Mediating Role of Access to Finance on the Relationship between Strategic Orientation Attributes and Small Medium Enterprises (SMEs) Performance in Nigeria

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Abstract. In spite of recognized significant contribution of SMEs to the nation economy, Nigerian SMEs performance is below expectation. This is because SMEs in Nigeria today faces severe limitations in financing, management skill, marketing, modern technology and technical expertise. However, access to finance occupies a central position for the low performance of the SMEs in Nigeria. The objective of this study is to investigate the mediating role of access to finance on the positive relationship between entrepreneurial orientation (EO), market orientation (MO), learning orientation (LO), technology orientation (TO) and the performance of SMEs in Nigeria. To achieve this objective a cross sectional survey was conducted. A sample size of 552 SMEs operating in Kano, Kaduna and Sokoto states of Nigeria were selected using stratified simple random sampling technique. Partial Least Squares Structural Equation Modelling was used to analyze the data. This study finds that EO, LO and TO are important strategic orientations for the performance of SMEs in Nigeria. The findings reveal that SMEs' access to finance depends on the degree of MO, LO and TO of the enterprise. It is expected EO would improve a firm's accessibility to finance, but the finding of this study does not support this expectation as EO negatively influences firm performance. Interestingly, the results further show that with better access to finance, MO, LO and TO influence firm performance. The results of path analysis indicate that access to finance mediates the positive relationship between MO, LO, TO and the performance of SMEs in Nigeria. This is important additional explanation for the existence of the relationship between these strategic orientations and firm performance. The results further suggest that SMEs need to use their strategic activities to improve their ability to obtain finances in order to perform well. Finally, recommendations for further research are also discussed.

Keywords: SMEs, Strategic Orientation, Nigeria, Access to Finance, Firm Performance.

1.0 Introduction

Over the years, SMEs have gained increasing attention all over the world. This is because they play a significant role in improving economic growth and development, ranging from poverty reduction to employment creation. Specifically, they provide employment, improve income per head, increase raw material supply, enhance export earnings and boost capacity utilization within the key industries (Small and Medium Enterprises Development Agency of Nigeria [SMEDAN], 2012).In Nigeria, the contribution of SMEs to GDP and employment stands at 46.54% and 25%, respectively (Ndumanya, 2013; SMEDAN, 2012).However, the contribution is below expectation and remains a significant issue, more especially as the country aims to be among the big economies by 2020. Certainly,

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performing SMEs will play an important role in achieving this dream. Additionally, a vibrant SME sector is needed to promote sustainable economic growth and development through employment generation, wealth creation and poverty reduction. SMEs can also contribute to improving the agricultural-based Nigerian economy to an industrialized-based one. Thus, it will lead to more business opportunities that can generate revenue and sustainable economic growth and development. Therefore, it is important to examine the factors that may improve performance of SMEs in Nigeria.

According to Barney (1991) strategic orientations are organizational cultures representing intangible resources for the firms. Similarly, Gatignon and Xuereb (1997) conceptualize strategic orientations as the strategic activities carried out by the firm to develop and improve firm activities for superior performance. Therefore, the interplay between different strategic orientations may provide firms with competitive advantages which can lead to better performance (Hult, Ketchen, & Slater, 2005).A number of studies have shown that EO, MO, LO and TO are the most important organizational cultures that can give firms a competitive advantage and lead to better performance (Grawe, Chen, & Daugherty, 2009; Hult, Hurley, & Knight, 2004; Salavou, 2010).

For instance, exponents of EO suggest that firms promoting entrepreneurial activities are better able to make their operations fit in a dynamic business environment which will have a positive effect on firm performance (Covin, Green, & Slevin, 2006; Rauch, Wiklund, Lumpkin, & Frese, 2009; Wiklund & Shepherd, 2005). Literature on marketing suggests that the concept of MO is of great importance in affecting the culture of the organization and creating a behavior that will provide the firm with a sustained competitive advantage (Grawe *et al.*, 2009; Hult *et al.*, 2004; Noble, Sinha, & Kumar, 2002). Furthermore, it has been argued that due to the dynamic nature of the business environment, ability to learn more quickly than competitors may be the only source of sustainable competitive advantage. This indicates the importance of LO in developing new knowledge and transferring information into knowledge (Eris & Ozmen, 2012; Hult *et al.*, 2004; Mahmoud & Yusif, 2012). The importance of technology and innovation in business cannot be over-emphasized, firms that are technologically oriented will have long-term success as they create and utilize new technological solutions, products and services (Hakala & Kohtamaki, 2011; Mu & Di Benedetto, 2011; Salavou, 2010). Therefore, it has been argued that EO, MO, LO and TO could be an important measures of the way the SMEs are organized and its performance could be enhanced through acquiring external financial resources (Aminu & Shariff, 2014).

Despite the notable importance of strategic orientations, prior studies have only investigated the effect of a single (Frank, Kessler, & Fink, 2010; Mahmoud, 2011; Su, Xie, & Li, 2011); or a combination of few strategic orientations (Mahmoud & Yusif, 2012; Wang, Chen, & Chen, 2012; Zhao, Li, Lee, & Chen, 2011). Others investigated the direct relationship between EO, MO, LO, TO and SMEs access to finance (Aminu & Shariff, 2015). However, there is limited empirical evidence investigating whether access to finance by SMEs can mediate the relationship between these strategic orientation and the performance of SMEs as proposed by Aminu and Shariff (2014).

The remainder of the paper is structured as follows: Firstly, previous literature on EO, MO, LO, TO and firm performances were reviewed. The conceptual model in Figure 2.1 and the set of the study hypotheses were also presented. Then, there follows the methodology used in this research work and data analysis. The paper ends with a discussion of the implications, the limitations, and future research.

2.0 Literature Review

2.1 SMEs Performance

In several small business literatures, SMEs' performance has been studied by a number of researchers. Most of these researches have focused on investigating SMEs' performance determinants, in which several variables have been identified. According to Neely, Gregory and Platts (1995), firm performance is a concept that is often discussed in various studies, but rarely has a single definition. They argue that firm performance is the process of quantifying actions of a business firm that leads it to achieve its goals and objectives. From a business perspective, firms achieve their objectives if they perform in satisfying their stakeholders and customers' needs more than their competitors. SMEs' performance can be viewed as how the firm delivers value to its stakeholders and customers. It indicates how well the management manages the firm's resources (Moullin, 2007). Sandberg (2003) argues that the performance of SMEs is the ability to survive, grow and contribute to the creation of employment and alleviate poverty.

However, to look at SMEs' performance, it is important to understand what constitute the SMEs in the context of Nigeria. The definitions for SMEs vary from country to country based on the countries' guidelines for defining SMEs (Bouri *et al.*, 2011). According to the World Bank (2013), SMEs are defined based on the size of the enterprise in terms of the total number of employees and/or total assets value. In Nigeria, SMEs are defined based on the number of employees working in a particular business firm and total assets value, excluding land and building. According to the CBN (2003), small enterprises are firms with less than 50 employees; and medium enterprises are those with less than 100 employees. However, the standard definitions based on the dual criteria-employment and assets (excluding land and building) for the purpose of a general object of reference by stakeholders are provided below. However, if there is a clash on classification between employment and assets criteria, the employment-based definition should take priority and the SMEs would be defined based on the number of employees (SMEDAN, 2008, 2012). This study adopts the definition in Table 2.1 because it is more recent and accommodates various business firms, especially with regards to turnover compared to previous definitions (SMEDAN, 2008, 2012).

Table 2.1

Definition of SMEs in Nigeria

S/N	Size Category	Employment	Assets (Excluding land and building)
1	Small Enterprise	10 to 49	N5m to less than N50m
2	Medium Enterprise	50 to 199	N50m to less than N500m

Source: SMEDAN (2008, 2012)

2.2 EO and Firm Performance

Research in the past has recognized the relevance of EO to the performance of the firm (Zahra & Covin, 1995). The most widely used meaning of EO is focused around the work of Miller (1983), advanced further by Covin and Slevin (1989) and numerous others, and later enhanced by Lumpkin & Dess (1996). EO indicates whether business firms take decisions that are risky, proactive and innovative in achieving its objectives (Covin & Slevin, 1989). Similarly, EO can be seen as a particular way by which firms relate to opportunities and activities that lead to new business opportunities (Lumpkin & Dess, 1996).

Several studies have shown that EO is one of the strategic orientations that influences firm performance (Hakala & Kohtamaki, 2010; Hakala, 2013; Kraus, 2013; Long, 2013). EO was found to be statistically significant in influencing firm performance; the study found that EO has a positive influence on small businesses' performance (Wiklund & Shepherd, 2005). The result of a study of 166 sample firms in Northern China indicates positive effect of EO on performance. More importantly, the relationship between EO and performance is more positively significant among state-owned enterprises than among privately-owned enterprises (Tang, Tang, Zhang, & Li, 2007). Similarly, Hakala and Kohtamaki (2010) and Long (2013) found a positive relationship between EO and firm performance. Similar empirical findings show that the higher the firm's EO, the more the firm can achieve superior performance (Kraus, 2013; Roxas & Chadee, 2013). An investigation on the relationship between EO and LO indicates that EO has direct effects on both profitability and growth (Hakala, 2013). Furthermore, the relationship between EO and business performance in Malaysia was found to be positively significant (Aziz, Mahmood, Tajudin, & Abdullah, 2014). According to Laukkanen, Nagy, Hirvonen, Reijonen, and Pasanen (2013), EO, has a positive influence on SMEs' growth both in Hungary and Finland through brand and market performance. The effect of EO on firm performance in Dubai was confirmed to be positively significant (Al-dhaafri & Al-swidi, 2014).

In contrast, Stam and Elfring (2008) study on EO and performance of new ventures, shows no significant direct relationship between EO and firm performance. Additionally, in a study of 88 small firms, EO has been found to have no significant relationship with firm performance, whether analyzed directly or simultaneously with MO. Based on this, EO is considered to be a predictor of MO (Baker & Sinkula, 2009). In the same view, the notion of a direct relationship between EO and firm performance seems to be empirically inconclusive. This can be seen in a study by Alegre and Chiva (2009) that found the direct influence of EO over firm performance is not significant. A replication study by Frank *et al.* (2010) found that EO does not have a substantial effect on firm performance, the study showed a possible adverse effect of EO on performance.

2.3 MO and Firm Performance

There are different perspectives to MO, although all the perspectives put the customer at a center stage. The perspectives also recognize the importance of information, functional coordination, responding to customer and protecting stakeholders' interest (Lafferty & Hult, 2001). These MO perspectives include the decision making perspective (Shapiro, 1988), market intelligence behavior perspective (Kohli & Jaworski, 1990), culture of the firm (Narver & Slater, 1990),information perspective (Ruekert, 1992) customer-orientation perspective (Deshpandé, Farley, & Webster, 1993). However, there are some essential differences among these perspectives and numerous similarities that reflect what MO is. Based on these perspectives, Lafferty and Hult (2001) synthesized and integrated these perspective into cultural and managerial foci.

Generally, MO as the implementation of marketing concept, has gained considerable attention in the firm performance literature (Dauda & Akingbade, 2010). For instance, Kara, Spillan and DeShields Jr. (2005) report a significant effect between MO and small-sized firm performance. The study concludes that MO is a significant predictor of business performance. Similarly, MO and performance relationship was found to be significant in a study of 356 SMEs in Malaysia (Idar & Mahmood, 2011). Likewise, a study on SMEs in Ghana indicates a significant impact of MO on firm performance (Mahmoud, 2011). In Vietnam Long(2013) reports that MO has a significant positive effect on firm performance.

Despite a notable influence of MO on overall firm performance, some past studies have reported different results on the effect of MO on either subjective or objective performance (Farrell, Oczkowski, & Kharabsheh, 2008; Jaworski & Kohli, 1993; Mavondo, Chimhanzi, & Stewart, 2005; Slater & Narver, 2000). For instance, in a study of two national samples, Jaworski and Kohli (1993) suggest that MO influences only subjective firm performance. Additionally, a study on MO and performance in the service industry by Haugland, Myrtveit and Nygaard (2007) report a modest effect of MO on relative productivity and no effect on return on assets. Similarly, Farrell *et al.* (2008) report a non-significant impact of MO on return on investment although it reported a significant influence on other performance measures. Therefore, these studies conclude that MO has effect on subjective performance alone. In contrast, a study of business corporations in three western cities in USA on the effect of MO on firm profitability reveals that relationship between MO and business profitability is positive (Baker & Sinkula, 2009; Slater & Narver, 2000). Similarly, Mavondo *et al.* (2005) and Nikoomaram and Ma'atoofi(2011) report that MO influences only financial performance. To this end, Mahmoud and Yusif (2012) found a significant positive effect of MO on both economic and non-economic performance. Subsequently, it can be concluded that the influence of MO on firm performance varies depending on the performance measure adopted in the study.

However, despite the notable importance of MO in predicting firm performance, Keskin (2006) found no direct influence of MO on firm performance. The study further reports that MO influences performance via LO and innovativeness. Besides, Olavarrieta and Friedmann (2008) found no significant direct influence of MO on overall firm performance. Similarly, Suliyanto and Rahab (2012), and Polat and Mutlu (2012) report no significant direct of MO on firm performance.

2.4 LO and Firm Performance

Although the concept of LO can be found in several areas of research, including psychology, sociology and education, LO has become one of the principal strategic orientations in strategic management (Mavondo *et al.*, 2005). Slater and Narver (1995) argue that due to the inability of MO to predict firm performance, business firms need to be learning oriented if they want to be successful in the long-run. Similar to this argument, Farrell (2000) states that there is a need for business firms to facilitate learning in their firms. This is because LO is a source of competitive advantage. However, Slater and Narver (1995) contend that market-oriented firms must develop LO culture in order to face competition effectively. According to Baker and Sinkula (1999), LO is a set of organizational behavior that affects how business firms learn from their business environment and respond to the needs of the environment. In the same vein, LO is a firm valuable resource that influences the tendency of the firm to create and use knowledge (Farrell & Mavondo, 2004).

A number of studies on the influence of LO on firm performance has been conducted (Farrell *et al.*, 2008; Hakala, 2013; Jiménez-Jiménez & Sanz-Valle, 2011; Mahmoud & Yusif, 2012). A study of 449 entrepreneurs reports that firm performance is positively affected by LO culture of the firm (Kropp, Lindsay, & Shoham, 2006).In trying to find a clear picture of whether businesses should focus more on LO or MO, Farrell *et al.*(2008) found LO significantly influences performance of international joint ventures although MO has more significant influence. In addition, Jiménez-Jiménez and Sanz-Valle (2011) investigate organizational learning process and its effect on innovativeness and performance. The study found that organizational learning has a positive influence on business performance. Mahmoud report a positive significant relationship between LO and both economic and non-economic performance. Comparative study of SMEs in Hungry and Finland shows that the relationships between LO and firm performance vary across countries. The results suggest that while the direct relationship between LO and brand performance is positive among Hungarian SMEs, the relationship is negative among Finnish SMEs (Laukkanen *et al.*, 2013).Similarly, Hakala (2013) examines the mediating role of LO and the study reports that LO has a direct effect on performance, more specifically firm growth and profitability and effect of EO on profitability is mediated by LO behaviors.

A contrary result was reported by Jiménez-Jimenez, Valle and Hernandez-Espallardo (2008) found that organizational learning has no significant direct effect on performance. Also, Suliyanto and Rahab (2012) indicate that there is no positive effect of LO on firm performance. Similarly, Long (2013) studies the impact of strategic orientations on firm performance, the study found no significant relationship between LO and firm performance.

2.5 TO and Firm Performance

Another important element of strategic orientation is TO. Recently, TO has been focused on in several strategic orientation literature as one of the essential components that contributes to firm value delivery (Gatignon & Xuereb, 1997). Ettlie, Bridges and O'keefe (1984) suggest that technology in a firm promotes creative effort of the firm. Achieving business goal lies on the ability of the firm to welcome new ideas and quick adaptation of new technologies (Hurley & Hult, 1998). Technological superiority determines the acceptability of the product in the market because consumers prefer quality goods and services. Thus, firms that are committed to research and development, and that employ new technologies will undoubtedly achieve competitive advantage (Voss & Voss, 2000). TO is a firm's ability and willingness to develop technological mind-set and utilize it in improving or developing products and services (Gatignon & Xuereb, 1997).

Several studies have been conducted on the contribution of TO on firm performance (Gao, Zhou, & Yim, 2007; Gatignon & Xuereb, 1997; Hoq, 2009; Mu & Di Benedetto, 2011; Spanjol, Qualls, & Rosa, 2011; Voss & Voss, 2000). Gatignon and Xuereb (1997) report a significant positive relationship between TO and innovation superiority and firm performance. Gao *et al.*(2007) examine the roles of customer orientation, competitor orientation and TO in a transitional economy. The study reveals that TO positively affect firm profitability and product performance with average technological changes, while it has no significant effect on sales growth. However, the study indicates that with little technological turbulence, TO has a negative effect on business performance. Paladino (2007) reports a significant relationship between TO and overall firm performance. In a similar study on the influence of social capital, MO, EO and TO on firm performance, the study reports positive influence of TO on firm performance (Hoq, 2009). Another result found that TO has significant positive influence on product performance, particularly in terms of newness of the product to customers (Salavou, 2010). Firms guided by TO can accumulate rich technological knowledge that can improve their adaptive capability. Therefore, firms need to improve their TO as a driver of adaptive capacity (Zhou & Li, 2010). Additionally, a study of four strategic orientations by Mu and Di Benedetto (2011) found TO has a significant effect on product commercialization performance. Similarly, Spanjol *et al.*(2011) report similar findings on the significant positive effect of TO on a firm's product innovation performance.

In contrast, in a study on strategic orientations and firm performance, Voss and Voss (2000) found no significant effect of TO on both subjective and objective performance of a firm. In a study that examined the interplay between EO, TO and customer orientation and company performance of 164 software companies, the results show that TO has no direct significant relationship with performance (Hakala & Kohtamaki, 2010). Hortinha, Lages and Lages (2011) study mutual benefits between customer orientations and TO in relation to innovation and export performance and the result show that TO do not affect performance directly.

2.6 Access to Finance

Financial capital is the most common type of resource and relatively easily converted into other types of resources. Hence, access to capital is important for small businesses' performance (Wiklund & Shepherd, 2005). Access to finance is one of the critical issues responsible for gross low performance of SMEs in Nigeria. Therefore, having financial resources can enhance their performance (SMEDAN, 2012). Wiklund and Shepherd (2005) report that for small businesses to achieve and sustain competitive advantage, they need access to financial resources. Likewise, Frank *et al.* (2010) confirm that access to financial capital can improve firm performance. Moreover, Demir and Caglayan (2012) affirm that firm performance is positively influenced by access to finance. Similarly, it is concluded that there is a positive and significant link between a firm's financing and business performance (Turyahebwa, Sunday, & Ssekajugo, 2013). Based on these issues, it is expected that access to finance will have significant positive influence on performance of SMEs in Nigeria.

As access to finance improves firm performance, it evidently depends on the firm's strategies (Cheng, Ioannou, & Serafeim, 2014; Ghimire & Abo, 2013). It is apparent that firms with high entrepreneurial skills will have better access to resources, including financial resources (Mohammed & Obeleagu-nzelibe, 2014). Similarly, firms that are market-oriented have been found to have positive influence on the firm's profitability (Baker & Sinkula, 2009). In short, it is expected that market-oriented firms can generate high income, specifically through learning from the environment; hence, the products and services will sell themselves in the market. Technological superiority is no doubt a good firm strategy that can improve ability to have more funds, since such firms can produce superior products that can compete favorably in the market. This is confirm in the findings of (Aminu & Shariff, 2015), who found that EO, MO, LO, and TO positively influence firm access to finance.

Based on this premise, it is expected that access to finance can be a mechanism through which EO, MO, LO, and TO positively relate to SMEs' performance. This is one of the important empirical contributions of this study because it offers a more nuanced explanation on how these strategic orientations affect firm performance. Although numerous studies (Aminu & Shariff, 2015; Baker & Sinkula, 2009; Hakala, 2011; Long, 2013) have explained that EO, MO, LO and TO influence access to finance and firm performance there is, however, a lack of empirical evidence on the mechanisms, such as access to finance through which firm performance is affected. Hence, access to finance may provide the necessary explanation of how EO, MO, LO and TO enhance firm performance. In other words, this study posits that:

H1 Access to finance mediates the positive relationship between EO and performance of SMEs in Nigeria.

H2 Access to finance mediates the positive relationship between MO and performance of SMEs in Nigeria.

H3 Access to finance mediates the positive relationship between LO and performance of SMEs in Nigeria.

H4 Access to finance mediates the positive relationship between TO and performance of SMEs in Nigeria.

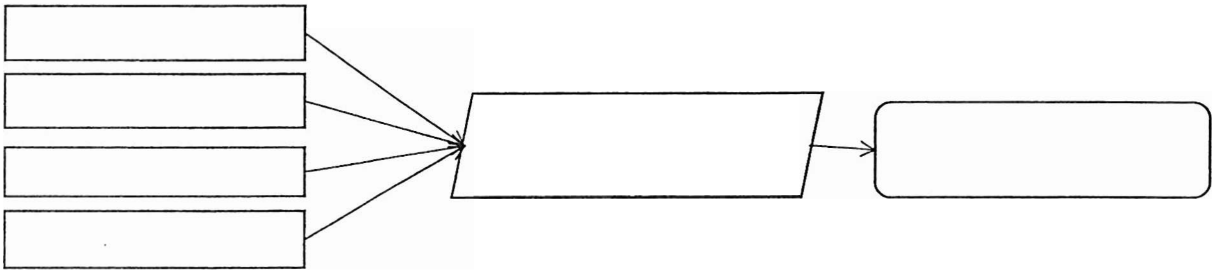

Fig 2.1 Conceptual Framework

3.0 Methodology

This study follows a quantitative methodology, where numbers are used to represent the phenomenon being studied (Hair Jr., Black, Babin, & Anderson, 2010). This study adopts a survey research design and data was collected at one time, the study is cross-sectional. The study adapted measurements based on the previous studies relevant to the current research context (Churchill, 1979). The present study measures items on a seven-point Likert-scale. The items were adapted from previous studies, firm performance from Suliyanto and Rahab (2012), EO from Hakala and Kohtamäki (2011). MO from Suliyanto and Rahab (2012), LO from Farrell *et al.* (2008), TO from Spanjol *et al.* (2011) and access to finance from Martin, Cullen, Johnson and Parboteeah (2007).

The population in this study are the SMEs operating in the Kano, Kaduna and Sokoto states of north-western Nigeria. North-western Nigeria has the highest number of SMEs in the country, out of which 5,010 are small and medium (SMEDAN, 2012). The sample size for this study is 522 and were disproportionately selected randomly from each stratum of Kano, Kaduna and Sokoto based on the respective sample size (Sekaran & Bougie, 2010). The study analysed the data using Partial Least Squares Structural Equation Modelling (PLS-SEM). SmartPLS v3.0 by Ringle, Wande and Becker (2014) was used to determine the outer model (reliability, convergent validity and discriminant validity) and inner model (significance of the path coefficients, coefficient determination, the effect size and predictive relevance).

4.0 Data Analysis and Results

4.1 Common Method Bias Test

Since the data on the endogenous and exogenous variables were collected at the same time using the same instrument, common methods bias could distort the data collected. Therefore, considering the potential problem caused by common method bias in behavioral studies, this study conducted a common method bias test (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003). So, in this study, un-rotated factor analysis with seventy items of all the variables of the study revealed that no single factor accounted for more than 50% of the variance. The result produced 16 distinct factors and only 21.61% of the total variance was accounted by a single factor, indicating the absence of common method bias in this study. This is in line with Podsakoff *et al.* (2003) and Lowry and Gaskin (2014), who argue that common method bias is present when a single factor explains more than 50% of the variance.

4.2 Evaluation of PLS-SEM Result

After the checking and screening of the data as described in the previous discussion, the next step was to assess the outer model and inner model (Esposito Vinzi, Trinchera, & Amato, 2010; Hair Jr., Hult, Ringle, & Sarstedt, 2013). PLS-SEM was used in this study to evaluate the outer model (measurement model) and the inner model (structural model). In other words, PLS-SEM was used to analyze the mediating results of this study. SmartPLS 3.0 by Ringle *et al.* (2014) was used to determine causal links among the constructs in these theoretical models.

4.2.1 The Measurement Model

Reliability and validity are the two main criteria used in PLS-SEM analysis to evaluate the outer model (Hair Jr. *et al.*, 2013; Hulland, 1999; Ramayah, Lee, & In, 2011). Consequently, the CR values for all the constructs were examined, and the results in show that all CR values exceed the recommended threshold value of 0.70 (Hair Jr. *et al.*, 2013; Henseler, Ringle, & Sinkovics, 2009). The CR values in this study ranges between 0.84 to 0.94, indicating the reliability of the measurement model. Next is convergent validity, which refers to the extent to which measures of the same constructs that are theoretically related to each other are related (Henseler *et al.*, 2009). In this study, convergent validity was assessed by examining AVE values. Results show that the AVE value of all the constructs exceed the threshold value of 0.50 (Hair, Sarstedt, Ringle, & Mena, 2012; Henseler *et al.*, 2009). The result reveals AVE values range from 0.54 to 0.66; so it can be concluded that convergent validity is established.

Then, discriminant validity was considered, which concerns with the extent to which one construct is actually different from another construct. The most conventional approach in assessing discriminant validity is Fornell-Larcker Criterion (Hair Jr. *et al.*, 2013). Others include cross-loading examination method, which is considered more liberal, since it is likely to have more constructs exhibiting discriminant validity. Therefore, in this study, discriminant validity was assessed by comparing the square root of the AVE for each construct with the correlations. The Fornell-Larcker criterion assessment shows that square root of AVE is greater than its highest construct's correlation with any other constructs. Thus, it is concluded that discriminant validity on the construct has been established (Hair Jr. *et al.*, 2013; Henseler *et al.*, 2009). Lastly, in this study, outer factor loading as important criteria in assessing indicator's contribution to assigned construct was examined. Outer loadings were examined based on the threshold value of 0.50 and above (Hair Jr. *et al.*, 2010). The result indicates that all the values of the loading exceed the suggested threshold of 0.50 and above, showing satisfactory contribution of the indicators to assigned constructs. Additionally, the result indicates absence of discriminant validity problem since the loadings are greater than 0.5, and no any other indicator has loading more than the one it intends to measure.

4.2.2 The Structural Model

As mentioned earlier, once the measurement model (outer model) was examined and the reliability and validity of the model established, the next step was to evaluate the outer model (structural model) results. This involved assessing the outer model's predictive abilities and the relationships between the constructs. As suggested by Hair Jr. *et al.* (2013), before assessing the structural model, collinearity should be examined. The result shows the values of VIF are clearly below the threshold of 5. Therefore, it is concluded there is no collinearity among the predictor constructs in the structural model, and further analysis should be carried out. After checking and confirming absence for collinearity, the next step was to assess the structural model. According to Hair Jr. *et al.* (2013), the key criteria for assessing the structural model in PLS-SEM are the significance of the path coefficients, coefficient determination (R^2), the effect size (f^2) and predictive relevance (Q^2).

Mediation analysis assesses the indirect effect of the independent variable on the dependent variable via an intervening variable. The most recent mediation analysis approach is the bootstrapping method, where the bootstrapping generates an empirical representation of the distribution of the sample of the indirect effect (Hayes, 2009; Rucker, Preacher, Tormala, & Petty, 2011). Knowing the advantage of bootstrapping method over other methods, Hair Jr. *et al.*, (2013) and Hayes & Preacher (2010) suggest testing the significance of the mediation using bootstrapping methods. Hence, this study tested the mediating role of access to finance on the influence of EO, MO, LO, and TO on firm performance with SmartPLS 3.0 (Ringle *et al.*, 2014) using the bootstrapping procedure with 362 cases and 5,000 subsamples. After including the mediator construct, access to finance the bootstrapping result of 5,000 samples was used to multiply path a and path b. Then the product of the two significant paths was divided by the standard error of the product of the two paths (axb)/Sab to get the t-value. It is therefore clear from Table 4.1 that access to finance mediates the relationship between MO and firm performance (β.03; t=1.67; p<.05); LO and firm performance (β.02; t=1.75; p<.05); and TO and firm performance (β.05; t=2.19; p<.01). However, Table 4.1 shows that access to finance does not mediate the relationship between EO and firm performance (β.-02; t=-1.36; p<.1).

Table 4.1

Results of Mediation Test

Hypotheses/Paths		Path Coefficient	Standard Error	T Statistics	P-Value	Decision
H1	EO -> AF ->FP	-.02	.02	-1.36	.91	Not Supported
H2	MO ->AF->FP	.03**	.02	1.67	.05	Supported
H3	LO -> AF->FP	.02**	.01	1.75	.04	Supported
H4	TO -> AF->FP	.05***	.02	2.19	.01	Supported

*:p<0.1; **:p<0.05;***:p<0.01

One of the most commonly used criteria for assessing structural model is coefficient of determination (R^2) of endogenous latent variables (Hair Jr. *et al.*, 2013). According to Cohen (1988), R^2 values of .27, .13 and .02 indicate substantial, moderate and weak R^2 values, respectively. Result shows that the R^2 value of access to finance (.21) is moderate and firm performance (.27) is slightly substantial. This R^2 value is higher than the one reported by Hakala (2013) and Mahmoud and Yusif (2012), respectively. Having assessed the coefficient of determination of the endogenous constructs (access to finance and firm performance), the next criterion assesses the effect size (f^2) as suggested by Hair Jr. *et al.* (2013). Effect size is the difference in R^2 between the main effects when particular exogenous construct is in the model and when it is omitted from the model. This is done purposely to evaluate whether the omitted exogenous construct has a substantial impact on the endogenous variables (Hair Jr. *et al.*, 2013). The result indicates that most of the exogenous constructs have small effect size on their respective endogenous construct.

Another assessment of the structural model is the model's predictive relevance ability. The predictive relevance can be assessed using Stone–Geisser criterion, which assumes that an inner model must be able to provide evidence of prediction of the endogenous latent construct's indicators (Henseler *et al.*, 2009). Hence, predictive relevance Q^2 assessment can be carried out using Stone-Geisser's Q^2 test which can be measured using blindfolding procedures (Hair Jr. *et al.*, 2013; Henseler *et al.*, 2009). The result shows that all the Q^2 values are greater than zero access to finance (.10) and firm performance (.16); this suggests a substantial predictive relevance of the model. This is in line with the suggestion by Hair Jr. *et al.* (2013) and Henseler *et al.* (2009) that Q^2 values greater than zero indicate the model has predictive relevance, while Q^2 values less than zero, indicate the model lacks predictive relevance.

Another evaluation criterion is the global Goodness-of-Fit (GoF) Index. However, there are many arguments on the usefulness of this criterion on the validating model (Hair Jr. *et al.*, 2013; Henseler & Sarstedt, 2013). However, it is argued that no such global measure of GoF is available for PLS-SEM (Hair Jr *et al.*, 2014; Hair Jr. *et al.*, 2013; Henseler & Sarstedt, 2013; Sarstedt *et al.*, 2014).

5.0 Discussion

The objective of this study is to examine the mediating role of access to finance on the positive relationship between EO, MO, LO, TO and performance of SMEs in Nigeria. So, four mediating hypotheses were proposed and tested using bootstrapping method (Preacher & Hayes, 2008). Precisely, hypotheses H1, H2, H3 and H4 were tested to see the mediating role of access to finance.

In order to attain this essential objective, H1 was tested which states that access to finance mediates the positive relationship between EO and performance of SMEs in Nigeria. The statistical result indicates that access to finance does not mediate the relationship between EO and firm performance. This result, however, is not surprising given the fact that the path from EO to access to finance was inversely significant in the direct relationship as reported earlier. Hence, H1 is not supported. A plausible reason for this is that the more SMEs perceive high environmental risk, the less they engage in profitable business. In other words, high EO means high risk that requires significant amount of financial resources rather than generating the resources. Therefore, the role of financial resources in explaining the relationship may not be noteworthy.

H2 states that access to finance mediates the positive relationship between MO and performance of SMEs in Nigeria. However, in this study, MO did not significantly affect firm performance directly, but it has a direct and positive impact on the access to finance. Interestingly, the result shows that MO affects firm performance through access to finance. Hence, H2 is supported. In this case, the result demonstrates that SMEs' ability to attract, retain more customers and deal with competition, lead to improvements in their financial resource access, and consequently to achieving higher performance. This seems to indicate that firm performance depends on MO when firms have access to finance.

To achieve the study objective H3 was tested which states that access to finance mediates the positive relationship between LO and performance of SMEs in Nigeria. Remarkably, the result establishes that access to finance mediates the relationship between LO and firm performance. Therefore, H3 is supported. According to this finding, implementing LO will help SMEs to increase their financial accessibility and in turn improve firm performance. This result also shows that no matter how much a firm is learning oriented, or good in using information, it cannot assure firm performance if it cannot get access to enough financial capital. SMEs in Nigeria should be learning oriented so that they can have more cash flow and secure more funding, and in turn, achieve higher performance.

Lastly, to achieve the objective of this study, H4 was also tested, and it predicts that access to finance mediates the relationship between TO and firm performance. Interestingly, the result indicates that the mediatory role of access to finance between TO and firm performance relationship is quite significant. Therefore, H4 is supported. This sheds more light that TO facilitate SMEs' ability to generate more financial resources that can lead to firm performance. The results of this study suggest that SMEs in Nigeria need to be technology oriented which will lead them to better access to finance and superior performance.

Conclusively, the study shows that the strategic orientations (MO, LO and TO) indirectly explain firm performance through access to finance. This is important additional explanation for the existence of the relationship between these strategic orientations and firm performance. This result supports the RBV that suggests firm performance is achieved as a result of matching valuable tangible and intangible resources. The results further suggest that SMEs need to use their strategic activities to improve their ability to obtain finances in order to perform well.

The study is subject to the usual limitations with cross-sectional, quantitative research design, single informant (owner-manager) and regional bias. Future studies should use longitudinal study and combine both quantitative and qualitative methods. Additionally, future studies should collect data from multiple participants (owners, managers and financiers) separately per enterprise. Finally, this study examined the mediating role of access to finance on the relationship between EO, MO, LO, TO and performance of SMEs in Nigeria. The independent variables tested in the study were confined to SMEs' performance. Other factors that belong to a firm's strategic resources, such as employee orientation, cost orientation and network orientation can be used to extend the framework proposed in the study.

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