

Microfinance Institutions and Women Entrepreneurs: A Study of Enugu State, Nigeria.

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ABSTRACT

The study was carried out to investigate the microfinance institutions and women entrepreneurs in South Eastern part of Nigeria. The study adopted survey research method. The sample for the study was three hundred (300) women in small and medium enterprises in Enugu State. This sample consisted of 18-25 years hundred (100), 26-35 years hundred (100), 36-45 years (50) and 46 years - above (50). Stratified random sampling methods were used to draw the sample. Structured questionnaire was used to obtain data from the respondents. Data were analyzed and interpreted from the results. Findings revealed that have women are empowered between 18-25 years and 26-35 years through Provision of Fertilizers to Women Farmers in Rural Areas, Credit Facilities for Food Vendor Business. These have affected the women in areas of: self employed, reduction in commercial sex hawkers and self-reliance in Enugu state. The study recommended that to improve on the entrepreneurship development of women, there should free interest rate for women access to loan and subsidy in agricultural products to enable them succeed in their entrepreneurship career in South East, Nigeria.

Keywords: Entrepreneurship, Women, Microfinance Institutions and Entrepreneurs.

INTRODUCTION

Women's education can be regarded as a kind of knowledge given to women for enhancing their self-respect and self-dignity. This knowledge can be in form of formal, non-formal and informal education, it can also be in form of Adult

Education, Community Development, Workshops, seminars, Conferences and Training. Women's education is for making women to become economically independent and empowered for self-reliant in any Nation [1]. This implies that

when women are educated, they are empowered, and when they are empowered, they are financially supported by micro financial institutions and contribute to overall economic development of any society they find themselves.

Microfinance institution is the provision of financial services to low-income clients or solidarity lending groups including consumers and the self employed, who traditionally lack access to banking and related services [2]. Microfinance involves offering of financial services for people barred from the time-honoured system because they cannot offer bank guarantees. Financial services generally include savings and credit; however, some microfinance organizations also provide training, insurance and payment services [2].

The rise of the microfinance industry represents a remarkable accomplishment taken within historical context. It has overturned established ideas of the poor as consumers of financial services, shattered stereotypes of the poor as not bankable, spawned a variety of lending methodologies demonstrating that it is possible to provide cost-effective financial services to the poor, and mobilized millions of dollars of —social investment for the poor. It must be emphasized too that the animating motivation behind the microfinance movement was poverty alleviation. Not

only that, but microfinance offered the potential to alleviate poverty while paying for itself and perhaps even turning a profit—doing well by doing good. This potential, perhaps more than anything, accounts for the emergence of microfinance onto the global stage [3].

Over the years, microfinance has emerged as an effective strategy for enhancing economic growth across developing countries. Micro; small and medium enterprises are turning to Microfinance Institutions (MFIs) for an array of financial services. Credit allocation is a powerful instrument to fight poverty, increase productivity, output and enhance economic growth. Access to financial services enable poor households to move from everyday life for survival to planning for the future, investing in better nutrition, their children's education and health and empowering women socially [4]. With the advent of microcredit programm in Nigeria, it has obtained a new identity, a new meaning and a place in development literature. It is no more a mere concept; it is now a worldwide movement. Microfinance is acknowledged as one of the entrepreneurship innovation and prime strategies to achieve the Millennium Development Goals (MDGs) [4].

Entrepreneurship involves the ability to set up a business enterprise as different from being employed [5].
Entrepreneurship Development

Programme (EDP) is designed to help an individual in strengthening his entrepreneurial motive and in acquiring skills and capabilities necessary for playing his entrepreneurial role effectively. It is necessary to promote this understanding of motives and their impact on entrepreneurial values and behaviour for this purpose." Now, we can easily define EDP as a planned effort to identify, inculcate, develop, and polish the capabilities and skills as the prerequisites of a person to become and behave as an entrepreneur [6]. This implies that entrepreneurship is the ability that involves the acquisition of skills, ideas, managerial competencies necessary for self-employment and the entrepreneurial spirit to propel and sustain wealth creation youth and especially women in our society.

Women entrepreneurs are risk-taking businessperson [7]. She is a person who initiates or finances new commercial enterprise. Developing entrepreneurial skills, and therefore suggest the provision of a conducive working environment that places every individual on development programme as an entrepreneur for a specified period of time [5]. Studies have also shown that women entrepreneurs, mostly in developing countries, lack the ability to save yet savings are needed to protect income, act as a security for loan and could be re-invested in the business Savings as a micro-finance factor enable people with few assets to save, since they could make weekly savings as well as contribute to group savings, and such savings are mobilized by the micro-finance institutions for further lending to other clients, [8].

STATEMENT OF THE PROBLEM

Women entrepreneurs have been a source of livelihood to their respective families. Many of them have developed entrepreneurial skills when still in secondary schools and being using them to make a live for self-reliance. But, they still lack adequate fund or capital to establish business that may improve their lives in Enugu state. Access to loan from commercial banks are always difficult to get or sometimes not possible. These challenges gave birth to establishment of

many micro-credit or MFIs in the state and beyond to help these women entrepreneurs get loan easier and faster to set-up a business. Many women with business ideas and other entrepreneurial skills are now accessed loans and more are willing to source for loan for small and medium business enterprises. This study is posed to investigate how microfinance institutions in Enugu state impact on women entrepreneurship development.

PURPOSE OF THE STUDY

The main purpose of the study is to investigate how microfinance institutions impact on women entrepreneurship development on;

1. food vendor business
2. fashion designers business
3. make-up artist/ decoration business,
4. Farming/Poultry business.
5. Women Traders

Theories of Entrepreneurship

Marshall's theory of 1920 explains equilibrium conditions of the market under the assumptions of perfect knowledge information, and perfect competition. Marshall analyzes the

normal running of the business as entrepreneurship, but recognizes that some businessmen are much more enterprising than others. Economic progress is achieved in terms of a variety of small improvements in the production process and in the range of quality of products available. The Schumpeterian entrepreneur has the ability to decide and direct, he is innovative, applying new methods of production on the market, thereby opening up new markets. This makes him the socioeconomic "great". His creative ability gives the entrepreneur a chance to make excess profits, but only temporarily as imitators enter the market using the same methods [9].

LITERATURE REVIEW

Development of microfinance is vital to the development of entrepreneurship activities in South East, Nigeria. People in South East have access to capital for entrepreneurship development through microfinance. Microfinance has affected entrepreneurship in the South East positively. The major contribution of microfinance institutions to the developing economy like that of Nigeria is its role in promoting entrepreneurship development in the nation. One of the goals of entrepreneurship routed by

successful Nigerian government has been the reduction of unemployment and poverty alleviation. A cordial thrust in public policy for the achievement of indigenous entrepreneurship in South East, through the provision of long term loans to women and equity capital by banks for enterprise. Given the gap between savings and invertible funds, the short fall is provided by credit delivery. Many newly developed and developing microfinance institutions have therefore made credit delivery an endurable

strategy in the development of entrepreneurship in both industry and agriculture.

Although the Federal Government of Nigeria instituted all these financial institutions and various measures to develop the economy and fight poverty through the small scale businesses, the initiatives involved the collaboration of the Federal Ministry of Finance and the Central Bank of Nigeria (CBN) through the establishment of specialized institutions and programmes like the Bank of Agriculture (BOA), Community Bank (CBs) now Microfinance Banks, Nigerian Agricultural Credit Guarantee Scheme and National Poverty Eradication programme (NAPEP) [1]. Yet all these institutions and programmes failed to fully empower the Nigerian women and youth entrepreneurs because of the high risk associated with lending to these entrepreneurs. However, South East government recognized the need to encourage the micro; small and medium scale enterprises through the provision of credit to boost production, create jobs, reduce poverty and ensure inclusive economic growth and development in the economy. For example, in 2014 the Central Bank of Nigeria (CBN) released N220 billion Micro, Small and Medium Enterprises fund to help entrepreneurs with capital for their businesses, with 60% of this fund targeted at women entrepreneurs [10].

CHALLENGES OF WOMEN ENTREPRENEURIAL IN SOUTH EAST

Inability for some women to acquire necessary entrepreneurship skills, high interest rate in the credit loan facilities from MFIs, regressive tax by the government of the day and gender inequalities in our society contributed to the downfall of women entrepreneurship development by MFIs financial initiative and support. A common sight in Africa's sprawling peri-urban areas is the widespread proliferation of women petty traders, hawking everything from garden produce to imported consumer goods. These small-scale merchants represent perhaps the fastest growing segment of the labour market in Africa, attracting the unemployed female, the displaced, and the impoverished. Recent economic stagnation and restructuring on the continent spurred new growth in this sector, as waged employment declined and inflation spiraled. At least part of the restructuring has been under the watchful eyes of the International Monetary Fund (IMF) and the World Bank, whose programs have slashed public sector employment, urban subsidies (including subsidies on food), and the exchange value of local currencies. All of these have made it difficult for many Nigeria and South East women and Africa women in general to survive without holding

multiple occupations, including involvement in all types of trade [11].

MICROFINANCE INSTITUTIONS AND WOMEN ENTREPRENEURSHIP DEVELOPMENT

The role of women entrepreneurs in national development is becoming widely recognized in both South East and other 5 geopolitical zones of Nigeria. Women in recent years create a positive impact to economic development through their participation in Micro-business, Small and Medium-scale Enterprises (MSMEs) is quite unprecedented despite many challenges they are facing to the fully optimized their economic potential. Female entrepreneurs have been as a major force for innovation, job creation and economic growth [10]. It is a fact that improving financial support for women would increase the number of new businesses, which in turn would boost economic activity, enable the expansion of old businesses leading to increased productivity and growth in South East, Nigeria. Financial empowerment enhances the bargaining power of women at the family level and this allows larger latitude for investment in child-nutrition, health and education, thereby regenerating the future workforce. Beyond the family,

financial freedom is a precursor to gender equality and consequently, the assurance of social security [10].

Women entrepreneurs play a very crucial role in the economic development of their families and South East Region of Nigeria. Through the Microfinance institutions women have been empowered in South East through the following ways:

CREDIT FACILITIES TO START-UP HAIR-DRESSING BUSINESS

It is very common to see women who are naturally skilled in hair dressing without any formal training in Africa, particularly Nigeria. But, most of them lack capital to start-up hair-making or hair-dressing business in South Eastern part of Nigeria. The bottled-neck and rigorous process of accessing loan in commercial banks make it almost possible for women to obtain credit facilities to start-up a business. But today, microfinance institutions have created avenue to access credit loans to start any business without much difficulties. With this hair-making skill, women are becoming entrepreneurs in that area because MFI is issuing loan to many women who have demonstrated their interest and prowess to start a hair-making business for self-reliance.

CREDIT FACILITIES TO START-UP MAKE-UP/FASHION DESIGN BUSINESS

Many young women are into fashion designing, even as a student in

universities. When graduated, most of them wish to establish a business of their own and make profits. Make-up/fashion business is very lucrative business among women in South East due to the region is predominantly ceremonies like; wedding, traditional marriage, naming ceremony, child dedication etc, every weekend. Many women need little fund to purchase equipment for the business to flourish effective. This little fund can be accessible only through the simple loan from the microfinance Institutions, which cannot be accessed in commercial banks in Nigeria. within one year, many of these women have become employer of labor in their respective states.

PROVISION OF FERTILIZERS TO WOMEN FARMERS IN RURAL AREAS

Microfinance Institutions have provided fertilizers to rural women farmers in South East to enable them boost their agricultural products. Most of these women are peasant farmers with little or no fund to purchase fertilizers. With the collaboration of the government, MFI provide these fertilizers free of charge as part of their social responsibilities to the region.

CREDIT FACILITIES FOR FOOD VENDOR BUSINESS

In Enugu state, food business is common and lucrative that requires little or no formal training to start it. Many young

and old women start this business with soft loan facility from MFI in the state after graduation from high school and tertiary institution. Some of them who have started the food vendor business already but, lack adequate fund to keep the business going due to fund. MFI still assist this group of individuals in this category to sustain their business for self-reliance.

WOMEN EMPOWERMENT THROUGH GIRL-CHILD EDUCATION

Educating a single girl is like educating the whole society, as mother is the first school for a child. Parents are often more likely to pull a girl-child out of school over a boy when fees become hard to find. The education of the girl child can have a tremendous impact on way of life and the economy. Women are very important to society; their role as home caretakers and mothers places them in a vital position in the positive development of any society [9].

EMPIRICAL STUDIES

Few of the empirical research papers on women entrepreneurship were analyzed to support the study and clearly know the missing gap in knowledge that this study will fill. [12] in their paper titled: The contributions of women entrepreneurs in socio-economic development: A study of selected local government in Anambra state. The population of this study was

3000 selected women entrepreneurs from three the local governments in Anambra State. It was impracticable to study the whole population therefore the study settled for a sample size. The sample size of the study was computed to be 353 using Taro Yamani formula {1967}.The study used descriptive statistics (frequencies and percentages) to answer the two research questions posed. Hypotheses were tested at 5% level of significance with Pearson Product Moment correlation and multiple regressions were employed in Data analysis. SPSS (Statistical Package for Social Science version 17) software was used to run the analysis. The instrument used for data collection was a structured questionnaire. Three hundred and fifty three (353) copies of questionnaire were administered, and one hundred and forty six (146) copies were returned. Consequently, the findings of this study portrayed a significant impact between Women entrepreneurship activities, job creation, wealth creation, youth empowerment, poverty reduction, employment generation and increase in standard of livings of people. The study therefore recommends that government should ensure that managerial lessons are accompanied with the skill acquisition programs to all women in order for them to understand the rudiments of owning and sustaining a business. The study also recommends that women entrepreneurs

that have overcome the inertia of starting a business should come together to create platforms that can help those women who are yet to take a step or kick-start such venture.

[13], in their study titled: assess the prospects and problems of entrepreneurship development in Nigeria, ascertain the challenges of entrepreneurship development in Nigeria; identify the extent to which technology enhances entrepreneurship development and determine the contributions of government towards entrepreneurship development in Nigeria. The study was carried out primarily through the survey method and interview of entrepreneurs in the Agricultural sector at three locations namely Igbariam, Awka and Abakiliki. Secondary data were obtained through books, journals, and internet. The study had population size of 686 out of which a sample size of 230 was realized using Taro Yamane formula at 5% error tolerance and 95% level of confidence. Instrument used for data collection was primarily questionnaire and interview. 230 copies of the questionnaire were distributed while 208 copies were returned. The survey research design was adopted for the study. Chi-Square statistical tool was used to test the three hypotheses using SPSS. Findings indicate that multiple taxes and levies, lack of knowledge of technology and unfair competition are the Challenges of

entrepreneurship development in Nigeria; Technology enhances entrepreneurship development in Nigeria through improved customer satisfaction and reduction in transaction time; Provision of technical support and research center are the contributions of government towards entrepreneurial development in Nigeria.

The study however recommends that Government, private sector and NGOs need to strengthen the existing empowerment programmes that are geared towards encouraging entrepreneurs to identify opportunities that exist within the Nigerian business environment.

METHODOLOGY

This study adopted a survey design. According to [14], a survey design research merely describes events in their most naturally occurring conditions without the researcher manipulating any variable(s) involved in the investigation. Descriptive survey is most useful in the description of conditions as they exist in their natural setting. [3] further explains that in descriptive survey designs, a group of people, items or things are studied by collecting and analyzing data from only a few people, items or things considered to be representative of the entire population. Data are collected, organized and analyzed and the results described as they exist without interference. This design is preferred for this study because data were collected from a few secondary school principals, after analyses, inferences were generalized to all secondary school principals in Enugu state.

The sample for the study was three hundred (300) women in small and medium enterprises in Enugu State. This sample consisted of 18-25 years hundred (100), 26-35 years hundred (100), 36-45 years (50) and 46 years - above (50). Stratified random sampling methods were used to draw the sample.

METHOD OF DATA ANALYSIS

Statistical tools that were used for data analyses for the study were frequency, percentage and mean. Specifically, these statistics tools were used to analyze data that provide solutions to the research problems that generated the Study. The mean scores were interpreted as follows;

Mean scores from 3.5 - 4.0 - Strongly Agree (SA)

Mean scores from 2.5 - 3.4 - Agree
(A)

Mean scores from 1.5 - 2.4 - Disagree
(D)

Mean scores from 0 - 1.4 - Strongly Disagree (SD)

SAMPLE AND SAMPLING METHOD

Table 1: Age Distribution of Women Entrepreneurship Participation

S/N	Age	Participation Frequency	Percentage (%)
1.	18-25 years	100	33.34
2	26-35 years	100	33.34
3	36-45 years	50	16.66
4	46 years & Above	50	16.66
	Total	300	100 (%)

Table 2: MFIs and Types of Entrepreneurship Development

S/N	Business Venture	Percentage (%)
5	food vendor business	23.32
6	fashion designers business	9.90
7	make-up artist/ decoration business,	7.34
8	Farming/Poultry business.	32.11
9	Women Traders	27.33
	Total	100 (%)

Table: 3 Impact of Microfinance Institutions on Women Small and Medium Enterprise

S/N	Items	Mean (X)	Decision
10	Self employed	3.64	SA
11	Self- reliance	3.01	A
12	Self-empowerment	2.89	A
13	Adequate support to the Family	2.77	A
14	Additional skills development	2.65	A
15	Reduction in commercial sex hawkers	3.51	SA
16	Increased marriage among women	2.54	A
	Grand mean	3.00	A

Table 1 revealed that workforce that frequently accessed loans from microfinance institutions in Enugu is young women between the ages of 18 years to 35 years (18-25; 33.34% and 26-

35; 33.34%) against the older women of between 36 years and above (16.66%). This implies that young women are more in number to access credit facilities than older women and better entrepreneurs.

Table 2 results indicated that microfinance institutions give more credit loan to; women farmers (32.11%), women traders (27.33%), and women food vendors (23.32%) to establish a business in Enugu state than fashion designers/decoration (9.90%) and make-up artist (7.34%). This implies that women are more developed and empowered on through these types of entrepreneurship (farming, trading and food vendor) by MFIs. And the last table 3 showed that much impact has been created in women lives in areas of; self-employed (3.64), self-reliance (3.01), reduction in commercial sex workers (3.51), etc. The grand mean of 3.00 implies that respondents agreed that women small and medium scale business have been improved in Enugu state since they have been accessing loans from MFIs in the state.

CONCLUSION

Entrepreneurship and MFIs have created a lot of impact on entrepreneurship development of youth and women especially in South East, Nigeria. MFIs have been seen as the institution that provides financial services to low-income clients or solidarity lending groups including consumers and the self employed, who traditionally lack access to banking and related services. Entrepreneurship Development Programme (EDP) is designed to help women in strengthening their

entrepreneurial motive and in acquiring skills and capabilities necessary for playing their entrepreneurial role effectively in society. Theories of Marshall and Schumpeterian entrepreneur emphasized the connection between entrepreneurial skills and market place for profit making and business development. Challenges include; inability to acquire necessary skills and high interest rate in the credit loan facilities, regressive tax by the government of the day and gender inequalities in our society contributed to the downfall of women entrepreneurship through MFIs financial initiative and support. Some of the entrepreneurial empowerment among women are: hair-making business, make-up artist/fashion designers, access to fertilizers for farming, food vendor business and girl-child education in South East, Nigeria.

RECOMMENDATIONS

From the discussion of the study and conclusion deduced, the following have been recommended to further guide the study:

- 1) There should free interest rate for women who access loan and subsidy on agricultural products to enable them succeed in entrepreneurship career in the Region. Little or no interest rate in loans from MFIs will help them survive the harsh economy.

- 2) Entrepreneurship skills and innovation plan for business should be compulsory subject taught in all the girls secondary school curriculum in South East region and Nigeria in general. This will increase women interest in entrepreneurship career and how to manage loans from MFIs.
- 3) High tax on goods and services should be reduced by the government to enable women who are doing business to survive and be able to pay back loans given to them by MFIs in South East, Nigeria.

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