



**Contribution of Micro Finance Bank to Women Entrepreneurial Enhancement in North
Western Nigeria**

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Abstract

This study aimed to investigate the contribution of microfinance banks to women's entrepreneurial enhancement in North Western Nigeria. Data were collected from 259 women entrepreneurs through a structured questionnaire, and the results were analyzed using descriptive statistics. The study findings reveal that microfinance banks have positively impacted women entrepreneurs in the North-western Nigeria, women entrepreneurs in the region demonstrate awareness of microfinance banks with its products and services, accessing credit facilities and other bank services were generally perceived as easy, with transparent loan application processes facilities and the banks have played a significant role in reducing poverty among women in the region. The study recommends that microfinance banks should focus on increasing awareness among women entrepreneurs about their existence and services, work on improving accessibility to credit facilities in the North western Nigeria and the government and other stakeholders should increase investment in women's entrepreneurship education and provide additional funding for microfinance banks.

Keywords: Microfinance, women entrepreneurial enhancement, women empowerment, poverty reduction

Introduction

Women entrepreneurial enhancement contributes significantly to the empowerment of women and economic development. It enables creating jobs, stimulating innovation, and promoting social and economic development. The international Labor Organization (ILO), (2015), reports that the increasing rate of women's entrepreneurship leads to the increasing rates of annual GDP in some countries, women entrepreneurs are more likely to create jobs than their male counterparts (Brush et al., 2019) and women's entrepreneurship can lead to the development of new industries and sectors, which can create new economic opportunities and stimulate growth. However, Women entrepreneurs in Nigeria face several challenges, such as limited access to financial resources, lack of business knowledge and skills, and societal and cultural barriers. The women lack the collateral or credit history to access traditional bank loans. International Finance Corporation report that, only 26% of women in Nigeria have access to



formal financial services (IFC, 2019). Similarly, the women have limited education or training in business management, which can make it difficult for them to start or grow a successful business (Adekoya, 2019), and additionally, they face discrimination and societal expectations that prioritize household duties over business pursuits (Adewale, 2015). For instance, women may be discouraged from starting businesses due to cultural beliefs that women should not engage in business activities.

The Nigerian government has taken measures to support women entrepreneurs, such as the National Women's Fund, SMEDAN, and NWTF (Ezeanya-Esiobu, 2019). Organizations such as IFC and UNDP have also provided capacity building and training programs to enhance women's entrepreneurial skills in Nigeria (UNDP, 2018). These programs aim to provide training on business management, financial management, and access to markets. In the same vein, women entrepreneurship networks in Nigeria (Women's Business Group (WBG) and the African Women's Entrepreneurship Program (AWEP) provide networking opportunities, mentoring, and support to women entrepreneurs (Ezeanya-Esiobu, 2019) and organizations such as Nigerian Association of Women Entrepreneurs (NAWE) have undertaken advocacy campaigns to promote women's entrepreneurship and address gender-related challenges.

Despite the extensive efforts made by various stakeholders to enhance women entrepreneurship, the problem continues to persist. In light of this situation, this study recognizes microfinance as a potential solution to address this problem. Microfinance has long been acknowledged as a powerful tool for promoting women entrepreneurship, and numerous studies have been conducted to explore how microfinance can effectively tackle the challenges faced by women in enhancing their entrepreneurial ventures in Nigeria. Notable studies in this area include those conducted by Osofisan and Akinbobola (2021), Ezema and Okafor (2021), Aderounmu and Oyebanji (2020), and Oladimeji and Falaye (2020). However, most of these studies were conducted in different parts of Nigeria, and the issue of women entrepreneurship in the country is influenced by cultural, regional, and social biases. This study aimed to investigate the impact of microfinance banks on women's empowerment in North western Nigeria. It aimed to assess the extent to which microfinance banks contribute to women's empowerment, assess women entrepreneurs' awareness of microfinance banks, analyze the accessibility of credit facilities for women entrepreneurs, and evaluate microfinance's contribution to poverty reduction. By examining these factors, the study aims to improve the understanding of the role of microfinance banks in empowering women and reducing poverty.

Women entrepreneurial enhancement

Women entrepreneurial enhancement refers to a set of initiatives, policies, and programs aimed at supporting and empowering women to start, grow, and succeed in their own businesses (Carter, et al., 2015). Women face unique challenges when it comes to entrepreneurship, including limited access to capital, markets, and networks, as well as cultural and social barriers (Brush, 2014). Enhancing women's entrepreneurship aims to address these challenges by providing women with the resources, skills, and networks they need to overcome these barriers and succeed in their ventures. In Nigeria, several initiatives have been implemented to enhance women's entrepreneurship. These include the Women Fund for Economic Empowerment



(WOFEE), which offers low-interest loans (Adetayo, 2019), the Bank of Industry (BOI) which established Gender Business Department providing support to women-owned businesses (Ogbonna, 2019), the Tony Elumelu Foundation Entrepreneurship Programme offering mentorship and funding (Obikoya, 2019), and the Nigerian government has partnered with the Goldman Sachs Foundation to provide training to women entrepreneurs through the 10,000 Women Programme (Adeola, 2019). The Association of Nigerian Women Business Network (ANWBN) was established to promote networking among women entrepreneurs (Oladipo & Okpara, 2020), government agencies like NEPC and SMEDAN assist women entrepreneurs in accessing markets and the Nigerian government has also developed policies and regulations to support women's entrepreneurship.

Women Entrepreneurial Enhancement Challenges

Women entrepreneurs face unique challenges in starting and growing their businesses. These challenges can range from access to finance (IFC, 2020), gender bias and stereotyping (Kauffman Foundation, 2016), balancing work and family responsibility (GEM, 2018), lack of networking opportunities (NWBC, 2016) to lack of role models (Diana International Research Network, 2019).

Microfinance bank in Nigeria

Microfinance banks in Nigeria are financial institutions that provide financial services, including loans, savings, and insurance, to low-income individuals and small businesses (Aladejebi, 2019). These banks play a crucial role in providing access to financial services for people who may not have access to traditional banking services due to lack of collateral, credit history, or other factors (Abebe & Kegne, 2023). There has been a significant increase in the number of microfinance banks in Nigeria in recent years, with the Central Bank of Nigeria (CBN) issuing licenses to new microfinance banks and strengthening the regulatory framework for the sector. The CBN has also introduced several initiatives to support the growth of microfinance banks, including the Microfinance Policy and Regulation Department and the Microfinance Development Fund (CBN, 2005).

Theoretical review- Social capital theory

Social capital theory is used in this study to underpin the relationship between micro finance bank and women entrepreneurial enhancement. The theory emphasizes the importance of social networks, relationships, and trust in facilitating access to resources and opportunities (Claridge, 2004). In the context of microfinance banks and women entrepreneurs, social capital theory suggests that the relationships built between microfinance banks and women entrepreneurs can enhance their access to financial resources, knowledge, and support, ultimately leading to their entrepreneurial enhancement and success (Mu et al, 2020).

Empirical review

There are some few studies found examining the relationship between microfinance banks women's entrepreneurial enhancement in Nigeria. Some of which include: Adeyemo and



Adediran (2013) conducted a survey-based study to investigate the influence of microfinance on women's entrepreneurial activities in rural Nigeria. Results showed that microfinance positively impacted women's business success, but they faced challenges such as lack of collateral, high interest rates, and limited information. The study recommended that government should establish supportive regulations and microfinance institutions should develop tailored financial solutions for women entrepreneurs.

Oyebisi and Adegbite (2016) conducted a study in Nigeria to explore the relationship between women's entrepreneurship and access to microfinance. They surveyed 200 women business owners and analyzed the data using descriptive statistics and regression analysis. Findings revealed that women entrepreneurs in Nigeria face challenges in accessing microloans and often rely on informal sources for funding. The study found a positive impact of microfinance on women entrepreneurship, and recommended that microfinance institutions design financial products tailored to the specific needs of women entrepreneurs, create a supportive environment for microfinance institutions, and provide government support to women entrepreneurs.

Oladele and Adeyeye (2018) conducted a study in Nigeria to explore the impact of microfinance on women's empowerment. They applied descriptive and inferential statistical techniques and were grounded in the Women Empowerment Framework. Findings indicated that microfinance positively influenced women's empowerment, contributing to economic empowerment, increasing income, and enhancing social empowerment. Policymakers and microfinance institutions should prioritize increasing women's access to financial resources, particularly in rural areas, and develop gender-sensitive programs to address the specific challenges and needs of women.

Sodimu and Olawoyin (2019) conducted a study in Nigeria to explore the relationship between microfinance access and women's entrepreneurship. Data was analyzed using descriptive statistics, correlation, and regression analysis. Findings revealed that access to microfinance had a positive and significant impact on women's entrepreneurship, but women faced challenges such as lack of collateral, high-interest rates, and limited information on available schemes. Policymakers should enhance the design and implementation of microfinance schemes to increase accessibility and affordability for women entrepreneurs, and microfinance institutions should provide training and support to women entrepreneurs.

Ibrahim and Dikko (2020) conducted a study in Nigeria to explore the impact of microfinance on women's economic empowerment. The study employed a mixed-methods approach, including quantitative analysis of data from 300 women who received microfinance loans and qualitative in-depth interviews with a subset of the participants. Results indicated that microfinance had a positive impact on women's economic empowerment, contributing to increased income and assets, improved financial literacy, and enhanced decision-making power. The study recommended expanding women's access to microfinance, providing training and support, and promoting financial literacy and education.

Methodology



This study the use of a quantitative and descriptive survey design. The population covers all women entrepreneurs who have received microfinance loans or other services from microfinance banks in the North western Nigeria. Based on the nature of the population, the population is considered infinite. Using Cochran 1977 formula, 384 is determined to be the sample size of the study at 1.96 confidence level and 0.05 level of error. The study uses research assistants to collect data purposively from 423 respondents (384 plus 10% for non-response bias) in each of the seven states namely- Jigawa, Kaduna, Kano, Katsina, Kebbi, Sokoto and Zamfara and the data were analyzed using table, percentage and frequency.

Results and Discussion

The study aimed to investigate the contribution of microfinance banks to the enhancement of women entrepreneurs in Northwestern Nigeria. The personal data of the respondents indicated that a significant proportion (73.7%) had a primary or SSCE qualification, which suggests that most women entrepreneurs in the region have limited access to formal education. This finding is consistent with previous research, which has found that women in developing countries generally have less access to education and business training than men, which can limit their entrepreneurial opportunities (Adeyemi & Ologbenla, 2017; Kayode & Akingunola, 2021).

The results showed that microfinance banks have contributed significantly to women's empowerment in the region. A majority of the respondents reported that microfinance banks have helped them become economically independent (63.3%), improved their business skills and knowledge (78.4%), provided equal opportunities and access to credit facilities (65.2%), and contributed to their overall socio-economic development (88.8%). These findings are consistent with previous research, which has shown that microfinance can have a positive impact on women's economic and social empowerment by providing them with access to credit and other financial services (Kabeer, 2001; Pitt & Khandker, 1998).

Similarly, the results of indicated that the awareness of microfinance banks among women entrepreneurs in the region is relatively high. A majority of the respondents reported that they are aware of the existence of microfinance banks (68.2%) and their services (52.5%). However, a significant proportion of the respondents (21.6%) reported that they were not familiar with the products and services offered by microfinance banks. This finding highlights the need for microfinance banks to improve their outreach and communication strategies to ensure that all women entrepreneurs in the region are aware of the services they offer.

In the same vein, the results showed that most respondents found it relatively easy to access credit facilities from microfinance banks (46.7%), and the loan application and approval processes were transparent (43.2%). However, a significant proportion of the respondents (45.6%) reported that the loan repayment terms and interest rates did not meet their expectations. This finding is consistent with previous research, which has shown that high-interest rates and short repayment terms can be a significant barrier to accessing microfinance among low-income women entrepreneurs (Kabeer, 2001).

Finally, the results indicated that microfinance banks have made a significant contribution to poverty reduction among women in the region. A majority of the respondents



reported that microfinance banks have helped to reduce poverty among women in their communities (58.3%), improve their economic situation (79.5%), and increase their financial stability and security (81.6%). These findings are consistent with previous research, which has shown that microfinance can be an effective tool for poverty reduction by providing women with access to credit and other financial services (Duflo, 2003; Kabeer, 2001).

Conclusion

In conclusion, based on the objectives and the findings of the study, the study concludes that microfinance banks have made a significant contribution to the enhancement of women's entrepreneurial activities in northwestern Nigeria and that the women entrepreneurs were aware of the existence of microfinance banks and their products and services. Similarly, the study conclude that Microfinance banks were perceived to have helped women entrepreneurs in improving their business skills and knowledge, economic independence, and decision-making power. Additionally, the loan application and approval processes were seen as transparent and accessible, contributing to poverty reduction and financial stability among women entrepreneurs.

Recommendation

Based on the findings of this study, the following recommendations are made: Effort should be made by the banks to increase awareness of microfinance banks and their services through targeted marketing and outreach programs and to improve accessibility to credit facilities by ensuring transparent processes, reasonable loan terms, and interest rates. There is also need for increased investment in the education of women entrepreneurs through partnerships with educational institutions or the provision of training programs by microfinance banks to enhance their business skills and knowledge. Moreover, government and other stakeholders should increase funding for microfinance banks to enable them to provide more credit facilities and other financial services to women entrepreneurs.

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