

Impact of Micro Finance in Empowering Female Entrepreneur in Nigeria

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Abstract

The study discussed the impact of microfinance empowering female entrepreneurs in Nigeria looking at the fundamental concepts in financial sectors with a number of competitors in relations to microfinance industry; series of financial industries try to expand their business to gain more customers through various strategies and techniques. The study explained various methodological approaches introduced in developing open market strategies for attracting number of customers through the provision of loans and other facilities for females in Nigeria so as to update their socio-economic status in the society. The study critically identified the benefits of microfinance bank in boosting female entrepreneurs and how it could effectively enhance the country economic growth. The study explained and analysed the impact of small scale business among women in Nigeria. However, the study was reviewed, data were generated through secondary information sources like journals, books, internet, newspapers, magazines and many more second-hand data. The study revealed that the application of loan and at the process of refunding could be difficult and it affects the productivity of microfinance bank and leads to the collapse of the industry. The study revealed some of its challenges as; corruption, nepotism in the selection of those who would benefit from the loan, bias, laziness from the female who could not handle such money etc. Finally, the study recommends and ensures adequate strategies and methods that could be employed in transforming and keeping those programmes alive.

Keywords: *MicroFinance, Entrepreneur, Female, Empowering and Nigeria*

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Background to the Study

Performance of a unique finance industry has triggered several opportunities for women across the world. The advancement of advocating microfinance as a sector in empowering people to ensure advocating real policy that could affect human lives and improve greater opportunities which several countries in the world have utilized to further economic and business opportunities. Microfinance services which include savings account, insurance funds and credit provided to the needy in order to assist them to increase their income and have proper future. Microfinance is a business venture responsible for providing for individual and small businessmen who could not have access to the banking system.

In many African countries, microfinance institutions were designed for the purpose of improving socio-economic wellbeing of the poor, particularly in the developing nations. Example, Burundi, Madagascar, Kenya, Ghana, and other African nations through the collaborative effort from the world bank and other business institutions. These institutions have tremendously made progress on micro institution

“Improved financial services are needed most in Africa's Poorest economies and countries emerging from conflict, Microfinance is a critical tool in the fight against poverty. And an important part of IFC's effort to support the Development of a vibrant private sector in the region” Thierry Tanoh, IFC Vice President, Sub-Saharan Africa

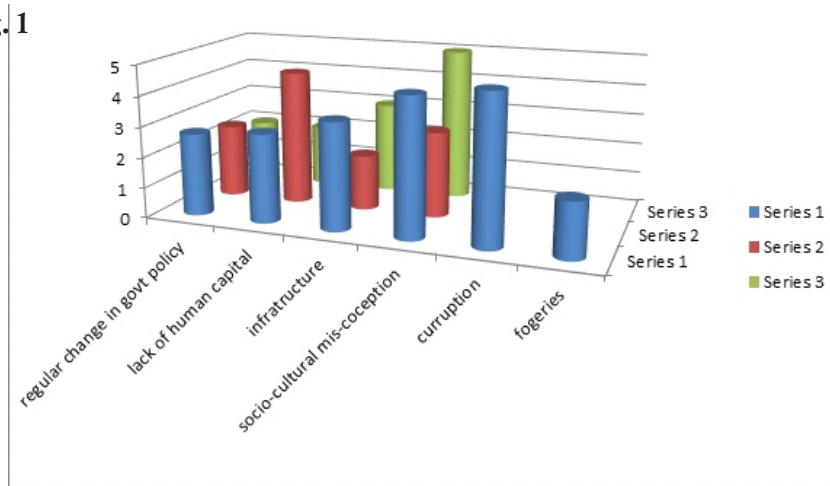
Similar to the above quotation is the position of the researchers in respect of microfinance institutions in Africa. Africa as a continent is a growing economic nation introducing several means of business for survival, Africans have faced several instabilities, conflicts and other related manmade and natural disaster that have hindered its development. Despite all these challenges, microfinance institutions have drawn several strategies and plan to ensure adequate transformation and improved positive lives for Africans. According to (Mohammed and Hassan, 2008), Nigeria's microfinance industry has come to live in a very critical way. Its fundamental aim is to boast the entire four well-known models in the industry. A Central Bank of Nigeria (CBN) study identified as at 2001, 160 registered microfinance institutions (MFIs) in Nigeria with aggregate savings worth N99.4 million and outstanding credit of N649.6 million, indicating huge business transactions in the sector (Anyanwu, 2004). As at 2011, 820 microfinance banks (MFBs) have been registered in Nigeria (CBN, 2011).

The justifications from the researchers argued that, several methodological strategies were conducted by CBN in ensuring adequate and effective distributions of relief materials and cash among poor Nigerian so as to improve their fundamental welfare at the same time updating status of the neediest. (Anyanwu, 2011), noted that microfinance banks have been registered as legal institutions in Nigeria by CBN, 2011. Since that, assistance have been given to poor Nigerians to established businesses, particularly women in the rural areas.

Statement of the Research Problems

Microfinance institutions globally have external and internal problems that have hindered the smooth movement of the sector. Nigeria in particular has several problems that has led to the downfall of the institutions. However, the summary of the problems is as follow.

Fig. 1



Sources: 2020, Reviewed Work.

The above demonstration shows a brief explanation of the statement of problems, the study has identified some certain problems that could serve as additional variables, regular change in governmental policies and problems has the greater impact in the establishment of microfinance institution, such government policies are, extensive tax, labeled rules and regulations that could not favor business environment, lack of human capital also is one of the problems on the table which affects microfinance sector in Nigeria. Human capital refers to the ability for factors of production used to create goods and services through the ability of knowledge, skills, habits, social and personality attributes. Human capital is basically creativity and attributes possessed by humans through their technical know-how, infrastructure, socio-cultural beliefs of people regarding microfinance industry, poverty and many more. However, several approaches have been put in place for the smooth functioning of this sector, government, non-governmental organizations, spiritual leaders, traditional leaders, stakeholders, individual and many more, have a stand in several times education people on the significance of microfinance sector in our society.

Objectives of the Study

The study intends to highlight the nature and pattern of microfinance institution across the globe. However, the study will identify the fundamental benefits of micro-finance institutions to Nigeria economy and its impact to the poor. To identify the social, religious and traditional determinants that denied women involvement. The study will explain the challenges facing micro institutions in Nigeria and therefore foster recommendations to those challenges.

Reviewed of the Literature

Background of Micro-Finance Bank

December 2005, CBN established a Microfinance Policy Framework to enhance access of micro-entrepreneurs to financial services required to boost, expand and/or modernize their operations and contribute to rapid national economic growth. This was introduced to allow the economics of the nation actively employ Nigerians who are poor and to ensure those in the

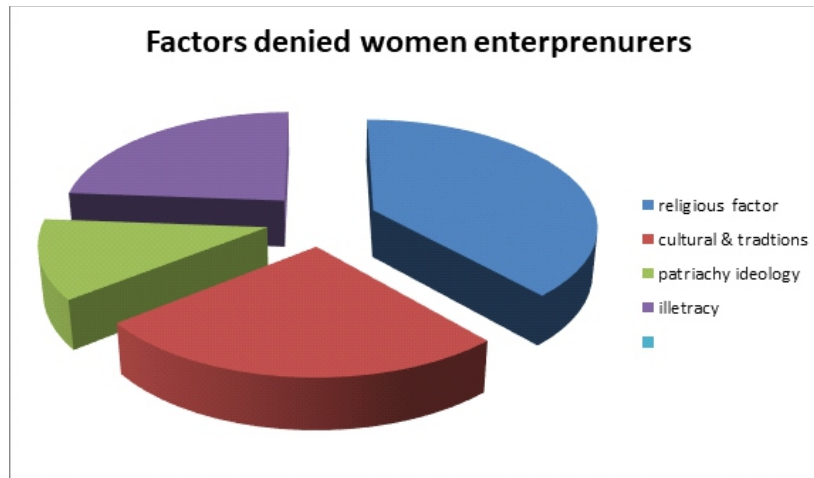
rural areas have access to loan and other facilities. The rationale behind this was to make sure access is increased in terms of agricultural loan that leads people in the rural areas to development. People-based growth can be achieved without increasing the access of this category of entrepreneurs and the active poor to factors of production, especially financial services (CBN, 2011). However, in order to enhance the free flow of financial services to Nigeria's rural areas, particularly, to women who are in need for financial assistance, the fundamental responsibility of Central Bank through micro-financial institution. Government has in the past initiated a series of publicly financed micro/rural credit programs for rural women as a policy targeted at poor women and men. Key among such programs were as follows; Rural Banking Program, Sectorial Allocation of Credits, and Concessionary Interest Rate. These programs were introduced as a result of assisting women in rural communities to create small scale business. Agricultural Credit Guarantee Scheme (ACGS). Other institutional arrangements were the establishment of the defunct Nigerian Agricultural and Cooperative Bank (NACB), National Directorate of Employment (NDE), Nigerian Agricultural Insurance Corporation (NAIC), defunct Peoples Bank of Nigeria (PBN), Community Banks (CBs) and Family Economic Advancement Program (FEAP) (CBN, 2005). In the year 2000, the government of Nigeria merged NACB, PBN and FEAP to form the Nigerian Agricultural Cooperative and Rural Development Bank (NACRDB) to enhance the provision of finance to the micro-entrepreneurial sector. It also created the National Poverty Eradication Program (NAPEP) with the mandate of providing financial services to alleviate poverty as well as the transformation of Community Banks to Microfinance Banks (MFBs). In spite of the roles of government and private sectors in micro-financing activities, more grounds need to be covered.

The position of the researchers with regard to the above explanation on the brief background of the all of these banks were established to handle the needs for those women and men entrepreneurs, despite the population of the rural women and the small scale business engaged by women in the rural areas, the schemes and the institutions could effectively achieve the needs of women in Nigeria. The rate of women needs and number of financial assistance given to were completely different from that given to their male counterparts, the researchers noted that patriarchy ideology, that is, men domination is one of the factors that denied women access to financial assistance.

Factors that Denied Women Involvement in Business and the Role of Micro Finance Banks in Nigeria

Numbers of social, religious, traditional and even political factors have denied women in Nigeria access to microfinance banks. Example, in some part of northern Nigeria, majority of people believe that a woman should not go out unless she takes permission from her husband. Below are some demonstrations revealed by some literature concerning factors that denied women entrepreneurs micro-financial assistance.

Fig. 2

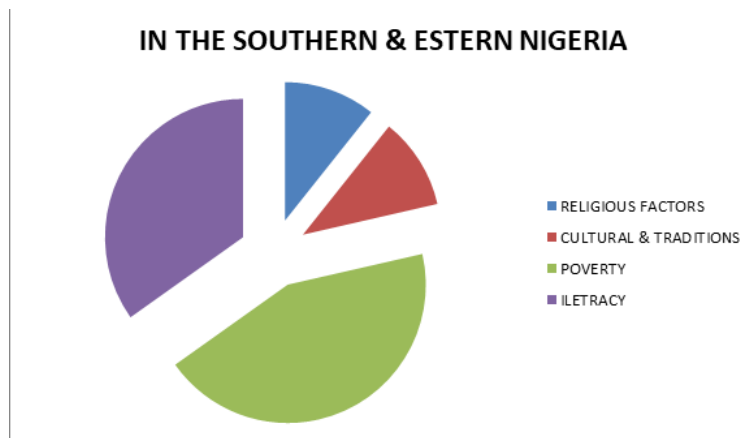


Sources 2020 reviewed paper

The above table indicates the critical factors that denied women entrepreneur in the northern part of the country.

Below are Factors that Denied Women Entrepreneurs in southern and Eastern parts of Nigeria

Fig. 3



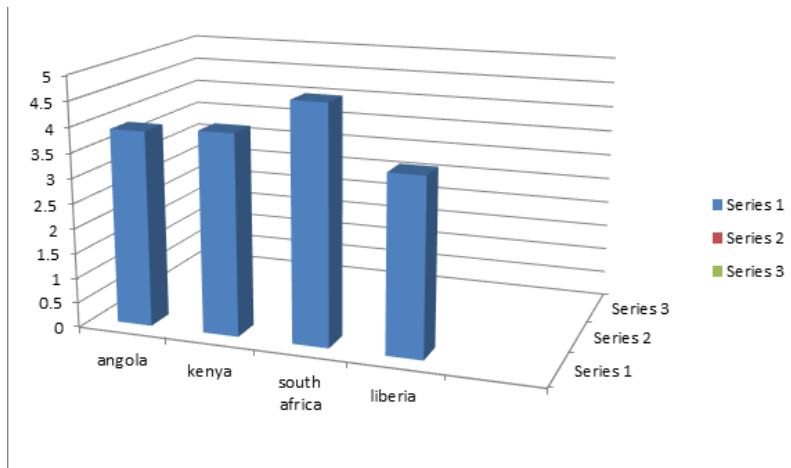
Source: 2020, Reviewed from Literature

The above diagrams accounts for the relationships between entrepreneur and microfinance among women in Nigeria. Adongo and Stork (2005) argued that religious and traditional factors have completely denied women engagement in small scale business. While the case was different from that of western and eastern parts of Nigeria. The stand of the researchers was to justify the argument and issue valid proof that could identify factors that hinders southern Nigeria such as illiteracy and poverty.

Global Women Entrepreneurs Across the African Nations

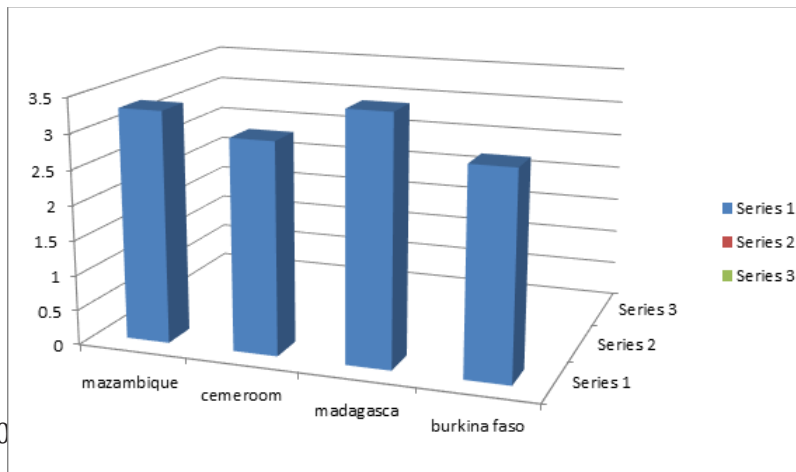
Angola Benin (3.8%)DR Congo Ghana Kenya (3.9%) Mozambique, (3.3%) Nigeria, 2008, Cameroon Tanzania, (2.8%) 2007, Madagascar, (3.4%). 2010, Burkina Faso(2.7%) Burundi Côte d'Ivoire Rwanda Zambia, 2009, Liberia, Senegal Sierra Leone, 2011, Congo Ethiopia Malawi South Africa (4.4%)

Fig. 4



Source: 2020 reviewed.

Fig. 5



Source: 2020

The above global demonstration indicates that several countries have differed in the rate of women involvement in entrepreneurship and how microfinance institutions employed some mechanism for improving their lives. It has understood that the table result categorically noted that African countries are developing various strategies in providing adequate facilities for poor women to improve their living standard and at the same time increase the country's capital and, therefore, expand the market.

Theoretical Framework

Feminist Empowerment Paradigm is one of the theoretical stands the study employ in understanding, explaining, predicting and possible control of human social phenomenon. Empowering women through microfinance is one of the critical issues for promoting sustainability and reducing poverty among women. Women's empowerment is seen as an integral part of a wider process of social transformation. The epistemological responsibility of the model was to emphasize poor women and provide ways in enhancing their economic status in the society

According to Mayoux (2005), the method was more focused on gender equality and women's economic and socio-political empowerment. According to Chen, MIF would be based on participatory principles to build up incremental knowledge of industries and enable women to develop their strategies for change (Chen, 1996). The entire explanation of this paradigm were to enable women developmental capability in improving their ability to break the gaps between socio-cultural background that hinder the power of women in human society, therefore the fundamental assumptions of this model was to ensure equal distribution of goods and services among men and women and to break the patriarchy ideology that denied women positive opportunity to acquire esteem regard in human society. Another assumption of the study was to ensure women were engaged in various aspect of the Nigerian economy as it could contribute vitally in the development of the nation. According to (Bamlaku, 2006), the idea of women liberal model was to disconnect the ideology of women being viewed as second class in the society. However, the position of the researchers were to critically predict that if this gender bias continues it would affect the pattern of women personality and increase the rate of poverty among them. The framework of women empowerment through microfinance outcome view women empowerment control over savings and income participation in decision making, increased in ownership of assets, increased in mobility and activities outside home, increased self-efficacy, microfinance institution enhances women participation in micro-credit services resources (condition), provision of micro-credit services, unequal gender treatment due to social and cultural, legal, economic and political structure.

Challenges Facing Women Entrepreneurs in Nigeria and Access to Micro Finance

A number of shortcomings were observed which left a lot of questions unanswered. It was understood that a number of shortcomings differs based on societies, place, duration and geographical location. For example, in developed nations the idea of philosophy of women in business and impact on microfinance were not the questioned, in African nations were women constitutes half of the population and majority of women were poor and only few could have access to any financial institution, however, several factors were associated with these ugly myths, social factors, religious, traditional, poverty, illiteracy, patriarchy ideology, cultural belief, weakness among women and many more. Women involvement depends on the existence of certain parameters in a society, in which they are not equally shared among African societies, and therefore societies that are not availed with such parameters cannot enjoy the benefits in women involvement in business. It can further be in line with the believe that women's place is restricted within the household. At least that supports most positions held by some African Societies on Women (African poet).

Conclusion

The impact of microfinance in empowering female entrepreneurs in Nigeria is one of the issues that is eating global phenomenon in African nations today where they were looking for all means to ensure women engagement in business, through assisting mechanisms from micro financial sectors, that could at least help women to improve their social, economic and political status. Similarly, following all these, certain problems could have mitigated women involvement in business, such limitations are: socio-cultural and religious factors and other factors that denied and limited women in business.

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