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Entrepreneurial Finance and Small and Medium Enterprises in Nigeria: A covid-19 Experience.

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Abstract

The negative effect of COVID-19 pandemic has implications greatly on the world, leading to economic shock. SMEs across the world have also been affected negatively and SMEs in Nigeria are not left out in the share of this negative effect, most especially in their access to finance. This study considered how SMEs during the sudden onslaught of the COVID-19 pandemic can overcome the menace of lack of external sources of finance to cushion the effect of the economic shock. The study reviewed literature on the effects of COVID-19 on SMEs and proposed a number of recommendations towards accessing entrepreneurial finance for SMEs at this critical period of COVID 19 pandemic. It is therefore recommended that Central bank of Nigeria should enact policies that will legally establish Small and Medium Scale Enterprise Bank this will enhance credit or loan supply and monitoring to SMEs, thus increasing SMEs growth in relation to contributing to the economic growth of Nigeria in the face of Covid-19 pandemic and beyond. Furthermore, government and regulators may take initiatives to reduce the interest rate on loans for SMEs, which would cushion the effect of the pandemic foster the growth of the SMEs.

Keywords: Entrepreneurial finance, small and medium enterprises, growth**,** COVID-19

Word Count: 201

1. INTRODUCTION

The year 2020 has been incredibly challenging for the global community. The spread of the novel coronavirus, known as COVID-19, has led to an unparalleled health crisis in countries across the world. With global active cases of 329,247,210 Million, Death, 5,559,422M and recovered, 267,913,266 as at 17th January 2022 (Worldometers, 2022). The crisis has had unprecedented and serious impacts on all aspects of how people communicate, work, produce, trade, consume and live. The economic ramifications of the pandemic quickly became apparent, and small and medium sized enterprises (SMEs) have been on the front lines (International Trade Centre (2020). With workers and customers staying indoors, and supply chains tested by shutdowns, the small companies that provide 70% of jobs in countries around the world and about half of economic activity have been put under stress (Saidu & Aifuwa, 2020).

Globally, the covid-19 pandemic is the largest public health crisis in living memory, which has also generated a major economic crisis, with a halt in all areas of the economy as it affects countries of the world as a whole. It is a collapse in ramifications where small and medium enterprises are not excluded. (Adenomon & Maijamaa, 2020). Across the world, the impact of the novel coronavirus is still severe despite the ease of lockdown for economic reasons. The uncertainty continues to heighten and no economy is spared from the fall-out from the COVID-19 outbreak. Nigeria has its own portion of it which is reflected in the data obtained from Worldometers, 2022 reporting data on covid-19 as at 17th January, 2022 which reflects that Nigeria has total cases of 250,929, total death 3103, recovered 224,052.

Unlike in previous global crises, during the COVID-19 outbreak economies have faced a combination of a supply shock most immediately, employees cannot go to work, impairing production, disrupting supply chains, freezing investments and a demand shock (notably, households and firms cannot buy certain goods and services), which reinforce each other (Eichenbaum et al. 2020; Guerrieri et al. 2020; Adenomon & Maijamaa, 2020). The shock has transmitted throughout the economy, affecting firms and industries across the board.

Small and medium enterprises (SMEs) is very sacrosanct to all nations of the world as it stimulates of economic growth given their roles from all works of life (Arifu, 2020) in congruence, Small and medium enterprises by number, dominate the world business stage. Although precise, up-to-date data are difficult to obtain, estimates suggest that more than 95% of enterprises across the world are SMEs, accounting for approximately 60% of private sector employment (Ozili, 2020) but despite the crucial contributions of small and medium scale businesses in Nigeria it is still faced with the problem of growth due to stunted financial resources available to them (Fasola et.al 2020). Fernandes (2020) argued that decline in SMEs growth has been a trend in the world over. Africa is not an exception. Balogun, Agumba and Ansary, (2018) posited that despite all these positivity regarding SME's, in Nigeria it is still bedeviled with many challenges. Among these, is shortage of finance which occupies a very central position.

However, lack of entrepreneurial finance to the SMEs sector is universally recognized in developing economies. In Africa, it is agreed among researchers that inability to access finance remains a major hindrance to SMEs growth (Ajayi, 2019; Aminu, 2018; Makanga & Paul, 2017). In Nigeria small and medium enterprises comprises of 96% of businesses compared to 53% in the USA and 65% in Europe (Oyelaran-Oyeyinka, 2020). SMEs in Nigeria prior to the COVID-19 era have been faced with the challenge of poor financial support, infrastructure and credit environment, top levels of unskilled workforce and low investment opportunities (Oyelaran-Oyeyinka, 2020) and in the COVID-19 era, they are the most vulnerable sector in the Nigerian economy, with little or no help from the federal government. Ariguzo et al. (2019) have posited that SMEs growth ascent has remained a universal dilemma which has been generating a vast amount of argument among practitioners, researchers, and policy makers. Kamrul (2019) has also argued that for any economy to achieve sound and greater economic activities, continuous SMEs growth is the answer.

In Nigeria, in spite of dominance and significant contributions of SMEs to economic activities and development, SMEs still perform below expectation as low as one percent (1%) contribution to country's GDP and continuous decline in growth compared to other nations of the world where SMEs contribute almost 40 percent (Entrepreneurship Outlook, 2019). Empirically, it is evident that having access to finance give SMEs the chance to develop their businesses and acquire better technologies for production, therefore ensuring their competitiveness (Adefulu et al. 2019; Aminu et al. 2018; Ariguzo et al. 2019; Mobuhle, & Olive, 2019; Njagi et al. 2017. In the same vein empirical evidences show that finance contributes about 25% to the success of SMEs (Aroyeun et al. 2019; Ebenezer et al, 2018; Egwakhe et al. 2019; Kamrul, 2019) and one of the key issues attributed to nonperformance is lack of access to funds (Egwakhe & Odumesi, 2019; Mobuhle & Olive, 2019; Muriithi, 2017; Ndiaye et.al, 2018). According to (Fashola et al. 2020) finance has remained one of the key SME issues confronting most enterprises in Nigeria today but SMEs in Nigeria face the financing gap which restricts their economic prosperity hence its growth. Consequently, entrepreneurial finance availability for small and medium enterprises (SMEs) during Covid-19 pandemic is the focus of this study. Which is on the premise that this sector is the most venerable in the economy.

In the face of the COVID -19. Pandemic which has been a global health problem, affecting all sectors of the economy across the world (Yi Lu et al. 2020) including the small and medium enterprises (SMEs) (Abiodun & Entebang, 2018). Nigeria inclusive most SMEs are confronted with serious financial crises which has affected a lot of their day to day activities vis-à-vis loss of sales, loss of market and staff availability to name a few (Adegboye et al. 2020). Although, it is evident empirically prior to covid-19 pandemic that 80 percent of small and medium enterprises in Nigeria fail within the first five years of their existence due to lack of finance among other problems (Aminu et al. 2018; Ariguzo et al. 2019; Saidu & Aifuwa, 2020). But the anticipated catalyst to high rate of small and medium enterprises stunted growth presently is the covid-19 pandemic with current realities which is an indication that Nigeria is likely to witness an extremely high post COVID-19 pandemic small and medium enterprises shot-down.

Several factors have been identified in literature as the causes of problem for entrepreneurial finance non-availability to SMEs in Nigeria. Some of the identified problem include stringent bank conditions, lack of collateral security, poor credit rationing and information gap between bank and SMEs owner (Abosede, Hassan, & Oko-Oza, 2017), inconsistency in government policies, high monetary policy rate, loan diversion, exchange rate depreciation, infrastructural decay and tenor of loans (Ajayi, 2019; Ubesie, Onuaguluchi, & Mbah, 2017), informational barriers, lack of management expertise, (Bondinuba, 2018). Similarly, (Aguwamba & Ekienabor, 2017, Eniola & Etenbang, 2015; Olatunji and Ibukun-Falayi, 2018) asserted that deposit money bank in Nigeria denied to extend credit to SMEs due to the fear of the collapse of SMEs before maturity stage, all these problems aforementioned, thus reducing SMEs access to finance for business growth. Unfortunately, the situation is still the same at this critical period of Covid-19 pandemic which is evident in the central bank of Nigeria circular on the guideline for the implementation of the palliative to SMEs which states that interest rate under the intervention shall be 5% per annum (all-inclusive) up to February 28, 2021, and thereafter, the interest on the facility shall revert to 9% per annum (all-inclusive) as from March 1, 2021). Furthermore the collateral requirements are as follows, movable assets that is duly registered on the National

Collateral Registry, life insurance, comprehensive insurance over assets, deposit of title document in perfect state, irrevocable domiciliation of proceeds, two acceptable guarantors, and personal guarantee of the promoter of the business (CBN, 2020). These aforementioned collateral requirements are very stringent and can hardly be met by a reasonable number of SMEs operators at this critical period of Covid-19 pandemic which requires further quest to other means of entrepreneurial finance for SMEs finance. Therefore, this study proposes to examine how SMEs can have access to finance in this COVID 19 pandemic period.

II. Literature Review

CORONAVIRUS DISEASE 2019 (COVID-19)

COVID-19 is an infectious disease caused by a newly discovered strain of coronavirus, a type of virus known to cause respiratory infections in humans (WHO, 2020). This new strain was unknown before December 2019, when an outbreak of a pneumonia of unidentified cause emerged in Wuhan, China where the coronavirus began. Hubei Province, China. Residents who lived in Wuhan had some link to a large seafood and live animal market, which suggest that the mode of transmission of coronavirus was from animal to person (Maryam & Farhan, 2020; Yi Lu, 2020). The virus has been named “SARS-CoV-2” and the disease it causes has been named “coronavirus disease 2019” (abbreviated “Covid-19”). The first known patient of Coronavirus started experiencing symptoms in Wuhan, China on 1 December 2019 and it has extended to the rest of the world spreading by human to human transmission through respiratory droplets with median incubation period from exposure to symptoms onset of four (4) to five (5) days (Ganaie.et al. 2020). The first confirmed case in Nigeria was announced on 27th February 2020. The COVID-19 pandemic affected the global economy in two ways One, social distance which is one of the measures of discouraging the spread led to the shutdown of businesses where a higher percentage of it are small and medium enterprises also, financial institutions were also locked down which affected every part of the economy in totality (Ozili & Arun 2020; Saidu & Aifuwa, 2020).

ENTREPRENEURIAL FINANCE

Availability of finance is sacrosanct to all SMEs, this is because all resources are acquired through it (Ebenezer et al. 2019). Access to credit allow SMEs to utilize productive assets to enhance productivity and economy of scale (Adefulu, et al. 2019; Kamrul, 2019; Olubiyi, 2019). As suggested in Dalberg’s (2011) report, access to finance encourages market entry, facilitates growth, reduce risks, and fosters innovation and entrepreneurial activity. Okello et al. (2017) argued that access to finance is the most important factor in determining the survival and growth of SMEs. Beck and Demirguc-Kunt, 2016; Iyad & Sadun, 2019; OECD, 2020) further argue that access to finance allows SMEs in developing economies to undertake productive investments to expand their businesses and to acquire the latest technologies, thus ensuring their competitiveness, and fostering innovation, macroeconomic resilience, and GDP growth. Adefulu et al, (2019) also suggest that provision of credit to micro enterprises encourages economic growth in the informal sector through promoting increased capitalization of business, creating employment opportunities, and long-term income growth.

This is supported by the studies of (Aghion & Bolton 2017; Ndiaye, et al., 2018) who argue that more credit means more entrepreneurship, more firm formation, and economic growth. A study by OECD (2019) on OECD, SME and entrepreneurship outlook indicate that access to finance improved firm performance and growth by facilitating market entry, risk reduction, promoting innovation, and entrepreneurial activity in developing economies. In the same vein Egwakhe, & Odumesi, 2019) in a study on bank credit accessibility and small and medium enterprises growth in Nigeria (1980-2015): External factors determinants indicated that access to credit exerts a significant positive effect on growth of SMEs, the result from the regression model shows that there is positive relationship between the growth of the SMEs and access to credit. Also, accessing finance has been identified as a key element for SMEs to succeed in their drive to build productive capacity, to compete, create jobs and contribute to the poverty alleviation in developing countries (Egwakhe & Odumesi, 2019; UNCTAD, 2020). Furthermore, according to a survey by Aguwamba and Ekienabor (2017) it was established that the problem of access to financial resources by the small and medium enterprises was to some extent created by the financial institutions themselves. The author pointed out that unfriendly lending policies, limits on the amount loaned to SMEs, complex and bureaucratic application process, played a major role in locking out SMEs from accessing credit facilities (John-Akamelu & Muogbo, 2018). The types of organization providing financial assistance further worsen the problem of access to finance by the SMEs in Nigeria. The people seeking credit will always review the terms of payments of the loan, the duration and the collaterals demanded by the institutions. When these requirements are beyond their ability, they will shy away from applying even if their credit is available for them (Amoako-Adu & Eshun, 2018).

SMALL AND MEDIUM ENTERPRISES

Meaning of Small and medium enterprises vary from country to country relative to the overall size and structure of the domestic economy. Shahnawas and Mustata, (2020) noted that definitions of SMEs vary between countries and between continents. Small and Medium Development Agency of Nigeria (SMEDAN) is the Nigerian government’s institution to develop the SME sector. The agency provides insights into the definition of small businesses based on the number of employees. The agency defined small and medium enterprises (SME) as a business employing 1 to 200 persons. Small-scale business is defined in terms of annual turnover and the number of paid employees. Small and medium enterprises encompasses sole proprietorship, family businesses and partnerships, and may be incorporated or unincorporated. The term also includes such professionals as Accountants, Lawyers, Doctors, Engineers, and Architects, who are self- employed. Others are repairmen and roadside auto- servicemen known generally as “roadside mechanic” or artisans in Nigeria (Arachchi, 2018).

Government classified SMES as enterprises that employ up to 300 Peoples with a capital bases of N100millon. Central Bank of Nigeria, (2010) opined that small and medium enterprises (SMEs) are important to the development of any economy because they possess great potentials for employment generation, improvement of technology, output diversification, development of indigenous entrepreneurship and forward integration with large- scale industries (Fasola et al 2020) classified the reasons why small and medium enterprises have constraints in accessing sufficient credit into three categories: The Enterprise characteristics, the financial institution characteristics and the entrepreneur characteristics. The Enterprise characteristics include firm size, firm age, and firm’s ownership structure. A financial institution characteristic is the interest rate. The entrepreneur characteristics include; the entrepreneur’s level of education, access to asymmetric information, entrepreneur experience and training and entrepreneur’s network and association. Education of the entrepreneur, age of the enterprise, and size of the firm (SMEs) are intervening variables to identify their effect on the relationship between SME’s access to credit facility and business performance. Olubiyi (2019) sees SMEs growth as an expansion of demands for products or services. It first resulted in a growth in sales and consequently in investments in additional production factors to adapt to new demands (Idahosa, 2020). The growth rate of SMEs is a key driver and indicators for the level of industrialisation, modernisation, urbanisation, employment generation, income per capital, equitable distribution of income, and standard of living by the citizenry (Ogenyi, 2020). Several studies established that growth of SMEs sectors are associated and significantly determine by effective access to financial resources, infrastructural facilities and friendly government policies (Abiodun, 2014; Babajide et al. 2015). Considering the vital role of financial resources to SMEs output performance, Central Bank of Nigeria (CBN) in the early 2000s came up with SMEs financial inclusion programme emanating from the findings that increase in poor economic activities, fall in SMEs output and the collapse of SMEs is a direct outcome of financial exclusion of most SMEs investors in Nigeria (Babajide, Adegboye & Omankhanlen, 2015; SMEDAN, 2018) which stresses the importance of finance to SMEs to all and sundry.

Theoretical Framework

Theory of financial intermediation

The theory of financial intermediation was developed in 1960 by Gurley and Shaw. This theory is founded on the agency theory and the informational asymmetry theory. They argued that, the existence of financial intermediaries is explained by the existence of the following categories of factors: high cost of transaction, lack of complete information in useful time; and the method of regulation. The theory describes the process where surplus units (savers) give funds, that is, through deposits, to intermediaries who include financial institutions such as banks, credit unions, mutual funds and insurance companies) who in return channel out the funds to deficit units (spenders or borrowers or SMEs) (Onakoya, Fasanya & Abdulrahman, 2019). The financial intermediation theory explains the role of commercial banks in intermediating funds through business credit availability to owners of SMEs as a social and profitable venture and hence stability. SMEs are categorised as risky borrowers by financial institutions and therefore meeting the lenders requirements has become a challenge for the SMEs to access fund from financial institutions and if they do it is at a very high transaction rate. Due to the constraints of fund the SMEs are not able to invest in new improved asset for the development and innovation of new products, the SMEs would not fully utilize their assets when they break down leading to a limitation of their maintenance, this would lead to a low revenue, stunted SMEs growth, reduced market share and also a low profitability. When there is a healthy financial intermediation SMEs would grow and also makes profits which would lead to economic growth (Muriithi, 2017).

Empirical Review

Empirically, the studies of Sascha et al. (2020) found that enterprises of all sizes adapt their business models to changing environmental conditions within a short period of time due to a total halt in finance because of Covid-19 pandemic. Saidu and Aifuwa (2020); Gherghina (2020); Meo (2020) examined how small and medium enterprises can cope with finance during COVID 19 pandemic. The study found that the effect of COVID-19 is much on the SMEs vis-a-vis its finance and that SMEs should focus of internal sources of financing their business. In the same vein Jin and Zhang (2019) empirically indicated that credit rationing for SMEs by banks is the result of the rational choice by banks for the purpose of profit maximisation, thus affecting SMEs growth before and during COVID- 19 pandemic. Hasan, Raymar, and Akinwale (2018); Adelekan, Eze and Majekodunmi (2019) found that entrepreneurial finance has a positive and significant effect on SMEs output and overall performance. On the other hands, Arachchi (2018) empirically established that lack of finance availability leads to enterprise collapse. Not only will it make a large number of SMEs which have good potential of growth to face crises it can also make them to fold up, furthermore, it was established that lenders such as banks and other financial institutions are restricted to grant credit facilities due to the asymmetry of information. Jin and Zhang (2019) empirically indicated that credit rationing in SMEs is the result of the rational choice by banks for the purpose of profit maximisation, thus affecting SMEs overall performance (Adefulu, Asikhia, Kabuoh & Olise, 2019) found that access to finance to be sine qua non for successful internalization of SMEs in Lagos State, Nigeria. The entrepreneurs' ability to borrow was not hindered. The study therefore recommends strong availability to finance for successful growth of SMEs through different channels like microfinance banks and institutions in addition to formal and informal financial institutions.

The studies of (Adelekan, Eze & Majekodunmi, 2019; Hasan, Raymar & Song, 2015) found that entrepreneurial finance has a positive and significant effect on SMEs output and overall performance. On the other hands, Arachchi (2018) empirically established that lack of finance availability leads to enterprise collapse. Not only will it make a large number of SMEs which have good potential of growth to face crises it can also make them to fold up. Agot and Ugwuoke (2018) examined finance and the growth of SMEs in Nigeria, a case study of selected SMEs in Nasarawa state. The study employed the multinomial logistic regression. The study found that lack of finance on SMEs is high and complex and is responsible for the collapse of SMEs. Furthermore, they established that lenders such as banks and other financial institutions are restricted to grant credit facilities due to the asymmetry of information. Lenders are exposed to a huge risk in funding while the entrepreneurs manipulate financial figures and provide false information. In the same. Jin and Zhang (2019) empirically indicated that credit rationing in SMEs is the result of the rational choice by banks for the purpose of profit maximization, thus affecting SMEs overall performance. According to (Aghion & Bolton, 2017) one of the factors limiting the growth of small and medium enterprises (SMEs) is non-availability of entrepreneurial financing. However, access to finance has been identified as the most important problem that SMEs face (Amsi, 2017). Lack of access to financing is consistently cited by SMEs as one of the main barriers to growth. Also (Egwakhe, & Odumesi, 2019) found that smaller enterprises generally have limited access to non-bank lenders due to lack of credit worthiness in their information which is usually unpublished, hence they are challenged by finance. Lack of access to credit has led to poor maintenance or replacement of machinery, inability to purchase required materials and services, or to expand. When difficulties of funding leads to collapsing economically, viable projects innovation, growth and economic development is negatively affected (Aigbedion et al. 2018).

Researches conducted by (Abosede et al. (2018); Beck & Demirguc-Kunt (2016 found that SMEs bank financing has positive and significant effect on SMEs growth and overall performance. The studies of (Obadeyi & Okhiria, 2015; Price, Stoica & Boncella, 2013) found a positive relationship between entrepreneurial finance information asymmetry, bank credit and SME growth. The studies of Eke, Onafalujo & Akinlabi, 2011; Fowokan, 2011; Modugu & Eragbhe, 2013; Okafor & Ogiedu, 2011) empirically established that bank SMEs credit financing enhance SMEs output as well as growth. Onakoya, Fasanya and Abdulrahman (2019) in their study indicated that credit to low-income operators enhances the growth of their enterprises while in the same vein high interest rate has the reverse effect. A study was undertaken by Akingunola (2011) using descriptive statistics to appraise certain financing indicators that assessed specific financing options available to SMEs in Nigeria and their contribution to economic growth via investment level. A statistical tool, a spearman's Rho correlation test was utilized to assess the impact of SMEs financing and investment level whose result confirmed a significant impact on SMEs financing and economic growth in Nigeria via investment level. He recommended access to cheap credit as the panacea for the growth and development of SMEs in the country.

Entrepreneurial finance, Small and Medium Enterprises growth and covid-19

Based on these majority of empirical findings and the affirmation of the financial intermediation theory it is evident that entrepreneurial finance aids SMEs owners in order to run and expand business activities, thus enhancing SMEs growth. Financial intermediation theory viewed SMEs as deficit or end users of credit so as to expand their business activities. Based on the financial intermediation theoretical explanation that supports this study, that entrepreneurial finance significantly affects SMEs growth in Nigeria. Access to finance can give SMEs the chance to develop their businesses seamlessly and acquire better technologies for production, therefore ensuring their growth. However, funding has remained one of the key SME internal issues that keep confronting most enterprises in Nigeria today.

Empirically, it is evident that SMEs are discouraged from taking loans from banks, due to cumbersome application procedures, short loan maturities, stringent collateral requirements and the novel coronavirus (COVID19), which has drastically changed the lender characteristics, among others. COVID-19 has had devastating economic effects on the world, and countries are experiencing a decline in economic output. Majorly SMEs have been hard hit in Nigeria with their business continuity severely threatened. As the economic effect of COVID19 heightens the government has responded to cushion the effect of the COVID-19 outbreak, the monetary authority, the Central bank, planned to provide support to affected households, businesses, regulated financial institutions and other stakeholders to reduce the adverse economic effect of the COVID-19 outbreak of which small and medium enterprises is a part of. Which comes in six ways. One, to grant extension of loan moratorium on principal repayments from March 1, 2020. This meant that any intervention loan currently under moratorium would be extended by one year. Two, to offered interest rate reduction on all intervention loan facilities from 9% to 5% beginning from March 1, 2020. Three, to offer the sum of NGN50bn targeted credit facility to hotels, airline service providers, health care merchants, among others (CBN, 2020). Four, to provided credit support to the healthcare industry to meet the increasing demand for healthcare services during the outbreak. The loan is available only to pharmaceutical companies and hospitals. Five, to provided regulatory forbearance to banks which allowed banks to temporarily restructure the tenor of existing loan within a specific time period particularly loans to the oil and gas, agricultural and manufacturing sectors. Six, to strengthen the loan to deposit ratio (LDR) policy which allowed banks to extend more credit to the economy. On the other hand, the fiscal authorities had to review and revise the 2020 national budget of N10.59 trillion (CBN, 2020). The government announced that the budget was reduced by NGN1.5 trillion as part of the measures to respond to the effect of coronavirus on the economy. A higher percentage of SMEs are not beneficiaries of the section that is related to business which is very unfortunate. Perhaps the government might need to consider more pragmatic palliatives targeted at SMEs. These include providing more low-interest credit facilities and tax breaks- particularly cutting taxes to increase disposable income.

On the part of the SMEs in the face of the reality that loan is not forth coming the SMEs operators should source for finances from other like internal finance sources. Pandemics are bad for businesses, however, there are opportunities amid chaos. The key to thriving is to brainstorm creative ideas and act on them. In doing this an entrepreneur can turn his expertise into money by organizing do it yourself (DIY) online workshops where other business owners and consumers can learn from them for a fee. This will be another stream of income. In the same vein, Home deliveries can be taken advantage of because clients might be reluctant to move around due to the COVID-19 disease. If an entrepreneur is making products and selling at his local store, he can start delivering the products himself or make use of delivery bikes. Extra money for delivery will add more cash inflows. It is of no doubt that the COVID-19 has brought about opportunities with it. As an entrepreneur innovate, create new products that the populace are highly in need of like the face mask, face shield, hand sanitizers, food items which promote immune system boost among others. This would bring about huge increase in revenue. Look around, identify the needs and innovate. An entrepreneur should identify his cash cow re-work his business and production model (Adimo, 2018). As he identifies the products or services that have fetched higher profits, improve on them and make more money. An entrepreneur can offer an irresistible offers such as discounts, added value or private coaching on product or service use which will promote internal finance sources to his business. As SMEs operator it is important to update ones skill in other to stay competitive in today's marketplace, hence an entrepreneur's business has to be adaptive, and ever-changing. Learn new skills, obtain new knowledge that will improve one's business. New skills will promote more income streams hence finance availability in the face of COVID-19 pandemic.

3.0 Methodology

The present study is literature review based, where qualitative method was used to obtain information about the interaction between small and medium enterprises and access to entrepreneurial finance in the face of COVID-19 pandemic.

4.0 Conclusion and Recommendations

In conclusion it is evident that entrepreneurial finance affect SMEs growth owning to the empirical and the theoretical review of literature on entrepreneurial finance and SMEs growth in Nigeria and other nations of the world. The financial intermediation theory explains the role of commercial banks in intermediating funds through business credit availability to owners of SMEs as a social and profitable venture and hence stability and growth. Therefore this study recommend that Nigeria's government in the face of the COVID-19 pandemic needs to support SMEs sector with credit availability and accessibility. It is not enough for the finance to be available but it is important for it to be accessible to the SMEs given its potential growth and poverty reduction opportunities. Consequently, interventions and policy responses to promote access to finance for these SMEs are required and should be put in place. The recently released guidelines and requirements to access the Central Bank of Nigeria (CBN) announced COVID19 palliative measures worth N50 Billion, should be relaxed to promote wider eligible participation of SMEs. Those that are truly and meaningfully require it might not be able to access it, especially the Small and medium enterprises if the current requirement is not reviewed. Besides, government and regulators may take initiatives to reduce the interest rate for SMEs, which can foster the growth of the SMEs and contribute to the economy and (net) employment creation. From the aforementioned, it is also apparent that SME operators need to pay adequate attention to the structure of their businesses, adopt good corporate governance, prepare a financial statement when due and keep proper records. Moreover, Central bank of Nigeria should enact policies that will legally establish small and medium scale enterprise banks, this will enhance credit or loan supply and monitoring to SMEs, thus increasing SMEs profitability and productivity in relation to contributing to the economic activities growth of Nigeria

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