



MICRO-SAVINGS AND FINANCIAL PERFORMANCE OF MICROENTERPRISES IN KADUNA STATE: THE MODERATING EFFECTS OF INNOVATION

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Abstract

Microenterprises financial performance may be improved through micro-savings when done innovatively. The study investigates the moderating effect of innovation on the link between micro-savings and financial performance of microenterprises in Kaduna State, to ascertain its indirect influence towards addressing the dismal financial performance of microenterprises in Kaduna State. Two hypotheses were formulated and Multiple Regression technique aided by SPSS used to analyze the relationship between financial performance and micro-savings with innovation as moderator. The descriptive research design and the stratified proportionate random sampling were used to collect data from 413 microenterprises via questionnaire. The regression result shows that micro-savings has positive and significant effect on financial performance of microenterprises. Again, the result indicates that innovation has significant moderate effect on the relationship between micro-savings and financial performance of microenterprises in Kaduna State. The study concludes that there is moderating effect of innovation on the relationship between micro-savings and financial performance of micro-enterprises in Kaduna State. The study recommends that microenterprises aside embracing micro-savings to build up assets for improved financial performance, should deploy substantially micro-savings finance on innovation, for positive effect on their financial performance in Kaduna State.

Key Words: Financial performance, Microfinance Banking, Microenterprise, Micro-savings, Innovation and Kaduna State

1. INTRODUCTION

Governments world over focuses on expanding the micro, small, and medium-sized enterprise (MSMEs) sector, to improve performance and support national economic development and growth. Thus, the study main objective examines the moderating effects of innovation on the link between micro-savings and financial performance of microenterprises in Kaduna State. Microenterprises constitutes the major dominant subsector of the MSME sector of the Nigerian economy, representing 99.86 percent while SMEs is 0.13%, plays critical role in the economic transformation through job and employment creation and poverty reduction, advancements in product and process, and promotion of entrepreneurial spirit and innovation (SMEDAN, 2017).



NBS/SMEDAN (2017) report has revealed that 41.5million MSMEs are registered in Nigeria, and Kaduna State shared 18.1% of this total. It further stated that 37.07million enterprises accounts for 84% jobs in Nigeria, and 36,994,578 (98.8%), 68168 and 4670 (1.2%) are microenterprises, small and medium enterprises respectively. Moreover, microenterprises contribute 50% to Nigeria's Gross Domestic Product (GDP).

Meanwhile, microenterprise performance is the actual result measured to the enterprise's inputs (Shamsuden, Kent & Hassan, 2016). It is the result of enterprise's productivity, resource usage, and efficiency at their highest levels, showing how well its assets are being used to create monetary value (Beny, Sweeting & Goto, 2016). Financial performance assesses a firm's overall financial health over a specified period of time and aggregately compares it to other similar firms in the same industry or industries or sectors (Marie, Florica & Catalina, 2001). And a rise in firm's revenues, sales, profit, or market share is considered a positive financial performance, which is springboard for microenterprise's expansion and survival, and ability to create jobs and encourage economic growth in economy (Mnunka & Oyagi, 2020). Therefore, profitability, production, sales turnover/revenue, return on investment, and return on assets measured microenterprise's financial success in Kaduna state (Kamyabi & Devi, 2011; Cankal & Edema, 2019).

Meanwhile, SMEDAN (2017) defines a microenterprise as an organization with less than ten (10) employees, including the owner-manager, and capital of no more than five hundred thousand (N500, 000), excluding land and buildings. National Implementation Plan, 2010 listed microenterprises into manufacturing, ICT, transportation, lodging and dining, building and construction, agriculture, culture and tourism, trade and commerce industries and retail Trade Company.

However, the Kaduna State micro businesses' financial performance is observably poor and concerning, especially for the government and organized private sector groupings stakeholders (Ekwem, 2011). With the main problem of insufficient cash, because funding comes primarily from personal resources, family assistance, government action, and conventional fund sources like Esusu, while conventional banks' strict loan standards and reluctance to lend to those in the high-risk bracket, they rarely seek out and acquire financing from them (SMEDAN, 2017). This gives microfinance banking a platform to compete for financing micro businesses (Zhiri, 2017).

Supporting this, 2005 Central Bank of Nigeria (CBN) banking reform agenda has licensed the microfinance banking Institutions (MFBIs), later converting community banks to microfinance banks, providing financial services (microcredit, micro-savings, business advisory, among others), particularly to enterprises recognizing that they could have significant effects on their financial performance (Ozioko, 2010).

Meanwhile, the microfinance banking institutions are financial organizations that offer financial services to the underprivileged with few or no hurdles to accessing cash for business ventures to enhance their living conditions (Obi, 2015). Their services involve the widespread distribution of modest loans and deposits to low-income individuals and business owners. Additionally, businesses in various economic sectors are given access to the services, which include microcredit/loan, micro-savings, business counseling, transfer/receive payment, and micro insurance, among others (Otero & Rhyne, 2007).



Micro-savings simply refers to setting aside a small portion of money for future usage or as a postponed expense (Amu & Amu, 2012). According to Balasubramanian, Kumar, and Subramanian (2012), a micro-savings service is a small deposit account provided to low-income people as an incentive to save money for later use, frequently without being paid a fee. According to Scott (2003), savings are unutilized funds held aside for future investments in entrepreneurship or for the growth of social capital, such as education. Savings is a tool for financial inclusion, asset accumulation, and a safety net for microenterprises in times of financial difficulty (Oluyombo, 2007). Many micro businesses don't have access to formal savings and are unaware that micro-savings service can help them build up assets that will improve financial performance and act as cushion against financial shocks (Zhiri, 2017). Consequently, Kaduna State microenterprises' financial performance may be significantly improved through micro-savings when done innovatively.

Adopting innovation will considerably improve the financial performance of microenterprises because innovation has an impact on financial performance. According to Kuhu and Marisck (2010), innovation is the process of turning an idea or discovery into a product or service that adds value in order to meet and exceed customers' expectations, leading to increased market share and sales turnover/revenues. And to the OECD (2005), innovation is the use of new or considerably enhanced goods, services, processes, marketing strategies, organizational practices, work organization, and relationship-building techniques, which enhances product quality that gingers demand and increased sales turnover/revenue. While Hauser, Tellis, and Griffen (2006) describes innovation as the process of introducing new goods and services to a specific market prioritizing the satisfaction of customers, leading to increased market share and profitability.

Innovation may also impact on how well micro businesses operate financially. However, the adoption and acceptance of innovation by microenterprises has been minimal, which may explain their poor financial success (Abubakar, Ibrahim & Yazeed, 2018). In addition to being a key factor in beginning of a business, innovation has a significant impact on corporate performance (Thomas, Ambross, & Denis (2016). Innovation boosts an organization's revenue and competitiveness (Dankor, Dankor, Kankam-Kwanteng & Aidoo, 2018). Zhiri (2017); Kanyare and Mungai, (2017) and Kihara (2017) studied the relationship between micro-savings and financial performance of microenterprises which findings are inconsistent. Thus, Baron and Kenny (1986) suggested that where there are mixed findings, a typical moderator be introduced towards strengthening or change the direction of the relationships. This study in line with the aforementioned suggestion argued that innovation can strengthen the financial performance of microenterprises when it interacts with micro-savings. It deepens the scope of findings on the relationship between micro-savings and financial performance of microenterprises thereby contributes to knowledge, while it bridges variable inclusion gap as a moderating variable. Consequently, this study investigates the moderating effects of innovation on the relationship between micro-savings and the financial performance of microenterprises in the Kaduna State.

The study benefits microenterprises generally, for it shows innovativeness in optimum utilization of resources, enhances their financial performance for competitive advantage. Also, the novel inclusion of innovation moderator expands the scope of findings in this area of study, further contribution to knowledge, as reference materials for researchers.

The study therefore, seeks to answer the following research questions:



- i. To what extent does micro-savings influence financial performance of microenterprises in Kaduna State?
- ii. To what extent does innovation have moderate effect on the relationship between micro-savings and financial performance of microenterprises in Kaduna State?

The main objective of this study is to examine the moderating effect of innovation on the relationship between micro-savings and financial performance of micro-enterprises in Kaduna State. The specific objectives are as follow:

- a. To determine effect of micro-savings on financial performance of microenterprises in Kaduna State.
- b. To assess moderating effect of innovation on the relationship between micro-savings and financial performance of micro-enterprises in Kaduna State.

The hypotheses are stated in null form as follow:

Ho₁: Micro-savings has no significant effect on financial performance of microenterprises in Kaduna State.

Ho₂: Innovation has no significant moderate effect on the relationship between micro-savings and financial performance of microenterprises in Kaduna State.

2. LITERATURE REVIEW AND THEORY

2.1 Review of Empirical Literature

Chole (2017) investigated how microfinance institutions' services (savings, loans, and training) affected the performance of micro and small businesses (MSEs) in Kariobangi Light Industry in Nairobi, Kenya. He used descriptive study methodology to collect primary and secondary data, which were evaluated using descriptive statistics. The results showed that the performance of micro and small businesses is positively impacted by micro-savings and microloan services. Though the study was on micro and small enterprises, it lacked the moderating effect, hence limited in scope of findings. Zhiri (2017) examined the impact of microfinance services on performance of small and medium enterprises in Zaria metropolis. Cross sectional, descriptive research design and questionnaire were used to obtain data from a sample of 300 SMEs operating an account with Creed Microfinance bank in Zaria, and analyzed using regression and SPSS 20.0 statistics. It found that micro-savings and microcredit have significant impact on level of entrepreneurship activities and performance of SMEs in Zaria metropolis. Though the study was also on micro-savings, no moderator interacted on the dependent and independent variables to have deepened the findings significantly. Kihara (2017) investigated the effect of microfinance services on financial performance of SMEs in Nairobi, Kenya. Descriptive research design and stratified random sampling was adopted to select a sample of 234 SMEs. Secondary data was obtained via data collection sheet and analyzed using regression model. It established insignificant relationship linking micro-savings and financial performance of the SMEs. Like the previous studies, there is also no moderating effect on this relationship to have widened the scope of findings.

In order to ascertain the effects of micro-savings, microcredit, and training on the financial performance of SMEs, Aladejebi (2019) investigated the effects of microfinance institutions on the expansion of small and medium-sized businesses in the Lagos metropolis. The SMEs with accounts with microfinance banks in the Lagos metropolis were surveyed to gather data. The



research found that SMEs that used microfinance bank products, such as savings, microcredit, and training, grew financially stronger. Though there was positive impact of the IVs on DV, like the previous studies, there wasn't moderating interaction in the relationship for deeper outcome. Similarly, Cankel and Edema (2019) assessed the impact of microfinance services (microcredit, micro-savings, micro-insurance and training) on micro and small-scale business performance in Arua District of Uganda. Cross-sectional micro-level data, randomly drawn from micro and small-scale businesses and microfinance banks institutions, via questionnaire were used, were analyzed using SPSS and regression model. The study revealed that micro and small-scale business performance was impacted significantly positive by microfinance institution services. Despite a positive impact of microfinance services on the business performance, the study lacks moderating effect on the relationship to widen scope of findings. The effect of microfinance bank services (micro-loan, savings & training) on the performance of women-owned enterprises in Makurdi metropolis, Benue State, Nigeria, was interrogated by Diaka and Asenge in 2019. The study survey design was adopted and used questionnaire to collect data from 68 women-owned enterprises selected via census sampling, presented and analyzed using simple percentage, mean and standard deviation, while hypothesis was tested using regression analysis. The findings revealed that micro-savings significantly have positive effect on performance of women-owned enterprises. Though the IV impacted positively on the DV, aside being gender bias, it lacks interaction of moderator/mediator in the relationship for deeper outcome.

Mnunka and Oyagi (2020) viewed how microfinance savings mobilization and loan facilities affected the financial performance of Small and Medium Enterprises, in Ilala municipality. Using Slovene's method, sample of 356 SMEs was selected and data were collected via questionnaire, while descriptive statistics were utilized to examine the results. Results showed that the financial performance of SMEs improved by microfinance services. Like the previous studies, absence of moderator/mediator limited the scope of findings. Wombo, Ogaga, and Tersootsetim (2020) studied microfinance organizations' impact on the expansion of women-owned small and medium-sized businesses in Benue State. They focused on micro-savings, micro-loans, and training services of microfinance institutions. A sample of 214 was drawn using the Taro Yamene's formula and the survey research technique. Regression analysis was used to examine data collected via questionnaire. Findings demonstrated that growth of women-owned businesses was significantly influenced by the micro-savings, microloan, and training services of microfinance institutions. The study aside gender-based, has no moderator/mediator interaction which limited the scope of its findings.

Pushpanathan and Swarnika (2021) investigated the influence of microfinance services (micro-savings, microcredit and micro-training) on the performance of microenterprises in Pilimathalawa area of Sri Lanka. The research used a sample of 100 micro businesses, data were collected via structured questionnaire and SPSS version 20 was used for analysis. The findings indicate that microfinance services have insignificant impact on the entrepreneur's performance, but micro-savings, microcredit, and micro-training had a considerable impact. However, the study was without moderation and hence limited findings. Similarly, Semeon and Bishnoi (2021) examined effect of microfinance on the performance of micro and small enterprises of Amhara National Regional State, Ethiopia. The survey research method was adopted and selected randomly a sample of 340 MSEs, while average sales volume measured performance. The t-test statistics confirmed there is significant difference between sales, total asset, employment and net profit of MSEs'



performance after microcredit loan. And micro-savings have significant effect on MSEs' performance. Like previous studies, it lacks of moderator/mediator interaction to deepen findings.

2.2 Theoretical framework

The Resource-based View (RBV) hypothesis anchored on business growth theory, serves as base for this study which is indicated by financial performance. According to Penrose's firm growth theory of 1959, a firm should be viewed as the fusion of various resources (human and physical) inside an organizational framework, for it increases firm's competitive advantage. There could be positive impact on the financial performance of microenterprises if micro-savings are deployed to innovation.

Businesses have variety of distinctive resources and competencies of valuable, uncommon, one-of-a-kind, and non-replaceable that gives a long-term competitive edge. Resources are real and intangible assets that a company owns/controls, whereas innovation is the use of resources in combination with organizational practices to develop novel products, processes, technologies, and ideas, to fulfill goals (Amabile, Cont, Coon, Lazenby & Herron, 1996).

The presumptions that resources are heterogeneous, competences and skills vary, and resources cannot be transferred from one organization to another, and their immovability renders it impossible for rivals' imitation and employing identical techniques (Penrose, 1959). Therefore, it is presumptive that firm's capacity for innovation will decide its competitive advantage and capacity to improve financial performance by utilizing valuable, readily available tangible and intangible resources to produce novelty in its products and services (Barney, 1991). Hence; Fonseka, Yang & Tian, 2013) applied the RBV theory in their studies which highlighted the impact of access to financial resource- priceless, uncommon, and tangible resource- on the performance of small and medium companies. Thus, combination of a valued resource, such as micro-savings finance with innovation, gives the firm a larger competitive edge and improves financial performance.

3. METHODOLOGY

3.1 Research Design, Population, Sample Size and Sampling Technique

The study uses descriptive research design and primary data were collected using questionnaire instrument. The population of study is fifteen thousand five hundred and fifty-eight (15,558) small businesses operating in Kaduna State (Kaduna State Bureau of Statistics –KDSBS, 2019). This study uses the sample size table of Krejci & Morgan (1970) to sample 376 elements from the population and stratified proportionate random sampling technique. The mean of population size ranging 15000 to 20000 ($376+377/2$) was obtained. To obtain the necessary minimum sample of 376 responses and for increased representation, 30 percent (113) of questionnaire copies were added to make the sample 489 (Israel, 2013). This takes care of unavoidable errors of incorrect filing and unreturned questionnaire. The sample was drawn at a representative 3.14 % from the state three senatorial districts (Zone 1: Zaria and Sabon Gari LGAs, Zone 2: Kaduna North and Chikun LGAs, and Zone 3: Jama'a and Zango Kataf LGAs) in the proportion of 131 (4,173 multiply by 0.0314), 191 (6,062 multiply by 0.0314) and 167 (5,323 multiply by 0.0314) using the proportionate stratified random sampling technique. The LGAs in the senatorial zones constitute the municipal authority in each of the zones. The information gathered was from the 413 returned



questionnaires, yielding an overall response rate of 87.87%. Multiple regression technique was used and aided by SPSS, to analyze the data.

Responses to items were measured using a 5-point Likert scales, where 1 represents strongly agree and 5 indicates strongly disagree. The micro-savings was covered in one section; and innovation in another section. The questionnaire's final section measured financial performance adapted from the study of (Shiffu, 2014).

3.2 Data Screening and Quality Control

To deal with missing values and outliers, the field data was first filtered. We ensured the questionnaire was fully completed before leaving the respondent's location, thus there were no data missing. To prevent respondents from complaining of unfair treatment, it was explained to the importance of having fully filled questionnaire. Politeness was observed throughout and there were none for outliers. Our research was conducted using the SPSS statistical software for social scientists.

3.3 Reliability and Validity of the Instrument

A pilot study was conducted and pre-test sample was used to administer the questionnaire, similar process to the one employed in the study. This ensures the items were pertinent to the study; know how to administer the instruments, assess their validity and reliability, and to see if ambiguities exist in the instruments. To determine the degree of the measuring items would produce similar findings across repeated trials, reliability was tested. To assess the instrument's dependability, a test-retest method was utilized to gauge the extent the same outcomes could be attained with a repeated measurement of accuracy of same idea. Utilizing stratified proportionate sampling technique, the pilot sample was chosen.

Table 2 Reliability and Validity Analysis

Variables	Number of Items	Cronbach's Alpha
FP	6	0.846
MS	5	0.929
INN	5	0.861

Source: SPSS version 28 Output (2022)

Between 0 and 1, is the Cronbach Alpha Value (Antonakis, Avolio & Sivasubramaniam, 2003). Higher values are a sign of a scale with more accuracy. For a variable to be regarded as dependable, the coefficient alpha must be equal to or larger than 0.70 (Field, 2013; Sekaran & Bougie, 2019). Table 2 illustrates the internal consistency of the scales employed. With Cronbach alpha of 0.929, micro-savings has the highest value, while financial performance and innovation have alphas of 0.846 and 0.861, respectively. It refers to the scale's high reliability, which is greater than 0.7.

3.3 Model Specification

The study's research model is as follows:

FP = f (MS)3.1

It's important to note that the dependent variable in this study is financial performance, the independent variable is micro-savings, and the second component is innovation as the moderator, which includes:

MS = Micro-Savings

INN = Innovation



Then, FP will be regressed on MS. As such the effects of the independent variable on the dependent variable will be determined on Multiple Regression (without interaction) as:

$$FP = d_i + \beta_1 MS_i + e_1 \dots \dots \dots 3.2$$

And with interaction as:

$$FP = d_i + \beta_1 MS_i + \beta_2 INN_i \times MS + e_1 \dots \dots \dots 3.3$$

Where:

FP = Financial performance

d_i = Constant representative value of DV when all other explanatory variables are held constant

$\beta_1 \dots 2$ = Coefficient of the independent variable used

MS = Micro-savings as independent variable 1

INN = Innovation as moderator variable 2

e_1 = Random disturbance (Error term)

To access the data and determine the moderating impacts of innovation on the association between micro-savings and the financial performance of microenterprises, the Statistical Package for Social Science (SPSS) version 28.0.0.0 (190) was used.

4. RESULTS AND DISCUSSIONS

4.1 Preliminary Tests

Table 3: Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Dev.
Financial performance (FP)	413	1.00	5.00	3.17	0.87
Micro-savings (MS)	413	1.00	5.00	2.97	0.99
Innovation (INN)	413	1.00	5.00	3.59	0.81
Valid N (listwise)	413				

Source: SPSS Output (2022)

Table 3 lists the variables' names, sample sizes, mean and standard deviation, as well as their maximum and minimum values. The mean micro-savings score is 2.97, and the standard deviation is 0.99, indicating that the majority of microenterprises agreed with the micro-savings scale items, and they averagely saved with microfinance banking institutions. Innovation, the moderator, displayed a mean value of 3.59 and a standard deviation of 0.81, this indicates that if microenterprises in Kaduna State greatly embraced innovation, it would strengthen the relationship between micro-savings and financial performance. Financial performance, the dependent variable, has a mean of 3.17 and a standard deviation of 0.87, indicating also that microenterprises averagely accessed micro-savings service of microfinance banking.

Table 4: Correlation Matrix

	MS	INN	FP
MS	1		
FP	.876	1	
INN	.753	.561	1
N	413	413	413

Source: SPSS Output (2022)

Significance level ** at 0.01 and * at 0.05



The correlation between the study's factors is shown in Table 4. All other correlation values are smaller than the greatest correlation value between the variables, which is 0.876, proving that the study's variables were legitimate for further data analysis. With a 0.876 correlation value at the 1% level of significance, MS and INN are significantly positively associated. The MS correlates with FP similarly, with a 0.753 at the 1% level of significance. With a correlation coefficient of 0.753 and 1% threshold of significance, INN and financial performance are also significantly positively associated. Thus, an increase in the financial performance will result in an increase in the worth of micro-savings and innovation worth of microenterprises in Kaduna State.

4.1 Regression Result

Table 5: Regression Output

Variables	Co-efficient	t-values	p-values	Decision (Ho)
MS- >FP	0.030	11.097	0.000	Rejected
R ²	0.885			
Adjusted R ²	0.885			

Source: SPSS Regression Output (2022)

To further analyze how micro-savings and innovation affect financial performance, regression analysis was used. The finding shows that micro-savings have a coefficient value of 0.030 in table 5, which is significant at 1% level of significance. The results show that micro-savings has positive and significant effect on financial performance, which suggests that as microenterprises raise their micro-savings, their financial performance becomes more rational and vice versa. Therefore, Ho₁: Micro-savings has no significant effect on financial performance of microenterprises in Kaduna State was rejected. The R² demonstrates that micro-savings account for 88.5% variance in financial performance. The results are compatible with previous research (Cankel & Edema, 2019; Diaka & Asenge, 2019; Wombo, Ogaga & Tersotsetim, 2020; Mnunka & Oyagi, 2020; Semeon & Bishnoi, 2021; Pushpanathan & Swarnika, 2021) that found a strong relationship between micro-savings and financial performance. Although finding contradict that of Kihara (2017) who found no connection between micro-savings and financial performance.

4.2 Moderation Result

The study's proposed moderator is innovation, which is used to evaluate the second hypothesis regarding the paths of accidental influence of micro-savings on financial performance. The Moderating Model 1 of the Hayes (2013) Process is utilized to calculate this moderation impact. The model defines a single moderator in which the level of the moderating/interaction variable M affects the association between X and Y. Alternatively stated, moderating variables alter the direction or strength of the link between X and Y variables. The terms interaction and moderation are interchangeable because moderation denotes the impact of X on Y at various moderator values (Aguinis, Gottfredson, & Wright, 2011). The independent and moderating variables are automatically converted into an interaction term (X*M) via the Hayes procedure.

**Table 6: Moderation Effect Output**

	Co-effi	Se	T	P-value	LLCI	ULCI
MS	.6889	.0739	9.3154	.0000	.5435	.8342
Inn	.4918	.0579	8.4942	.0000	.3780	.6056
Int_1	-.0312	.0195	-1.5952	.1114	-.0696	.0072
R ²	0.9322					
Adjusted R ²	.0008					

Source: SPSS Output (2022)

The Table 6 indicates the results of moderation of innovation on the relationship between micro-saving and financial performance. The results demonstrate that the interaction term (Int_1) has the upper and lower limits of -.0696 and .0072 and zero is not present in the 95% confidence interval; p-value is also higher than 0.05 indicating no significant. Furthermore, change in R² due to innovation as a moderator comes out to be 0.0008, with a no significant p value (.1114). Therefore, we infer that innovation does not moderate the relationship between micro-savings and financial performance, thus, accepting the hypothesis 2 of the study, innovation does not moderate the relationship between micro-savings and financial performance of microenterprises in Kaduna State. The outcome difference from the envisaged could be that the downturn in the economy occasioned majorly by insecurity ravaging the country and the COVID-19 pandemic, affected the propensity of micro-savings (Ojukwu, 2021). Hence, microenterprises deployed minimal micro-savings for their innovation activities.

5. CONCLUSION, RECOMMENDATION AND SUGGESTION FOR FURTHER STUDY

The result of the study shows that micro-savings, one of the products of microfinance banking, have a significant impact on the financial performance of microenterprises in Kaduna State. Furthermore, Kaduna State microenterprises' financial performance and micro-savings rates were unaffected by innovation activities because of minimal deployment of micro-savings. Therefore, we conclude that accessing micro-savings service of microfinance banking would significantly impact on the financial performance of microenterprises in Kaduna State. However, the minimal deployment of micro-savings to innovation activities had insignificant impact of the moderating effect of innovation on the relationship between micro-savings and financial performance of microenterprises in Kaduna state.

The study therefore, recommends that microenterprises in Kaduna State should adopt micro-savings so as to enhance their financial performance and contribute to economic development and growth. Also, microenterprises should deploy micro-savings substantially on innovation activities, to help build up assets that would also improve their financial performance.

The study suggested that other variables such as digital orientation can be used as potential moderator with some predictive variables on performance of small and medium enterprises. This is because the adoption of digital orientation has the likelihood of enhancing the performance of SMEs.

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