduction

Nigeria Ministry of Industry, Trade, and Investment has over 37.07 million micro, small, and medium-scale enterprises (MSMEs), constituting more than 84 percent of the nation's total employment. The ministry also asserts that these MSMEs contribute approximately 48.5 percent to the gross domestic product (GDP) and play a role in about 7.27 percent of the country's exported goods and services.

In terms of quantity, micro-enterprises overwhelmingly dominate the landscape, comprising 99.8 percent of the total MSMEs with 36,994,578 enterprises, while small enterprises account for 68,168, and medium enterprises for 4,670. The states of Lagos, Oyo, and Kano lead with the highest numbers of MSMEs in Nigeria.

The insufficient availability of funds for MSMEs has been a topic deliberated by government authorities, industry influencers, and financial institutions alike. Many MSMEs encounter difficulties in securing the necessary financial support to enhance their business operations.

In 2019, the Central Bank of Nigeria (CBN) introduced the MSMEs Development Fund, allocating a share capital of N220 billion. The creation of this fund acknowledged the substantial contributions of the micro, small, and medium enterprises (MSME) sub-sector to the economy and aimed to address the significant financing challenges they faced. The primary goal of the fund is to facilitate the provision of low-interest loans to the MSME sub-sector in Nigeria through participating financial institutions (PFIs).

Additionally, banks and financial technology companies have been addressing the market gap by offering short-term financial loans to MSMEs in Nigeria. Unlike banks, which typically require extensive paperwork, including a business plan, as part of the application process, financial technology companies leverage data and technology to provide a streamlined and rapid access to funds.

Over time, the Nigerian Government has instituted various schemes and programs specifically tailored for MSMEs, such as SMEDAN, You Win, Trader Moni, N-Power, among others. Collectively, these initiatives represent a significant stride in closing the financing gap for MSMEs in Nigeria.

Therefore, manufacturing SMEs keen on enhancing their performance should consider implementing a range of financing strategies to raise the needed capital. Koku (2015) highlighted that a staggering 89% of MSMEs in Nigeria fail within just two years of operation, primarily because they struggle to secure the necessary financial resources for their business operations. In addition, Adeyele (2018) also acknowledged that the inability to access funds is a critical hindrance to the expansion of small and medium-sized enterprises. Moreover, the ability of MSMEs to obtain suitable funds hinges on their chosen financing strategies.

The primary challenge confronting MSMEs in Nigeria centers on their limited access to financial support from lending institutions, failing and stunted growth of these small businesses. Specifically, many MSME owners in Nigeria, particularly in Ilorin Kwara State, lack the necessary tactics to secure the financial resources essential for the prosperity and sustainability of their business enterprises.

According to Ajayi and Eruemegbe (2020), one potential solution to this problem is having collateral security, which can enable MSMEs to obtain loans from entities such as commercial banks and microfinance banks. However, many MSMEs in this region do not possess the required collateral to secure loans from these institutions.

Therefore, the study emphasizes the importance of exploring alternative sources of funding that can enhance MSME performance, including unconventional financing strategies like crowdfunding, cooperative financing, and lease financing. This represents a notable gap in the existing literature that previous studies have overlooked.

Consequently, the purpose of this study is to address the current gap in the existing literature by concentrating on financial approaches that can aid micro, small, and medium-sized enterprise (MSME) proprietors who do not possess collateral security in securing the essential capital required to run their businesses with optimum efficiency and effectiveness.

The findings from this study will be advantageous for micro, small, and medium-sized enterprises (MSMEs). MSMEs can use this study as a valuable resource to gain insights into effective financing strategies that can boost their productivity and ultimately improve their overall performance.

It appears that the adoption of this specific financing approach among MSMEs in Nigeria, especially in Ilorin, Kwara State, seems to be empirically low, contributing to their underwhelming performance compared to similar businesses in emerging economies. To address and mitigate this underperformance among MSMEs in Nigeria, it is crucial to establish a suitable financing strategy, particularly in the context of Ilorin, Kwara State.

2. Literature/Theoretical Underpining

Even though cooperative finance is gaining broader recognition, there is no universally accepted definition for it, for instance, cooperative finance refers to a funding option where a cooperative society member requests a loan from their cooperative organization, as outlined by Garcia in 2014. Zeuli and Cropp (2020) described cooperative finance as a financing method in which cooperative societies extend unsecured credit facilities to their members to support the expansion and advancement of their business activities (Grima and Thalassinos, 2020; Grima *et al.*, 2019).

While lease finance is becoming more widely acknowledged, there is no universally agreed-upon definition, for instance, lease financing is a situation whereby financial institution, typically a bank acting as the "lessor," acquires fixed assets and subsequently engages in a leasing agreement with the "lessee," who is the borrower. This arrangement entails a specified payment schedule outlined in the lease contract. (Bala, Idris and Vincent, 2021).

Kevin, Louis, and Mark (2022) defined Lease financing as a formal arrangement where the asset owner provides the other party with the privilege to utilize the asset in exchange for regular payments. The entity granting the right is referred to as the lessor, while the party utilizing the asset is known as the lessee. The payments made for this usage are termed as lease rentals.

Despite the growing acknowledgment of crowdfunding in recent times, there is currently no universally agreed-upon definition; for example, crowdfunding is a method of gathering funds to support various projects and enterprises. It allows fundraisers to secure financial contributions from a broad audience through online platforms.

Crowdfunding involves soliciting donations, typically in modest amounts, from a considerable number of individuals over a relatively brief period, often a few months (Akintaro, 2017). This fundraising approach is conducted on the internet, frequently utilizing social networks, facilitating supporters in easily sharing information about a particular cause or project within their social circles. (Kareem, Arigbabu, and Badmus, 2023).

Hossain and Oparaocha (2017) defined crowdfunding as an online fundraising approach for creative concepts, projects, or endeavors. It involves the collective contribution or pledging of money by a substantial number of individuals within a defined timeframe. Komorek and Kraus (2018) view crowdfunding as a method of acquiring funds from the public, particularly diverse groups of individuals worldwide, through internet-based platforms.

Collins (2020) asserts that the expansion of crowdfunding is attributed to four technological advancements, including the swift establishment of free online platforms, secure online money transfer services and dependable credit scoring systems. The key elements of crowdfunding encompass a substantial number of contributors, the distribution of relatively modest amounts of money from each contributor, the utilization of the Internet for its convenience, and the capacity to connect individuals globally.

Also, despite its wider acceptance, financing strategy has no commonly agreed definition, for example, a financing strategy is a technique employed by a business or an individual in handling and utilizing financial resources to attain objectives, constituting a significant component of the overall business strategy (Asaolu, 2017).

This strategy encompasses the planning and decision-making processes associated with investments, budgeting, fundraising, and cost management, forecasting future financial scenarios, and mitigating financial risks. Specifically, the financing strategy involves the methods a firm adopts to secure funds to meet both short-term and long-term needs.

Long-term sources of finance entail the mobilization of substantial funds with a repayment period extending to five years or more. The accessibility of finance holds paramount importance for the continual and sustainable performance of Micro, Small, and Medium-Sized Enterprises (MSMEs) (Janse, 2020).

Existing literature, including works by Anderson and Reeb (2023), Ittner and Larcker (2022), Juhl (2021), Petersen and Schoeman (2020), Sabancı (2019), and Navarro (2018), conceptualizes performance as the evaluation of how effectively a company utilizes its assets in its core business to generate revenue. Conversely, Selvarajan (2017) and Thrikawala (2016) define performance as the outcomes of a company's or investment's activities within a specific timeframe.

On a different note, Watson (2015) describes performance as the achievement of defined business objectives measured against established standards, encompassing completeness and cost considerations. According to Yucesoy and Barabási (2019), performance is defined as the overall measurable achievements in a specific area of activity. The term "performance" is applicable across various domains, including economic, financial, technical, sporting, or social aspects.

Etymologically, "performance" originates from the Latin word "performare," signifying the completion of an ordered activity. Its contemporary meaning is derived from the English term "to perform," denoting the execution of a task requiring a particular skill or ability. Frequently, the term "performance" is employed to assess the outcomes of work conducted by an enterprise and to gauge its competitiveness.

March and Sutton (2018) share a similar perspective, viewing performance as the attainment of specified business objectives against recognized standards, considering completeness and cost factors. This study specifically delves into financial performance metrics, sourced from a company's accounts or financial statements, to ensure precision and objectivity.

In Ashiqur and Rahman's (2017) study, they investigated the factors influencing MSME finance in three Central European nations: Hungary, the Czech Republic, and Slovakia. They gathered primary data and utilized ordinary least square regression for their analysis. The study's outcomes showed a positive association between providing collateral and securing financing. Additionally, the empirical results suggested that as interest rates increased, loan sizes also increased, particularly for SMEs and micro-enterprises.

However, in the Czech Republic, there was an inverse relationship between interest rates and loan sizes. In a separate study conducted by Sinkeletika and Ambrosi in 2022, they assessed the impact of financial strategies on the growth of micro, small, and medium enterprises (MSMEs) located in Kerugoya Town, Kenya. The study explores primary data and analyzes it using various graphical representations such as frequency tables, pie charts, and bar charts for analysis. The findings highlighted that bank loans played a significant and positive role in fostering the growth of MSMEs in Kerugoyan, Kenya.

Adding to this issue, Abdullahi (2018) employed ordinary least square regression to assess the impact of cooperative finance on MSME's performance in Ghana. The research findings indicate that the impact of cooperative loans on the performance of MSMEs is both positive and statistically significant. Additionally, the empirical evidence reported that as interest rates fell, loan amounts expanded, especially for MSMEs businesses.

However, it is also noteworthy that in Ghana, there existed an adverse association between interest rates and cooperative loan sizes. Edem and Effiom (2019) investigated the role of financing as a tool or strategy for enhancing managerial competence among micro, small, and medium-scale businesses in Cross River State, Nigeria. The study used logistic regression to analyze the secondary data. The study's results revealed that financing strategies had a noteworthy and positive impact on the managerial competence of MSMEs in Cross River State, Nigeria.

Bala, Idris, and Vincent (2020) conducted a study to investigate how different financing sources affect the financial performance of micro, small, and medium enterprises (MSMEs) in Taraba State, Nigeria. The study used a survey research design and analyzed it with the aid of multiple regressions. The research findings revealed that commercial bank loans and trade credit had a significant positive impact on the financial performance of MSMEs.

In contrast, lease financing had a significant negative effect on the financial performance of MSMEs in Taraba State. Retained earnings were found to be insignificant in influencing the financial performance of MSMEs in the same region. In 2018, Abdul-Salam investigated the connection between funding and corporate performance within distinct categories of small and medium enterprises (SMEs) using cross-sectional data.

The findings of the study reveal a favorable association between financing and Return on Equity (ROE) as well as Return on Assets (ROA) as indicated by basic regression analyses. The results also propose that active participation in financing activities is crucial for small and medium enterprises (SMEs), emphasizing the noteworthy influence of financing on enhancing the financial performance of SMEs in Bangladesh, particularly those categorized as small and medium enterprises.

Christian, Alexandra, and Frank (2021) assessed the financial strategies employed by small and medium-sized enterprises (SMEs) in Europe. The study was based on primary data and employed cluster analysis. The results of their study confirmed that European SME financing is diverse, with various distinct financing patterns. These patterns were classified into seven categories according to the financial tools utilized by SMEs.

These categories encompassed SMEs that combined various financing methods, emphasizing other loans or relying on retained earnings or asset sales, state-supported SMEs; those primarily funded through debt, trade-dependent SMEs, asset-backed SMEs, and self-funded SMEs. Moreover, the research revealed that these distinct financing categories of SMEs could be characterized based on particular attributes associated with the company, product, industry, and nation.

Moreover, Ajayi and Oyedele (2020) investigate the effect of crowdfunding on SME funding in Nigeria. The study employed an exploratory research design centered on a literature review. The results indicate that the prospect of utilizing crowdfunding for small and medium-scale enterprises (SMEs) is viable in Nigeria and it should be perceived as an innovative idea, challenging negative perceptions. Also, Regulatory bodies and other stakeholders should play a complementary role in this paradigm shift.

Samuel (2021) undertook research investigating how crowdfunding finance influences the progress of micro, small, and medium-scale enterprises in Lagos State. Their findings indicated that the accumulation of capital significantly influenced the advancement of MSMEs specifically in the Mushin local government area of Lagos State.

Ang and Chen (2016) conducted a study exploring the factors influencing backers' inclination to fund projects in crowdfunding, employing Social Exchange Theory and Regulatory Focus. They concluded that despite crowdfunding's global popularity as a funding avenue, the success rate of crowdfunding initiatives remains below 50%. The study suggests that project initiators should not solely focus on attracting more visitors but should also comprehend the funding intentions that contribute to the success of fundraising ventures.

Additionally, Galic (2019) conducted an investigations into the benefits of crowdfunding as an alternative financing source for SMEs. The research highlighted that crowdfunding serves as an alternate financial avenue for emerging SMEs, making substantial contributions to the country's GDP. In a study by Paschen (2017), the significant role of crowdfunding in augmenting start-up capital for SMEs was underscored.

Mollick (2016) delved into the dynamics of crowdfunding, concluding that this approach enables venture founders to secure funding by mobilizing resources from a large online audience (crowd) without relying on traditional financial intermediaries. The study emphasized the importance of personal networks, project quality, and environmental and business geography in determining crowdfunding success.

Anthony and Harry (2015) explored the connection between SME firm performance, financial innovation, and challenges, asserting that SMEs play a pivotal role in Nigeria's sustained economic development. The study proposed that improving crowdfunding could be a way to enhance SMEs in Nigeria. Similarly, Soreh (2017) delved into the awareness and attitudes of Nigerian SMEs toward crowdfunding, noting that this innovative funding method is not yet fully embraced by SMEs in the country.

In a parallel investigation, Adamu (2021) scrutinized the impact of lease financing on the financial performance of micro, small, and medium-scale enterprises in Nigeria. Utilizing secondary data and employing structural equation modeling and OLS regression, the study disclosed that lease financing significantly contributes to the financial performance of MSMEs in Nigeria.

Rafiu and Kamila (2019), using the ordinary least square method, assessed the influence of financing strategy on the financial performance of SMEs. The findings indicated that commercial bank loans, lease financing, and cooperative finance exert a positive and significant effect on the financial performance of SMEs in Nigeria.

Frequently, Fasesin, Babalola, and Togun (2021) assessed the impact of cooperative societies as an alternative capital source for SMEs using a survey research design. They utilized diverse statistical techniques, including frequencies, percentages, bar charts, pie charts, histograms, and Pearson chi-square.

The research findings indicated a positive and substantial correlation between cooperative societies and financial inclusion for SMEs. The study underscored that cooperative societies offer advantages to their members by granting access to loans with less stringent conditions compared to traditional banks.

Dong and Xiang (2015) investigated the determinants and impacts of finance-seeking behavior and outcomes for SMEs in Australia. They collected data through questionnaires and used logit regression for analysis. Their findings indicated that various SME characteristics, including age, size, industry, sales, and declared strategies, significantly influenced both finance-seeking behavior and outcomes.

Tobias and James (2019) evaluate the effect of lease finance conditions on the operational efficiency of SMEs in Kenya, using primary data and multiple regression analysis. Their study revealed that flexible lease charges were essential for SMEs to achieve improved cash flow, enhanced budgetary planning, and better control, all of which contributed to their financial performance.

Adding to this issue, Atseye, Helen, and Suleiman (2019) explored the causal relationship between lease financing and the profitability of Nigerian conglomerate firms from 2010 to 2020. The data from the study underwent analysis using descriptive statistics and pooled ordinary least square regression techniques.

The study results revealed that lease financing has a significant positive impact on the financial performance of conglomerate firms in terms of return on assets (ROA) and return on equity. Umar, Hannatu, and Al-Mustapha (2016) examined how lease financing affected the financial performance of the Nigerian Oil and Gas industry. Utilizing a robust Ordinary Least Squares (OLS) regression analysis, they discovered that lease financing exerted a notable impact on the return on assets (ROA) for oil and gas companies operating in Nigeria.

Abdullahi (2020) investigated how the capital structure influences company performance in Bangladesh through panel regression analysis. The findings revealed a direct relationship between utilizing debt and equity financing and the company's performance metrics such as return on assets (ROA) and return on equity (ROE), indicating a positive correlation.

Both pecking order and liability management theories provide substantial support to this research effort, as they elucidate why MSME managers should give precedence to a specific financing strategy to attain optimal performance. In line with previous empirical findings and prediction of pecking order theory and liability management theory, this study aimed to achieve its objectives through the following predictions below:

Null Hypothesis One: There is no substantial correlation between cooperative finance and the performance of Micro, Small, and Medium Enterprises (MSMEs) in Ilorin, Kwara State.
Null Hypothesis Two: Crowdfunding finance has no significant effect on MSME's performance in Ilorin Kwara State.
Null Hypothesis Three: Lease finance does not influence MSMEs' performance in Ilorin Kwara State.

3. Research Methodology

The research utilized a cross-sectional survey design, a suitable approach for gathering data from various groups of individuals who share specific characteristics, to make predictions (Lauren, 2020). The study's target population comprises MSMEs located in Ilorin Kwara State. According to information provided by the Nigerian Association of Chambers of Commerce, Industry, Mines, and Agriculture, there are a total number of 5,008 registered MSME owners in Ilorin, Kwara state.

From this population, a sample of 357 MSME owners, who were duly registered and actively engaged in their trading activities within the Ilorin metropolis, was selected.

The determination of the sample size complied with the guidelines outlined in Krejcie and Morgan's (1970) table. The study conducted data analysis using multiple regressions with the use of SPSS software.

4. Results/Findings

The analysis in this section focuses on the response rate and demographic characteristics of the participants. Out of the 357 questionnaires distributed, both in hard copy and soft copy formats, we successfully gathered 332 completed questionnaires. This impressive response rate of 92.9% is illustrated in Table 1, as detailed in the methodology section where the sample size was determined.

Table 1. *Response Rate*

Description	**Frequency**	**Percentage**
Distributed questionnaire	357	100
Returned questionnaire	332	92.9%
Wrongly filled	25	7.0%
Total returned and usable questionnaire	**332**	**92.9%**

Source: *Field Survey, 2023.*

Table 1 provides an overview of the response rate for the questionnaires distributed to MSME owners in Ilorin Kwara State, Nigeria. The study originally targeted a sample size of 357 MSME owners. Remarkably, 332 questionnaires were successfully completed and returned, constituting a robust response rate of 92.9%. However, it's worth noting that 25 of the returned questionnaires contained errors or inaccuracies. As a result, the subsequent analysis was conducted based on the 332 properly completed and returned questionnaires.

4.1 Descriptive Analysis of the Bio-data of the Respondents

Table 2 provides a concise summary of the demographic attributes of the respondents. This encompasses details such as the respondents' ages, their gender distribution, the age brackets they fall into, their educational backgrounds, and the categorization of their businesses.

Table 2. *Descriptive Results*

Variable		**Frequency**	**Percentage**
Age	18 – 30	60	18
	30 – 35	98	29.5
	36 – 40	96	28.9
	41 – 45	46	13.8
	46 and above	32	9.6
	Total	**332**	**100**
Gender	Male	145	43.6
	Female	187	56.3

	Total	**332**	**100**
Educational Qualification	Primary School Certificate O'level OND/NCE B.Sc./HND MBA/M.Sc./ACA/ACCA/NIM **Total**	44 90 88 82 28 **332**	13 27 27 25 8 **100**
Classification of Business	Trading Manufacturing/Agro-Allied Service Others **Total**	161 87 65 19 **332**	48 26 20 6 **100**

Source: *Field Survey, 2023.*

The data in Table 2 illustrates several key insights regarding the surveyed participants. To begin with, 18% of the respondents are aged between 18 to 30 years, while 29.5% fall within the 30-35 age groups, with another 30% falling between 35 and 40 years of age. A further 14% fall within the 40 to 45 age range, and 9% are 46 years or older.

These age distributions suggest that the respondents possess a level of maturity that enables them to make independent decisions without external influence. Furthermore, the gender breakdown presented in Table 2 indicates that 45% of the respondents are male, while the majority, comprising 55%, and were female. Additionally, the information in Table 2 offers insights into the educational qualifications of the respondents.

Notably, 14% have completed their first school leaving certificates, 29% have achieved their SSCE certificates, and 24% hold either OND or NCE certificates, 25% have obtained Bachelor of Science degrees, or 8% have advanced qualifications such as Master of Science degrees or Master in Business Administration certificates. Moreover, Table 2 reveals the primary focus of MSME owners' businesses.

Approximately 47% of these businesses are centered on trading activities, involving the buying and selling of goods. Around 30% of respondents are engaged in the manufacturing of products or agro-allied activities, while 20% primarily operate service-based businesses. A small percentage, comprising 3%, are involved in other types of transactions.

4.2 Test of Normality

The normal distribution of scores on the study variables was assessed through the examination of skewness and kurtosis, as outlined in Table 3. Following the criteria of -3 to 3 for both skewness and kurtosis, it is observed that all scores associated with the study variables exhibit a predominantly normal distribution, as indicated in Table 3. This is evidenced by the skewness and kurtosis values falling within the specified threshold range.

Table 3. *Normality Test*

S/N	Constructs	Mean	Standard deviation	Skewness	Kurtosis
1.	Crowdfunding finance	4.5774	.32685	-1.271	1.746
2.	Cooperative finance	4.6462	.34698	-1.392	1.603
3.	Lease finance	4.7022	.26717	-1.497	1.535

Source: *Author`s Computation, 2023.*

4.3 Multicollinearity Test

To avoid incorporating two variables with a bivariate correlation that could result in multicollinearity issues, a Pearson correlation analysis was performed on all independent variables. The outcomes of the pairwise correlation analysis are detailed in Table 4. It is evident from the findings that none of the pairwise correlations among independent variables surpasses the threshold of 0.70. Consequently, there is no concern regarding multicollinearity among the predictors.

Table 4. *Correlation matrix using Pearson's coefficient for all the Predictors.*

	Crowdfunding	Cooperative finance	Lease finance
Crowdfunding	1		
Cooperative finance	0.57	1	
Lease finance	0.60	0.62	1

Source: *Author`s Computation, 2023.*

4.4 Reliability Test Using Cronbrach's Alpha

Table 5 The Cronbach Alpha coefficients for crowdfunding, cooperative finance, and lease finance are notably high, standing at 0.713%, 0.763%, and 0.721%, respectively. The overall Cronbach's alpha coefficient is 0.732. Exceeding the 0.70 threshold suggests that the items on the scale are effectively measuring the intended constructs and can be deemed reliable within the sampled data (Pallant, 2007).

Table 5. *Reliability Test Using Cronbrach's Alpha*

Variable	Cronbach's alpha	N
Crowdfunding	0.713	5
Cooperative finance	0.763	5
Lease finance	0.721	5
Overall	**0.732**	**15**

Source: *Author`s Survey, 2023.*

5. Regression Results

Table 6 offers a glimpse into the strength and resilience of the connection between a dependent variable and its independent variable. This is accomplished through the presentation of the coefficient of determination (R^2), which evaluates the model's appropriateness within the context of the research investigation.

Table 6. *Regression Results*

Variables	Coefficients	Std. Err.	T-value	Sig.
CRF	0.024	0.003	9.094	0.003
COF	0.014	0.002	4.727	0.001
LEF	0.025	0.004	5.937	0.002
Constant	-1.388	0.022	-17.477	0.000
R^2	0.627			
Adjusted R^2	0.626			
F-statistics P-value	72.743 (0.000)			

Source: *Field Survey, 2023.*

The outcomes revealed in Table 3 shed light on the efficacy of the model utilized in this study. As per the results, the chosen independent variables elucidate roughly 63% of the fluctuations observed in the dependent variable, as evidenced by the coefficient of determination (R2) at 0.627. The remaining 37% encompasses other factors or control variables not addressed in this study.

Additionally, the results in Table 3 validate the suitability of the model, supported by a notable F-statistic of 72.743; demonstrating statistical significance at the 1% level, as evidenced by the p-value of 0.0000. Hypothesis testing followed the evaluation of the model's appropriateness.

6. Discussion of Findings

Existing literature has shown that many empirical studies have concentrated on assessing the effect of commercial bank loans on the operational efficiency of MSMEs. However, this study has often overlooked the impact of alternative sources of financing such as crowdfunding, lease finance, and cooperative finance on MSME's performance in Ilorin Kwara State, Nigeria.

This pattern of study has underscored the importance of exploring how various financing strategies affect MSMEs' performance in this region and to what extent these strategies have contributed to enhancing MSMEs' performance. Based on the findings, this research effort suggests that the performance of MSMEs is notably influenced by their financing strategies.

6.1 Effect of Crowdfunding on MSMEs Performance

Based on the outcomes of the hypothesis testing conducted in alignment with the first research objective, the results indicated that crowdfunding exerts a positive influence on the performance of MSMEs in Ilorin, Kwara State ($\beta=0.024$, $t=9.094$, $p<0.05$). This suggests that crowdfunding appears to have the potential to enhance the performance of MSMEs, aligning with the viewpoints of several authors such as Ajayi and Oyedele (2017), Samuel (2021), as well as Antony and Harry (2015).

Interestingly, these results stand in contrast to the findings of Ang and Chan (2016), Mallic (2016), Edem and Effion (2019), and Atseye, Halen, and Suleiman (2019), who reported that financing choices do not significantly impact MSMEs in Ilorin, Kwara State, Nigeria. By pecking order and liability management theories, this discovery underscores the significant role that financing strategies play in influencing the performance of MSMEs in Ilorin, Kwara State.

6.2 Effect of Cooperative Finance on MSMEs Performance

Based on the results of the hypothesis testing conducted to address the second research objective, which aimed to assess the impact of cooperative finance on MSMEs' performance in Ilorin Kwara State, it can be inferred from the findings that cooperative finance exerts a statistically significant and positive influence on MSMEs' performance ($\beta=0.014$, $t=4.727$, $p<0.05$).

In practical terms, cooperative finance appears to have a substantial and positive effect on MSMEs' performance in Ilorin Kwara State. This suggests that it holds considerable importance in enhancing the performance of MSMEs in this region by aiming to maximize their profitability. These results align with the arguments presented by Abdullahi (2018), Sinkeletika and Ambrosi (2022), Rafiu and Kamila (2019), Edem and Effiong (2017), Ashiqur and Rahman (2017), and Antal and Anam (2021), who reported that financing strategies have a meaningful and positive impact on MSMEs' performance in Ilorin Kwara State.

However, it's worth noting that Umar, Hannah, and Al-Mustapha (2016) and Abdulsalam (2021) have found an insignificant relationship between financing strategies and MSMEs' performance in their studies. These findings are consistent with pecking order and liability management theories, which explains why cooperative finance plays an instrumental role in enhancing MSMEs' performance

6.3 Effect of Lease Financing on MSMEs Performance

The third research question was employed to address the third research objective, which aimed to assess the effect of lease finance on the financial performance of MSMEs in Ilorin Kwara State.

The empirical findings indicate that lease financing exhibits a statistically significant and positive association with MSMEs' performance in Ilorin (β=0.025, t=5.937, $p<0.05$). This outcome is consistent with the findings of prior studies by Adamu (2021), Rafiu and Kamila (2019), Dong and Xiang (2015), Tobies and James (2019), Tilahun (2018), and Rabiu and Mustafa (2020), who also reported a significant positive impact of lease financing on SMEs' performance in the North Central region of Nigeria.

However, it's important to note that this result contradicts the findings of studies conducted by Edem and Effion (2019), Olufemi (2018), and Owusu, Ofon, and Yeboah (2018), who concluded that lease financing has a negative insignificant effect on SMEs' financial performance in the North Central region of Nigeria. The research objective aligns with pecking order and liability management theories, as it underscores the importance of considering lease financing as an alternative source of funds for MSMEs to enhance their performance.

Hence, it can be inferred that financing tactics notably enhance the financial performance of MSMEs in Ilorin, Kwara State, Nigeria.

7. Conclusions, Implications, and Future Research

This research makes a valuable addition to the existing body of literature on the performance of Micro, Small, and Medium Enterprises (MSMEs). Specifically, the investigation centers on the role of financing strategies in enhancing MSMEs performance. In alignment with the conceptual and theoretical framework, this study delves into the influence of crowdfunding finance, lease financing, and cooperative financing on MSMEs performance in Ilorin, Kwara State.

The measurement model confirms the validity of all three constructs related to financing strategies and MSMEs performance through rigorous statistical testing. The findings of the study offer empirical support, indicating that crowdfunding finance, lease financing, and cooperative financing exert a positive and significant impact on the performance of MSMEs.

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