

**Financial Inclusion, Adaptive Capability, and Performance of Open Market Traders in Abeokuta**

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### **Certification**

This is to certify that this thesis was carried out by **Saheed Adedeji ADEBAMBO** with Matriculation number **LCU/PG/002939**, in the Department of Management & Accounting under my thorough supervision in the Faculty of Management and Social Sciences, Lead City University, Ibadan, Nigeria and that this work had not been previously submitted.

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## **Dedication**

This thesis is dedicated to the Almighty God for His grace, guidance and provision throughout this program.

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## Acknowledgement

I give all praise and adoration to God Almighty for guiding me through the course of study in this noble university, Lead City University, Ibadan. I wish to express my profound gratitude to Lead City University, Ibadan, Nigeria for allowing me to undergo this degree., Dr. Abiodun Onamusi, who created an enabling supervision environment towards the completion of this thesis, can never be ignored. He motivated me and helped by mentoring and coaching me throughout this entire process. I appreciate the Vice-Chancellor of the University, Professor K.A. Adeyemo, the Registrar, Dr. Ayeni, Provost, Postgraduate College, Professor Oredein, Heads of Departments, Lecturers, and other non-academic staff members of the University. The unquantifiable contribution of my supervisor, My sincere gratitude is extended to Dr. Tina Akinbo, (HOD, Department of Management & Accounting), Prof. Godwin Oyedokun, Dr. Adejuwon, Dr. Oladejo, and Dr. Friday Igbadumhe for their assistance. I also want to thank my colleagues at the University, thank you all. Further, I say a big thank you to my father, my mother, and more importantly, my lovely wife for their support, understanding, and encouragement. Lastly, I take full responsibility for the errors, if any found in this work as they are not errors of the above-mentioned institutions and persons who assisted me in the course of the work.

## Abstract

Open market traders in Abeokuta metropolis play a crucial role in Ogun State's economy, particularly in driving economic growth and reducing poverty. Despite their importance, they often face challenges in accessing financial services. This however posits the need to investigate how financial inclusion and adaptive capability influence the performance of open market traders in Abeokuta with religiosity as a moderating variable. The study adopted a cross-sectional survey research design. The population of the study comprised all open market traders in six major markets in Abeokuta metropolis which are infinite. Due to this fact, Cochran's sample size through purposive sampling technique was used to select 422 open market traders as the appropriate sample size. Data were analysed using descriptive and inferential statistics. Findings revealed that financial inclusion has a significant effect on performance ( $R^2= 0.395$ ,  $F(4,382)= 63.701$ ,  $p= 0.000$ ); adaptive capability have significant effect on performance ( $R^2= 0.261$ ,  $F(4,382)= 34.465$ ,  $p= 0.000$ ); Religiosity have significant effect on performance ( $R^2= 0.122$ ,  $F(1,400)= 55.503$ ,  $p= 0.000$ ); Both financial inclusion and adaptive capability have significant effect on performance ( $R^2= 0.167$ ,  $F(2,384)= 34.465$ ,  $p= 0.000$ ); Religiosity has a significant moderating effect on the relationship between financial inclusion and performance of open markets traders in Abeokuta ( $R^2= 0.055$ ,  $F(2,384)= 23.792$ ,  $p= 0.000$ ). Hence, this study concluded that financial inclusion and adaptive capability have a significant effect on performance of open market traders in Abeokuta Metropolis. The study hereby recommended that open market traders in Abeokuta should collaborate with financial service providers to enhance the accessibility and user experience of digital financial services, followed by the need for open market traders in Abeokuta to foster engagement with customers through feedback mechanisms, loyalty programs, and personalized communication channels and also enhanced financial inclusion through targeted programs.

**Keywords:** Financial Inclusion, Adaptive Capabilities, Religiosity, Performance, Open Market Traders

**Word Count:** 292

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## **Chapter One**

### **Introduction**

#### **1.1 Background to the Study**

Micro, Small and Medium Enterprises (MSMEs) are considered critical to economic prosperity because they play a crucial role in driving economic growth, creating employment opportunities and fostering innovation. These enterprises are characterized by their flexibility, adaptability and ability to respond quickly to changing market demands. Additionally, MSMEs are known for their potential to generate wealth and reduce income inequalities by providing opportunities for individuals to become entrepreneurs and create their own businesses. Over ninety-five percent of businesses worldwide are MSMEs and account up to a sizeable portion of the workforce countries with low or middle incomes. Also, over 50% of workforces get hired by MSMEs with fewer than 100 staff members<sup>1</sup>.

In Nigeria, MSMEs constitute 96% of all enterprises, 48% of GDP and 84% of all jobs<sup>2</sup>. Despite the relevance of MSMEs, it has many challenges. The MSMEs will make substantial contributions to reducing poverty and boosting employment opportunities when they operate efficiently within a stable environment with substantial access to finance and financial inclusiveness to operate their business<sup>2</sup>. MSMEs performance can be characterized by various factors such as financial stability, market competitiveness and operational efficiency<sup>3</sup>. These factors play a crucial role in determining the success or failure of MSMEs in today's highly competitive business environment. Several efforts have been made to measure the performance of SMEs. Some commonly used methods include financial ratio analysis, balanced scorecards and benchmarking against industry standards<sup>4</sup>.

These evaluation tools provide valuable insights into the overall health and performance of SMEs, allowing business owners to identify areas for improvement and make informed decisions. However, despite these efforts, measuring SME performance remains a complex and multifaceted task especially when it comes to open market traders. This is due to the unique characteristics of their business and the challenges they face in a dynamic and competitive marketplace. Open market traders, also known as street vendors or informal sector entrepreneurs, operate in unregulated and often unpredictable environments<sup>5</sup>.

Open market traders often operate in physical marketplaces, such as farmers' markets. These traders rely on their knowledge of market trends, customer preferences, and competitive pricing strategies to maximize their profits and stay competitive in the market<sup>6</sup>. They typically have limited access to formal financial systems and rely heavily on cash transactions, making it difficult to track and measure their financial performance accurately. Additionally, their businesses are often highly seasonal, with fluctuating demand and income levels throughout the year. These factors make it challenging to apply traditional performance evaluation methods effectively. Nevertheless, preliminary investigation with warranted going to the open market traders in Abeokuta revealed that issues including business profitability and capacity to grow sales overtime are their performance-related challenges that need to be addressed<sup>7</sup>.

Financial inclusion's significance to MSMEs has drawn more attention from academics working in a variety of fields and has been a concern for regulators. Financial inclusion assists in leveling the playing field for businesses of all sizes by reducing the growth limitations faced by MSMEs and increasing their access to outside sources of financing which is one of the challenges faced by MSMEs<sup>3</sup>. Financial inclusion is difficult, even in industrialized nations, particularly for small enterprises. For instance, in the UK, three-

quarters of micro businesses experienced difficulty acquiring financing, which was a barrier to their expansion<sup>7</sup>. However, within the context of open market traders, financial inclusion can be even more challenging. Open market traders, often operating in informal economies, face additional barriers such as limited documentation, lack of credit history and lack of collateral<sup>7</sup>. These factors make it even more difficult for them to access formal financial services and obtain the necessary funding to grow their businesses. The issue of how to initiate financial inclusion for these open market traders remains a challenge and hold potential for enhancing business transaction if exploited maximally. Although open market traders are unable to translate their expertise into financial success, as the majority of micro businesses stay tiny, yet been captured within those who have access to financial technology remains a critical factor that can enhance the performance of MSMEs<sup>8</sup>.

Religiosity is another factor that can affects financial inclusion for open market traders. In some regions, religious beliefs and practices may influence the way these traders perceive and engage with financial services. For example, certain religious teachings may discourage interest-based transactions, making it challenging for traders to access loans or credit facilities. Additionally, religious festivals or customs may require significant financial expenditures, further exacerbating the need for inclusive financial solutions. Therefore, understanding the role of religiosity in financial inclusion is crucial in devising effective policies and strategies to support the growth of open market traders and micro businesses. The degree to which a person practices their religion, incorporates it into their everyday lives, or makes reference to the divine is a measure of their religiosity<sup>9</sup>. A person's religion is evident in his or her behavior<sup>10</sup>. When a person does rituals (worship), this is considered religious activity. Other acts are motivated by spiritual forces. It relates to visible, audible, and observable behaviors. Based on this mindset, people conduct an action in accordance with religious precepts and fulfill God's commands. However, there is little research on the

impact of religion, especially Islamic or Christianity management and financial inclusion, on MSMEs success. There is a great demand for study on how religiosity interacts with other management topics<sup>11</sup>. In this study, the moderating factor connecting financial inclusion and company success is religiosity and the question raised is that will it intervene in the relationship between financial inclusion and performance of open market traders in Abeokuta? Hence, connecting religiosity to performance of open market traders in Nigeria is a topic of interest in understanding the relationship between religion and business outcomes. Nigeria, with its large Muslim and Christian populations, provides a unique context to examine this relationship and exploring how religious beliefs and practices as a moderating variable influence the financial inclusion and success of open market traders, valuable insights can be gained into the role of religion in shaping business outcomes<sup>12</sup>.

Adaptive capability is crucial for open market traders to navigate the ever-changing market dynamics and maintain their competitive edge. The capacity of an enterprise to adjust to shifting business needs by recognizing and developing its essential competencies, supplies and other internal procedures is closely related to adaptive capability<sup>13</sup>. The capacity to adapt provides a competitive edge, particularly in situations that are constantly changing. Innovation, learning, flexibility, and agility are four dimensions that make up adaptive capabilities<sup>14</sup>. Open market traders in Nigeria often adapt to any unfavorable policies as they possess a strong adaptive capability. This adaptability is driven by their ability to quickly assess the market situation and make informed decisions. Whether it is adjusting their pricing strategies, exploring new suppliers, or finding innovative ways to reach customers, open market traders in Nigeria have proven time and again their ability to adapt and thrive in any environment<sup>15</sup>.

Numerous research has attempted to determine the connection between SME success globally and financial inclusion. A few scholars used the religiosity of SMEs as a moderating variable in a study on financial education and company success in Indonesia. Financial literacy has positive, significant effects on company success, according to researchers. Knowledge of finances have an effect on business efficiency. In order to achieve good business performance, basic human requirements like financial knowledge must be met. Using a strategy to improve adaptive selling capabilities, an investigation on religiosity efficiency and knowledge conversion was conducted<sup>5</sup>. The test findings demonstrate that the RCKC, which consists of competing religiosity on socializing, competing religiosity on externalizing, competing religiosity on combinations, and competing religiosity on internalizing, can boost adaptive selling skill.

Similarly, to this, the relationship between financial well-being and the expansion of small and medium-sized businesses in Uganda was conducted and discovered that financial inclusion has a key role in fostering SME expansion<sup>6</sup>. The survey also showed how expensive it is to acquire and maintain banking services, how challenging it may be to utilize some of them, and how certain lenders treat their customers with a lack of courtesy and regard. Numerous investigations, including have produced results that are comparable to those of this study<sup>7,8,9,10,11</sup>. However, there are discrepancies in the results due to various environmental elements that are unique to the nation where this study was conducted. In this regard this study is centered on discovering what role financial inclusion, religiosity, and adaptive capability will have on the performance of open market traders in Abeokuta.

## **1.2 Statement of the Problem**

Open market traders play a crucial role in Nigeria's economy, particularly in driving economic growth and reducing poverty<sup>16</sup>. However, they often face challenges in accessing

financial services, adapting to changing market conditions, and navigating their religious beliefs within their business operations. These challenges also range from difficulties in accessing certain services to facing disrespectful treatment from lenders. Due to difficulties like insufficient financing for their organizations, open market traders frequently fail to provide high-quality goods and timely services to consumers at all levels, which raises the question of if they are adequately prepared to foster improved performance. According to the research done by a scholar, the performance of open market traders in Nigeria was significantly hindered by insufficient funding marked by an exorbitant cost of capital. But open market traders have less access to finance since conventional lenders don't compete with one another for such services<sup>17</sup>.

Access to financial facilities remains a significant challenge for open market traders in Nigeria. According to a survey conducted by PricewaterhouseCoopers (PwC), it was found that many small business participants started their operations with minimal capital<sup>18</sup>. Specifically, less than ₦50,000 was available to them at the beginning of their startup period<sup>19</sup>. This indicates the limited financial resources with which open market traders typically commence their businesses<sup>20</sup>. Unlike businesses, SMEs typically lack the ability to obtain bank loans; instead, they primarily depend on their personal financial reserves or loans through relatives and friends. The International Finance Corporation (IFC) estimates that 40% of established MSMEs in emerging nations face a \$5.2 trillion annual funding shortfall. According to a section of the study, "Lending is often based on the creditworthiness of the borrower and an analysis of past data about the firm. Bank financing are difficult for open market traders to get, mostly due to their expensive rates. The majority of respondents (50%) acknowledged that they had applied for bank lending over the previous 12 months but had decided against obtaining them because of the high interest rates. These challenges are as a result of financial institutions perceiving open market traders as high-risk borrowers<sup>6</sup>. This

perception stems from the inherent volatility and unpredictability of the open market, making it harder for traders to meet the stringent criteria set by banks<sup>20</sup>. As a result, many open market traders are left with limited options for securing financing, forcing them to explore alternative avenues to meet their capital needs.

Adaptive capability is the ability of individuals or organizations to respond and adapt to changes in their environment, such as market dynamics, competition, and technological advancements<sup>19</sup>. One of the challenges faced by open market traders is the lack of market awareness and intelligence, which hinders their ability to adapt to changing market conditions. Inadequate market research and intelligence gathering lead to a limited understanding of customer needs, preferences, and emerging trends, making it difficult for traders to adjust their marketing strategies accordingly<sup>21</sup>. This lack of adaptive capability can result in reduced competitiveness and missed opportunities that can boost sales growth and result in higher profitability.

According to a scholar, inadequate market research often results in poor decision-making and ineffective resource allocation. Due to an unclear understanding of market dynamics, MSMEs often invest in the wrong products, overlook potential growth areas, and fail to capitalize on emerging opportunities that drive business profitability and growth. Similarly, Open market traders often face difficulties in accessing timely and relevant information, as well as technological resources which is crucial in fostering strong adaptive capability. Scholars have argued that limited access to information and technology impedes traders' ability to stay updated on market changes, communicate with customers and suppliers, and adopt efficient business practices<sup>11,15,17</sup>. Without the necessary information and technological tools, traders often struggle to adapt to new market demands and employ efficient operational strategies.

The influence of religiosity on the performance of open market traders can be complex, presenting both advantages and challenges. On one hand, religiosity can provide traders with a strong moral compass and ethical framework, guiding their decision-making processes and promoting trust and honesty in their business dealings<sup>9</sup>. This can contribute to long-term success and a positive reputation in the market. However, strict adherence to religious principles may pose challenges for open market traders. For instance, a scholar argued that religious obligations, such as restrictions on certain products or business practices, can limit market opportunities and hinder the adoption of more profitable strategies<sup>21</sup>. For instance, it is mostly forbidden for Muslims to eat pork meat or drink anything alcoholic. This can create difficulties for Muslim traders who may face limited options in the food and beverage industry.

Additionally, certain business practices, such as interest-based financial transactions, may conflict with Islamic principles of finance, making it challenging for Muslim traders to engage in certain sectors of the market<sup>8</sup>. Also, in Nigeria, where Friday is considered a day of communal prayer, some traders may suspend their business operations during prayer times or on religious holidays<sup>18</sup>. These religious restrictions can limit market opportunities and potentially hinder profitability for those who strictly adhere to their religious principles.

Various studies have been conducted to establish a link between financial inclusion, religiosity, adaptive capability, and performance of MSMEs in Nigeria respectively. For instance, a scholar used the religiosity of SMEs as a moderating variable in a study on financial education and company success in Indonesia. Financial literacy has positive, significant effects on company success, according to researchers. Knowledge of finances affects business efficiency. To achieve good business performance, basic human requirements like financial knowledge must be met. Using a strategy to improve adaptive

selling capabilities, <sup>5</sup>also did an investigation on religiosity efficiency and knowledge conversion. The test findings demonstrate that the RCKC, which consists of competing religiosity on socializing, competing religiosity on externalizing, competing religiosity on combinations, and competing religiosity on internalizing, can boost adaptive selling skill<sup>20</sup>. Similarly, another scholar did a study on the relationship between financial well-being and the expansion of small and medium-sized businesses in Uganda and discovered that financial inclusion has a key role in fostering SME expansion. The survey also showed how expensive it is to acquire and maintain banking services, how challenging it may be to utilize some of them, and how certain lenders treat their customers with a lack of courtesy and regard. Numerous investigations have produced results that are comparable to those of this study<sup>21,22</sup>.

A close emphasis of this study shows that most of the reviewed articles are conducted in developed countries and other African countries like Uganda, Kenya, and South Africa as no studies have been conducted on how the combination of these three parameters (religiosity, adaptive capability, and financial inclusion) affect the performance of open market traders in Nigeria particularly in Abeokuta, Ogun State. However, this is necessary as Nigeria also faces unique challenges in addition to the general challenges faced by MSMEs in Africa which include the fear of fund insecurity from banks. Most open market traders confirmed that they cannot use banks for their daily transactions as they usually experience delays in banking services. These challenges are not addressed in other studies and highlight the need for further research. Therefore, it is crucial to investigate how financial inclusion, adaptive capability, and religiosity initiatives interact to effectively address these challenges and improve the performance of open market traders in Abeokuta, Ogun State.

### **1.3 Aim and Objectives of the Study**

This study aims to determine the effect of financial inclusion (Account Ownership, Access to Credit, Digital Financial Services, & Financial Literacy) and adaptive capability (Innovation, Learning, Flexibility, and Agility) on the performance of open market traders in Abeokuta metropolis, Ogun State. The specific objectives were to:

- i. investigate the influence of financial inclusion (account ownership, access to credit, digital financial services, & financial literacy) on the performance of open market traders in Abeokuta, Ogun State
- ii. determine the effect of adaptive capability (innovation, learning, flexibility, and agility) on the performance of open market traders in Abeokuta, Ogun State
- iii. evaluate the effect of financial inclusion and adaptive capability on the performance of open market traders in Abeokuta, Ogun State
- iv. examine the moderating effect of religiosity on the association between financial inclusion and the performance of open market traders in Abeokuta, Ogun State.

#### **1.4 Research Questions**

This study raises the following questions.

1. To what extent does financial inclusion affect the performance of open market traders in Abeokuta, Ogun State?
2. To what extent does adaptive capability affect the performance of open market traders in Abeokuta, Ogun State?
3. What is the effect of financial inclusion and adaptive capability on the performance of open market traders in Abeokuta, Ogun State?

4. What is the moderating effect of religiosity on the association between financial inclusion and performance of open market traders in Abeokuta, Ogun State?

### **1.5 Hypotheses**

The following research hypotheses are stated in null form in order to answer the study research questions:

H<sub>0</sub>1: Financial inclusion has no significant influence on performance of open market traders in Abeokuta, Ogun State.

H<sub>0</sub>2: Adaptive capability does not significantly affect performance of open market traders in Abeokuta, Ogun State.

H<sub>0</sub>3: Financial inclusion and adaptive capability has no significant effect on the performance of open market traders in Abeokuta, Ogun State.

H<sub>0</sub>4: Religiosity has no significant moderating effect on the association between financial inclusion and performance of open market traders in Abeokuta, Ogun State.

### **1.6 Significance of the Study**

Examining the relationship between financial inclusion, adaptive capability, religiosity, and the performance of open market traders in Nigeria holds significant importance for various stakeholders' part of which are open market traders, government and policy makers, financial institutions and academia.

Open market traders themselves are a key stakeholder group in this study. Understanding the relationship between financial inclusion, adaptive capability, religiosity, and their performance can provide valuable insights to enhance their economic well-being and business success. The findings can help identify barriers to financial access, inform strategies for building adaptive capacity and also explore how religiosity influences their business

practices. This knowledge can empower traders with evidence-based solutions to overcome challenges, improve performance, and achieve sustainable growth.

The study's findings can inform government policies and initiatives aimed at promoting the economic development and inclusivity of open market traders. By understanding the specific needs and challenges faced by traders, policymakers can design targeted interventions to enhance financial inclusion, foster adaptive capability, and support the integration of religiosity into business practices. Such policies can contribute to poverty reduction, job creation, and overall economic growth in Nigeria.

Financial institutions play a crucial role in facilitating financial inclusion. The study's insights can help financial institutions understand the specific needs and preferences of open market traders, leading to the development of tailored financial products and services that address their requirements. By enhancing access to affordable and suitable financial facilities, financial institutions can contribute to the growth and performance of open market traders while expanding their customer base and market share.

The study contributes to the existing body of knowledge on the intersection of financial inclusion, adaptive capability, religiosity, and business performance. It provides researchers and academia with empirical evidence that can enrich theories and frameworks related to small business development and economic behavior in the Nigerian context. The findings can stimulate further research and foster academic discussions, promoting a deeper understanding of the dynamics between these variables and their implications for open market traders.

### **1.7 Scope of the Study**

This study is conducted to examine the functional association between financial inclusion, and adaptive capability on performance of open market traders in Abeokuta metropolis, Ogun State. Financial inclusion is measured by Account Ownership, Access to Credit, Digital

Financial Services, and Financial Literacy. Adaptive capability is measured as Innovation, Learning, Flexibility, and Agility. Religiosity is proposed to be an intervening variable given the association between financial inclusion and performance of open market traders in Abeokuta. To achieve this, this study will be conducted among SMEs in Abeokuta as this is where the study is focused. Due to the fact that the open market traders constitute a significant part of the informal sector, majority of them are not registered. More so, in Abeokuta, Open market traders are operated virtually everywhere nevertheless six of the most popular open market areas are Lafenwa, Kuto, Olomore, Omida, Itoku, and Elega markets. These markets will be the main focus of this study as there are significant numbers of open market traders in these places which can provide reliable information. The open market traders represent a homogenous and infinite population and according to Cochran's formula for computing sample size from an infinite population, 384 is the appropriate sample size.

### **1.8 Limitation of the Study**

While this study contributes to the understanding of financial inclusion, religiosity, and adaptive capability among open market traders in Abeokuta, Ogun State, Nigeria, it is not without limitations. One of the study limitation is that statistics were not obtained on the level of financial inclusion rate in Ogun State, especially as it relates to open market traders in Abeokuta metropolis. Therefore, the use of qualitative data through interviews from selected open markets traders in Abeokuta which led to the poor identification of appropriate themes that can emerge from the study. The geographical specificity of Abeokuta restricts the generalizability of findings to other regions of Nigeria. The study is also limited to six open markets in Abeokuta, leaving all other markets out of the research.

### **1.9 Operationalization of Research Variable**

In this study, two variables are highlighted which are independent variable and dependent variable. Financial inclusion, and adaptive capability are the independent variables while performance of open market traders is the dependent variable. However, religiosity is the intervening variable in this study

To express these mathematically, we have the following

$$Y = f(X)$$

Y= Dependent Variable

X= Independent Variable

Y= Performance

X<sub>1</sub>= Financial Inclusion

X<sub>2</sub>= Adaptive Capability

X<sub>3</sub>= Religiosity

$$Y = f(X_1, X_2, X_3) \dots \dots \dots (1)$$

$$PERF = f(FI) \dots \dots \dots (2)$$

$$PERF = f(FI, AC) \dots \dots \dots (3)$$

$$PERF = f(FI, AC, REL) \dots \dots \dots (4)$$

Where:

PERF= Performance

FI= Financial Inclusion

AC= Adaptive Capability

REL= Religiosity

### 1.10 Operational Definition of Terms

**Access to Credit:** The availability of credit and loans for individuals and businesses, particularly those in underserved or marginalized communities.

**Account Ownership:** The percentage of individuals or households that have access to a bank account or a formal financial institution.

**Adaptive Capability:** This is the ability of individuals and businesses to adjust and respond to changing market conditions and economic circumstances. It involves the capacity to adapt strategies, practices, and behaviors in order to effectively navigate and thrive in a dynamic and uncertain financial environment.

**Agility:** How quickly and efficiently the organization can respond to market trends, customer demands, or competitive pressures.

**Digital Financial Services:** The use of digital technology, such as mobile banking or digital wallets, to facilitate financial transactions and access financial services.

**Financial Inclusion:** This is the process of ensuring that individuals and businesses have access to useful and affordable financial products and services that meet their needs, including transactions, payments, savings, credit, and insurance, delivered in a responsible and sustainable manner.

**Financial Literacy:** The level of knowledge and understanding of financial concepts and products among individuals.

**Flexibility of Operations:** This is the ability of a business to adapt and change its operations in response to market conditions and customer needs. It allows businesses to quickly adjust

their production processes, product offerings, and marketing strategies to stay ahead of their competitors and maintain customer satisfaction.

**Flexibility:** The organization's ability to adjust its operations, strategies, or structures in response to changes in the business environment.

**Formal Loans:** These are loans that are obtained from financial institutions or banks, typically with a formal application process and specific terms and conditions. Formal loans are often used for larger purchases or investments, such as buying a home or starting a business.

**Innovation:** The organization's ability to generate and implement new ideas, products, or processes.

**Learning:** The emphasis on continuous learning, training, and skill development within the organization.

**Open Market Traders:** These are individuals or businesses that engage in buying and selling goods or services in an open market, where prices are determined by supply and demand. They play a crucial role in the economy by facilitating the exchange of goods and services between buyers and sellers.

**Performance:** This is the evaluation of an individual, organization, or system's ability to achieve desired outcomes or goals. It encompasses various aspects such as productivity, efficiency, effectiveness, and quality.

**Religiosity:** This is the degree to which individuals adhere to and practice religious beliefs and rituals.

**Religious Ethics and Values:** These are the principles and beliefs that guide individuals and communities in their moral and ethical decision-making based on their religious teachings.

**Sales Growth:** This is the measure of the increase in sales revenue over a specific period of time. It is a key performance indicator for businesses, as it indicates the success and growth of the company.

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## **Chapter Two**

### **Literature Review**

This section entails the review of existing literature on financial inclusion, adaptive capability, religiosity and performance of open market traders. The purpose of this literature review is to gain a comprehensive understanding of the current knowledge and research in these areas, identify any gaps or inconsistencies, and provide a solid foundation for the research study. This section is classified into five which are conceptual issues, theoretical framework, empirical studies, synthesis of gaps identified and conceptual framework.

#### **2.1 Conceptual Review**

##### **2.1.1 Performance**

The success and expansion of SMEs is a key factor in determining the rate of industrialization, technological advancement, gentrification, productive and worthwhile job for everyone who are capable and willing to work, equitable distribution of wealth, welfare, income per capita, and quality of life enjoyed by the populace, as SMEs contribute to employment growth more quickly than larger businesses<sup>1</sup>. It is generally known that the SMEs industry, which has widespread recognition, is viewed as a key factor in promoting economic growth and the creation of jobs in both emerging and established nations<sup>2</sup>. SMEs (firms with 200 or fewer employees) makes up the largest business sector in every world economy, and governments around the globe are increasingly promoting and supporting the SME growth as part of their overall national development strategy<sup>3</sup>.

The importance of SMEs in the development of economic, reduction in poverty, increase in employment, output, innovation in technology and uplifting in social status and standard is globally recognized and acknowledged in developing as well as in developing economics<sup>4</sup>.

Small and Medium Scale Enterprises have been acknowledged to have a prodigious potential for sustainable Development. It is primarily through the growth of SMEs that employees made redundant by large firms have been absorbed back into the work force<sup>4</sup>. Through the multiplier effect, this employment provides income to regions which stimulate local economic activity, in results, drives wealth and further employment generation<sup>5</sup>. In order to compete and sustain successfully, locally, and globally, micro, small and medium enterprises must not only be perfect in their area, but also conserve eventually<sup>5</sup>.

Evenly component of business management, performance management can be one of the biggest challenges faced by businesses in the SME sector, particularly with respect to their survival and competitive advantage. If management is not trained and educated on how to manage finance, a scholar noted that small businesses fail and did not succeed because more often than not cash flow is not properly managed. Performance is from the aspect of financial and non-financial, the main elements of which consist of "sales-based and firm-based"<sup>6</sup>. Empirically, it is found that there is a significant relationship between competitive advantage and the sales-based performance of organizations. Profitability, growth, productivity, level of sales revenue, market share and product, return on investments, product added value is used in the measurement of Sales-based performance<sup>7</sup>. In addition, other previous studies have also further illustrated that there is a significant relationship between competitive advantage and firm-based performance of organizations.

Firm-based performance is measured in terms of the emphasis on employee development, customer satisfaction, job satisfaction and efficient organizational internal processes<sup>8</sup>. "Small is profitable in Nigeria"; the performance and role of SMEs going forward are bound to be even greater and more pervasive with a demonstrable impact on the emerging world trading order<sup>9</sup>. SMEs have to recognize what their resources are and they need to know how to utilize

them, flex them into an advantage for their business. Nevertheless, in the frame of the world-wide economy, SMEs cannot compete by simply looking at the cost and by just cutting it; they must compete on the foundation of knowledge and the value added<sup>10</sup>. The development of SMEs is an indispensable component in the growth strategy of most economies and holds particular significance.

The performance and development of Small and Medium Sized Enterprises (SMEs) has throughout the world, been of great interest to, among others, development economists, entrepreneurs, governments, venture capital firms, financial institutions and non-governmental organisations<sup>63</sup>. Performance management involves establishment of a shared understanding about what is to be achieved, how it is to be achieved; and an approach to managing people that increases the probability of achieving success within an agreed framework of planned goals, standards and individual and team competence requirements<sup>11</sup>.

#### **2.1.1.1 Sales Growth**

Sales growth refers to the amount a company derives from sales compared to a previous corresponding period of time in which the later sales exceed the former<sup>5</sup>. It is usually given as a percentage. Sales growth is considered positive for a company's survival and profitability. It is an important measure of performance<sup>12</sup>. Sales growth targets play a major role in the perceptions of business managers. Planning systems generally begin with sales targets<sup>13</sup>. An emphasis on sales growth also provides a useful and visible benchmark to motivate managers.

Firms must use a wide variety of goals, including sales growth, to effectively reach their financial objectives<sup>14</sup>. Profit maximization is interpreted as the desire to maximize the present value of the firm<sup>15</sup>. Since net revenue, total revenue and assets all expand permanently at the same rate, all this are in the context of a permanent growth maximization model interpretation. Factors that influence sales growth range from promotion to internal

motivation and retaining of talented employees to the implicit opportunities for investments in new technologies and equipment in the production process. In addition, it benefits learning curve and opportunities for economies of scale provided by sales growth. To reach their financial objectives effectively, firms must use a wide diversity of goals, including sales growth<sup>16</sup>.

Sales growth generally utilizes capacity more fully, which spreads fixed costs over more revenue resulting in higher profitability. New data base was used to measure company-level innovative activity used for testing firm growth, profitability and size<sup>17</sup>. He found that high growth generates more innovative activity for firms in low technological opportunity industries, but not in high-technological opportunity environments. Sales growth generally utilizes capacity more fully, which spreads fixed costs over more revenue resulting in higher profitability.

Sales growth targets play a major role in the perceptions of top managers. Using surveys, a scholar find sales is the most common objective mentioned by senior managers. Planning systems generally begin with sales targets<sup>18</sup>. An emphasis on sales growth also provides a useful and visible benchmark to motivate managers. Sales growth influences factors that range from internal motivation to promotion and retention of talented employees all the way to the implied opportunities for investments in new equipment and technologies that upgrade the production process as a whole<sup>19</sup>. In addition, sales growth provides opportunities for economies of scale and learning curve benefits. Alternatively, if an industry has increasing economies of scale or learning curve effects, growing firms benefit from such effects, again increasing performance<sup>20</sup>. Depending on the industry structure, sales growth may also provide additional market power which firms can use to increase performance<sup>21</sup>.

### 2.1.3 Profitability

Profit is the primary objective of traders in an open market setting. Various definitions have been put forward to understand the meaning of profit<sup>22</sup>. However, there is no universally accepted definition of profit, as it can be interpreted differently depending on the context and perspective. Some economists define profit as the difference between total revenue and total costs, while others consider it as the surplus gained from the production and sale of goods or services<sup>3,6,8</sup>. Additionally, profit can also be seen as a measure of efficiency and success in business operations.

In accounting sense, profitability refers to the measure of profitability based on financial accounting principles, focusing on the company's financial statements and the calculation of net income. It takes into account revenue, expenses, and taxes to determine the overall profitability of a business<sup>17</sup>. Accounting profitability is a fundamental measure for assessing a company's financial performance<sup>20</sup>. Furthermore, profitability provides valuable insights into the company's ability to generate profits and effectively manage its resources. It is a crucial metric that is often used by investors, creditors, and stakeholders to evaluate the financial health and stability of a business<sup>11</sup>. Analyzing the company's financial statements, such as the income statement and balance sheet, accounting profitability can be calculated and compared over time to assess the company's performance and profitability trends<sup>13</sup>. This information is essential for making informed business decisions and strategic planning. Additionally, accounting profitability is also used by financial analysts and researchers to benchmark and compare the financial performance of different companies within the same industry or sector.

Economic profitability considers the opportunity cost of capital and represents the return on investment required by investors. It goes beyond accounting profit by incorporating the cost of equity or the company's cost of capital<sup>23</sup>. Penrose argues that economic profitability reflects the ability of a business to generate returns in excess of the required rate of return<sup>24</sup>. Authors argued that economic profitability may not accurately reflect a company's true financial performance as it does not take into account factors such as market conditions, competitive advantage, or management effectiveness, which can greatly impact a company's success<sup>25</sup>. These factors are often difficult to quantify and may not be captured by traditional financial measures. However, they play a crucial role in determining a company's long-term sustainability and value creation<sup>26</sup>. Market conditions, for example, can greatly affect a company's ability to generate profits. A company operating in a highly competitive market may struggle to maintain its profitability, even if it has a strong competitive advantage. Similarly, the effectiveness of management in allocating resources and making strategic decisions can have a significant impact on a company's financial performance<sup>27</sup>.

Cash flow profitability focuses on the ability of a company to generate positive cash flows from its operations. It assesses the cash inflows and outflows over a specific period, highlighting the company's liquidity and ability to meet financial obligations<sup>28</sup>. Cash flow profitability is essential for sustaining operations and funding future investments<sup>29</sup>. In relation to open market traders, cash flow profitability is crucial as it directly affects their ability to generate profits. Open market traders rely on their ability to buy and sell assets quickly to make a profit, and a positive cash flow is necessary to sustain this activity. Without sufficient cash flow, traders may struggle to cover transaction costs, maintain inventory, and seize profitable opportunities in the market. Therefore, understanding and effectively managing cash flow profitability is essential for open market traders to succeed in their trading activities. For example in Abeokuta, a bustling city in Nigeria, open market traders form the

backbone of the local economy. From the vibrant Adire market to the bustling Ake market, these traders are constantly buying and selling goods to meet the demands of the ever-growing population. However, in such a competitive market, cash flow management becomes paramount to their survival and success<sup>30</sup>.

Sustainable profitability refers to the ability of a business to generate profits over the long term while considering environmental and social impacts<sup>31</sup>. It takes into account factors such as corporate social responsibility, environmental sustainability, and ethical practices<sup>32</sup>. Sustainable profitability considers not only financial performance but also the broader impacts of business activities<sup>33</sup>. However, it is difficult to measure sustainable profit of open market traders due to the complexity and diversity of their operations. Unlike companies with a specific product or service, open market traders engage in a wide range of activities, making it challenging to assess their overall sustainability<sup>32</sup>. Additionally, the nature of open markets often involves fast-paced trading and short-term gains, which can overshadow long-term sustainability goals<sup>32</sup>. As a result, determining the sustainable profitability of open market traders requires a nuanced approach that considers both their financial performance and their environmental and social impacts.

ROI measures profitability by assessing the return generated from an investment relative to its cost. It is expressed as a percentage and is commonly used to evaluate the profitability of individual projects or investments<sup>34</sup>. ROI provides a clear measure of profitability and helps assess the efficiency of investment decisions<sup>9</sup>. While net income is a widely accepted measure of profitability, it may not capture the full picture of a company's financial performance. Researchers argue for a multi-dimensional view of profitability that considers various aspects, including gross profit margin, operating profit margin, return on assets, and return on equity<sup>35</sup>. Each metric provides insights into different aspects of profitability and

helps assess the efficiency and effectiveness of a company's operations, resource allocation, and capital structure.

Evaluating profitability in isolation may not provide a complete understanding of a company's performance. Comparing profitability metrics to industry peers or benchmarks is important to gain insights into a company's relative competitive position<sup>36</sup>. Profitability ratios such as gross profit margin and net profit margin can be analyzed in relation to industry averages to determine if a company is outperforming or lagging behind its competitors. However, when viewed from the perspective of open market traders in Abeokuta, it is crucial to consider additional factors that may impact their profitability. For instance, the local economic conditions, consumer preferences, and market dynamics specific to Abeokuta can greatly influence their profit. These factors can create unique challenges and opportunities that may not be reflected in industry benchmarks alone<sup>37</sup>.

### **2.1.2 Financial Inclusion**

Financial inclusion is seen as a key driver of economic development and poverty reduction, as it enables individuals to save, invest, and access credit, insurance, and other financial tools that can help them improve their livelihoods and build assets<sup>38</sup>. In recent years, there has been a growing recognition of the importance of financial inclusion, both at the national and international levels<sup>39</sup>. Governments and organizations around the world have implemented various initiatives and policies to promote financial inclusion and ensure that everyone, especially those in marginalized communities, has access to affordable and reliable financial services<sup>40</sup>. These initiatives aim to address the barriers that prevent individuals from participating fully in the formal financial system, such as lack of identification documents, limited financial literacy, and inadequate infrastructure<sup>41</sup>. By increasing financial inclusion,

countries can foster inclusive growth, reduce inequality, and promote sustainable development.

Various definitions have been provided for financial inclusion. Financial inclusion is an approach that ensures that all individuals and companies, irrespective of their economic status, are granted entry to and are able to use the relevant banking services they require so as to enhance their lives. Financial inclusion is described by a scholar as the condition in which people have access to a full range of financial resources at reasonable costs, conveniently, and with dignity and equity<sup>42</sup>. These services must be offered to customers in a way that is trustworthy, more secure, and more sustainably done in a setting that is properly controlled<sup>28</sup>. Financial inclusion plays a crucial role in promoting economic development and reducing poverty. It enables individuals and communities to have greater control over their financial lives and provides them with opportunities to build assets, invest in education and healthcare, and protect themselves against unexpected events. Access to banking services such as savings accounts, credit facilities, insurance, and remittance services can help individuals and businesses thrive, fostering economic growth and stability<sup>43</sup>.

Despite this widespread agreement, attaining ubiquitous financial inclusion continues to be difficult due to the fact that up to 54.0% of individuals globally lack utilization of banking service<sup>44</sup>. The problem is significantly worse in emerging markets, wherein levels of financial exclusion can reach 70% in certain of these nations<sup>30</sup>. According to the Consultative Group to Assist the Poor's (CGAP/World Bank) 2010 financial study, wealthy nations had financial indicators which were higher than those in virtually all Sub-Saharan African countries<sup>31</sup>. The areas with the smallest percentage of individuals holding bank accounts are Sub-Saharan Africa and South Asia<sup>31</sup>. Therefore, a method or circumstance that makes it simple for people to access, make available, and use formal financial institutions is known as financial

inclusion. It depicts a procedure whereby every part of economic activity have access to bank accounts without trouble, affordable credit facility, and easily, regularly, and readily use the services and resources of the financial system. It is the procedure that guarantees that a person's income is maximized, their outgoing costs are under control, and they have access to vital financial tools to make well-informed decisions<sup>45</sup>.

Financial exclusion difficulties can be ascribed to the growth in poverty levels in Nigeria<sup>29</sup>. In order to achieve the highest degree of financial inclusion in Nigeria, 70.0% of the people must be empowered, which will spur expansion and growth<sup>29</sup>. The integration of this group in society would lead to an increase in the nation's productivity, numerous economic endeavors, and ultimately a decrease in poverty<sup>29</sup>. Theoretically, increased access to financing helps stimulate the economy by enabling families to make more productive spending, while higher access to deposit facilities improves the ability of financial mediators to mobilize savings<sup>30</sup>. Financial inclusion particularly links individuals to financial institutions with the ensuing advantages. Having a connection to a banking system that operates efficiently allows those who are socially and economically disadvantaged to participate in the economic system and positively contribute to its growth<sup>46</sup>. This guarantees that the banking industry fulfills its responsibility for promoting equitable growth, one of the main problems facing rising and growing economies.

Financial inclusion is certainly researched from both the demand and supply sides of the industry. Offering formal financial services is important from the supply side<sup>47</sup>. Asymmetries in information and transaction expenses are the elements that affect financial inclusion that are most often studied. Knowledge asymmetry cause moral risks amongst both creditors and borrowers, which results in certain agents' accessibility to loans and other financial services being restricted or refused<sup>48</sup>. Financial obstacles and transaction fees restrict people and

businesses from starting and maintaining financial services<sup>32</sup>. From the demand side, financial illiteracy is one of the biggest barriers preventing individuals and businesses from accessing financial services. "(a) Having access to exclusion, where parts of the population are left out due to the distance from financial facilities and suppliers; (b) Condition exclusion, where there are obstacles related to the socioeconomic circumstances of groups of population (e.g., exclusion from targeted advertising and sales of financial products, lack of education, and excessive paperwork needed by particular individuals); (c) Price exclusion;" are some other types of financial exclusion that households and companies must experience. Access to banking services helps reduce the dangers that the poor confront as a consequence of macroeconomic crises and enables them to store money outside of their homes in safety<sup>49</sup>. Therefore, ensuring that everyone has a chance to utilize financial services is a priority for all policymakers for the apparent cause that it has significant financial and societal ramifications<sup>50</sup>. Financial inclusion is now recognized as being essential to attaining equitable growth in a nation and is now considered an explicit approach to accelerating economic growth<sup>35</sup>. In the recent past, this realization served as the primary catalyst for the implementation of laws and initiatives intended to increase universal financial inclusion as a method of fostering universal economic development.

However, with the context of open market traders in Nigeria, the concept of financial inclusion is still a relatively new and evolving concept. While there have been efforts made to promote financial inclusion in the country, there are still significant challenges and barriers that need to be addressed. One such challenge is the lack of access to basic financial services for a large portion of the population, particularly those in rural areas. This lack of access hinders their ability to participate fully in the economy and limits their potential for growth and prosperity. Hence, there is a need to enhance financial literacy and education to empower individuals with the knowledge and skills necessary to make informed financial decisions<sup>51</sup>.

For example, in many rural areas in Nigeria, people do not have access to banks or other financial institutions, which makes it difficult for them to save money, access credit for starting businesses, or invest in their futures<sup>52</sup>. Without basic financial services, these individuals are excluded from the formal economy and are unable to fully participate in economic activities. Furthermore, by enhancing financial literacy and education programs, individuals can learn how to budget effectively, understand the risks and benefits of different financial products, and make informed decisions about saving and investing<sup>37</sup>. This can empower individuals to take control of their financial futures and build a solid foundation for long-term financial stability. Additionally, access to financial services can also promote economic growth and development at a larger scale. When individuals have the means to save and invest, they can contribute to the growth of their communities and stimulate local economies.

By using conceptual structures as a guide, researchers have created metrics for financial inclusion as a composite index that collects data on different facets of financial inclusiveness like financial institution penetration, the accessibility of financial services, and application of the financial system, mobile devices or digital currency, etc<sup>53,54</sup>. A scholar provided a foundational framework. They suggested include measures of (a) account ownership and usage, (b) saving habits, and (c) lending from authorized financial organizations. Numerous studies have been done that have followed and improved upon those sets of criteria; some of these studies focused on availability and some on accessibility, and the remaining studies on usage<sup>38</sup>. There is a ton of studies on the effects of financial inclusion (or, more accurately, exclusion) on organizations, people, and nations' performance<sup>11,27,39</sup>. Findings confirm the beneficial effects of including more consumers and businesses in the formal financial systems. However, for this study, financial inclusion refers to the process of ensuring access to

financial services and products for all individuals, especially those who are marginalized or excluded from the traditional banking system<sup>55</sup>.

### **2.1.2.1 Access to Formal Loan**

Formal loan has been viewed as a critical tool for economic development and poverty reduction. It allows individuals and businesses to access capital for investment, expansion, and other financial needs. The availability of formal loans can help stimulate economic growth, create job opportunities, and improve living standards<sup>40</sup>. However, the accessibility of formal loans has often been limited to a select few, leaving many individuals and businesses without access to this important financial resource. A scholar highlights the importance of legal contracts, collateral requirements, and the involvement of financial institutions in defining formal loans. From this perspective, formal loans are characterized by a structured and regulated process that ensures legal enforceability and protection for both lenders and borrowers. Furthermore, formal loans also offer a range of benefits that can help individuals and businesses thrive. For borrowers, formal loans provide a reliable and predictable source of funding, allowing them to make long-term investments, expand their operations, or meet unexpected expenses<sup>56</sup>. Additionally, formal loans often come with lower interest rates compared to informal lending options, saving borrowers money in the long run<sup>41</sup>. On the other hand, lenders benefit from formal loans by having a legal framework to protect their investments and ensure repayment. This encourages financial institutions to provide loans, as they have greater confidence in the enforceability of the loan agreement. Another perspective focuses on formal loans as a means of accessing credit from regulated financial institutions. A researcher argue that formal loans are provided by banks, microfinance institutions, or other established financial intermediaries, distinguishing them from informal

sources of credit<sup>40</sup>. Formal loans typically involve standardized application processes, documentation, and repayment schedules.

The significance of prudential standards and regulations in defining formal loans<sup>4,22,38</sup>. They argue that formal loans involve screening and monitoring mechanisms to mitigate information asymmetry and adverse selection problems. Similarly, formal loans are subject to regulatory oversight to ensure the safety and soundness of the financial system. This includes requirements such as capital adequacy ratios, loan loss provisioning, and adherence to risk management practices<sup>56</sup>. Some scholars emphasize the role of social norms, shared expectations, and reputation in defining formal loans<sup>41</sup>. They argue that formal loans involve interactions within a network of borrowers, lenders, and financial intermediaries, guided by established practices and conventions.

Since SMEs must make investments in new technologies, skills, and innovation, availability of capital is crucial for enhancing SME performance<sup>32</sup>. By putting financial plans or programs into place in a state of inactivity, financial accessibility problems cannot be remedied. Institutional problems range in size from the macroeconomic to the micro, and they are exacerbated by capacity gaps<sup>17</sup>. The only way to address such a broad spectrum is through integrating SME growth into government structures. It is also important to emphasize that governments are not the only ones responsible for making efforts to address access to finance challenges<sup>10</sup>. Instead of citing it as their biggest challenge, SMEs ought to take a greater initiative and use their affiliation with organizations to organize unified lobbying and suggestions that are based on reliable studies<sup>32</sup>. The most important thing for SMEs to do is to have effective internal management processes in place for accounting, planning, finances, operations, and management of personnel<sup>22</sup>. Due to a lack of funds, corporate membership groups are forced to function without a skilled management team and lack the ability to take

advantage of the expert advice and studies that they could be using as the foundation for their advocacy efforts<sup>40</sup>.

The broad consensus among scholars as well as managers is that SMEs work as engines for economic expansion in every country. Nevertheless, SMEs in Nigeria confront various difficulties; one of the biggest difficulties is having insufficient funds to support their activities<sup>57</sup>. According to empirical data, finance in Nigeria influences the prosperity of SMEs by roughly 25%<sup>12</sup>. According to a World Bank research, 39% of the Nigerian small- and medium-sized businesses face financial difficulties<sup>58</sup>. A lot of SMEs in Nigeria are unable to get the necessary money to keep operating, and as a result, they are compelled to close their doors<sup>16</sup>. According to a 2001 report by the World Bank on Nigeria, 85% of the businesses had relationships with banks, but the majority did not have access to their loans<sup>3</sup>. Inadequate collateral provided by SMEs business owners, low demand for their products as a consequence of Nigerians' declining buying power, a lack of support for products manufactured locally, and poor management practices by SMEs that operate are some of the factors that contribute to banks' reluctance to provide credits to SMEs<sup>59</sup>.

It is impossible to overstate the significance of finance to corporate organizations. However, obtaining business financing can be difficult, particularly for SMEs. But businesses need money from every source open to them in order to expand and cover their asset and working capital demands<sup>18</sup>. A scholar state that there's widespread agreement among Nigerians that government initiatives are biased in favor of the official economy and against the informal economy<sup>60</sup>. Because they are more inclined to use finances from the informal sector, SMEs in Nigeria are greatly harmed by this skewness<sup>25</sup>. The official sources of funding for SMEs are represented by commercial financiers, retail banks, microfinance lenders, and development banks<sup>25</sup>. Although there is plenty of cash in the Nigerian financial system, banks remain

hesitant to lend to SMEs because they see them as an industry with significant risk. Instead of really taking on the risk of exposure, the majority of such banks are prepared to pay the fine levied for failing to satisfy the minimal credit requirements to this favored segment of the country's economy.

This hesitancy to lend to SMEs has created a significant funding gap, leaving many small businesses struggling to access the capital they need to grow and thrive. As a result, alternative financing options have emerged in Nigeria to cater specifically to the needs of SMEs<sup>43</sup>. These alternative lenders, such as peer-to-peer lending platforms and fintech companies, have gained popularity in recent years as they offer a more flexible and accessible source of funding for small businesses<sup>43</sup>. Unlike traditional banks, these alternative lenders are more willing to take on the perceived risks associated with SME lending, providing a lifeline to many entrepreneurs who have struggled to secure financing through traditional channels<sup>19</sup>. Peer-to-peer lending platforms, for example, connect individual investors with small businesses in need of capital, cutting out the middleman and reducing the bureaucratic hurdles that often hinder loan approvals<sup>7</sup>. This streamlined process allows for quicker access to funds, enabling SMEs to seize growth opportunities and overcome financial obstacles.

Fintech companies, on the other hand, leverage technology to assess creditworthiness and determine loan terms, making the borrowing experience more efficient and transparent. Some of these Fintech companies are Palmpay, Fair money, Okash, etc. These innovative approaches by these companies have revolutionized the lending landscape in Nigeria, empowering SMEs and fostering economic growth in the country. This has been particularly beneficial for SMEs in Nigeria, where traditional banks have historically been reluctant to lend to small businesses due to perceived risks and lack of collateral. With fintech lending platforms, SMEs now have the opportunity to showcase their creditworthiness through

alternative data sources such as social media profiles, online sales data, and digital payment histories<sup>61</sup>. This data-driven approach has allowed for a more accurate assessment of a business's financial health, leading to increased access to affordable financing options.

### **2.1.2.2 Affordability of Financial Services**

The affordability of financial services has emerged as a key concern in promoting financial inclusion and ensuring equitable access to vital financial resources<sup>62</sup>. One prevalent definition of affordability is the extent to which individuals and households can access and utilize financial services without experiencing significant financial burdens or adverse consequences<sup>63</sup>. While this definition correctly acknowledges the importance of mitigating financial burdens, it lacks a precise measure or indicator of what constitutes a "significant" burden. Without a clear threshold, it may be challenging to quantify and evaluate the level of affordability. Also, the definition does not consider the varying financial capabilities and needs of different individuals and households. Affordability is a complex concept that is influenced by factors such as income levels, expenses, and financial goals.

Other definition sees affordability as the ratio between the costs incurred in utilizing financial services and the income or resources available to individuals or households<sup>64</sup>. This definition aligns with traditional economic thinking, considering the financial capacity of individuals. However, it fails to capture the broader context in which individuals may prioritize spending on other essential needs, making financial services unattainable despite the cost-income ratio being technically affordable<sup>66</sup>. In reality, affordability is a complex and multifaceted concept that extends beyond a simple calculation of costs and income. It encompasses various factors such as individual preferences, cultural norms, and societal expectations. For example, someone may have a high income but still struggle to afford financial services if they are burdened with high living expenses or facing other financial obligations<sup>67</sup>. Additionally,

affordability can also be influenced by external factors such as inflation, interest rates, and availability of financial products and services in a particular region or community. Therefore, a more comprehensive understanding of affordability is necessary to address the financial inclusion challenges faced by individuals<sup>67</sup>.

While both definitions provide valuable insights, they overlooked various factors that influence the affordability of financial services. One such factor is the presence of hidden fees and charges imposed by financial institutions. These hidden costs may significantly impact individuals and households' ability to access and utilize financial services, invalidating the assumption of affordability based solely on visible costs<sup>68</sup>. Moreover, the definitions do not sufficiently consider the affordability challenges faced by marginalized and vulnerable populations, such as low-income individuals, minorities, or those residing in remote areas. These groups often encounter barriers beyond the cost-income ratio, including limited infrastructure and inadequate financial literacy, further hindering their access to affordable financial services. Furthermore, the definitions primarily focus on the financial burden faced by individuals, neglecting the broader socioeconomic implications of unaffordability. This oversight fails to consider the potential consequences of excluding individuals from accessing resources for wealth generation, asset-building, and overall economic development<sup>68</sup>.

However, within the context of open market traders in Nigeria, many business owners cannot afford the financial service cost of operating their businesses effectively. This poses a significant barrier to their growth and hinders the overall economic progress of the country. In a country where small and medium-sized enterprises (SMEs) play a vital role in job creation and economic stability, the unaffordability of financial services becomes a pressing issue that needs to be addressed<sup>69</sup>. Without access to affordable financial services, these

traders are unable to invest in new equipment, expand their operations, or even hire additional staff, severely limiting their potential for success. This not only affects individual businesses but also has ripple effects on the entire economy, hindering growth and development.

When SMEs are unable to access affordable financial services, it creates a barrier to their ability to compete in the market. Larger corporations with access to capital can easily invest in new technologies, scale their operations, and gain a competitive edge. Meanwhile, smaller businesses are left struggling to keep up, unable to seize opportunities for growth and innovation. The impact of limited financial services goes beyond the individual businesses themselves. It also hampers job creation, as SMEs are often the primary source of employment in many economies. When these businesses are unable to expand and hire additional staff, it leads to higher unemployment rates and decreased economic growth. Additionally, limited access to capital stifles entrepreneurship and innovation, as aspiring business owners are unable to secure the necessary funds to bring their ideas to life. This lack of support for small businesses not only hinders their potential success, but also hampers overall economic development and prosperity. Without adequate financial services, the cycle of inequality and limited opportunity continues, perpetuating a system that benefits only the few at the top<sup>70</sup>.

### **2.1.3 Adaptive Capability**

In the face of major macro environmental problems, many businesses often want to keep operating successfully<sup>71</sup>. The proponents of the dynamic capacity theory underlined the need of a business having an adaptable capability given the volume of unforeseen and unexpected shifts and their associated effects on firm operations<sup>72</sup>. The consequence of having such a

capacity is that it gives the company the opportunity to regulate its operation in order to temper changes in the macro environment while proactively considering other possibilities<sup>72</sup>.

The capacity of an organization to adapt to shifting business needs by recognizing and developing its essential competencies, assets, and other internal procedures is closely related to its strategic plan<sup>73</sup>. A scholar proposed that the capacity to adapt provides a competitive edge, especially in situations that are constantly changing. Horizons scans, managing change, and resiliency are the three aspects that make up adaptive capabilities. A dynamic resource base is a key prerequisite for adaptability. The capacity of SME to adjust is demonstrated by its ability to take advantage of changing market possibilities<sup>74</sup>. Adaptive skills are viewed as a gauge of a company's toughness during challenging economic times. In addition to demonstrating resilience, adaptive skills also demonstrate a SME's ability to recognize and seize outside possibilities by modifying its operations in response to environmental changes<sup>75</sup>.

Evaluating both positive and negative tie drivers is a crucial aspect of adaptive capacity, which also includes dynamically monitoring and scanning market situations. Horizons scan is the act of continuously acquiring data about clients, vendors, rivals, society, and technology and using that data to make wise decisions<sup>76</sup>. The term "change management" refers to making adjustments to goals, strategies, systems, and oversight mechanisms in light of horizon-scanning data. A firm's capacity to satisfy changing market and product demands using its current capabilities and assets determines how much adaptive capability it has. Open market traders in Abeokuta, a city in southwestern Nigeria, are a prime example of the importance of horizon scanning and change management. These traders constantly gather information about the latest market trends, customer preferences, and competitor strategies in order to adapt their business operations accordingly. An organized procedure for handling administrative or technical change is called change management. A change in the company's

adaptability is therefore correlated with any modification in its prior resources and new resource pairings. The capacity of a company to withstand disturbances of all kinds is known as resilience<sup>76,77</sup>. It might be interpreted as flexibility, reactivity, and the capacity to forcefully redesign the company's operations and plans when conditions change before the need for change becomes glaringly clear.

Open market traders in Abeokuta, Ogun State are known for their resilience in adapting to changing market conditions. These traders are constantly faced with fluctuations in supply and demand, as well as unpredictable economic factors that can greatly impact their businesses. However, they have developed a unique ability to quickly adjust their strategies and operations to ensure their survival and success in the market<sup>10</sup>. This resilience can be attributed to their deep understanding of the market dynamics, their strong relationships with suppliers and customers, and their willingness to embrace change and innovation<sup>25</sup>. Also, they have a keen eye for spotting emerging trends and adapting their products or services to meet the evolving needs of consumers. This agility allows them to stay ahead of the competition and maintain a competitive edge in the industry.

Additionally, successful businesses understand the importance of effective risk management, constantly assessing potential threats and developing contingency plans to mitigate any negative impacts. They are not afraid to take calculated risks, but they also understand the need to be prepared for any unforeseen challenges that may arise<sup>44</sup>. This proactive approach to risk management sets them apart and ensures their ability to navigate through uncertain times. SMEs are extremely susceptible during moments of disaster, and their overall strength is determined by their capacity for innovation, adaptation, and resilience. It is challenging to identify the precise external resources that support innovation for present or developing markets due to intense competition and technical advancement. Thus, in order to get edge

over competitors and the information needed to foster innovation, businesses need scanning skills to identify important sources. Therefore, businesses need to continuously observe and monitor the development of both commercial marketplaces and technology capabilities in order to accomplish and promote organizational creativity<sup>78</sup>.

Resilience, defined as the capacity to transformation before the argument for change become inescapably compelling, is a capacity to be prepared<sup>79</sup>. Firms can have access to fresh knowledge and technical breakthroughs through external systems and sources. The more a company scans its surroundings, the greater access it will have to fresh information, which can spur creativity within the organization. Scanning the surroundings can enhance the volume of ideas. However, open market traders in Nigeria particularly in Abeokuta, Ogun State are facing significant challenges in accessing and utilizing external systems and sources for knowledge and technical breakthroughs. This is primarily due to the lack of infrastructure and limited connectivity in the region, hindering their ability to tap into the vast resources available outside their immediate environment<sup>80</sup>. As a result, these traders are often left behind in terms of innovation and are unable to fully leverage the potential of their businesses.

Despite these challenges faced by traders in developing regions, there are promising initiatives and solutions being implemented to bridge the gap and empower these entrepreneurs. One such initiative is the establishment of local innovation hubs and incubators, providing a space for collaboration, learning, and access to resources. These hubs were provided by the Ogun State government under the leadership of Senator Ibikunle Amosun led administration. These hubs not only provide physical infrastructure, such as high-speed internet and modern technology, but also offer training programs and mentorship

opportunities to help traders develop the necessary skills and knowledge for success in the digital age<sup>80,81</sup>.

### **2.1.3.1 Flexibility**

Price is a very important factor that contributes to the survival of SMEs. Various definitions have been given by authors to explain the concept of price flexibility. Price flexibility refers to the ability of SMEs to adjust their prices in response to changes in market conditions, such as fluctuations in demand or changes in input costs<sup>82</sup>. This flexibility is crucial for SMEs to remain competitive and sustain their operations in the face of economic challenges<sup>83</sup>. Price flexibility allows SMEs to respond quickly to market trends and seize new opportunities for growth. Determining price of a product requires careful consideration of various factors such as purchase costs, market demand, competition, and desired profit margins. In order to remain competitive in the digital age, SMEs must have the flexibility to adjust their prices according to market dynamics and customer preferences<sup>84</sup>.

A scholar argued on price flexibility, emphasizing the ability of SMEs to adjust their prices in response to changes in market conditions. The scholar argues that price flexibility allows SMEs to respond to fluctuations in input costs, demand, and competition, enabling them to remain competitive and sustain their businesses. This approach views price flexibility as the willingness and capacity of businesses to make timely and appropriate price adjustments to maintain profitability and respond to market dynamics. Occasionally, businesses are price takers, which mean the market alone determines the price of their goods<sup>85</sup>. These items include valuable metals and some agricultural commodities. However, businesses often have some latitude in determining prices<sup>86</sup>. The demand law states that if a commodity's price rises, there will likely be a decrease in the amount desired of that product, which is what happens in the majority of circumstances<sup>87</sup>.

The majority of open market traders in Nigeria lack the expertise and skills necessary to effectively use fundamental marketing components, such as market analysis, market division, and market strategy and management. As a result, their goods are often of poor quality, they are often unaware of their competition and their distribution as well as pricing strategies is often subpar. The subsequent use of inadequate pricing strategies results in poor pricing for goods, which ultimately has an impact on sales (demand) and the company's profitability. A business that wishes to prosper in a developing nation like Nigeria, where income levels are low and poverty levels are high, must provide its goods at an amount that customers will pay. A scholar notes that small producers frequently set their good's pricing indiscriminately without taking into account environmental or customer characteristics<sup>10</sup>.

Open market traders in Abeokuta, Ogun State are particularly guilty of this practice. These traders often fail to consider factors such as the purchasing power of the local population, the availability of alternative products, and the overall economic conditions of the area. As a result, they often end up with unsold inventory and struggle to make a profit. For example, an open market trader in Abeokuta may choose to sell expensive luxury goods without considering that the majority of the local population has low purchasing power<sup>88</sup>. Consequently, these traders may face difficulty in finding buyers and end up with excess inventory. Additionally, they may fail to recognize the high demand for alternative and cheaper products, which further hampers their profitability in a competitive market. Also, they may face challenges in adapting to changing consumer preferences and trends. As consumer tastes evolve, it is crucial for businesses to stay updated and offer products that align with the current demands. Failure to do so can result in a decline in sales and profitability. Furthermore, businesses that do not prioritize market research and analysis may miss out on valuable insights about their target audience, leading to ineffective marketing strategies and a lack of customer engagement. To avoid this pitfall, businesses operating in

developing nations must conduct thorough market research and understand the unique dynamics of the local economy. Only then can they set appropriate prices that align with customer preferences and maximize profitability<sup>89</sup>.

Every firm must make a critical decision on prices since it will ultimately have an impact on its organizational goals, whether directly or indirectly<sup>50</sup>. Cost reduction and maximized profits are the main variables to be taken into account for any corporate entity, regardless of their field of operation or objectives, even for charitable organizations, there will always be a need to decrease costs by all means necessary and to increase production. Whether a firm is little or large, straightforward or complicated, private or public, it is founded to offer reasonable pricing to its customers or clients while still making a profit<sup>50</sup>. This balance between cost reduction and profit maximization is crucial for the sustainability and growth of any organization. However, implementing efficient strategies and processes can be implemented by SMEs to find ways to lower their expenses without compromising the quality of their products or services. Additionally, increasing production allows companies to meet the growing demands of their target market and expand their customer base. Therefore, regardless of the nature of the organization, the pursuit of cost reduction and maximized profits remains a fundamental aspect of achieving its organizational goals.

Establishing the pricing for a company's goods or services is one of the most important and challenging choices a manager must make<sup>51</sup>, because of the variety of considerations that must be taken into account. Demand, rivals, costs, politics, environmental, legal, and image-related concerns are a few of the variables that affect price decisions. This claim is supported by a study, who notes that managers regularly have to make choices about the viability and price of their products. Open market traders in Abeokuta face similar challenges when determining the prices of their goods. The bustling market is filled with vendors selling a

wide range of products, from fresh produce to handmade crafts. Each trader must carefully consider factors such as supply and demand, competition from neighboring stalls, and the cost of sourcing their goods. Additionally, cultural and social factors play a significant role in pricing decisions, as traders must be mindful of the purchasing power and preferences of the local community<sup>89,90</sup>.

#### **2.1.4 Religiosity**

The word "religiosity" describes a person's religious beliefs. Religion is linked to variety. Religiosity is defined as the depth of one's love for their religious views and the quantity of information they have about their beliefs<sup>91</sup>. For a Muslim, religiosity may be gauged by how well-versed they are in the information, principles, practices, and religion of Islam. This is same for Christianity. Religion may be shown not just in service instead of in other actions that are motivated by it. Not just from a group and overtly obvious acts but also through quiet or covert ones. Because of this, an individual's religiosity will have a variety of facets or dimensions. Based on the aspects, a comprehension of religiosity is found. Religiosity, according to a study, a scholar refers to how deeply one understands their stated religion as well as how strongly they believe it and how diligently they practice it. It may be said that religion is a person's level of religious fervor and conviction in God's presence demonstrated by following his instructions and abstaining from his prohibitions with all of one's heart and body<sup>91</sup>. It involves more than just conforming to what is obvious and in plain sight. It also involves modeling normal, daily conduct.

Religion whether a person follows it or not, is a cultural factor that influences all facets of society and permeates every part of a person's personal existence<sup>87</sup>. The state of a person that supports a way of life in line with his the religious teachings is described as religiosity<sup>87</sup>.

According to research showing that Muslim customers frequently take Halal considerations into account when selecting things to use or eat<sup>87</sup>.

Religion is an arrangement of beliefs, principles, and institutional conduct that focuses on the things we find most important. Religiosity is a dedication to one's religion or to a particular set of beliefs, and it may be observed in the person's actions or attitudes toward their chosen religion or set of beliefs<sup>52</sup>. Living up to one's religious convictions, whether they be deep or shallow, is what is meant by being religious. Religion showed itself in a variety of aspects of life, including activity and behavior that is visible to the naked eye<sup>52</sup>. Religion as having five components: religious beliefs, religious activities, the sense of variety or religious emotion, religious knowledge, and religious impact<sup>24</sup>. Religiosity as a behavior engaged in by a person who acknowledges a belief or has beliefs based on what they perceive as true<sup>23</sup>.

According to some scholars, religiosity might resemble metaphysics or be somewhat uneasy with its foundation and tenacity to be served as recognized individuals as God. Religiosity, according to, is about human beings, which is founded on ethical action and attitude<sup>92</sup>. While a scholar suggest that religiosity refers to actions and a sustained commitment to one's religious beliefs and practices. Thus, having a religion and a sense of faith becomes fundamental to which a person is. On the other hand, religion is also understood in terms of a cognitive comprehension of religious information, beliefs, and instructions that have an impact on a person's behavior and reason<sup>93</sup>. Another scholar discovered the considerable influence of religion on work performance.

Employees that are heavily influenced by religion perform much better at work and speed up business efficiency. Their findings demonstrate that senior individuals who are also impacted by religion have inspired others to accomplish their jobs admirably<sup>51</sup>. They recommended that striving for excellence in one's work as a viable way to boost corporate performance. In

addition to implementing religious components, cultural factors may also have a substantial impact on business. Religiosity and business efficiency are significantly related, according to research<sup>18</sup>.

A scholar opined that there are two main facets of religiosity: internal and extrinsic. These characteristics were included into the Religious Orientations Scale (ROS), which is mostly used in the psychological and medical fields to examine clients' religious behavior and physical and mental health<sup>2,18,57</sup>. Additionally, the New Indicators of Religious Orientation Revised (NIROR) was used to assess religiosity from both an internal and extrinsic standpoint<sup>94</sup>.

It is important to understand the religious landscape of Nigeria in order to examine the applicability and relevance of these scales within the Nigerian context. Nigeria has a rich religious diversity, with Christianity, Islam, and traditional worship being the major religious traditions practiced by its population. Each of these traditions brings its own unique beliefs, practices, and rituals, shaping the religious orientation of individuals in the country<sup>65</sup>. Furthermore, the religious landscape of Nigeria is not only diverse, but also dynamic and constantly evolving. The influence of globalization, urbanization, and modernization has brought about changes in religious practices and beliefs, as well as the emergence of new religious movements and sects<sup>85</sup>. This complexity adds an additional layer of intricacy when examining the applicability of religious orientation scales within the Nigerian context. Moreover, the interplay between religious beliefs and other aspects of identity, such as ethnicity and socio-economic status, further shapes individuals' religious orientations in Nigeria.

Understanding the multifaceted nature of religious orientation in Nigeria requires a deep exploration of the factors that influence individuals' beliefs and practices. With the rapid

urbanization and modernization that has occurred in recent years, traditional religious practices have faced challenges and adaptations<sup>58</sup>. This has led to the emergence of new religious movements and sects, which further diversify the religious landscape of the country. As a result, the applicability of religious orientation scales within the Nigerian context becomes more complex and nuanced<sup>14</sup>. Additionally, the interplay between religious beliefs and other aspects of identity, such as ethnicity and socio-economic status, cannot be overlooked. In Nigeria, where ethnic diversity is high and socio-economic disparities are prevalent, individuals often navigate multiple identities that intersect with their religious beliefs<sup>84</sup>. These intersections can shape their experiences and perspectives, influencing their religious practices and the ways in which they engage with their faith communities<sup>56</sup>.

Understanding these dynamics is crucial for researchers and policymakers seeking to accurately assess and address the religious landscape in Nigeria. It requires a comprehensive and holistic approach that takes into account the intricate web of factors that influence religious orientation in this complex and diverse society. When it comes to open market traders in Abeokuta, Ogun State, their religious practices are deeply intertwined with their economic activities. The bustling markets of Abeokuta are not only spaces for trade and commerce but also serve as important sites for religious expression and interaction<sup>95</sup>. Scholars argued that traders often invoke the blessings of their deities or seek divine intervention for successful business transactions.

These rituals and beliefs shape the way they conduct their business and establish relationships with customers and fellow traders<sup>96</sup>. Additionally, religious festivals and ceremonies play a significant role in the lives of these traders, with special offerings and rituals being performed to ensure prosperity and protection<sup>56</sup>. Open market traders, who form a significant portion of the informal sector in Nigeria, often rely on their faith to navigate the challenges and

uncertainties of their daily lives<sup>10</sup>. For many traders, their religious beliefs provide a sense of guidance, comfort, and resilience in the face of economic hardships and market fluctuations<sup>17</sup>. Additionally, the close-knit nature of market communities fosters a strong sense of religious solidarity, where traders often come together to pray, share religious rituals, and seek spiritual support from one another<sup>42</sup>.

This reliance on faith is not limited to traders alone; it extends to various other individuals who make a living in the informal sector, such as street vendors, artisans, and domestic workers<sup>97</sup>. These individuals often find solace in their religious practices, turning to prayer and seeking divine intervention to overcome the obstacles they encounter in their work and personal lives<sup>58</sup>. In a country where formal employment opportunities are limited, the informal sector plays a significant role in providing livelihoods for a large portion of the population. As a result, the intertwining of faith and work becomes a crucial aspect of daily life for many Nigerians<sup>52</sup>.

Religious ethics and values shape the way Nigerians approach their work and business practices. The strong influence of religion in Nigerian society means that individuals often rely on their religious beliefs to guide their actions and decisions in the workplace<sup>59</sup>. Honesty, integrity, and fairness are highly valued virtues that are emphasized in religious teachings, and individuals are encouraged to conduct themselves in a manner that is consistent with these principles<sup>59</sup>. This ethical framework extends to various aspects of work, including how individuals interact with their colleagues, customers, and suppliers. In addition, religious values also play a role in shaping attitudes towards wealth and material possessions, with an emphasis on the importance of using resources responsibly and sharing wealth with those in need<sup>60</sup>. This can manifest in various ways, such as donating a portion of earnings to charitable causes or actively participating in community service projects.

Furthermore, religious teachings often emphasize the importance of humility and modesty, discouraging excessive displays of wealth or materialistic pursuits. Instead, individuals are encouraged to focus on spiritual growth, personal development, and the well-being of others<sup>84</sup>. This holistic approach to work and wealth creates a unique dynamic in the workplace, where individuals strive not only for professional success but also for moral fulfillment and the betterment of society as a whole<sup>84</sup>. This mindset can be seen in the way people approach their careers and business ventures. Rather than solely seeking financial gain, individuals often prioritize ethical business practices, sustainable growth, and social responsibility<sup>65</sup>. This emphasis on creating positive impact extends beyond the workplace, as many individuals actively engage in philanthropy and community service. In this way, work becomes more than just a means to earn a living; it becomes a vehicle for personal growth and contributing to the greater good.

Religious ethics among open market traders in Abeokuta has been a significant factor in shaping their business practices and decision-making. The influence of religion, particularly Islam and Christianity, can be seen in the way traders conduct their transactions and interact with customers<sup>85</sup>. These religious teachings emphasize honesty, fairness, and compassion, which are reflected in the ethical standards upheld by the traders. For example, many traders in Abeokuta adhere to the principle of "sadaqah," or giving to those in need, by donating a portion of their profits to charitable causes. This not only fulfills their religious obligations but also fosters a sense of social responsibility and solidarity within the community. Additionally, the ethical standards upheld by traders in Abeokuta extend beyond just their financial transactions. They also prioritize treating their customers with respect and fairness, ensuring that they provide accurate information about their products and services. This commitment to honesty and transparency not only builds trust with their customers but also contributes to the overall reputation of the trading community in Abeokuta. Furthermore,

these ethical practices have a positive impact on the local economy, as customers are more likely to return and recommend the traders to others, leading to increased business opportunities<sup>98</sup>.

Religion serves as a moral compass for individuals and communities, providing them with a framework for ethical behavior. In Abeokuta, the teachings of Islam and Christianity instill values such as honesty, fairness, and compassion, which are reflected in the ethical standards upheld by traders<sup>99</sup>. These religious teachings emphasize the importance of honesty in financial transactions, discouraging practices such as deception, fraud, and price manipulation. Traders who adhere to these principles are seen as trustworthy and reliable by their customers, who contributes to the development of long-term relationships and repeat business<sup>100</sup>.

To burtress on the religious ethics among open market traders in Abeokuta is the practice of "sadaqah" or charitable giving. Sadaqah is deeply rooted in Islamic teachings and involves donating a portion of one's profits to those in need. By engaging in sadaqah, traders fulfill their religious obligations while also promoting social responsibility and solidarity within the community. This practice not only benefits individuals in need but also enhances the overall well-being of society<sup>101</sup>. A scholar further argues that the act of giving can create a virtuous cycle, as the recipients of charitable contributions may themselves become customers or refer others to the traders who have shown generosity. In addition to financial transactions, ethical standards among traders in Abeokuta extend to their treatment of customers<sup>102</sup>. As argued by a scholar, these traders prioritize respect and fairness in their interactions, ensuring that accurate information about products and services is provided. This commitment to honesty and transparency builds trust with customers, contributing to the reputation of the trading community as a whole<sup>103</sup>. A scholar further suggests that this reputation serves as a

competitive advantage, as customers are more likely to choose traders they perceive as ethical and reliable.

The positive impact of religious ethics on the local economy cannot be overlooked. As emphasized by a scholar, the adherence to ethical standards by traders in Abeokuta contributes to customer satisfaction and loyalty. Satisfied customers are more inclined to return and recommend the traders to others, which leads to increased business opportunities and economic growth within the community. Akande argues that the interplay between religious ethics, customer satisfaction, and economic prosperity creates a virtuous cycle, where ethical behavior not only benefits individual traders but also enhances the overall well-being of the local economy<sup>104</sup>.

A scholar opined that too much religiosity can also be detrimental to the trading community in Abeokuta. While religious beliefs and practices are an important part of many people's lives, excessive religiosity can sometimes overshadow business operations and hinder growth<sup>105</sup>. This can happen in so many ways including traders prioritizing religious activities over their business responsibilities, leading to a decline in productivity and customer satisfaction<sup>45</sup>. Additionally, a scholar argued that an excessive focus on religious rituals and ceremonies may divert resources and attention away from important business strategies and innovations. This imbalance can result in missed opportunities for growth and competitiveness in the market. Therefore, striking a balance between religious beliefs and business practices is crucial for the sustainable development of the trading community in Abeokuta<sup>105</sup>.

## **2.2 Theoretical Framework**

### 2.2.1 Finance Led Growth Theory

Bagehot (1873) developed the finance-led growth hypothesis, which emphasized that financial intermediaries provide a favorable environment for economic development and sustainability via a supply and demand driving effect. The finance-led theory, also known as financialization, posits that financial markets and institutions play a dominant role in shaping the overall economy, influencing investment decisions, and driving economic growth<sup>106</sup>. It suggests that the expansion of financial activities and the increasing integration of financial markets into the real economy have profound implications for various sectors, including small and medium-sized enterprises (SMEs)<sup>107</sup>.

According to the idea, efficient financial institutions just respond and influence the growth of SMEs via the generation of value by small enterprises and the mobilization of local funds, both of which tend to boost profitable investments in regional businesses. More savings translates into greater assets for banks, which can then be used to create credit. Additionally, as more entrepreneurs have access to financial services like financial institutions, credit, a reliable payment system, financial advisers, and insurance, the costs and risks associated with transactions are decreased and exchanges are properly managed. The finance led growth theory suggests that when a country's financial sector is well-developed and efficient, it can act as a catalyst for economic growth. This theory argues that a strong financial sector not only facilitates the allocation of funds to productive investments, but also promotes innovation, entrepreneurship, and risk-taking<sup>108</sup>. As a result, it can contribute to job creation, technological advancements, and overall economic development. Moreover, a well-functioning financial sector can attract foreign investments and foster international trade, further stimulating economic growth<sup>106</sup>.

Financial inclusion can facilitate SMEs' access to credit, which is essential for investment, expansion, and working capital needs<sup>109</sup>. When SMEs have access to affordable and convenient credit, they can seize growth opportunities, invest in innovation, and create employment. The finance-led growth theory suggests that the availability of credit and other financial services is influenced by financial market dynamics and the behavior of financial institutions. In Nigeria, the dominance of commercial banks and the centralization of financial services in urban areas have often limited SMEs' access to formal credit<sup>110</sup>. Financialization has led to a concentration of financial resources, resulting in limited financial inclusion for SMEs, particularly those in rural and informal sectors.

Moreover, the finance-led theory raises concerns about the potential negative consequences of financialization for SMEs. Critics argue that financialization tends to prioritize short-term profit maximization and shareholder value over long-term investments and sustainable growth<sup>111</sup>. This emphasis on short-termism can hinder SMEs' access to patient capital and impede their ability to make strategic, long-term investments. In the Nigerian context, this may lead to a lack of investment in capacity building, technology adoption, and market expansion, limiting the growth potential of SMEs<sup>112</sup>.

Additionally, the finance-led theory draws attention to the potential risks and vulnerabilities faced by SMEs in financial markets. Financialization can contribute to increased financial volatility and the transmission of financial shocks to the real economy<sup>113</sup>. SMEs, with their limited resources and capacity to manage financial risks, may be particularly vulnerable to these shocks. For example, during times of economic downturn or financial crises, SMEs may face difficulties in accessing credit, experiencing cash flow challenges, and encountering higher borrowing costs<sup>114</sup>.

This can further exacerbate their exclusion from formal financial systems and hinder their growth prospects. From the perspective of the performance of open market traders in Abeokuta, the finance led growth theory suggests that a strong financial sector is essential for their success and prosperity. These traders rely on access to credit and financial services to expand their businesses, invest in new technologies, and take advantage of market opportunities. Without a well-functioning financial sector, they would struggle to secure the necessary funds to grow and compete in the global marketplace. Additionally, the presence of a robust financial sector in Abeokuta attracts foreign investors who are attracted to the potential for high returns and stable economic conditions. This influx of foreign investment not only provides additional capital for local businesses but also creates new job opportunities and drives economic growth in the region<sup>115</sup>.

### **2.2.2 Theory of Dynamic Capabilities**

The theory of dynamic capabilities is commonly used to understand and analyze the adaptive capabilities of small and medium-sized enterprises (SMEs). The resource-based view (RBV) of the firm, which was first put forth by Barney in 1986 and 1991, is extended by the dynamic capabilities theory that some scholars proposed<sup>116</sup>. The theory emphasizes the ability of firms to sense and seize new opportunities, reconfigure their resources and capabilities, and continuously adapt to changing environments. The theory of dynamic capabilities suggests that SMEs need to develop specific capabilities that enable them to adapt and respond effectively to external changes<sup>117</sup>. These capabilities include sensing capabilities, which involve identifying and understanding market trends, customer needs, and technological advancements; seizing capabilities, which involve seizing new opportunities and translating them into competitive advantages; and reconfiguring capabilities, which

involve reorganizing and recombining existing resources and capabilities to meet changing demands<sup>118</sup>.

In the context of SMEs' adaptive capability, the theory of dynamic capabilities can be applied to explain how these firms can successfully navigate challenges, exploit opportunities, and sustain competitive advantage. For instance, researchers highlight the importance of SMEs' ability to identify and respond to market opportunities. They argue that firms with strong sensing capabilities can detect emerging market needs, technological advancements, and changing customer preferences, enabling them to adapt their products, services, and strategies accordingly<sup>119,120</sup>.

Additionally, the theory of dynamic capabilities emphasizes the role of organizational learning in enhancing SMEs' adaptive capability. By continuously acquiring new knowledge, learning from experiences, and effectively transferring and applying that knowledge, SMEs can enhance their ability to adapt to dynamic environments<sup>121</sup>. This learning process enables SMEs to build their internal capabilities and adjust their strategies and operations in response to changes in the market. Moreover, the theory of dynamic capabilities also emphasizes the role of strategic flexibility in enabling SMEs to adapt. Strategic flexibility refers to the ability to make timely adjustments to strategies, business models, and resource allocations in response to changes in the external environment<sup>122</sup>. SMEs that exhibit strategic flexibility can quickly reconfigure their resources, collaborate with external partners, and explore new market opportunities, thereby enhancing their adaptive capability.

Critics argue that strategic flexibility may not be as important for SMEs as it is for larger organizations<sup>123</sup>. They argue that SMEs have limited resources and may not have the capacity to make significant strategic adjustments<sup>124</sup>. Additionally, critics suggest that SMEs may be more focused on survival and day-to-day operations, making strategic flexibility a lower

priority. However, proponents of strategic flexibility argue that it is precisely because of their limited resources that SMEs need to be adaptable. In a rapidly changing business landscape, SMEs must be able to quickly respond to new challenges and opportunities in order to remain competitive<sup>125</sup>. Strategic flexibility allows SMEs to pivot their business model, explore new markets, and adapt their products or services to meet evolving customer demands. This agility enables them to stay ahead of the curve and capitalize on emerging trends, ultimately leading to long-term success.

### **2.2.3 Contingency Theory**

This theory was propounded by an Austrian psychologist Professor Fred Fiedler in the 1960s. Contingency theory is a management and organizational theory that suggests there is no one-size-fits-all approach to leadership and management. Instead, the effectiveness of leadership styles and management practices depends on various situational factors. While contingency theory is primarily applied in the context of management and organizational behavior, there are some connections that can be drawn to religiosity, particularly in understanding the role of religion in different contexts and its influence on individuals and societies<sup>126</sup>.

Contingency theory can be viewed from the perspective of religiosity by examining how religious practices and beliefs can vary depending on the cultural, social, and historical contexts in which they are embedded. Organizations (in this case, religious institutions) adapt their practices and behaviors based on the external environment and situational demands. Religiosity, as a set of beliefs and practices, can evolve and be shaped by the specific characteristics of a community or society<sup>127</sup>.

For example, research has shown that religiosity can be influenced by cultural norms and social structures. In their study of religiosity in different countries, some scholars found that religious practices and beliefs vary widely based on the level of economic development,

political stability, and other societal factors. In more affluent and stable societies, religion might play a more individualized and private role, whereas, in less developed or unstable societies, religiosity might be more collective and integrated into various aspects of life<sup>128</sup>.

However, for open market traders in Nigeria, religiosity takes on a unique and prominent role that transcends the traditional boundaries of economic development and political stability. Nigeria, being one of the largest economies in Africa, is known for its bustling marketplaces where traders from various religious backgrounds come together to buy and sell goods. These markets not only serve as economic hubs but also as spaces where religious practices and beliefs intertwine with everyday commerce. Religion in Nigeria is deeply ingrained in the fabric of society, and it is not uncommon to see traders pausing their transactions to observe daily prayers or engage in religious rituals. The marketplaces become vibrant spaces where the sounds of bargaining and haggling mingle with the recitation of Quranic verses or the ringing of church bells. This unique blend of economic activity and religious devotion creates a dynamic and complex environment that shapes the lives and interactions of open market traders in Nigeria<sup>129</sup>.

From the perspective of the performance of open market traders in Abeokuta, the interplay between religious practices and economic transactions is particularly pronounced. In this bustling city, known for its vibrant markets and bustling trade, traders seamlessly weave their religious obligations into their daily routines. Whether it's a Muslim merchant pausing to pray in a quiet corner or a Christian vendor attending a midday church service, the religious fabric of Abeokuta is intricately intertwined with its bustling marketplace<sup>130</sup>.

In support of this theory, contingency theory acknowledges the need for adaptive strategies that respond to different contexts, as leaders and managers must assess the environment and modify their approaches accordingly. Contingency theory emphasizes flexibility, suggesting

that what works in one context may not be suitable in another. This adaptability is critical in complex environments where variables such as market conditions, organizational culture, and external factors play a role. For instance, in dynamic settings like Nigerian open markets, traders must adjust their management and business strategies based on religious obligations, cultural norms, and economic pressures. This flexibility aligns with the core premise of contingency theory, underscoring that performance outcomes improve when leadership or management practices are adapted to specific situational demands.

A major criticism of this theory is that it does not adequately account for the influence of religious beliefs and practices on the behavior of traders in open markets. They contend that the theory, which suggests that a trader's behavior is contingent upon the specific situation or context they find themselves in, fails to recognize the profound impact of religious rituals and observances on decision-making processes. In their view, religion plays a critical role in shaping the values and norms that guide traders' actions, and it cannot be separated from the bustling marketplace. Nonetheless, despite these criticisms, contingency theory remains a widely accepted framework for understanding trader behavior in open markets. While some argue that religion plays a critical role in shaping values and norms, contingency theory emphasizes the influence of situational factors on decision-making processes. It recognizes that traders' behavior is contingent upon the specific context they find themselves in, including market conditions, competition, and personal motivations. While religion may have an impact on individual traders, contingency theory provides a comprehensive framework that considers a broader range of factors influencing trader behavior in open markets<sup>131</sup>.

### **2.3 Review of Empirical Studies**

Various studies have been conducted to establish a link between financial inclusion, adaptive capability, religiosity and performance of open market traders and a series of opinion has been gathered. This section is sub grouped according to the aim of this research.

### **2.3.1 Financial Inclusion and Performance**

For instance, financial inclusion and the growth of small medium enterprises was conducted in Uganda using cross-sectional research design<sup>132</sup>. The study revealed that financial inclusion is significant in supporting SME growth. The study further also revealed that the cost of acquiring and servicing financial services is high; there is also difficulty in using some of the financial services, and the way financial providers treat financial users, some lacked some degree of respect and dignity.

Also, financial inclusion strategies on performance of small and medium enterprises was conducted in Tanzania<sup>7</sup>. The study was conducted on selected SMEs in Dar es Salaam, Tanzania. The target population consisted of 93,430 in three districts of Dar es Salaam, where a sample of 240 respondents were selected by use of purposive non-probability sampling. From the key findings, it emerged that the respondents agreed that financial access point were made closer to where people live, access and use of financial services increased competition due to adopting new skills and technology, access and use of financial services increased profitability and growth of business and some of the challenges faced by SMEs in employing financial inclusion strategies were unforeseen market changes, not being involved in making strategies<sup>133</sup>.

On the same note, financial inclusion and performance of MSMEs in Eswatini was conducted<sup>8</sup>. The study used the re-centered influence function regression framework to estimate unconditional quantile regressions and the generalized ordered logit model to analyze the data. Findings – The findings from the unconditional quantile regression revealed

that small changes in access to bank accounts, saving for business, formal saving, stokvel and informal saving at the 50th and 75th percentiles have a positive and statistically significant effect on microenterprises' annual turnover profit. Conversely, small changes in formal insurance have a mixed effect on annual turnover profit. At the 10th and 25th percentiles, a small increment in insurance reduces annual turnover profit but increases microenterprise annual turnover profit at the 75th percentile. Meanwhile, the evidence from the generalized ordered logit model showed that financial inclusion reduces the likelihood of microenterprises being classified as least developed and increased the chances of microenterprises falling into emerging and developed business categories<sup>134</sup>.

Also an analysis of the effect of Muslim religiosity and innovation capability on firm survival during Covid-19 pandemic in Bantul Regency, Yogyakarta was conducted<sup>9</sup>. Also, this research investigated the moderation role of environmental uncertainty on the effect of Muslim religiosity and innovation capability on firm survival. The study was conducted during the covid-19 pandemic. The results showed that the Muslim religiosity and innovation capability significantly affected firm survival. Environmental uncertainty significantly weakened the effect of innovation capability on firm survival. However, environmental uncertainty insignificantly weakened the effect of Muslim religiosity on firm survival. These research results indicate the importance of religious formation for small entrepreneurs in this crisis time. Innovation is also important in increasing the firm survival of small companies during the covid-19 pandemic<sup>135</sup>.

Empirical proves about the relation among financial technology (Fintech), financial inclusion, and sustainability Muslims SMEs in Solo Raya area was conducted by a scholar<sup>136</sup>. This study uses quantitative approach. Analysis instrument used in this study is Partial Least Square (PLS). All data in the study are collected by handing out questionnaires to 96 SMEs

owners who are Muslim chosen with accidental sampling technique. The result of this study shows that there is a positive relation between financial technology and financial inclusion. Financial technology also has positive relation toward the sustainability of SMEs. Besides that, financial inclusion also has positive relation with the sustainability of SME.

A study on financial literacy on business performance: The moderating effect of religiosity among SMES in Sumatera, Indonesia using primary data was conducted by a scholar<sup>135</sup>. The study finds positive significant effects of financial literacy on business performance. Financial literacy affects business performance. Financial literacy is part of basic human needs in achieving good business performance. Some researches review financial literacy to improve the well-being of society.

Financial inclusion and business practices of micro business in Colombia was conducted<sup>4</sup>. Estimates are based on self-reported information collected through a survey of 1542 micro entrepreneurs in 10 Colombian cities in 2019. The results show that micro entrepreneurs who adopt (more) business practices have more financial inclusion. No specific category of business practices drives the results. The effect is larger for men than women and is not present for micro entrepreneurs of low education levels. Furthermore, personal initiative, a psychological construct, indirectly relates to being more financially included by increasing the adoption of business practices<sup>136</sup>.

The effect and relationship of financial literacy and financial inclusion either partially or simultaneously on the performance of MSMEs was examined in Indonesia<sup>137</sup>. The population in this study was 517 MSMEs that were assisted by SME & IKM DPW of North Sumatra Province spread over 33 Regencies & Cities in North Sumatra. This study type is quantitative research using an associative approach and using PLS (Partial Least Square) analysis tools. The impacts show that financial literacy and financial inclusion partially and simultaneously

significantly affect the performance of MSMEs. Furthermore, skills and knowledge are the two most significant financial literacy indicators. Meanwhile, connection and quality are financial inclusion indicators with the most significant effect.

### **2.3.2 Adaptive Capability and Performance**

A proposal on a rigorous model for the positive impact of managerial capability (in terms of decision-making, management style, people development, and succession planning) and adaptive capability (in terms of horizon scanning, change management, and resilience) on organizational innovation in the context of small and medium-sized enterprises (SMEs). The study uses partial least squares structural equation modeling (PLS–SEM) to test the model hypotheses, and importance-performance matrix analysis (IPMA) to provide information regarding the significance and relevance of the dimensions of managerial and adaptive capability in explaining organizational innovation in the proposed model. The empirical data is gathered through questionnaires from 210 SMEs<sup>138</sup>. The results show a strong and significant relationship between managerial capability, adaptive capability, and organizational innovation. This study found that all of the dimensions of managerial capability and adaptive capability help to develop and improve the performance of organizational innovation in SMEs.

The influence of adaptive capability, social media agility and surviving firms in diverse industries in five nations was carried out<sup>139</sup>. Furthermore, it demonstrated the mediating influence of ambidextrous marketing capability on the connection between adaptable capability, social media agility, and firm survival, and evaluated the link between social media agility and adaptive capability. The study utilized a survey methodology and a sample of 416 enterprises in Nigeria, Canada, the United States, Australia, and the United Kingdom, and conducted the regression analysis to assess the hypotheses presented therein. The results

demonstrated that adaptive capability and social media agility had a favorable and substantial influence on business survival.

The association between adaptable capability and strategic orientation in the business setting was investigated in this study<sup>140</sup>. To do this, an empirical study was carried out at a Brazilian agency for marine services, using a poll of 160 personnel. The results demonstrate a positive association among all of the strategy orientation characteristics and their respective adaptable capabilities. That is, the data reveal that the business's strategy orientations affect its adaptable capability, and also imply that the greater the participant's impression of the company's dynamic potential, the greater its organizational adaptive capacity in its marketplace<sup>140,141</sup>.

The relevance of the resource-based perspective (RBV) and dynamic-capability view (DCV) to environmental volatility was examined<sup>142</sup>. Through examining 253 Taiwanese enterprises, this study demonstrates that the explanatory value of DCV exceeds that of RBV in unstable contexts. Firms that exhibit dynamic skills may successfully improve their competitive advantages, while facing highly variable conditions. However, the RBV is successful in certain aspects and enterprises with precious, uncommon, distinctive, and unalterable products still enjoy competitive advantages. Adaptive capacity to climate change with a synthesis of concepts, methods, and findings in a fragmented field was conducted by a researcher<sup>144</sup>. This research was performed among SMEs situated in Central Java, Indonesia. A number of 253 surveys were delivered and thoroughly filled. The statistical investigation was undertaken by employing structural equation modeling using Smart-Partial Least Squares (PLS). The results suggest that the adaptable aptitude was favorably associated with product creativity, but not significant with promotional performance. Furthermore, our data demonstrate that product innovation had a considerable influence on marketing performance

and it entirely mediated the link between adaptive capability and advertising effectiveness. These findings give insights on how adaptive capabilities increase marketing success through innovative products in SMEs<sup>144</sup>.

### **2.3.3 The Intervening Role of Religiosity**

The role of MSMEs toward Sustainable Development Goals Through Islamic Financial Institutions was conducted<sup>145</sup>. This research basically descriptive research by using mix method. From demand side used quantitative method by involving 384 respondents and semi structures interview to select the important person. The finding revealed that IFIs support MSMEs towards SDGs achievement in terms of poverty alleviation, industrial innovation, infrastructure, financial stability, economic growth, and income distribution. Currently, from demand side, the intention to use and access MSMEs to IFIs is still very low, but in the future could be better, if strategy is implemented such financial literacy that improve MSMEs understand the advantages and features of Islamic financial products. Besides that, the role of government concerns to support the regulations and policies. From supply side, support IFIs to strengthen the role MSMEs toward SDGs is fair, it is because the number of IFIs financing available to support MSMEs is quite enough in average just 50% from total financing. However, Islamic microfinance has good chance to support MSMEs financing needed by increasing their capacity, hence, the role of government very urgent<sup>145</sup>.

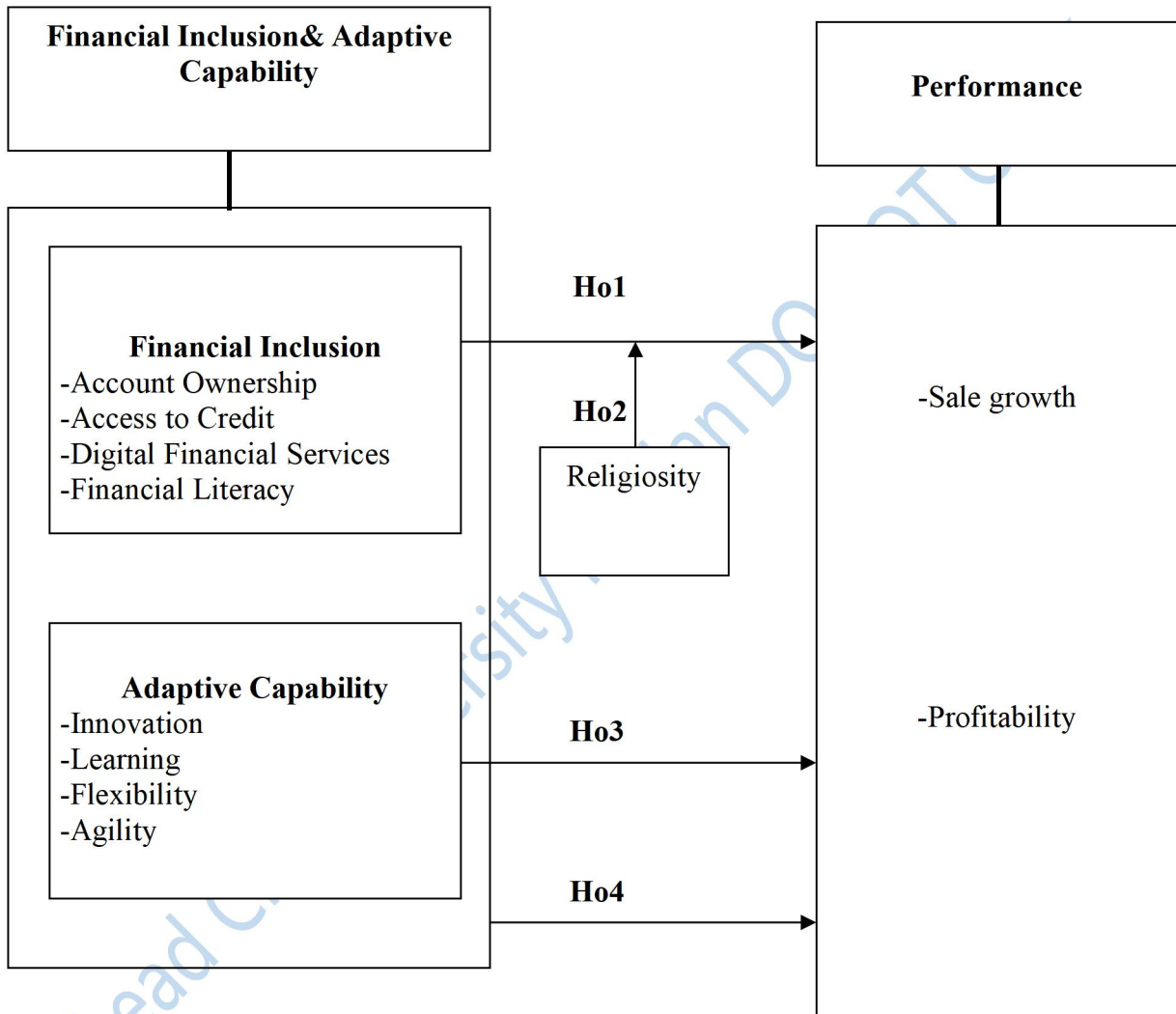
Environmental marketing orientation of Muslim entrepreneurs was conducted and looks at its relationship with environmental marketing and organizational performance in the context of small and medium enterprises in Indonesian. Findings revealed that environmental orientation has a positive relationship with environmental marketing and operational and economic performance. Nonetheless, the study suggests no significant influence of environmental marketing on commercial performance due to “greenwashing” practices.

Religiosity appears to moderate the relationship between environmental orientation and environmental marketing practices<sup>146</sup>.

Religiosity Competitiveness on Knowledge Conversion (RCKC) and its impact on adaptive selling capability was analyzed<sup>147</sup>. The study was conducted on 157 Sharia insurance salespersons by taking samples using purposive sampling technique. The test results show that RCKC which compose of religiosity competitiveness on socialization, religiosity competitiveness on externalization, religiosity competitiveness on combination and religiosity competitiveness on internalization can increase adaptive selling capability. Thus, the ability to convert knowledge about good sales techniques as a result of the religiosity competitiveness will increase adaptive selling capability. A scholar investigate the role of religiosity leaderships style among the top management of halal food and beverages products small and medium sizes manufacturers towards their business performance<sup>148</sup>.

Multiple linear regression analysis was used to assess the impact of religion, consumer attitudes, and income level on the choice of the Koperasi Simpan Pinjam dan Pembiayaan Syariah (KSPPS) Melati, Sapuran branch in Wonosobo. The research indicated that consumer attitudes and income levels had a beneficial impact on the choice of KSPPS Melati using a total sample of 99 respondents. While the choice of KSPPS Melati is not influenced by the religion variable<sup>149</sup>.

## 2.4 Conceptual Model



**Figure 2.1: Conceptual Model for the Study**

**Source: Researcher's Conceptual Model, 2023**

This study presents a conceptual framework that explains the interaction between financial inclusion (account ownership, access to credit, digital financial services and financial literacy) and adaptive capability (innovation, learning, flexibility, & agility) been the Independent Variable), business knowledge (moderating variable) and the sustainability (profitability and

business survival) of retailers (Dependent variable) in selected traditional open markets in Abeokuta, Ogun State, Nigeria. Specifically, the conceptual framework shows the gap and the resultant hypotheses to be examined. The first, second and third hypotheses intends to examine the individual effect of financial literacy, finance accessibility, and digital marketing on sustainability. Hypothesis four will examine the effect of contextual factors on sustainability and hypothesis five will determine the moderating effect of business knowledge on the interaction between contextual factors and sustainability of retailer in the traditional open market in Ogun State.

## **2.5 Summary of Gaps in Literature Reviewed**

Various studies have been conducted to establish a link between financial inclusion, religiosity, adaptive capability and performance of MSMEs in Nigeria. For instance, <sup>3</sup>used the religiosity of SMEs as a moderating variable in a study on financial education and company success in Indonesia. Financial literacy has positive, significant effects on company success, according to researchers. Knowledge of finances has an effect on business efficiency. In order to achieve good business performance, basic human requirements like financial knowledge must be met. Using a strategy to improve adaptive selling capabilities, <sup>5</sup>also did an investigation on religiosity efficiency and knowledge conversion. The test findings demonstrate that the RCKC, which consists of competing religiosity on socializing, competing religiosity on externalizing, competing religiosity on combinations, and competing religiosity on internalizing, can boost adaptive selling skill<sup>150</sup>. Similar to this, a scholar did a study on the relationship between financial well-being and the expansion of small and medium-sized businesses in Uganda and discovered that financial inclusion has a key role in fostering SME expansion. The survey also showed how expensive it is to acquire and maintain banking services, how challenging it may be to utilize some of them, and how

certain lenders treat their customers with a lack of courtesy and regard<sup>151</sup>. Numerous investigations have produced results that are comparable to those of this study<sup>152,153,154</sup>.

A close emphasis of this study shows that most of the reviewed articles are conducted in developed countries and other African countries like Uganda, Kenya and South Africa as no studies have been conducted on how the combination of these three parameters (religiosity, adaptive capability and financial inclusion) affect performance of open market traders in Nigeria particularly in Abeokuta, Ogun State. However, this is necessary as Nigeria also faces unique challenges in addition to the general challenges faced by MSMEs in Africa which includes the fear of fund insecurity from banks. Most open market traders confirmed that they cannot use bank for their daily transactions as they usually experience delays in banking services<sup>155</sup>. These challenges are not addressed in other studies and highlight the need for further research. Therefore, it is crucial to investigate how financial inclusion initiatives can effectively address these challenges and improve the performance of open market traders in Abeokuta, Ogun State.

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## **Chapter Three**

### **Methodology**

This section entails the methods in which the researcher used to conduct this study. The section entails research design, population of the study, sampling technique and size and research instrument specification, validity and reliability and method of data analysis.

#### **3.1 Research Design**

A cross-sectional survey research design was adopted for this study because it allows for the collection of quantitative data from a large sample size. This survey design aligns with the realism and positivism research philosophy which allows a scientific and objective understanding of the relationship between financial inclusion, adaptive capability, religiosity and performance of open market traders in Abeokuta. The cross-sectional survey design is useful for this study because it provides a structured approach to gathering data from a diverse group of participants at a point in time and this ensure consistency in the questions asked from respondents. Furthermore, it allows for the exploration of multiple variables simultaneously, which is ideal for examining the complex relationships between financial inclusion, adaptive capability, religiosity, and performance in the context of open market traders in Abeokuta.

#### **3.2 Population of the Study**

The population for this study consists of all open market traders in Abeokuta metropolis including Lafenwa, Kuto, Olomore, Omida, Itoku, and Elega markets. This type of population is considered infinite as there are no identifiable databases that can substantiate the specific number of open market traders in both markets in Abeokuta. The rationale for selecting Lafenwa, Kuto, Olomore, Omida, Itoku, and Elega market as the focus areas for this

study is because they are the major markets in Abeokuta with huge presence of open market traders. These markets attract a large number of traders from various backgrounds and with different levels of experience and expertise. Selecting these markets enabled the researcher gain insights into the challenges faced by open market traders in general and developed strategies to address them effectively. Additionally, Lafenwa, Kuto, Olomore, Omida, Itoku, and Elegu markets are located in different parts of Abeokuta, allowing for the examination of the variations in challenges and performance across different areas. This provides a comprehensive understanding of the factors influencing the success of open market traders in Abeokuta.

### 3.3 Sample and Sampling Techniques

Due to the infinite number of open market traders in Abeokuta, the sample size was determined through the use of Cochran's sample size formula<sup>1</sup>.

$$n^o = \frac{Z^2 pq}{e^2}$$

Where

$n^o$  = Desired Sample size (?)

$Z^o$  = Standard error associated with the chosen level of significance (typically 1.96 for 5%)

$P$  = Variability / Standard deviation of the population (estimated to be 50%)

$q = 1 - p$

$e^2$  = Acceptable sample error (10%)

Hence inserting the figures above we have the following:

$$\begin{aligned} n^o &= \frac{(1.96)^2 \times 0.5(1 - 0.5)}{(0.1)^2} \\ &= 384 \end{aligned}$$

Hence 384 open market traders were involved in this study. Moreover, 10% of the scientifically determined sample size is added to account for any non-response or incomplete data. Therefore, a total of 422 open market traders were included in the study. This sample size was deemed sufficient to provide a representative picture of the open market traders in Abeokuta and ensure statistical validity in the analysis of factors affecting their success as similar studies has adopted same response rate to ensure comparability and generalizability of findings. The sample of 422 was shared equally among the six open markets spaces in Abeokuta City which are Lafenwa, Kuto, Olomore, Omida, Itoku, and Elega markets.

**Table 3.1 Market Sample frame**

S/N	Name	Sample
1	Lafenwa Market	70.33
2	Kuto Market	70.33
3	Olomore Market	70.33
4	Omida Market	70.33
5	Itoku, Market	70.33
6	Elega Market	70.33
	<b>Total</b>	<b>422</b>

Source: Author's Compilation, 2024

This study used a purposive sample technique given the micro-small market traders to be examined. The purposive sampling allows the researchers the ability to use some specific characteristics to identify and select appropriate respondents for the study. In this study, the criteria for been a part of this study include;

1. A trader selling in open markets in Abeokuta

2. A trader operating as micro-small business in the market identified in 1 above

Purposive sampling, as a non-probability method, maybe a less systematic approach to collecting data, but scholars argued that it saves time and money without sacrificing quality.

### 3.4 Description of Research Instrument

In this study, a structured questionnaire was developed to gather information from the selected participants. The questionnaire was designed as a closed-ended one, allowing for quantitative data collection. The close ended questionnaire was structured using a four-point Likert scale using Strongly Agree (SA), Agree (A), Disagree (D), Strongly Disagree (SD). The points allocated to these options range from 4 to 1, with SA having the highest point and SD having the least point. This questionnaire was sectioned into two (A and B). Section A covers demographic data from the selected respondents such as age, gender, and years of experience in the open market. In addition, section B covers financial inclusion, adaptive capability, religiosity and performance which are the necessary information tailored to achieve the aim and objectives of this study. The questionnaire items on financial inclusion, adaptive capability and religiosity were adapted from various authors.

S/N	Variables	Source	No of Items
1	Financial Inclusion	<sup>4</sup>	5
2	Adaptive Capability	<sup>5</sup>	5
3	Religiosity	<sup>6</sup>	6
4	Performance	<sup>7</sup>	5

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Source: Researcher's Compilations, 2024

To ensure that traders understand what the questionnaire entails, the content of the questionnaire was however interpreted in Yoruba language to ensure that language barriers do not hinder accurate responses. This decision was made as the majority of the traders in the selected market are more comfortable communicating in Yoruba. A researcher accurately translates the questionnaire from English to Yoruba, ensuring that the meaning and intent of each question remained intact. The translated version was then reviewed by the supervisor to ensure its clarity and cultural appropriateness. Hence, providing the questionnaire in Yoruba ensures that the traders felt more at ease and could provide accurate and comprehensive responses, ultimately contributing to the success of this study. Additionally, by respecting the traders' language and cultural background, the researcher fosters inclusivity and promotes trust and understanding. This approach acknowledges the importance of effective communication and recognizes that language barriers can hinder accurate data collection.

### **3.5 Validity of Research Instrument**

The research instruments were validated based on face and content validity to evaluate the extent to which construct operationalization measures what it tends to measure<sup>3</sup>. To determine the face and content validity of the instrument, the questionnaires were first shown to the supervisor and other lecturers in the Department of Management and Accounting, Faculty of Management and Social Sciences, Lead City University, Ibadan. They determined the appropriateness of the instruments in measuring what it is supposed to measure. Also, they ensured that the instruments contained the appropriate items that could elicit the intended responses on financial inclusion, adaptive capability, and religiosity to enhance traders' performance in the open markets in Abeokuta, Ogun State, Nigeria. Necessary

corrections and restructuring were made based on their comments, modifications, and recommendations. The pilot study was conducted in Oje market and Orita challenge market and it provided the opportunity to pre-test the instruments to ascertain construct validity.

The researcher conducted confirmatory factor analysis (CFA) to ascertain the overall adequacy and validity of the instrument. The Varimax Extraction Method extracted factor loadings from the rotated component matrix to compute the Average Variance Extracted (AVE). Hence, AVE's value greater than 0.5 provided added proof of convergent validity and the discriminate validity value for all the construct below 0.90 on the Heterotrait-Monotrait (HTMT) criterion provided additional evidence of construct validity for each of the measured variable. Both the AVE and discriminant validity values provided evidence of construct validity for all the variables under study. Table 3.3 and 3.4 below presented a summary of the construct validity for these questionnaire items of this study.

**Table 3.3: Summary of Pilot Test Incorporating Construct Validity Test.**

<b>Variable</b>	<b>No. of Items Pilot</b>	<b>AVE</b>	<b>Remark</b>
Adaptive Capability	16	0.598	Reliable
Financial Inclusion	20	0.568	Reliable
Firm Performance	10	0.624	Reliable
Religiosity	9	0.623	Reliable

**Source: Computed from Pilot Study, 2024**

Table 3.3 above shows that the AVE values for all the constructs are above the threshold of 0.5 to suggest that the convergent validity has been established for all the reflective constructs in this study. In addition, the HTMT criterion was used to assess the

discriminant validity for all the reflective constructs. An acceptable approach to establish discriminant validity is through HTMT criterion which measures the average correlations of the indicators across constructs. Where the HTMT values for all the reflective constructs is below 0.90, then discriminant validity has been established between the reflective constructs. Table 3.4 presented the HTMT criterion for this study which was computed using SmartPLS statistical version 4.0 platform.

**Table 3.4: Discriminant Validity using Heterotrait-Monotrait Ratio (HTMT)**

<b>Construct</b>	<b>AC</b>	<b>FI</b>	<b>FP</b>	<b>RG</b>
Adaptive Capability				
Financial Inclusion	0.638			
Firm Performance	0.506	0.714		
Religiosity	0.355	0.688	0.717	

**Source: Computed from Pilot Study, 2024**

Threshold for establishing discriminant validity, all the constructs in table 3.8 above had HTMT values below 0.9 to suggest that discriminant validity has been established for all the reflective constructs in this study. Scholars have emphasized that both convergent validity (through AVE) and discriminant validity (through HTMT criterion) are important measures of construct validity<sup>2</sup>.

**Table 3.5: Validity Statistics Process**

<b>Variable</b>	<b>KMO</b>	<b>Bart.</b>	<b>Sig</b>	<b>Remark</b>
Adaptive Capability	0.841	28.174	(0.000 )	Accepted
Financial Inclusion	0.680	40.851	(0.000 )	Accepted
Firm Performance	0.748	38.841	(0.000 )	Accepted
Religiosity	0.844	84.681	(0.000 )	Accepted

**Source: Computed from Pilot study through SPSS V25, 2024**

In furthering the process of validating the research instrument, factor analysis using principal component analysis was employed through the Kaiser-Meyer-Olkin (KMO) Test to measure the suitability of the data to the study and measure the sampling adequacy for each variable in the model and the complete model. KMO greater than 5 is required for the variable to be accepted. However, values between 0.5 and 0.7 are average, 0.7 and 0.8 are good, while values between 0.8 and 0.9 are very good according to a researcher<sup>3</sup>. In addition, Bartlett's test of Sphericity evaluates the strength of the relationship among variables. Hence, Bartlett tested the null hypothesis which suggested that the items in the original correlational matrix have no relationship among them, which would indicate that the variables are unrelated and hence unsuitable for the study. In Table 3.5 above the KMO and Bartlett test values and the concomitant probability values were below the 0.05 threshold suggesting that the factor analysis conducted is appropriate.

### **3.6 Reliability of the Research Instrument**

The researcher subjected the questionnaire to test reliability. The variables (financial inclusion, adaptive capability, Religiosity, & performance) were tested for internal consistency method of reliability and composite reliability. Internal consistency was used to establish the reliability of a measure by evaluating the within-scale consistency of the responses to the items of the measure. Applicable to multiple-item measurement instruments (like that of this study), Cronbach's alpha coefficient is widely employed for assessing this internal consistency. A Cronbach's alpha coefficient of  $> 0.7$  but  $< 1$  score for a questionnaire is adjudged to be reliable<sup>3</sup>. The composite reliability is used to revalidate the reliability of the instrument. Table 3.6 below depicts the reliability statistics of all the variables in this study.

**Table 3.6: Reliability Statistic**

S/N	Variables	Composite Reliability	Cronbach's alpha coefficient
	Adaptive Capability	0.786	0.747
	Financial Inclusion	0.708	0.782
	Firm Performance	0.910	0.890
	Religiosity	0.769	0.739

**Source: Computed from Pilot Study, 2024**

To make the correct inferences from the data collected from the field, the data after coding was subjected to the assumption for running parametric analysis. If the data meets the assumption which includes; normality test, Linearity test, multicollinearity test, and heteroscedasticity test then a parametric analysis through regression can be conducted, but if it fails, non-parametric analysis would be adopted. The pre-estimation test was conducted for all the variables in the study.

Normality is the assumption that the error term is normally distributed with a mean of zero and a constant variance. Multiple regression analysis (parametric statistics) requires that data is normally distributed. The normality data distribution was assessed by examining its skewness and kurtosis. A variable with an absolute skew-index value greater than 3.0 is extremely skewed, while a kurtosis index greater than 8.0 is extreme kurtosis. An index smaller than an absolute value of 2.0 for skewness and an absolute value of 7.0 is the least violation of the assumption of normality. Also, the Q-Q plot provided additional support for the skewness and kurtosis statistics through a graphical representation of a normally distributed data set. A regression analysis accurately estimates the interaction between dependent and independent variables if the relationship is linear because the interaction between independent variables (IV) and the dependent variable (DV) is not linear, the results of the regression analysis underestimate the exact relationship. Hence, to establish the suitability of this data for regression analysis, this study adopted Pearson's product-moment correlation coefficient to test the linearity of the relationship between the variables and confirm the linear relationship using the positive values, the strength of the coefficients, and the significant level of the relationship.

Furthermore, the study's data was subjected to a multicollinearity test. This test checks for correlation amongst the independent variables and a correlation coefficient greater than 0.8; thus, it indicates the presence of multicollinearity. Also, their correlation is an indicator of their performing the same function, thus resulting in misleading and unusual results as well as inflated standard errors. Multicollinearity is suspected if the Variance Inflation Factor (VIF) is greater than ten (10),  $VIF > 10$ , or when the Tolerance Factor/Value (TF) which is the inverse of VIF is less than 0.1 implying that collinearity is suspected when Tolerance Value  $(1-R^2) < 0.1$ .

The assumption for homoscedasticity requires that the variance of the disturbance term be constant for all observations, and a violation of this assumption gave rise to the problem of heteroscedasticity. The presence of heteroscedasticity rendered the estimates inefficient. Since the data for this research is a cross-section of the selected paints and coatings manufacturers, this raises concerns about the existence of heteroscedasticity. The classical linear regression model (CLRM) assumes that the error term is homoscedastic; that is, it has constant variance. If the error variance is not constant, then there is heteroscedasticity in the data. Running a regression model without accounting for heteroscedasticity would lead to unbiased parameter estimates. Hence, homoscedasticity was checked by the normality of residuals with the Normal P-P Plot and scattered plot.

### **3.7 Administration of Research Instrument and Method of Data Collection**

Primary source of data is appropriate for this study. Primary data collection involves gathering data directly from the source, such as through surveys, interviews, or observations. This method allows researchers to obtain specific and current information that is relevant to their study. Primary data is useful when researchers want to explore a particular phenomenon in depth and gather detailed information about it.

To obtain data, the market leaders were approached to have their full cooperation and coordinate with other traders in the market. This collaboration is crucial as it ensures a comprehensive and representative dataset, capturing the perspectives and experiences of various stakeholders. Additionally, reaching out to market leaders allows for a more efficient data collection process, as they often have access to a wide range of resources and expertise. By coordinating with these key individuals, researchers can also ensure the accuracy and reliability of the data collected, as they can provide guidance and validate the information obtained.

In addition, 422 copies of questionnaires were distributed to ensure a diverse and representative sample. These questionnaires were carefully designed to gather comprehensive and specific information from participants, allowing for a deeper understanding of their perspectives. To ensure the validity and reliability of the data collected through the questionnaires, rigorous testing, for example, a pilot study was conducted beforehand to identify any potential issues or biases that may result in the collection of appropriate data.

### 3.8 Method of Data Analysis

In this study, a combination of both descriptive and inferential statistics was used to analyze the data gathered from the open market traders in Abeokuta. Descriptive statistics were used to summarize and describe the characteristics of the data, such as measures of central tendency and variability. This provided a clear picture of the distribution and patterns within the data. To achieve this, frequency count and a simple percentage method were used. In addition, inferential statistics was utilized to make inferences and draw conclusions about the larger population of open market traders based on the sample data collected. This will involve hypothesis testing and confidence intervals to determine the significance of relationships among the variables in this study. This was achieved through the use of regression analysis. Hypotheses 1-3 were tested using the multiple regression analysis because it allows for the examination of the functional relationship between a dependent variable and more independent variables to establish the relative influence of each measure of the independent variables. Hypothesis 4 was analyzed using hierarchical regression because it is appropriate for establishing the moderating effect of religiosity.

**Table 3.7: Method of Data Analysis**

S/N	Hypotheses	Analytical Technique
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<b>H<sub>01</sub></b>	Financial inclusion has no significant influence on performance of open market traders in Abeokuta, Ogun State.	Simple Regression Analyses
<b>H<sub>02</sub></b>	Adaptive capability does not significantly affect performance of open market traders in Abeokuta, Ogun State.	Simple Regression Analyses
<b>H<sub>03</sub></b>	Financial inclusion and adaptive capability has no significant effect on the performance of open market traders in Abeokuta, Ogun State.	Multiple Regression Analyses
<b>H<sub>04</sub></b>	Religiosity has no significant moderating effect on the association between financial inclusion and performance of open market traders in Abeokuta, Ogun State.	Hierarchical Regression Analysis

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**Source: Research Study (2024)**

The model specification that expresses the interaction between financial inclusion, adaptive capability, religiosity, and performance of traders in open market is presented in this section. This study will adopt a linear regression function to express the conceptual model of this study and this will be done to establish the effect the financial inclusion and adaptive capability on performance; and the moderating effect religiosity on the interaction between financial inclusion and adaptive capability on performance of open market traders in Abeokuta, Ogun State through the following statistics:

$$Y = f(X,U)$$

Y=Dependent variable: Performance (PERF)

X,U= Independent variable: Financial Inclusion (X), Adaptive Capability (U)

X= Financial Inclusion (FI),

x<sub>1</sub>= Account Ownership (AO)

x<sub>2</sub>= Access to Credit (AC)

x<sub>3</sub>= Digital Financial Services (DFS)

x<sub>4</sub>= Financial Literacy (FL)

U= Adaptive Capability (AC)

u<sub>1</sub>= Innovation (INV)

u<sub>2</sub>= Learning (LRN)

u<sub>3</sub>= Flexibility (FLX)

u<sub>4</sub>= Agility (AGT)

Z= Moderating variable: Religiosity (RG)

The dependent variable- Performance (PERF) Y is measured as:

y<sub>1</sub>= Sales Growth (SG),

y<sub>2</sub>= Profitability (PROF).

The moderating variable – Religiosity (RG) is Z

The following acronym is compiled to represent the dependent, moderating and independent variables under investigation in present study. They are as follows;

PERF= (SG, PROF)

FI = (AO, AC, DFS, FL)

AC= (INV, LRN, FLX, AGT)

By substituting the acronyms of each variable in the regression model, the researcher presents the following:

$$Y = f(X)$$

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e_i \dots \text{Regression equation 1}$$

$$\text{PERF} = \beta_0 + \beta_1 \text{AO}_1 + \beta_1 \text{AC}_1 + \beta_1 \text{DFS}_1 + \beta_1 \text{LF}_1 + e_i \dots \text{Regression equation 1}$$

$$Y = f(U)$$

$$Y = \beta_0 + \beta_1 U_1 + \beta_2 U_2 + \beta_3 U_3 + \beta_4 U_4 + e_i \dots \text{Regression equation 2}$$

$$\text{PERF} = \beta_0 + \beta_1 \text{aAC}_1 + e_i \dots \text{Regression equation 2}$$

$$Y = f(x_3)$$

$$Y = \beta_0 + \beta_1 X_1 + \beta_1 X_2 + e_i \dots \text{Regression equation 3}$$

$$\text{PERF} = \beta_0 + \beta_1 \text{FI}_1 + \beta_2 \text{AC}_2 + e_i \dots \text{Regression equation 3}$$

$$Y = f(X)$$

$$Y = \beta_0 + \beta_1 X + e_i \dots \text{Regression equation 4}$$

$$\text{ST} = \beta_0 + \beta_1 \text{CFs} + e_i \dots \text{Regression equation 4}$$

$$Y = f(X*Z)$$

$$Y = \beta_0 + \beta_1 X + \beta_3 Z_i + \beta_1 X * Z_i + e_i \dots \text{Regression equation 5}$$

$$Y = \beta_0 + \beta_1 \text{FI} + \beta_3 \text{REG}_i + \beta_1 \text{ACs} * \text{REG}_i + e_i \dots \text{Regression equation 5}$$

Where:

$\beta_0$  = the intercept expected value of  $y$  when  $x$  is equal to zero.

$\beta$  = the Coefficient of the independent variable (it is the rate of change in  $y$  with respect to  $x$ ).

$e$  = the error term to accommodate the effect of other variables that can influence performance but which were not included in the model.

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## Endnotes

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## **Chapter Four**

### **Results and Discussion of Findings**

The results of the data analysis, and their interpretations, are presented in this chapter in relation to the objective of the research. The data analysis was conducted using statistical software, which allowed for the examination of various variables and their relationships. The findings of the analysis provide valuable insights into the research question and contribute to the overall understanding of the topic. Additionally, the interpretations of the results shed light on the significance of the findings and their implications for future research and practical applications.

A total of 422 copies of questionnaires were distributed to open market traders in major markets in Abeokuta metropolis of which only 387 copies were returned. The high return rate indicates that open market traders in Abeokuta are willing to actively contribute to the research and share their opinions and experiences. This level of engagement enhances the validity and reliability of the study's findings, as it suggests that the collected data is representative of the organization's overall population.

## 4.1 Demographic Characteristics of Respondents

**Table 4.1: Demographic Characteristics of Respondents**

Characteristics	Classification	Frequency	Percentage
<b>Gender</b>	Male	130	33.6
	Female	257	66.4
<b>Year spent in retailing business</b>	Below 5 years	63	16.3
	6 - 10 years	92	23.8
	11 - 15 years	145	37.5
	16 years +	87	22.5

Source: Field Result, 2024

From table 4.1 it is evidenced that 33.6% of the respondents are male while 66.4% of the respondents are female. This shows that the questionnaires were distributed in a way that the opinion of both gender are considered. In regard to the experience of the respondents, 16.3% of the respondents have below 5 years of experience, 23.8% have about 6-10 years of experience, 37.5% of the respondents have 11-15 years of experience, while 22.5% have 16 years + of experience.

## 4.2 Presentation of Data

### 4.2.1 Analysis of Research Questions

Table 4.2, 4.3, 4.4, and 4.5 addressed the descriptive analysis for financial inclusion concerning open market retailers in Abeokuta, Ogun State. The Financial inclusion dimensions included account opening, financial literacy, finance accessibility, and access to digital financial services.

**Table 4.2: Descriptive Analysis for Account Opening**

Statements	SD Frequency (%)	D Frequency (%)	A Frequency (%)	SA Frequency (%)	Mean
I have a bank account	7 (1.8%)	30 (7.8%)	150 (38.8%)	200 (51.7%)	3.40
I have more than one financial account (e.g., savings, current)	17 (4.4%)	40 (10.3%)	180 (46.5%)	150 (38.8%)	3.20
I am aware of the benefits of having a bank account	7 (1.8%)	50 (12.9%)	200 (51.7%)	130 (33.6%)	3.17
Lack of proper identification document has prevented me from opening a bank account	200 (51.7%)	150 (38.8%)	30 (7.8%)	7 (1.8%)	1.60
<b>Overall Mean</b>					2.8417

Source: Field Result, 2024

The result in table 4.2 shows the responses from the respondents on Account Opening. From the first research question, it is evidenced that 51.7% of respondents strongly agreed and 38.8% agreed that they have a bank account while 7.8% disagree and 1.8 % of the respondent strongly disagreed to the statement. The statement “I have a bank account” has a mean indicating widespread agreement among respondents. Respondents displayed varied responses regarding their financial accounts, with 46.5% agreeing, 38.8% strongly agreeing, 10.3% disagreeing, and 4.4% strongly disagreeing about having more than one financial account. The statement's mean indicates that a substantial majority of the respondents are in agreement with it. Respondents exhibited diverse perspectives on their awareness of the benefits of having a bank account, with 51.7% agreeing, 33.6% strongly agreeing, 12.9%

disagreeing, and 1.8% strongly disagreeing. The consensus among respondents is reflected in the statement's mean, revealing a predominant agreement with the given assertion. Respondents expressed varying views on whether the lack of proper identification documents has hindered them from opening a bank account, with 51.7% strongly disagreeing, 38.8% disagreeing, 7.8% agreeing, and 1.8% strongly agreeing. The statement's mean indicates that a significant majority of respondents expressed disagreement with the statement. The Overall mean of 2.84 indicates that most respondents agreed with the statements in the table.

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**Table 4.3: Descriptive Analysis for Financial Literacy**

Statements	SD Frequency (%)	D Frequency (%)	A Frequency (%)	SA Frequency (%)	Mean
I am confident in managing my business finance effectively	48 (12.4%)	74 (19.1%)	113 (29.2%)	152 (39.3%)	2.95
I am aware of the various financial products and services available to small business (e.g., business loans, lines of credit, merchant services)	47 (12.1%)	72 (18.6%)	123 (31.8%)	145 (37.5%)	2.95
Do you regularly track your business income and expenses?	55 (14.2%)	67 (17.3%)	127 (32.8%)	138 (35.7%)	2.90
I have encountered many difficulties in accessing financial services due to inadequate financial knowledge	141 (36.4%)	173 (44.7%)	45 (11.6%)	28 (7.2%)	1.90
I frequently review and adjust my business budget	73 (18.9%)	64 (16.5%)	124 (32.0%)	126 (32.6%)	2.78
<b>Overall Mean</b>					2.6956

*Source: Field Result, 2024*

Respondents held varied perspectives on their confidence in managing business finances, with 39.3% strongly agreeing, 29.2% agreeing, 19.1% disagreeing, and 12.4% strongly disagreeing with the statement. The statement's mean reveals a prevailing consensus among respondents, with a significant majority expressing agreement. Respondents displayed diverse levels of awareness regarding various financial products and services available to

small businesses, with 37.5% strongly agreeing, 31.8% agreeing, 18.6% disagreeing, and 12.1% strongly disagreeing with the statement. The majority of respondents align in agreement with the statement, as evidenced by the statement's mean. Respondents exhibited varied practices in tracking business income and expenses, with 35.7% strongly agreeing, 32.8% agreeing, 14.2% disagreeing, and 17.3% strongly disagreeing with the statement. The statement's mean underscores a prevalent concurrence among respondents, with a significant majority expressing agreement. Respondents expressed diverse experiences with accessing financial services due to inadequate financial knowledge, as 44.7% disagreed, 36.4% strongly disagreed, 11.6% agreed, and 7.2% strongly agreed with the statement. The mean of the statement signifies a predominant disagreement among respondents, with a substantial majority expressing a lack of consensus with the given statement. Respondents demonstrated varied practices in reviewing and adjusting their business budgets, with 32.6% strongly agreeing, 32.0% agreeing, 16.5% disagreeing, and 18.9% strongly disagreeing with the statement. The statement's mean highlights a clear consensus among respondents, with a substantial majority expressing agreement with the given statement. The overall mean of 2.6956 suggests a consensus among respondents, with the majority indicating agreement with the statements presented in the table.

**Table 4.4: Descriptive Analysis for Finance Accessibility**

Statements	SD Frequency (%)	D Frequency (%)	A Frequency (%)	SA Frequency (%)	Mean
I have easy access to banking services, such as opening accounts and making transactions	20 (5.2%)	42 (10.9%)	120 (31.0%)	205 (53.0%)	3.32
I find it convenient to access information about different financial products and services	56 (14.5%)	81 (20.9%)	108 (27.9%)	142 (36.7%)	2.87
I have easy access to affordable loan options	47 (12.1%)	100 (25.8%)	132 (34.1%)	108 (27.9%)	2.78
Financial institutions in my area provide adequate assistance and guidance in managing personal finances	64 (16.5%)	95 (24.5%)	112 (28.9%)	116 (30.0%)	2.72
Financial services are easily accessible in my local area	38 (9.8%)	62 (16.0%)	103 (26.6%)	184 (47.5%)	3.12
I feel comfortable using online and mobile banking services	50 (12.9%)	72 (18.6%)	127 (32.8%)	138 (35.7%)	2.91
<b>Overall Mean</b>					<b>2.9531</b>

Source: Field Result, 2024

From table 4.4, Respondents exhibited varying levels of ease in accessing financial services, with 53.0% strongly agreeing, 31.0% agreeing, 10.9% disagreeing, and 5.2% strongly disagreeing with the statement. The statement's mean reflects a prevalent agreement among respondents, with the majority expressing accord with the given statement. Respondents demonstrated diverse perspectives on the convenience of accessing information about financial products and services, with 36.7% strongly agreeing, 27.9% agreeing, 20.9%

disagreeing, and 14.5% strongly disagreeing with the statement. The mean of the statement suggests a pronounced agreement among respondents, with a substantial majority indicating alignment with the given statement. Respondents presented varied views on the accessibility of affordable loan options, with 27.9% strongly agreeing, 34.1% agreeing, 25.8% disagreeing, and 12.1% strongly disagreeing with the statement. The statement's mean reveals a prevailing trend of agreement among respondents, with a significant majority expressing concordance with the given statement. Respondents expressed diverse opinions regarding the adequacy of assistance and guidance from financial institutions in managing personal finances, with 30.0% strongly agreeing, 28.9% agreeing, 24.5% disagreeing, and 16.5% strongly disagreeing with the statement. The statement's mean highlights a prevailing consensus among respondents, with the majority distinctly indicating agreement with the statement. Respondents exhibited varied perceptions of the accessibility of financial services in their local areas, with 47.5% strongly agreeing, 26.6% agreeing, 16.0% disagreeing, and 9.8% strongly disagreeing with the statement. The statement's mean indicates that a significant majority of respondents expressed agreement with the given statement. Respondents demonstrated diverse levels of comfort with online and mobile banking services, with 35.7% strongly agreeing, 32.8% agreeing, 18.6% disagreeing, and 12.9% strongly disagreeing with the statement. The mean of the statement suggests that a substantial majority of respondents are in accord with the given statement. The overall mean of 2.9531 points towards a prevailing agreement among respondents, indicating that the majority aligned with the statements in the table.

**Table 4.5: Descriptive Analysis for Access to Digital Financial Services**

Statements	SD Frequency (%)	D Frequency (%)	A Frequency (%)	SA Frequency (%)	Mean
I am very aware of the different digital financial services to do business	80 (20.7%)	100 (25.8%)	117 (30.2%)	90 (23.3%)	2.56
I use mobile banking apps or online platforms for financial transactions	82 (21.2%)	70 (18.1%)	95 (24.5%)	140 (36.2%)	2.76
Concerns about cyber security and privacy discourages me from using digital financial services	105 (27.1%)	130 (33.6%)	92 (23.8%)	60 (15.5%)	2.28
I find it convenient to pay for goods and services digitally (e.g., mobile money, digital wallets)	92 (23.8%)	75 (19.4%)	85 (22.0%)	135 (34.9%)	2.68
Limited digital literacy skills hinder my adoption of digital financial services	127 (32.8%)	105 (27.1%)	80 (20.7%)	75 (19.4%)	2.27
<b>Overall Mean</b>					<b>2.5080</b>

**Source: Field Result, 2024**

According to table 4.5, Respondents exhibited diverse levels of awareness regarding various digital financial services for business, with 23.3% strongly agreeing, 30.2% agreeing, 25.8% disagreeing, and 20.7% strongly disagreeing with the statement. The statement's mean indicates that a significant majority of respondents expressed agreement with the given

statement. Respondents displayed varied practices in utilizing mobile banking apps or online platforms for financial transactions, with 36.2% strongly agreeing, 24.5% agreeing, 18.1% disagreeing, and 21.2% strongly disagreeing with the statement. The mean of the statement suggests a prevailing consensus among respondents, with a substantial majority indicating agreement with the given statement. Respondents expressed varied sentiments regarding concerns about cyber security and privacy deterring them from using digital financial services, with 33.6% disagreeing, 27.1% strongly disagreeing, 23.8% agreeing, and 15.5% strongly agreeing with the statement. The statement's mean indicates a prevailing disagreement among respondents, with a significant majority expressing dissent toward the given statement. Respondents displayed varied perspectives on the convenience of digitally paying for goods and services, with 34.9% strongly agreeing, 22.0% agreeing, 19.4% disagreeing, and 23.8% strongly disagreeing with the statement. The statement's mean reveals a predominant consensus among respondents, with a significant majority expressing agreement with the given statement. Respondents exhibited diverse perspectives on the impact of limited digital literacy skills on their adoption of digital financial services, with 27.1% disagreeing, 32.8% strongly disagreeing, 20.7% agreeing, and 19.4% strongly agreeing with the statement. The statement's mean reveals a predominant disagreement among respondents, with a significant majority expressing dissent toward the given statement. The overall mean of 2.5080 suggests a prevailing consensus among respondents, indicating that a majority agreed with the statements presented in the table.

### **Implication**

The descriptive analysis in Table 4.2, focused on account opening, has several implications for open market retailers, particularly in understanding their level of engagement with financial services. With 90.5% of respondents (combining 51.7% strongly agreeing and 38.8% agreeing) affirming that they have a bank account, it indicates that the majority of

open market retailers are financially included to some extent. This suggests that a significant portion of retailers already recognize the importance of formal banking, which is crucial for business transactions, savings, and accessing loans. Retailers are likely to benefit from established financial services, such as tracking business expenses and maintaining savings.

About 85.3% (46.5% agreeing and 38.8% strongly agreeing) of the respondents reported having more than one financial account, such as savings or current accounts. This suggests that many retailers are diversifying their financial management strategies, likely to separate personal and business finances. This practice can lead to better financial planning and easier access to credit facilities. The statement, "I am aware of the benefits of having a bank account," received a mean of 3.17, indicating that most respondents are well-informed about how a bank account can support their business needs. Financial literacy among retailers can encourage more effective use of banking services for business growth and sustainability.

A critical issue is highlighted in the statement, "Lack of proper identification document has prevented me from opening a bank account." With 90.5% (51.7% strongly disagreeing and 38.8% disagreeing) refuting this, it implies that most retailers do not face this issue. However, for the minority (9.6%) who agree, it suggests that some open market retailers might still be excluded from formal banking due to identification barriers, limiting their ability to fully participate in the financial system. The high percentage of account holders suggests that open market retailers are integrating into formal financial systems, which is critical for business transactions, loans, and credit access. This can lead to enhanced business growth and stability.

Multiple financial accounts further reinforce financial management, as retailers can better allocate funds for personal and business purposes. Awareness of banking benefits can encourage increased use of financial products like loans, investments, and savings accounts, potentially enhancing business operations. However, there remains a minority with

identification challenges, which could point to the need for interventions (like mobile banking or simplified KYC processes) to make banking more accessible for all retailers. In summary, most open market retailers are financially included, knowledgeable about the benefits of bank accounts, and strategically using more than one financial account. However, a small segment might still need support to overcome barriers like identification issues for improved financial accessibility.

Table 4.6, 4.7, 4.8, and 4.9 addressed the descriptive analysis for adaptive capability of open market retailers in Abeokuta, Ogun State. The adaptive capability dimensions included innovation, learning, flexibility, and agility.

**Table 4.6: Descriptive Analysis for Innovation**

Statements	SD Frequency (%)	D Frequency (%)	A Frequency (%)	SA Frequency (%)	Mean
I encourage and supports creative idea generation	50 (12.9%)	100 (25.8%)	117 (30.2%)	120 (31.0%)	2.79
I regularly invest resources in exploring new technologies and methods	112 (28.9%)	105 (27.1%)	90 (23.3%)	80 (20.7%)	2.36
I am empowered to take calculated risks to pursue innovative solutions	132 (34.1%)	125 (32.3%)	60 (15.5%)	70 (18.1%)	2.18
I promote relationship with other market retailers to foster innovation	95 (24.5%)	75 (19.4%)	100 (25.8%)	117 (30.2%)	2.62
<b>Overall Mean</b>					<b>2.4858</b>

Source: Field Result, 2024

Respondents demonstrated varied attitudes toward encouraging and supporting creative idea generation, with 31.0% strongly agreeing, 30.2% agreeing, 25.8% disagreeing, and 12.9% strongly disagreeing with the statement. This statement has a mean over 2.5, so most respondents agreed with it. Respondents expressed diverse approaches to investing resources in exploring new technologies and methods, with 20.7% strongly agreeing, 23.3% agreeing, 27.1% disagreeing, and 28.9% strongly disagreeing with the statement. This statement has a mean below 2.5, so most respondents did not agree with it. Respondents displayed varied levels of empowerment in taking calculated risks for pursuing innovative solutions, with 18.1% strongly agreeing, 15.5% agreeing, 32.3% disagreeing, and 34.1% strongly disagreeing with the statement. This statement has a mean below 2.5, so most respondents did not agree with it. Respondents demonstrated diverse approaches to promoting relationships with other market retailers to foster innovation, with 30.2% strongly agreeing, 25.8% agreeing, 19.4% disagreeing, and 24.5% strongly disagreeing with the statement. This statement has a mean over 2.5, so most respondents agreed with it. The overall mean of 2.4858 indicates that most respondents disagreed with the statements presented in the table.

**Table 4.7: Descriptive Analysis for Learning**

<b>Statements</b>	<b>SD Frequency (%)</b>	<b>D Frequency (%)</b>	<b>A Frequency (%)</b>	<b>SA Frequency (%)</b>	<b>Mean</b>
I seek new knowledge by going for training programs on my business	105 (27.1%)	116 (30.0%)	88 (22.7%)	78 (20.2%)	2.36
Learning opportunities are readily available for all retailers in the market	90 (23.3%)	80 (20.7%)	100 (25.8%)	117 (30.2%)	2.63
I value and learns from both my successes and failures.	85 (22.0%)	95 (24.5%)	110 (28.4%)	97 (25.1%)	2.57

I frequently review and update my business processes based on new development	80 (20.7%)	100 (25.8%)	117 (30.2%)	90 (23.3%)	2.56
<b>Overall Mean</b>					2.5291

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**Source: Field Result, 2024**

Respondents displayed diverse attitudes towards seeking new knowledge through business training programs, with 27.1% strongly disagreeing, 30.0% disagreeing, 22.7% agreeing, and 20.2% strongly agreeing with the statement. This statement has a mean below 2.5, which means that most respondents did not agree with it. Respondents held varied perspectives on the accessibility of learning opportunities for all retailers in the market, with 23.3% strongly disagreeing, 20.7% disagreeing, 25.8% agreeing, and 30.2% strongly agreeing with the statement. This statement has a mean above 2.5, which means that most respondents agreed with it. This is a positive finding, as it suggests that open market traders have access to the resources they need to learn and grow. Respondents demonstrated diverse attitudes toward valuing and learning from both successes and failures, with 22.0% strongly disagreeing, 24.5% disagreeing, 28.4% agreeing, and 25.1% strongly agreeing with the statement. With a mean of 2.57, this statement hovers just above 2.5, indicating that while a majority of respondents tended to agree, a notable portion also expressed disagreement. This could be due to a number of factors, such as the different types of businesses that open market traders are running or their personal experiences. Respondents exhibited varying levels of agreement regarding the frequent review and updating of their business processes based on new developments, with 20.7% strongly disagreeing, 25.8% disagreeing, 30.2% agreeing, and 23.3% strongly agreeing with the statement. The mean score of 2.56 suggests a somewhat balanced perspective, indicating a mix of agreement and disagreement among respondents.

Possible factors influencing this diversity may include the size of retailers' businesses or the resources at their disposal. The overall mean for all four statements is 2.5291. This suggests that the majority of respondents agree or strongly agree with all four statements. However, it is important to note that there is a significant minority of respondents who disagree or strongly disagree with some or all of the statements.

**Table 4.8: Descriptive Analysis for Flexibility**

Statements	SD Frequency (%)	D Frequency (%)	A Frequency (%)	SA Frequency (%)	Mean
I am quick in adapting to changing market customer needs.	50 (12.9%)	60 (15.5%)	197 (50.9%)	80 (20.7%)	2.79
I encourage myself to implement ideas that improve how my business is ran.	55 (14.2%)	65 (16.8%)	120 (31.0%)	147 (38.0%)	2.93
I am able to reallocate resources effectively to address emerging priorities in the business.	75 (19.4%)	92 (23.8%)	105 (27.1%)	115 (29.7%)	2.67
I have a systems in place that allow for flexible work arrangements.	110 (28.4%)	95 (24.5%)	97 (25.1%)	85 (22.0%)	2.41
<b>Overall Mean</b>					2.6996

**Source: Field Result, 2024**

Respondents demonstrated varying levels of adaptability to changing market needs, with 12.9% strongly disagreeing, 15.5% disagreeing, 50.9% agreeing, and 20.7% strongly agreeing with the statement. This suggests a majority of respondents acknowledging their

ability to adapt, although a notable proportion expresses disagreement or strong disagreement. The mean of the statement indicates that most respondents agreed with the statement. Respondents displayed varied attitudes towards self-encouragement in implementing ideas to improve their business operations, with 14.2% strongly disagreeing, 16.8% disagreeing, 31.0% agreeing, and 38.0% strongly agreeing with the statement. The statement's mean shows that a notable portion of respondents strongly agreeing, indicating a proactive approach to implementing innovative ideas. With a mean surpassing 2.5, it indicates that the majority of respondents were in agreement with this statement. Respondents demonstrated varied capabilities in reallocating resources to address emerging priorities in their businesses, with 19.4% strongly disagreeing, 23.8% disagreeing, 27.1% agreeing, and 29.7% strongly agreeing with the statement. This indicates a diverse range of perspectives on the effectiveness of resource reallocation among the respondents. The mean of the statement indicates that most respondents agreed to the statement. Respondents expressed varied levels of having systems in place for flexible work arrangements, with 28.4% strongly disagreeing, 24.5% disagreeing, 25.1% agreeing, and 22.0% strongly agreeing with the statement. This suggests a range of approaches to accommodating flexibility in work arrangements among the respondents. The mean of the statement shows that majority of the respondents disagree with the statement. The overall mean of 2.6996 indicates that most respondents agreed with the statements presented in the table.

**Table 4.9: Descriptive Analysis for Agility**

Statements	SD Frequency (%)	D Frequency (%)	A Frequency (%)	SA Frequency (%)	Mean
I swiftly respond to competitive threats in the market.	6 (1.6%)	24 (6.2%)	123 (31.8%)	234 (60.5%)	3.51
Decision-making processes are streamlined, enabling quick responses to opportunities.	28 (7.2%)	38 (9.8%)	134 (34.6%)	187 (48.3%)	3.24
I have a clear strategy for doing business	30 (7.8%)	42 (10.9%)	102 (26.4%)	213 (55.0%)	3.29
I am empowered to make decisions that will help contend with changing customer expectation.	18 (4.7%)	35 (9.0%)	113 (29.2%)	221 (57.1 %)	3.39
<b>Overall Mean</b>					<b>3.3566</b>

Source: Field Result, 2024

Respondents overwhelmingly indicated a swift response to competitive threats in the market, with 60.5% strongly agreeing and 31.8% agreeing. A small percentage 6.2% disagreed, and 1.6% strongly disagreed. The mean score of 3.51, surpassing 2.5, suggests that most respondents agreed with their ability to respond promptly to competitive threats. The majority of respondents (48.3% strongly agreed, 34.6% agreed) expressed agreement that decision-making processes are streamlined for quick responses to opportunities. Disagreement was indicated by 9.8%, and 7.2% strongly disagreed. With a mean score of 3.24 exceeding 2.5, most respondents agreed that their decision-making processes enable swift responses to

opportunities. Regarding having a clear strategy for doing business, 55% of respondents strongly agreed, and 26.4% agreed. On the contrary, 10.9% disagreed, and 7.8% strongly disagreed. With a mean score of 3.29 surpassing 2.5, most respondents concurred that they have a clear strategy for doing business. The majority of respondents (57.1% strongly agreed, 29.2% agreed) indicated feeling empowered to make decisions that address changing customer expectations. A smaller portion (9%) disagreed, and 4.7% strongly disagreed. The mean score of 3.39, exceeding 2.5, suggests that most respondents agreed that they are empowered to make decisions in response to changing customer expectations. Overall, the table shows that most open market traders agree that they are able to respond to competitive threats and customer expectations quickly and effectively. They also have a clear strategy for doing business and are empowered to make decisions.

The descriptive analysis across the various tables highlights key implications for open market retailers in terms of innovation, learning, flexibility, and agility. On innovation, the mean scores show that open market retailers exhibit low levels of resource investment in new technologies and taking calculated risks, with means of 2.36 and 2.18 respectively. This suggests that retailers are hesitant to invest in or experiment with new approaches. However, the mean score for encouraging creative ideas (2.79) indicates a positive attitude towards generating new ideas but limited action in applying them. Retailers also show moderate engagement in fostering relationships to drive innovation (mean of 2.62). This overall trend implies that while there is a level of interest in innovation, retailers are not fully embracing innovation practices in terms of financial investment or risk-taking, potentially hindering their ability to compete in a dynamic marketplace.

On learning, the overall mean score of 2.5291 suggests that open market retailers slightly favor learning. They particularly agree that learning opportunities are available (mean of 2.63) and value learning from successes and failures (mean of 2.57). However, the score for

attending training programs (2.36) suggests a reluctance to actively pursue formal learning avenues, potentially due to resource constraints or a lack of awareness. This indicates that while there is an openness to learning, proactive engagement in formal learning activities is lacking. To remain competitive, retailers may need to adopt a more structured approach to continuous learning and development.

On flexibility, retailers demonstrate a moderate level of flexibility in adapting to changing customer needs and encouraging the implementation of business improvement ideas (mean scores of 2.79 and 2.93, respectively). However, there is less agreement on the ability to reallocate resources effectively or implement flexible work arrangements, with mean scores of 2.67 and 2.41. This suggests that while retailers may recognize the need for flexibility, they face challenges in resource management and structuring their operations to adapt swiftly. Increasing operational flexibility, particularly in resource allocation and work arrangements, could enhance business resilience.

Agility is a significant strength among open market retailers, as evidenced by high mean scores across all statements (overall mean of 3.3566). Retailers generally feel empowered to make decisions and quickly respond to competitive threats and changing customer expectations. The high levels of agreement on decision-making processes and having a clear strategy reflect a strong capacity for agility. This suggests that retailers are well-equipped to handle the fast-paced changes in the market, giving them a competitive edge. However, sustaining this level of agility may require continuous innovation and learning.

The descriptive analysis indicates that open market retailers show strengths in agility and some aspects of innovation and flexibility, particularly in responding to market threats and promoting innovative ideas. However, they are less proactive in areas such as resource investment, formal learning, and the adoption of new technologies. To improve their competitive position, retailers may benefit from more structured approaches to learning,

innovation, and flexible resource management. By addressing these gaps, they can enhance their adaptability and long-term business sustainability.

**Table 4.10: Descriptive Analysis for Religiosity**

Statements	SD Frequency (%)	D Frequency (%)	A Frequency (%)	SA Frequency (%)	Mean
My religious beliefs are an integral part of my business identity.	112 (28.9%)	105 (27.1%)	90 (23.3%)	80 (20.7%)	2.3 6
I find comfort in my religious beliefs during difficult business times.	100 (25.8%)	50 (12.9%)	117 (30.2%)	120 (31.0%)	2.6 6
I actively engage in acts of charity and community service as a part of my religious practice.	60 (15.5%)	70 (18.1%)	132 (34.1%)	125 (32.3%)	2.8 3
I make an effort to avoid business behaviors that conflict with my religious teachings.	75 (19.4%)	95 (24.5%)	117 (30.2%)	100 (25.8%)	2.6 3
My business social circle is predominantly comprised of individuals who share my religious beliefs.	85 (22.0%)	95 (24.5%)	97 (25.1%)	110 (28.4%)	2.6 0
I believe that being part of a religious community enhances my overall business and social well-being.	70 (18.1%)	80 (20.7%)	120 (31.0%)	117 (30.2%)	2.7 3
I strive to do business in accordance with the teachings of my religion.	80 (20.7%)	100 (25.8%)	85 (22.0%)	122 (31.5%)	2.6 4
I feel a sense of remorse when I go against my religious principles in conducting my business.	90 (23.3%)	95 (24.5%)	90 (23.3%)	112 (28.9%)	2.5 8
I believe in finding common ground and fostering peaceful coexistence among different religious groups in the market.	75 (19.4%)	110 (28.4%)	92 (23.8%)	110 (28.4%)	2.6 1
<b>Overall Mean</b>					<b>2.627</b> 3

*Source: Field Result, 2024*

The respondents exhibited diverse perspectives on the integration of religious beliefs into their business identity, with 20.7% strongly agreeing, 23.3% agreeing, 27.1% disagreeing, and 28.9% strongly disagreeing. The mean score of 2.36, just below 2.5, suggests a moderate level of disagreement. In terms of finding comfort in religious beliefs during challenging business times, the responses varied, with 31.0% strongly agreeing, 30.3% agreeing, 12.9% disagreeing, and 25.8% strongly disagreeing. The mean score of 2.66, above 2.5, indicates a tendency for respondents to agree with finding solace in their religious beliefs during difficult business situations. The statement about actively engaging in acts of charity and community service as part of religious practice elicited diverse responses, with 32.3% strongly agreeing, 34.1% agreeing, 18.1% disagreeing, and 15.5% strongly disagreeing. The mean score of 2.83, above 2.5, suggests a general agreement with the notion of participating in charitable activities as part of religious practice. Regarding efforts to avoid business behaviors conflicting with religious teachings, responses varied, with 25.8% strongly agreeing, 30.2% agreeing, 24.5% disagreeing, and 19.4% strongly disagreeing. The mean score of 2.63, above 2.5, indicates a prevailing agreement with the attempt to align business behaviors with religious teachings. Responses to the statement about the composition of business social circles being predominantly individuals sharing the same religious beliefs included 28.4% strongly agreeing, 25.1% agreeing, 24.5% disagreeing, and 22.0% strongly disagreeing. The mean score of 2.60, above 2.5, suggests a general agreement with the notion of having a business social circle with shared religious beliefs. For the belief that being part of a religious community enhances overall business and social well-being, responses varied, with 30.2% strongly agreeing, 31.0% agreeing, 20.7% disagreeing, and 18.1% strongly disagreeing. The mean score of 2.73, above 2.5, indicates a tendency for respondents to agree with the positive impact of religious community participation. The statement about striving to conduct

business in accordance with religious teachings received responses with 31.5% strongly agreeing, 22.0% agreeing, 25.8% disagreeing, and 20.7% strongly disagreeing. The mean score of 2.64, above 2.5, suggests a general agreement with the effort to align business practices with religious teachings. Regarding the sense of remorse when going against religious principles in conducting my business, responses included 28.9% strongly agreeing, 23.3% agreeing, 24.5% disagreeing, and 23.3% strongly disagreeing. The mean score of 2.58, above 2.5, suggests a general agreement with the experience of remorse when deviating from religious beliefs. Respondents expressed diverse views on the belief in finding common ground and fostering peaceful coexistence among different religious groups in the market, with 28.4% strongly agreeing, 23.8% agreeing, 28.4% disagreeing, and 19.4% strongly disagreeing. The mean score of 2.62, above 2.5, indicates that while most respondents agreed with the statement, the agreement was not by a strong margin. The overall mean of 2.6273 suggests a prevalent agreement among respondents, indicating that a majority concurred with the statements presented in the Table.

The descriptive analysis of religiosity and its implications for open market retailers highlights the diverse perspectives of business owners on the role of religious beliefs in their business operations. The overall mean of 2.6273 suggests that there is a moderate level of agreement with the statements on religiosity. With a mean of 2.36, slightly below the neutral midpoint, it indicates that religious beliefs may not be a strong defining factor for many retailers' business identity. Retailers in the open market might place less emphasis on expressing or aligning their business practices with their faith, especially in environments where competition and profitability take precedence over personal beliefs.

A mean score of 2.66 suggests that many retailers find solace in their religious beliefs during tough business situations. For open market retailers, this may imply that faith serves as a

source of emotional support and resilience when facing business challenges, potentially influencing decision-making during crises.

Also, the mean score of 2.83 indicates that a significant number of retailers believe in integrating acts of charity and community service into their religious practice. For open market retailers, this could translate into community-oriented business practices, where giving back to society and engaging with customers through acts of goodwill become part of their business model.

The mean score of 2.63 shows that retailers generally strive to avoid behaviors that conflict with their religious teachings. This could affect ethical decision-making, especially in competitive environments where the temptation to compromise on certain values might be present. However, the moderate agreement suggests that while many aim to align their actions with their faith, others may face challenges in maintaining consistency.

With a mean of 2.60, retailers tend to form business social circles that share their religious beliefs. This could imply that in open markets, relationships and trust may be built around shared religious values, influencing networking and partnership decisions. Retailers might prefer to engage with those who have similar ethical standards, affecting collaboration and competition. The mean score of 2.73 reflects that many retailers believe being part of a religious community positively impacts their business and social well-being. For open market retailers, this suggests that religious communities may offer valuable support systems, including customer loyalty, mentorship, and moral guidance, which can enhance business success.

A mean of 2.64 indicates that many retailers strive to run their businesses in line with their religious teachings. This implies that ethical considerations rooted in religion play a role in shaping business strategies, although the variation in responses suggests that not all retailers

are consistent in this effort. A mean score of 2.58 suggests that while many retailers experience remorse when they deviate from their religious principles, others may not be as affected. This has implications for how flexible or rigid retailers are when navigating ethical dilemmas in business. The mean of 2.61 reflects moderate agreement with fostering peaceful coexistence among different religious groups. In a diverse market, open market retailers might prioritize inclusivity and respect for different beliefs, which can enhance customer relations and prevent conflicts.

For open market retailers, the integration of religiosity into business practices is not universally dominant but plays a meaningful role in shaping their approach to business ethics, community engagement, and personal resilience. The varied levels of agreement across the statements suggest that while many retailers are influenced by their religious beliefs, they may also be pragmatic and flexible in navigating the complexities of running a business in a competitive market. Understanding these dynamics can help in designing marketing strategies, customer relations, and community engagement initiatives that respect the diverse religious perspectives of market participants.

**Table 4.11: Descriptive Analysis for Firm Profitability**

Statements	SD	D	A	SA	Mean
	Frequency (%)	Frequency (%)	Frequency (%)	Frequency (%)	
My retail business consistently achieves high levels of profitability.	50 (12.9%)	100 (25.8%)	120 (31.0%)	117 (30.2%)	2.79
My retail business profitability has increased over the past year.	90 (23.3%)	80 (20.7%)	112 (28.9%)	105 (27.1%)	2.60
My retail business generates higher sales.	70 (18.1%)	60 (15.5%)	125 (32.3%)	132 (34.1%)	2.82

My retail business effectively manages its expenses.	75 (19.4%)	95 (24.5%)	117 (30.2%)	100 (25.8%)	2.63
My retail business effectively identifies and capitalizes on new revenue opportunities.	85 (22.0%)	95 (24.5%)	110 (28.4%)	97 (25.1%)	2.57
<b>Overall Mean</b>					<b>2.6801</b>

*Source: Field Result, 2024*

In regards to the statement "Open market traders consistently achieves high levels of profitability," respondents exhibited a favorable inclination, with 30.2% strongly agreeing, 31.0% agreeing, 25.8% disagreeing, and 12.9% strongly disagreeing. The mean score of 2.79, exceeding 2.5, indicates a general consensus among respondents in agreement with this statement. Regarding the statement "Open market traders profitability has increased over the past year," responses were diverse, with 27.1% strongly agreeing, 28.9% agreeing, 20.7% disagreeing, and 23.3% strongly disagreeing. The mean score of 2.60 suggests a mixed sentiment among respondents regarding the reported increase in profitability over the past year. In relation to "Open market traders generates higher sales," the majority of respondents expressed agreement, with 34.1% strongly agreeing, 32.3% agreeing, 15.5% disagreeing, and 18.1% strongly disagreeing. The mean score of 2.82, surpassing 2.5, indicates a prevailing agreement among respondents with this statement. For the statement "Open market traders effectively manages its expenses," respondents leaned towards agreement, with 25.8% strongly agreeing, 30.2% agreeing, 24.5% disagreeing, and 19.4% strongly disagreeing. The mean score of 2.63, surpassing 2.5, suggests a general consensus among respondents regarding the effectiveness in managing expenses. Concerning "Open market traders effectively identifies and capitalizes on new revenue opportunities," responses were mixed, with 25.1% strongly agreeing, 28.4% agreeing, 24.5% disagreeing, and 22.0% strongly

disagreeing. The mean score of 2.57 indicates a balanced sentiment among respondents regarding the effectiveness in identifying and capitalizing on new revenue opportunities. With an overall mean of 2.6801, it implies a prevailing consensus among respondents, signifying that the majority aligned with the statements presented in the table.

**Table 4.12: Descriptive Analysis for Sales Growth**

Statements	SD Frequency (%)	D Frequency (%)	A Frequency (%)	SA Frequency (%)	Mean
My retail business achieves continuous increase in sales revenue	90 (23.3%)	65 (16.8%)	112 (28.9%)	120 (31.0%)	2.68
My retail business achieves continuous improvement in customer satisfaction	60 (15.5%)	85 (22.0%)	142 (36.7%)	100 (25.8%)	2.73
My retail business achieves continuous improvement in customer acquisition	75 (19.4%)	80 (20.7%)	92 (23.8%)	140 (36.2%)	2.77
My retail business achieves continuous improvement in customer loyalty	70 (18.1%)	80 (20.7%)	127 (32.8%)	110 (28.4%)	2.72
My retail business achieves continuous improvement in customer retention	75 (19.4%)	97 (25.1%)	95 (24.5%)	120 (31.0%)	2.67
<b>Overall Mean</b>					2.7088

Source: Field Result, 2024

Almost 60% of respondents, including 31.0% who strongly agreed and 28.9% who agreed, acknowledge the sustained growth in sales revenue for their open market businesses. Conversely, 16.8% disagreed, and 23.3% strongly disagreed. With a mean score of 2.68, most

participants align with the notion of continuous sales increase. A majority of respondents (62.5%), with 25.8% strongly agreeing and 36.7% agreeing, perceive a continuous improvement in customer satisfaction in their open market businesses. On the contrary, 22.0% disagreed, and 15.5% strongly disagreed. With a mean score of 2.73, most respondents support the idea of ongoing customer satisfaction enhancement. For the concept of continuous improvement in customer acquisition, the majority (60.0%), including 36.2% who strongly agreed and 23.8% who agreed, express agreement. Meanwhile, 20.7% disagreed, and 19.4% strongly disagreed. With a mean score of 2.77, there is a prevalent agreement with the notion of continual enhancement in customer acquisition. A significant portion (61.2%) of participants, with 28.4% strongly agreeing and 32.8% agreeing, believe in the continuous improvement of customer loyalty in their open market businesses. In contrast, 20.7% disagreed, and 18.1% strongly disagreed. The mean score of 2.72 reflects general agreement with the idea of ongoing customer loyalty enhancement. Regarding the continuous improvement in customer retention, a majority of respondents (55.5%), with 31.0% strongly agreeing and 24.5% agreeing, align with this notion. However, 25.1% disagreed, and 19.4% strongly disagreed. With a mean score of 2.67, most participants agree with the concept of ongoing enhancement in customer retention. The mean of 2.7088 suggests a prevailing consensus among respondents, signifying that the majority agreed with the statements presented in the table.

The descriptive analysis presented in Tables 4.11 and 4.12 reveals important insights into the performance of open market retailers, focusing on profitability and sales growth. The overall mean of 2.6801 across the profitability-related statements suggests that a significant number of open market retailers perceive themselves as operating profitably, though not without challenges. A mean score of 2.79 suggests that the majority of respondents agree that their businesses achieve high levels of profitability. However, with 25.8% disagreeing and 12.9%

strongly disagreeing, a notable proportion of retailers face profitability challenges. This mixed sentiment might indicate that profitability varies significantly across different types of retailers or market segments.

The mean score of 2.60 for the statement about profitability growth over the past year indicates that opinions are divided. While 55.9% of respondents agree with this statement, 44% disagree, suggesting that external factors, such as economic fluctuations, may have affected profitability growth differently for various retailers. With a mean score of 2.82, most respondents agree that their businesses are generating higher sales, but the slightly lower score of 2.63 for expense management suggests that while sales may be improving, managing costs remains a challenge for some. Retailers who struggle to manage expenses might not see profitability gains even if sales are increasing. A mean score of 2.57 for identifying and capitalizing on new revenue opportunities suggests that many retailers are still figuring out how to innovate or expand in their business models. This could point to a need for enhanced business strategies or better market analysis to seize new opportunities effectively. The overall mean of 2.7088 reflects a generally positive outlook toward sales growth and customer-related metrics, though challenges persist.

A mean score of 2.68 indicates that most respondents perceive continuous sales growth, but the 40% who disagree reflect that a considerable portion of the market is not experiencing the same growth momentum. This variance might be due to external factors such as competition or changes in consumer behavior. Retailers seem to view customer satisfaction (mean score of 2.73) and customer acquisition (mean score of 2.77) as areas of strength, with a majority agreeing that their businesses are improving in these areas. This suggests that efforts to attract and satisfy customers are generally paying off, which could help sustain long-term growth.

In addition, with a mean score of 2.67, the perception of customer retention is somewhat lower, reflecting potential challenges in maintaining long-term relationships with customers. Retailers may need to invest more in loyalty programs or personalized services to improve customer retention rates. Overall, the findings suggest that while open market retailers are experiencing moderate levels of profitability and growth, there are notable areas for improvement, particularly in managing costs, capitalizing on new revenue opportunities, and retaining customers. Retailers who can address these issues may position themselves for more sustained growth in an increasingly competitive market.

Relating the result in Table 4.2, 4.3, 4.4, 4.5, 4.6... and 4.12 shows that the financial inclusion, adaptive capability and religiosity have varying pattern of increase with the performance of the open market traders in Abeokuta. This varying pattern of increase suggest that individually, financial inclusion, adaptive capability, and religiosity may affect the performance of open market traders in Abeokuta. Hence, these findings provided response to research question one to five and has also helped achieved objective one to five.

#### **4.2.2 Test of Hypotheses**

The hypotheses formulated for this study were tested using Statistical Package for Social Science. The decision criteria for the test of hypothesis is that where the p value is less than 0.05 (5%), the null hypotheses was rejected but if otherwise, the null hypothesis was accepted. However, before inferences are drawn, there is need to determine the reliability and validity of the data sourced.

#### **H<sub>01</sub>: Financial Inclusion have no Significant Effect on Performance of Open Market Traders in Abeokuta Ogun State**

In order to test the hypothesis one, linear multiple regression analysis was used. In the analysis, the values of performance were regressed on the values of each of the measures of

financial inclusion. The data for financial inclusion was generated by summing responses of all items for account Opening, financial literacy, access to credit, and access to digital financial services respectively while that of performance was generated by adding responses of all items (profitability and sale growth) used to measure the variable.

**Table 4.13: Summary of Regression Analysis for the Effect of Financial Inclusion on Performance of Open Market Traders in Abeokuta Ogun State**

Model		F(df)	Anova Sig
R	0.628 <sup>a</sup>		
R Square	0.395	63.701 (4,382)	0.000
Adjusted R Square	0.388		
Coefficients	Unstandardized Coefficients	T	sig
(Constant)	3.573	13.562	.000
Account Opening	.473	2.883	.004
Financial Literacy	.397	2.560	.011
Access to Credit	-.012	-.105	.916
Access to Digital Financial Service	-1.044	-11.346	.000

a. Dependent Variable: Performance

b. Predictors: (Constant): Financial Inclusion dimension

**Source: Field Results, 2024**

Table 4.13 presents the results of multiple regression analysis for the effect of financial inclusion on performance of Open market Traders in Abeokuta Ogun State. Table 4.13 presents a model summary, which establishes how the model equation fits into the data. The *Adj R<sup>2</sup>* was used to establish the predictive power of the study's model. From the results, financial inclusion (account Opening, financial literacy, access to credit, and access to digital financial services) have positive and strong relationship with performance of open market traders in Abeokuta ( $R = 0.628^a$ ,  $p=0.000$ ). The Adjusted coefficient of determination (*Adj R<sup>2</sup>*) of 0.388 shows that financial inclusion explained 38.8% of the variation in performance of open market traders under study while the remaining 61.2% variation in performance is explained by other exogenous variable different from financial inclusion examined. This result suggests that financial inclusion influence 38.8% of Performance of open market traders in Abeokuta. Scholars provided threshold for *Adj. R<sup>2</sup>* Values of 0.02, 0.15, and 0.35, represents small, medium, and large effects respectively (Cohen, 1988). The *Adj.R<sup>2</sup>* of 0.388 according to Cohen's *Adj.R<sup>2</sup>* criterion suggest that the effect of financial inclusion on performance of open market traders in Abeokuta is large.

Table 4.7 presents the results of ANOVA (overall model significance) of regression test, which revealed that, the combined financial inclusion has a significant effect on performance of open market traders in Abeokuta in Ogun State. This can be explained by the F-value (63.701) and low p-value (0.000) which is statistically significant at 95% confidence interval. Hence, the result posited that financial inclusion affected the performance of open market traders in Abeokuta in Ogun State, Nigeria. Furthermore, the results of regression coefficients which revealed that a positive relative effect was reported for account opening, and financial literacy, negative relative effect was reported for access to digital financial service while insignificant relative effect was discovered for access to credit as a measure of financial inclusion. Further, the results reveal that at 95% confidence level, account opening ( $\beta = 0.473$ ,

p= 0.00), financial literacy ( $\beta = 0.397$ , p=0.001), and access to digital financial service ( $\beta = -1.044$ , p=0.001) of the open market traders in Abeokuta in Ogun State were statistically significant as the p-values were less than 0.05 and the t-values greater than 1.96. Based on coefficient of regression table 4.13, the regression model is restated as follows:

$$FP = 3.573 + 0.473AO + 0.397FL - 1.044AFS \dots \dots \dots \text{Eq. (iii)}$$

Where: FP = Firm Performance

AO = Account Opening

FL = Financial Literacy

AFS = Access to digital Financial Service

According to the regression equation above, taking all factors constant at zero, performance of open market traders in Abeokuta is 3.573. The result also indicates that taking all other independent variables at zero, a unit change in account opening will lead to a 0.473 increase in performance of open market traders in Abeokuta in Ogun State given that all other factors are held constant. Similarly, the results also revealed that a unit change in financial literacy will lead to a 0.397 increase in performance of open market traders in Abeokuta in Ogun State given that all other factors are held constant. The results also revealed that a unit change in access to digital financial service will lead to a 1.044 decrease in performance of open market traders in Abeokuta in Ogun State given that all other factors are held constant

Overall, from the results, account opening had the highest relative effect on the performance of Open market Traders in Abeokuta Ogun State with a coefficient of 0.473 and t value of 2.883. In second place is financial literacy with a coefficient of 0.397 and t value of 2.560 and lastly is access to digital financial service with a coefficient of - 1.044 and t value of 11.346. Based on the results, this study conclude that financial inclusion significantly

influence performance of Open market Traders in Abeokuta Ogun State. On the strength of this result ( $Adj R^2= 0.388$ ,  $F(4,382)= 63.701$ ,  $p= 0.000$ ), this study rejects the null hypothesis one ( $H_01$ ) which states that financial inclusion have no significant effects on performance of Open market Traders in Abeokuta Ogun State.

## Hypothesis Two

### **H<sub>02</sub>: Adaptive Capability have no Significant Effect on Performance of Open Market Traders in Abeokuta Ogun State**

In order to test the hypothesis two, linear multiple regression analysis was used. In the analysis, the values of performance were regressed on the values of each of the measures of adaptive capability. The data for adaptive capability was generated by summing responses of all items for innovation, learning, flexibility and agility respectively while that of performance was generated by adding responses of all items (profitability and sale growth) used to measure the variable. The regression test results are presented in Table 4.14.

**Table 4.14: Summary of Regression Analysis for the Effect of Adaptive Capability on Performance of Open Market Traders in Abeokuta Ogun State**

Model	F(df)	Anova Sig	
R	0.511 <sup>a</sup>		
R Square	0.261	34.465 (4,382)	
Adjusted R Square	0.253		
<b>Coefficients</b>	<b>Unstandardized Coefficients</b>	<b>t</b>	<b>sig</b>
(Constant)	2.098	4.689	0.000

Innovation	-0.579	-10.942	0.000
Learning	0.254	2.519	0.012
Flexibility	0.475	4.514	0.000
Agility	0.033	0.343	0.732

a. Dependent Variable: Performance

b. Predictors: (Constant): Adaptive Capability dimension

Source: Field Result, 2024

Table 4.7 presents the results of multiple regression analysis for the effect of adaptive capability on performance of Open market Traders in Abeokuta Ogun State. Table 4.14 presents a model summary, which establishes how the model equation fits into the data. The *Adj R<sup>2</sup>* was used to establish the predictive power of the study's model. From the results, adaptive capability (Agility, Innovation, Flexibility, Learning) have positive and moderately strong relationship with performance of open market traders in Abeokuta ( $R = 0.511^a$ ,  $p=0.000$ ). The Adjusted coefficient of determination (*Adj R<sup>2</sup>*) of 0.253 suggest that adaptive capability explained 25.3% of the variation in performance of open market traders under study while the remaining 74.7% changes in performance is explained by other exogenous variable different from adaptive capability examined. This result suggests that adaptive capability influence 25.3% of performance of open market traders in Abeokuta. Scholars provided threshold for *Adj. R<sup>2</sup>* Values of 0.02, 0.15, and 0.35, represents small, medium, and large effects respectively (Cohen, 1988). The *Adj.R<sup>2</sup>* of 0.253 according to Cohen's *Adj.R<sup>2</sup>* criterion suggest that the effect of adaptive capability on performance of open market traders in Abeokuta is medium.

Table 4.7 presents the results of ANOVA (overall model significance) of regression test, which revealed that, the combined adaptive capability have a significant effect on performance of open market traders in Abeokuta in Ogun State. This can be explained by the F-value (34.465) and low p-value (0.000) which is statistically significant at 95% confidence interval. Hence, the result posited that adaptive capability affected the performance of open market traders in Abeokuta in Ogun State, Nigeria.

Furthermore, the results of regression coefficients which revealed that a positive relative effect was reported for learning, and flexibility, negative relative effect was reported for innovation while insignificant relative effect was discovered for agility as a measure of adaptive capability. Further, the results reveal that at 95% confidence level, innovation ( $\beta = -0.579$ ,  $p= 0.00$ ), learning ( $\beta = 0.254$ ,  $p=0.012$ ), and flexibility ( $\beta = 0.475$ ,  $p=0.001$ ) of the open market traders in Abeokuta in Ogun State were statistically significant as the p-values were less than 0.05 and the t-values greater than 1.96. Based on coefficient of regression table 4.14, the regression model is restated as follows:

$$FP = 2.098 - 0.579IN + 0.254LN + 0.475FX \dots \dots \dots \text{Eq. (iii)}$$

Where: FP = Firm Performance

IN = Innovation

LN = Learning

FX = Flexibility

According to the regression equation above, taking all factors constant at zero, performance of open market traders in Abeokuta is 2.098. The result also indicates that taking all other independent variables at zero, a unit change in innovation will lead to a 0.579 decrease in performance of open market traders in Abeokuta in Ogun State given that all other factors are

held constant. Similarly, the results also revealed that a unit change in learning will lead to a 0.254 increase in performance of open market traders in Abeokuta in Ogun State given that all other factors are held constant. The results also revealed that a unit change in flexibility will lead to a 0.475 increase in performance of open market traders in Abeokuta in Ogun State given that all other factors are held constant

Overall, from the results, flexibility had the highest relative effect on the performance of Open market Traders in Abeokuta Ogun State with a coefficient of 0.475 and t value of 4.514. In second place is learning with a coefficient of 0.254 and t value of 2.519 and the least contributor is innovation with a coefficient of 0.579 and t value of 10.924. Based on the results, this study concludes that adaptive capability dimension significantly influence performance of Open market Traders in Abeokuta Ogun State. On the strength of this result ( $Adj R^2 = 0.253$ ,  $F(4,382) = 34.465$ ,  $p = 0.000$ ), this study rejects the null hypothesis two ( $H_02$ ) which states that adaptive capability have no significant effects on performance of Open market Traders in Abeokuta Ogun State.

### **Hypothesis Three**

#### **$H_03$ : Financial Inclusion and Adaptive Capability have no Significant Combined Effect on Performance of Open Market Traders in Abeokuta Ogun State**

In order to test the hypothesis three, linear multiple regression analysis was used. In the analysis, the values of performance were regressed on the values of financial inclusion and adaptive capability. The data for financial inclusion and adaptive capability was generated by summing responses of all items for both variables respectively while that of performance was generated by adding responses of all items (profitability and sale growth) used to measure the variable. The regression test results are presented in Tables 4.15.

**Table 4.15: Summary of Regression Analysis for the Effect of Financial Inclusion and Adaptive Capability on Performance of Open Market Traders in Abeokuta Ogun State**

	Model	F(df)	Anova Sig
R	.409 <sup>a</sup>		
R Square	.167	34.465 (2,384)	0.000
Adjusted R Square	.163		
<b>Coefficients</b>	<b>Unstandardized Coefficients</b>	<b>t</b>	<b>sig</b>
(Constant)	4.873	14.290	.000
Financial Inclusion	.893	7.773	.000
Adaptive Capability	1.446	8.568	.000

a. Dependent Variable: Performance

b. Predictors: (Constant): Financial inclusion and adaptive capability dimension

Source: Field Result, 2024

Table 4.15 presents the results of multiple regression analysis for the effect of financial inclusion and adaptive capability on performance of Open market Traders in Abeokuta Ogun State. Table 4.15 presents a model summary, which establishes how the model equation fits into the data. The *Adj R<sup>2</sup>* was used to establish the predictive power of the study's model. From the results, financial inclusion and adaptive capability have positive and weak relationship with performance of open market traders in Abeokuta ( $R = .409^a$ ,  $p=0.000$ ). The Adjusted coefficient of determination (*Adj R<sup>2</sup>*) of .163 suggest that financial inclusion and adaptive capability explained 16.3% of the changes in performance of open market traders under study while the remaining 83.7% changes in performance is explained by other exogenous variable different from financial inclusion and adaptive capability examined. This

result suggests that financial inclusion and adaptive capability influence 16.3% of performance of open market traders in Abeokuta. Scholars provided threshold for Adj. R<sup>2</sup> Values of 0.02, 0.15, and 0.35, represents small, medium, and large effects respectively (Cohen, 1988). The Adj.R<sup>2</sup> of 0.163 according to Cohen’s Adj.R<sup>2</sup> criterion suggest that the effect of financial inclusion and adaptive capability on performance of open market traders in Abeokuta is medium.

Table 4.15 presents the results of ANOVA (overall model significance) of regression test, which revealed that, the combined financial inclusion and adaptive capability have a significant effect on performance of open market traders in Abeokuta in Ogun State. This can be explained by the F-value (34.465) and low p-value (0.000) which is statistically significant at 95% confidence interval. Hence, the result posited that financial inclusion and adaptive capability affected the performance of open market traders in Abeokuta in Ogun State, Nigeria.

Furthermore, the results of regression coefficients which revealed that a positive relative effect was reported for financial inclusion and adaptive capability. Further, the results reveal that at 95% confidence level, financial inclusion ( $\beta = 0.893$ ,  $p= 0.00$ ), adaptive capability ( $\beta = 1.446$ ,  $p=0.000$ ) of the open market traders in Abeokuta in Ogun State were statistically significant as the p-values were less than 0.05 and the t-values greater than 1.96. Based on coefficient of regression table 4.15, the regression model is restated as follows:

$$FP = 4.873 + 0.893FI+ 1.446AC..... Eq. (iii)$$

Where: FP = Firm Performance

FI = Financial Inclusion

AC = Adaptive capability

According to the regression equation above, taking all factors constant at zero, performance of open market traders in Abeokuta is 4.873. The result also indicates that taking all other independent variables at zero, a unit change in financial inclusion will lead to a 0.893 increase in performance of open market traders in Abeokuta in Ogun State given that all other factors are held constant. Similarly, the results also revealed that a unit change in adaptive capability will lead to a 1.446 increase in performance of open market traders in Abeokuta in Ogun State given that all other factors are held constant.

Overall, from the results, adaptive capability had the highest relative effect on the performance of Open market Traders in Abeokuta Ogun State with a coefficient of 0.1446 and t value of 8.568 followed by financial inclusion with a coefficient of .893 and t value of 7.773. Based on the results, this study concludes that financial inclusion and adaptive capability have positive and significant effect on performance of Open market Traders in Abeokuta Ogun State. On the strength of this result ( $Adj R^2 = 0.163$ ,  $F(2,384) = 34.465$ ,  $p = 0.000$ ), this study rejects the null hypothesis three ( $H_03$ ) which states that financial inclusion and adaptive capability have no significant effects on performance of Open market Traders in Abeokuta Ogun State.

**H<sub>04</sub>:** Religiosity has no significant moderating effect on the interactions of financial inclusion and performance of open market traders in Abeokuta, Ogun State

To evaluate the null hypothesis four, hierarchical regression was applied whereby the analysis was carried out in the order of hierarchy. A composite score was obtained for financial inclusion and religiosity as adopted by the open market traders in Abeokuta Ogun State, Nigeria and were used in the regression analysis. Also, data for performance (Y) was created by adding responses of all items for the variable (performance and sales growth), while that of religiosity (Z) was obtained from adding responses of all items for the variable. In

addition, an interaction term for financial inclusion and religiosity ( $X_i*Z_1$ ) was obtained by multiplying the composite score for financial inclusion and religiosity. The hypothesis would be supported if the effect of the interaction of financial inclusion and religiosity ( $X_i*Z_1$ ) on performance of open market traders in Abeokuta Ogun State is statistically significant. The results of the analysis step by step are presented in Table 4.16.

**Table 4.16: Summary of Hierarchical Regression Analysis for the Moderating Effect of Religiosity on the Association between Financial Inclusion and Performance of Open Market Traders in Abeokuta Ogun State, Nigeria.**

Model <sup>1,2,3</sup>	Beta	t	Sig.	R	R <sup>2</sup>	Adj. R <sup>2</sup>	ΔR <sup>2</sup>	ΔF	Sig. F Change
				.109 <sub>a</sub>	.012	.009	.012	4.761	0.030
(Constant)	2.502	11.538	.000						
Financial Inclusion	.191	2.182	.030						
F & Anova Sig: 4.761(1,385), p=.000									
(Constant)	3.463	9.998	.000	.206 <sub>b</sub>	.042	.037	.030	12.435	.000
Financial Inclusion	0.461	3.995	.000						
Religiosity	-0.536	-3.526	.000						
F & Anova Sig: 8.667(2,384), p=.000									
(Constant)	18.368	5.975	.000	.312 <sub>c</sub>	.097	.090	.055	23.792	.000
Financial Inclusion	-0.536	-4.484	.000						
Religiosity	-0.5184	-5.376	.000						

Financial			
Inclusion*Religiosit	1.854	4.878	.00
y			0

F & Anova Sig: 14.044(3,383), p=.000

- a. Predictors: (Constant), Financial inclusion
- b. Predictors: (Constant), Financial inclusion, Religiosity
- c. Predictors: (Constant), Financial inclusion, Religiosity, Financial inclusion\*Religiosity
- d. Dependent Variable: Performance

Source: *Field Result, 2024*

Tables 4.16 present hierarchical multiple regression results for the moderating effect of religiosity on the relationship between financial inclusion and performance of open market traders in Abeokuta. The results in Table 4.16 model 4 summarize the output for the analysis if moderation effect is not considered. Therefore, in this model, the independent variable was financial inclusion. From the results, financial inclusion has positive but very weak relationship with performance of open market traders in Abeokuta ( $R = 0.109$ ,  $p=0.000$ ). The coefficient of determination ( $R^2$ ) of 0.012 shows that financial inclusion predicted 1.2% of the changes in performance of open market traders under study while the remaining 98.8% changes in performance is explained by external factors different from financial inclusion examined. This result suggests that financial inclusion influenced 1.2% of changes in performance of open market traders in Abeokuta.

Table 4.16 presents the results of ANOVA (overall model significance) of regression test which revealed that financial inclusion has a significant effect on performance of open market traders in Abeokuta. This can be explained by the F-value (4.761) and low p-value (0.000) which is statistically significant at 95% confidence interval. Hence, the result posited that financial inclusion deployed by the open market traders in Abeokuta influenced their performance despite of its weak contribution. Furthermore, the results of regression coefficients revealed that a positive relative effect was reported for financial inclusion.

Further, the results reveal that at 95% confidence level, financial inclusion ( $\beta = 0.191$ ,  $p=0.000$ ) of the open market traders in Abeokuta Ogun State were statistically significant as the p-values were less than 0.05 and the t-values greater than 1.96. Based on coefficient of regression Table 4.16c, the regression model is restated as follows:

$$PF = 2.502 + 0.191FI \dots \dots \dots \text{Eq. (iv)}$$

Where: PF = Performance

FI = Financial inclusion

In the second model, a multiple regression involving financial inclusion and religiosity was introduced in the model as predictor variables and the results indicates that a change was experienced as  $R^2$  change is .030 implying that the regression model explains 4.2% of changes in performance while the rest (73.4) are attributed to variables not included in the model. The F-statistics is 12.435 with a corresponding p-value of 0.000 ( $p < 0.05$ ) indicating that the effect is statistically significant.

Financial inclusion has a coefficient of 0.461, t-statistic of 3.995 and a p-value of 0.000. This implies that financial inclusion has positive and significant relative effect on the performance of open market traders in Abeokuta Ogun State, Nigeria. Moreover, a unit change in financial inclusion will have a concomitant 0.461 change in performance. In addition, religiosity has a coefficient of -.536, t-statistic of -3.526, and a p-value of 0.000. This implies that religiosity has negative yet significant relative effect on performance of open market traders in Abeokuta Ogun State, Nigeria. More so, a unit change in religiosity will have a negative 0.536 change in performance.

The beta coefficient for religiosity is 0.162; t-statistic of 5.955, and a corresponding p-value of 0.000. The regression model is hence restated as follows;

$$PF = 3.463 + 0.461FI - 0.536RE \dots\dots\dots \text{Eq. (iv)}$$

Where: PF = Performance

FI = Financial inclusion

RE = Religiosity

The third model involved the introduction of interaction term of financial inclusion and religiosity using regression model. Result in Table 4.16 indicates that the R square change is 0.055, and F-change of 23.792 with a corresponding p-value of 0.000 implied that the interaction term of financial inclusion and religiosity have a positive and significant moderating effect on performance of open market traders in Abeokuta Ogun State, Nigeria (p=0.000). Furthermore, the interaction term of financial inclusion and religiosity has a beta coefficient of 1.854, and a corresponding p-value of 0.000. Hence, this implies that religiosity moderates the functional relationship between financial inclusion and performance of open market traders in Abeokuta Ogun State, Nigeria. The established regression equation from the result is stated as follows:

$$AFP = 18.368 - 5.536FI + 5.184RE + 1.854(FI*RE) \dots\dots\dots \text{Eq. (iv)}$$

Where:

PF = Performance

FI = Financial inclusion

RE = Religiosity

FI\*RE= Interaction term of Financial Inclusion and Religiosity

The results posit that religiosity moderates the functional relationship between financial inclusion and performance of open market traders in Abeokuta Ogun State, Nigeria. Based

on this result ( $\Delta R^2 = 0.055$ ,  $\Delta F = 23.792$ ,  $P = 0.000$ ), this study rejects the null hypothesis four ( $H_{04}$ ) which states that religiosity has no significant moderating effect on the association between financial inclusion and performance of open market traders in Abeokuta Ogun State, Nigeria.

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#### 4.4 Resultant Model

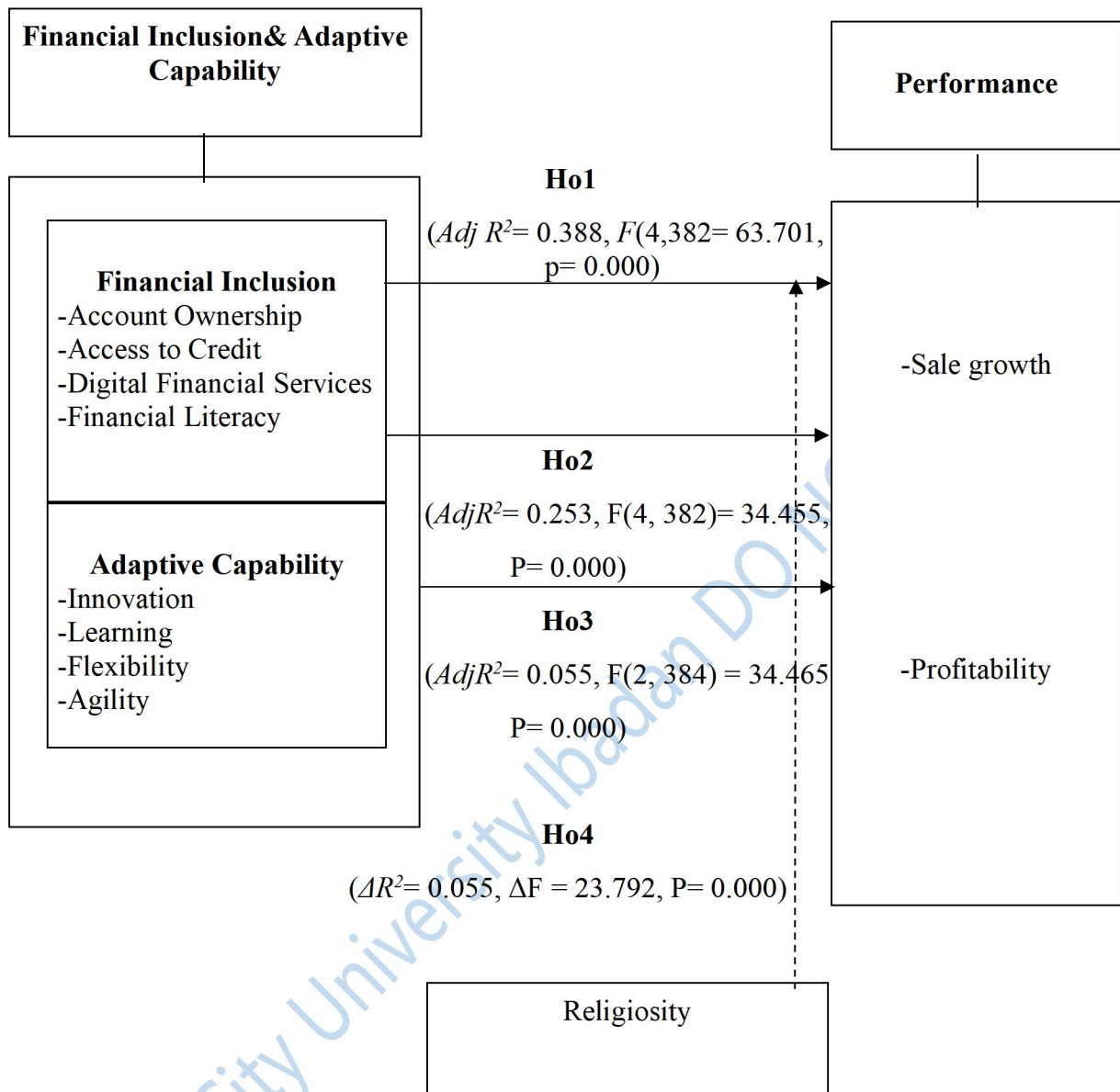


Figure 4.1: Conceptual Model for the Study

### 4.3 Discussion of Findings

The regression result from hypothesis one shows that financial inclusion (account opening, financial literacy and access to digital financial services) has a significant effect on performance of open market traders. However, access to credit has a negative but insignificant effect on performance of open market traders in Abeokuta. The result in hypothesis two also shows that adaptive capability (innovation, flexibility and learning) has a significant impact on performance of open market traders in Abeokuta. While agility has no significant effect on performance of open market traders in Abeokuta. Conceptually, the relationship between financial inclusion and performance can be explained by the fact that open market traders who have access to formal financial services are better equipped to manage their finances, make informed decisions and invest in their businesses. By having a bank account, for example, they can safely store their earnings, access credit when needed and save for future expansion or emergencies. Additionally, financial literacy programs can enhance their knowledge and skills in managing their finances, allowing them to optimize their resources and make more profitable business decisions.

On the other hand, the link between adaptive capability and performance suggests that open market traders who are able to adapt to changing market conditions are more likely to achieve higher performance outcomes. This is because they can quickly respond to shifts in supply and demand, identify profitable market risks opportunities but may be well equipped to mitigate risks. Although open market traders in Abeokuta are not equipped with technology which allows for real-time data analysis and decision-making, they still possess a high level of adaptability that enables them to navigate the market successfully. Despite the lack of technological tools, these traders rely on their extensive experience, market knowledge and intuitive understanding of customer preferences to make informed decisions. They have honed their skills over years of observing market trends, building relationships with suppliers

and understanding the dynamics of their local economy. This adaptability not only helps them survive in a competitive market but also positions them to take advantage of emerging opportunities and maximize their profits.

In hypothesis three, financial inclusion has significant effect on performance of open market traders. Also, adaptive capability has a significant impact on performance of open market traders in Abeokuta. The ability of open market traders in Abeokuta to adapt to changing market conditions and customer preferences is crucial for their success. Through years of experience, they have learned to navigate the complexities of the market, build strong relationships with suppliers and understand the dynamics of their local economy. This adaptability not only allows them to survive in a competitive market but also positions them to capitalize on emerging opportunities and maximize their profits. In contrast, the hypothesis that financial inclusion has no significant effect on the performance of open market traders is not supported by the findings. Instead, it is the traders' adaptive capability that has proven to be crucial for their success. The ability to adapt to changing circumstances and make informed decisions based on market trends and local dynamics has allowed these traders to outperform their competitors. Financial inclusion may provide them with access to resources and opportunities, but it is their adaptability that truly drives their performance.

In the fourth hypothesis when religiosity moderates the functional relationship between financial inclusion and performance of open market traders in Abeokuta Ogun State, Nigeria. Based on this result ( $\Delta R^2 = 0.055$ ,  $\Delta F = 23.792$ ,  $P = 0.000$ ), this study rejects the null hypothesis two ( $H_02$ ) which states that religiosity has no significant moderating effect on the association between financial inclusion and performance of open market traders in Abeokuta Ogun State, Nigeria. This shows that religion does not play a role in improving the access and utilization of financial services among open market traders in Abeokuta. This shows that religiosity has a significant impact on the relationship between financial inclusion and the

performance of open market traders. The findings suggest that when religiosity is high, the positive effect of financial inclusion on performance is improved. One possible explanation for this finding could be that religious beliefs and practices may not affect open market traders from engaging in certain financial activities or seeking assistance from formal financial institutions.

These results are supported by empirical evidence. For instance, financial inclusion and the growth of small medium enterprises were conducted in Uganda using cross-sectional research design<sup>1</sup>. The study revealed that financial inclusion is significant in supporting SME growth. The study further also revealed that the cost of acquiring and servicing financial services is high; there is also difficulty in using some of the financial services and the way financial providers treat financial users, some lacked some degree of respect and dignity. Also, financial inclusion strategies on performance of small and medium enterprises was conducted in among 240 respondents. From the key findings, it emerged that access and use of financial services increased profitability and growth of business and some of the challenges faced by SMEs in employing financial inclusion strategies were unforeseen market changes, not being involved in making strategies<sup>2</sup>.

Another study was conducted on the relationship between financial inclusion and performance of MSMEs in Eswatini was conducted<sup>3</sup>. The study used the re-centered influence function regression framework to estimate unconditional quantile regressions and the generalized ordered logit model to analyze the data. Findings revealed that small changes in access to bank accounts, saving for business, formal saving, stokvel and informal saving have a positive and statistically significant effect on microenterprises' annual turnover profit. Also an analysis of the effect of Muslim religiosity and innovation capability on firm survival during Covid-19 pandemic in Bantul Regency, Yogyakarta was conducted<sup>3</sup>. The results showed that the Muslim religiosity and innovation capability significantly affected firm

survival. Environmental uncertainty significantly weakened the effect of innovation capability on firm survival. These research results indicate the importance of religious formation for small entrepreneurs in this crisis time. Innovation is also important in increasing the firm survival of small companies during the covid-19 pandemic<sup>4</sup>.

A study on financial literacy on business performance: The moderating effect of religiosity among SMES in Sumatera, Indonesia using primary data was conducted by a scholar<sup>5</sup>. The study finds positive significant effects of financial literacy on business performance. Financial literacy affects business performance. Financial literacy is part of basic human needs in achieving good business performance. Some researches review financial literacy to improve the well-being of society. Financial inclusion and business practices of micro business in Colombia was conducted<sup>6</sup>. Estimates are based on self-reported information collected through a survey of 1542 micro entrepreneurs in 10 Colombian cities in 2019. The results show that micro entrepreneurs who adopt (more) business practices have more financial inclusion. No specific category of business practices drives the results. The effect is larger for men than women and is not present for micro entrepreneurs of low education levels. Furthermore, personal initiative, a psychological construct, indirectly relates to being more financially included by increasing the adoption of business practices<sup>7</sup>.

In relation to adaptive capability, the influence of adaptive capability, social media agility and surviving firms in diverse industries in five nations was carried out<sup>8</sup>. The results demonstrated that adaptive capability and social media agility had a favorable and substantial influence on business survival. The association between adaptable capability and strategic orientation in the business setting was investigated in this study<sup>9</sup>. The results demonstrate a positive association among all of the strategy orientation characteristics and their respective adaptable capabilities. That is, the data reveal that the business's strategy orientations affect its adaptable capability and also imply that the greater the participant's impression of the

company's dynamic potential, the greater its organizational adaptive capacity in its marketplace<sup>10</sup>.

From the theoretical standpoint, finance led growth theory and dynamic capabilities theory are in consistent with this result. According to the idea, efficient financial institutions just respond and influence the growth of SMEs via the generation of value by small enterprises and the mobilization of local funds, both of which tend to boost profitable investments in regional businesses. More savings translates into greater assets for banks, which can then be used to create credit<sup>11</sup>. Additionally, as more entrepreneurs have access to financial services like financial institutions, credit, a reliable payment system, financial advisers and insurance, the costs and risks associated with transactions are decreased and exchanges are properly managed. However, the dynamic capabilities theory suggests that SMEs need more than just access to financial services in order to thrive and grow. This theory argues that it is the ability of small enterprises to adapt and innovate in response to changing market conditions that truly drives their success. In other words, it is not enough for SMEs to simply have access to credit and other financial resources; they must also possess the skills and knowledge to effectively utilize these resources and seize new opportunities. This means that in addition to providing financial services, there is a need for programs and initiatives that support the development of entrepreneurial skills, promote innovation and foster a culture of continuous learning and improvement<sup>12</sup>.

## Endnotes

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## Chapter Five

### Conclusion

This chapter discusses the summary of findings, conclusion, recommendations, areas for further studies and contributions to knowledge. The summary of findings summarizes the key findings as revealed in the chapter four. Also the key findings are summarized to show the contributions to knowledge to various stakeholders and also devise means which further studies can be conducted.

#### 5.1 Summary of Findings

The study examined the effect financial inclusion, adaptive capability and religiosity on performance of open market traders. Financial inclusion was measured through account opening, access to credit, financial literacy and access to digital financial services while adaptive capability was measured using learning, innovation, flexibility and agility. Performance of open market traders was measured using sales growth and profitability. Moreover, religiosity was used as the moderating effect to establish a link between financial inclusion and performance of open market traders in Abeokuta metropolis, Ogun State. The summary of the key findings are as stated below:

- i. Financial Inclusion has a significant effect on the performance of open market traders in Abeokuta metropolis ( $R^2= 0.395$ ,  $P= 0.000$ )
- ii. Adaptive capability also has a significant effect on the performance of open market traders in Abeokuta metropolis ( $R^2= 0.261$ ,  $P= 0.000$ )

- iii. Financial Inclusion and adaptive capability showed a significant effect on performance ( $R^2= 0.167$ ,  $\beta_1= .893$   $P= 0.000$ ;  $\beta_2= 1.446$ ).
- iv. Religiosity significant moderating effect on the association between financial inclusion and performance of open market traders in Abeokuta metropolis ( $R^2=0.090$ ,  $P= 0.000^{***}$ ,  $\beta_3= 1.854$ )

## 5.2 Conclusion

Based on the result from the analysis, it was revealed that financial inclusion and adaptive capability shows a statistical significant effect on performance of open market traders in Abeokuta metropolis. The relationship between financial inclusion and performance can be explained by the fact that open market traders who have access to formal financial services are better equipped to manage their finances, make informed decisions and invest in their businesses.

On the other hand, the link between adaptive capability and performance suggests that open market traders who are able to adapt to changing market conditions are more likely to achieve higher performance outcomes. This is because they can quickly respond to shifts in supply and demand, identify profitable market risks opportunities but may be well equipped to mitigate risks. Although open market traders in Abeokuta are not equipped with technology which allows for real-time data analysis and decision-making, they still possess a high level of adaptability that enables them to navigate the market successfully.

The findings suggest that when religiosity is high, the positive effect of financial inclusion on performance is diminished or even reversed. One possible explanation for this finding could be that religious beliefs and practices may discourage individuals from engaging in certain financial activities or seeking assistance from formal financial institutions.

From the theoretical standpoint, finance led growth theory and dynamic capabilities theory are in consistent with this result. According to the idea, efficient financial institutions just respond and influence the growth of open market traders in Abeokuta via the generation of value by small enterprises and the mobilization of local funds, both of which tend to boost profitable investments in regional businesses. More savings translates into greater assets for banks, which can then be used to create credit. Additionally, as more entrepreneurs have access to financial services like financial institutions, credit, a reliable payment system, financial advisers and insurance, the costs and risks associated with transactions are decreased and exchanges are properly managed. However, the dynamic capabilities theory suggests that open market traders need more than just access to financial services in order to thrive and grow. This theory argues that it is the ability of small enterprises to adapt and innovate in response to changing market conditions that truly drives their success.

### **5.3 Recommendations**

The following recommendations are suggested as follows:

1. It is evident from the study findings that the open market traders in Abeokuta metropolis have limited access to digital financial services. The study hereby recommended that open market traders in Abeokuta should collaborate with financial service providers to enhance the accessibility and user experience of digital financial services tailored to the unique needs and preferences of open market traders. This could involve simplifying the user interface of mobile banking apps or digital payment platforms, offering vernacular language options, and providing localized customer support services. Additionally, efforts should be made to address infrastructure challenges such as network connectivity issues or limited access to smart phones or internet-enabled devices. Exploring alternative delivery channels

such as simple USSD (Unstructured Supplementary Service Data) codes for conducting transactions, which don't necessarily require smart phones or internet connectivity, could also improve accessibility for traders operating in areas with limited digital infrastructure.

2. From the study finding, the innovative capabilities has a negative effect on performance of open market traders in Abeokuta metropolis. With this, the study recommended that open market traders should foster engagement with customers through feedback mechanisms, loyalty programs, and personalized communication channels can strengthen the relationship between traders and their customer base. This continuous dialogue allows open market traders to gain insights into customer preferences, gather feedback on innovative products and tailor their offerings to meet evolving needs effectively.
3. The third hypothesis shows that financial inclusion appears to have a positive but weak relationship with the performance of open market traders. To strengthen this relationship, banks can implement a targeted program that is aimed at enhancing financial literacy and access to financial services among open market traders in Abeokuta. This involves collaborations between government agencies, financial institutions, and non-governmental organizations to provide tailored financial education programs. Additionally, initiatives such as microfinance schemes specifically designed for open market traders could be established to provide them with access to credit and other financial resources.
4. Despite its negative yet significant impact on the performance of open market traders in Abeokuta, religiosity can be leveraged positively by integrating religious teachings that promote ethical business practices and financial stewardship. The study

recommended that religious leaders and community influencers can play a crucial role in advocating for responsible entrepreneurship, emphasizing principles of honesty, fairness, and integrity in commercial dealings. Workshops, seminars, and outreach programs can be organized to engage traders in discussions about the intersection of faith and business ethics, encouraging them to align their practices with religious values while conducting trade.

#### **5.4 Contributions to Knowledge**

The study has contributed to knowledge from various perspectives which are discussed below:

1. This finding contributes to existing theoretical frameworks by supporting and extending the understanding of the impact of financial inclusion and adaptive capability on the performance of open market traders. This aligns with existing theories that suggest access to formal financial services positively influences economic outcomes. The identification of the inverse relationship between religiosity and the positive impact of financial inclusion on performance introduces a new dimension to theoretical discussions. This challenges conventional assumptions and emphasizes the need for a more nuanced understanding of how cultural and religious factors can influence economic behavior.
2. As part of the contribution to knowledge, this study offers a multidisciplinary (Accounting & Finance, strategic management, & religion studies) approach to research. Thereby offering a robust outcome and recommendation for open market retailers to enhance their performance.
3. This study provides empirical evidence supporting the hypothesized relationships between financial inclusion, adaptive capability and performance among open market traders in Abeokuta. This strengthens the empirical foundation of knowledge in the

field of financial inclusion and market performance. The observation that open market traders in Abeokuta, despite lacking advanced technology, exhibit a high level of adaptability, adds a practical dimension to the empirical findings. This challenges the notion that technological advancements are the sole drivers of adaptability and success in markets.

4. The concept that religiosity may moderate the relationship between financial inclusion and performance introduces a conceptual framework that considers cultural and religious factors in economic studies. This expands the conceptual understanding of the complex interplay between individual beliefs and financial decision-making. The conceptualization of adaptive capability as a key factor influencing performance highlights the importance of resilience and flexibility in the context of open market trading. This concept can be applied more broadly in discussions on entrepreneurship and business strategy.
5. From a practical standpoint, this finding suggest that interventions aimed at enhancing financial inclusion and adaptive capability among open market traders in Abeokuta could positively impact their performance. Policymakers and business support organizations can use these insights to design targeted programs. The consideration of religiosity as a potential barrier to the positive effects of financial inclusion implies that practical interventions should be culturally sensitive. Strategies to promote financial inclusion may need to address and overcome religious barriers through community engagement and education.

### **5.5 Areas for Further Studies**

The existing body of research on the relationship between financial inclusion, religiosity, adaptive capability and the performance of Micro, Small and Medium Enterprises (MSMEs)

in Nigeria is noteworthy, with studies extending to countries like Indonesia and Uganda. However, a gap in the literature is evident as most of these investigations primarily focus on developed countries and other African nations like Uganda, Kenya and South Africa. Notably, there is a lack of research on the combined influence of religiosity, adaptive capability and financial inclusion on the performance of open market traders in Nigeria, specifically in Abeokuta, Ogun State.

1. One avenue for future studies involves a geographical specificity approach, delving into the local dynamics and contextual factors that influence financial inclusion, adaptive capability and religiosity in Abeokuta. This can offer a nuanced understanding of the challenges faced by open market traders and inform tailored interventions. Qualitative research methods can complement quantitative findings, providing deeper insights into the cultural and contextual factors influencing financial decision-making.
2. The fear of fund insecurity from banks among open market traders also merits in-depth exploration. A focused study on the historical, cultural and economic factors contributing to this fear can shed light on ways to alleviate concerns and build trust in financial institutions. Additionally, comparative analyses with findings from other African countries can provide valuable lessons and insights into the potential effectiveness of various interventions.
3. An exploration of the policy implications arising from these studies is crucial. Assessing how government policies and regulatory frameworks can be adapted to better support financial inclusion initiatives in Abeokuta is essential. The role of technology in overcoming challenges, such as delays in banking services, should also be investigated, considering the feasibility and impact of digital financial services.

4. Furthermore, a long-term perspective on the impact of improved financial inclusion and adaptive capability, considering the potential moderation of religiosity, is essential. Understanding how these factors contribute to the sustainability and growth of businesses over time can inform comprehensive and lasting interventions.

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## Questionnaire

**Lead City University Ibadan**  
**Faculty of Management & Social Sciences,**  
**Departments of Management & Accounting**

Dear Respondent,

As part of the requirement for a Master's of Science degree in Accounting, I am carrying out a study on **“Financial Inclusion, Adaptive Capability, and Performance of Open Market Traders in Abeokuta, Ogun State”**. This study is mainly an academic exercise as all information provided would be treated with the utmost confidentiality. In any case, you feel uncomfortable to proceed; you may withdraw your consent at no cost. Below is the questionnaire that addressed the objective of this study. Please feel free to tick the option that best express your personal views.

Thank you.

Name

### **Section A: Demographic Information**

Please carefully go through each item and tick (√) as appropriate.

1. Gender: Male ( ) Female ( )
2. Years spent in retailing business: Below 5yrs ( ), 6-10yrs ( ), 11-15yrs ( ) 16yrs + ( )
3. Micro-business business operated .....

## Section B: Financial Inclusion

The statement in this section concerns financial inclusion (in terms of account opening, access to credit, access to digital financial services, and financial literacy) as applicable to your retail business. Please rate each statement on a scale of 1 to 4, where 1 indicates "Strongly Disagree" and 4 indicates "Strongly Agree." Choose the response that best represents your business current state and practices.

**4 = Strongly Agree (SA); 3= Agree (A); 2 = Disagree (D); 1 = Strongly Disagree (SD)**

I	<b>Account Opening:</b> : Please indicate your level of agreement to the following statements	<b>SA</b>	<b>A</b>	<b>D</b>	<b>SD</b>
1	I have a bank account.	4	3	2	1
2	I have more than one type of financial account (e.g., savings, current).	4	3	2	1
3	I am aware of the benefits of having a bank account.	4	3	2	1
4	Lack of proper identification documents has prevented me from opening a bank account	4	3	2	1
II	<b>Financial literacy:</b> : Please indicate your level of agreement to the following statements	<b>SA</b>	<b>A</b>	<b>D</b>	<b>SD</b>
	I am confident in managing my business finances effectively?	4	3	2	1
	I am aware of the various financial products and services available to small businesses? (e.g., business loans, lines of credit, merchant services)	4	3	2	1

	Do you regularly track and analyze your business income and expenses?	4	3	2	1
	I have encountered many difficulties in accessing financial services due to inadequate financial knowledge.	4	3	2	1
	I frequently review and adjust my business budget?	4	3	2	1
<b>III</b>	<b>Finance Accessibility:</b> Please indicate your level of agreement to the following statements	<b>SA</b>	<b>A</b>	<b>D</b>	<b>SD</b>
	I have easy access to banking services, such as opening accounts and making transactions.	4	3	2	1
	I find it convenient to access information about different financial products and services.	4	3	2	1
	I have easy access to affordable loan options.	4	3	2	1
	Financial institutions in my area provide adequate assistance and guidance in managing personal finances.	4	3	2	1
	Financial services are easily accessible in my local area.	4	3	2	1
	I feel comfortable using online and mobile banking services.	4	3	2	1
<b>IV</b>	<b>Access to Digital Financial Service:</b> Please indicate your level of agreement to the following statements	<b>SA</b>	<b>A</b>	<b>D</b>	<b>SD</b>
	I am very aware of the different digital financial services to do business	4	3	2	1
	I use mobile banking apps or online platforms for financial transactions.	4	3	2	1

	Concerns about cyber security and privacy discourage me from using digital financial services.	4	3	2	1
	I find it convenient to pay for goods and services digitally (e.g., mobile money, digital wallets).	4	3	2	1
	Limited digital literacy skills hinder my adoption of digital financial services.	4	3	2	1

### Section C: Adaptive Capability Questionnaire

Instructions: This questionnaire aims to assess your organization's adaptive capability in terms of innovation, learning, flexibility, and agility. Please rate each statement on a scale of 1 to 4, where 1 indicates "Strongly Disagree" and 4 indicates "Strongly Agree." Choose the response that best represents your business current state and practices.

V	<b>Innovation:</b> Please indicate your level of agreement to the following statements	<b>SA</b>	<b>A</b>	<b>D</b>	<b>SD</b>
	I encourage and supports creative idea generation.	4	3	2	1
	I regularly invest resources in exploring new technologies and methods.	4	3	2	1
	I am empowered to take calculated risks to pursue innovative solutions.	4	3	2	1

	I promote relationship with other market retailers to foster innovation	4	3	2	1
VI	<b>Learning:</b> Please indicate your level of agreement to the following statements	<b>SA</b>	<b>A</b>	<b>D</b>	<b>SD</b>
	I seek new knowledge by going for training programs on my business	4	3	2	1
	Learning opportunities are readily available for all retailers in the market	4	3	2	1
	I value and learns from both my successes and failures.	4	3	2	1
	I frequently review and update my business processes based on new development	4	3	2	1
VII	<b>Flexibility:</b> Please indicate your level of agreement to the following statements	<b>SA</b>	<b>A</b>	<b>D</b>	<b>SD</b>
	I am quick in adapting to changing market customer needs.	4	3	2	1
	I encourage myself to implement ideas that improve how my business is ran.	4	3	2	1
	I am able to reallocates resources effectively to address emerging priorities in the business.	4	3	2	1
	I have a systems in place that allow for flexible work arrangements.	4	3	2	1
VIII	<b>Agility:</b> Please indicate your level of agreement to the following statements	<b>SA</b>	<b>A</b>	<b>D</b>	<b>SD</b>

	I swiftly respond to competitive threats in the market.	4	3	2	1
	Decision-making processes are streamlined, enabling quick responses to opportunities.	4	3	2	1
	I have a clear strategy for doing business	4	3	2	1
	I am empowered to make decisions that will help contend with changing customer expectation.	4	3	2	1

#### Section D: Religiosity Questionnaire

This questionnaire aims to assess your religious perspective. Please rate each statement on a scale of 1 to 4, where 1 indicates "Strongly Disagree" and 4 indicates "Strongly Agree."

Choose the response that best represents your personal opinion on religiosity among market traders.

IX	Religiosity: Please indicate your level of agreement with each statement by selecting the appropriate response on the scale provided below.	SA	A	D	SD
1	My religious beliefs are an integral part of my business identity.	4	3	2	1
2	I find comfort in my religious beliefs during difficult business times.	4	3	2	1
3	I actively engage in acts of charity and community service as a part of my religious practice.	4	3	2	1

4	I make an effort to avoid business behaviors that conflict with my religious teachings.	4	3	2	1
5	My business social circle is predominantly comprised of individuals who share my religious beliefs.	4	3	2	1
6	I believe that being part of a religious community enhances my overall business and social well-being.	4	3	2	1
7	I strive to do business in accordance with the teachings of my religion.	4	3	2	1
8	I feel a sense of remorse when I go against my religious principles in conducting my business.	4	3	2	1
9	I believe in finding common ground and fostering peaceful coexistence among different religious groups in the market.	4	3	2	1

## Section E: Performance

The statement in this section concerns profitability indicators as applicable to your business.

Using the four-point Likert-type-scale provided, please indicate your level of agreement with each statement in relation to your retail business by selecting one of the options provided (4, 3, 2, 1).

X	<b>Firm Profitability</b> To what extent do you achieve the following	SA	A	D	SD
	My retail business consistently achieves high levels of profitability.	4	3	2	1
	My retail business profitability has increased over the past year.	4	3	2	1
	My retail business generates higher sales.	4	3	2	1
	My retail business effectively manages its expenses.	4	3	2	1
	My retail business effectively identifies and capitalizes on new revenue opportunities.	4	3	2	1
XI	<b>Sales Growth</b> To what extent do you achieve the following	SA	A	D	SD
	My retail business achieves continuous increase in sales revenue	4	3	2	1
	My retail business achieves continuous improvement in customer satisfaction	4	3	2	1
	My retail business achieves continuous improvement in customer acquisition	4	3	2	1
	My retail business achieves continuous improvement in customer loyalty	4	3	2	1

	My retail business achieves continuous improvement in customer retention	4	3	2	1
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Thank you for participating in this research

Lead City University Ibadan DO NOT COPY

## **Bio-data**

### **A. Personal Data**

1. Full Names: Saheed Adedeji ADEBAMBO
2. Email: adebambosaheed@gmail.com
3. Phone no: 07037720909
4. Address: 17, Asamo Community Off Magbon Way Abeokuta Ogun State.
5. Date and Place of Birth: December 16, 1997 (General Hospital Ijebu Ode)
6. Nationality: Nigerian
7. Name and Address of Next of Kin: Bello Rukayat (17, Asamo Community Off Magbon Way Abeokuta Ogun State)

### **B. Educational Background with Dates**

1. Educational Institutions Attended with Dates and Qualifications
  - a) Al-Azeem Nursery and Primary School, Idowa Ijebu, Ogun State (1999-2008)
  - b) Ijebu Muslim College, Ijebu Ode, Ogun State (2009-2014)
  - c) Moshood Abiola Polytechnic Abeokuta, Ogun State (ND)(2015-2018)
  - d) Moshood Abiola Polytechnic Abeokuta, Ogun State (HND) (2019-2021)
2. Academic Qualifications Obtained (with dates):

Senior School Certificate (2014)

National Diploma (2018)

Higher National Diploma (2021)

3. Professional Qualifications with Dates: Nil

### **C. Working Experience with Dates**

Hasmor Oil and Gas Nigeria Limited. (Old Ondo Benin Road, Ijebu Ode, Ogun State).  
(Payroll Accountant) (2017-2018)

**D. Award and Fellowship (if any): Nil**

**E. Member of Academic Professional Bodies: Nil**

**F. Publication (s): Nil**

**G. Major Conferences Attended with Dates**

a) Training on Research Methods and Academic Writing, Lead city University, Ibadan. 6th-7th October, 2022.

b) Academic And Industry Edge 2023 on Upskilling and Re-skilling for Global Workplace Demand at Lead city University, Ibadan. 1st June, 2023.

c) Academic And Industry Edge 2024 on Personal Financial Intelligence (Surviving the Economic Reality) (Lead City University, Ibadan). 18th April 2024.

**H. References**

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**Signature**

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**Date**

### **The University Compliance Certification**

This is to certify that this thesis “**Financial Inclusion, Adaptive Capability, and Performance of Open Market Traders in Abeokuta**” was written by **Saheed Adedeji ADEBAMBO**, with matriculation number **LCU/PG/002939** in the Department of Management & Accounting, Faculty of Management & Social Sciences, Lead City University, Ibadan, Oyo State, in full compliance with approved University format and style.

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**Signature**

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**Date**

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