

## Microfinance Services and Promotion of Activities of Women Entrepreneurs: A Case Study of Alache Microfinance Bank (AMB) in Cross River State, Nigeria

<sup>1</sup>Anam, Bassey E.; <sup>2</sup>Unimna, Fidelis A.; <sup>3</sup>Uzoh, Esther E.; <sup>4</sup>Osaji, Nsagha N.; <sup>5</sup>Unimke, Sylvester A.; <sup>6</sup>Agu, Sunday V.; <sup>7</sup>Offem, Odim O.; <sup>8</sup>Obinna, Osuji C.

<sup>1</sup>Institute of Public Policy & Administration; <sup>2,5&7</sup>Department of Social Science Education; <sup>3</sup>Department of Social Work; <sup>4</sup>Department of Human Kinetics and Health Education, University of Calabar, Calabar; <sup>6</sup>Department of Economics, Enugu State University and Technology, Enugu; <sup>8</sup>Department of Economics, Michael Okpara University of Agriculture, Umudike, Abia State.

Corresponding Author: drbasseyaname@gmail.com

### Abstract

This study examined ways microfinance services promote the activities of women entrepreneurs in Cross River State with Alache as a case study. Specifically, the study determined ways access to credit services and business support services of Alache Microfinance Bank (AMB) promote activities of women entrepreneurs in Cross River State. The study used a survey research design. Population was made up of 270 women entrepreneurs who were beneficiaries of AMB's microfinance programmes. Instrument for data collection was questionnaire. Data were analyzed using mean and standard deviation. Results reveal 12 ways access to credit services of AMB promote activities of women entrepreneurs in Cross River State. These include, among other, access to credit encourages women entrepreneurship to get credit as business loan interest rate is low ( $\bar{X}= 3.92$ ). Also, business support services of AMB promote activities of women in 11 ways, including, financial advisory services improve the knowledge of women entrepreneurs in managing their finances ( $\bar{X}= 3.85$ ) and others. Based on the results, the study made three recommendations, including; expanding microfinance services to more rural areas, providing flexible conditions, and integrating financial literacy programmes into the services.

**Keywords:** Microfinance, Women, Entrepreneurs, Financial, Inclusion, Business, Support, Services, Economic, Empowerment

### Introduction

Microfinance services have emerged as a powerful tool for promoting financial inclusion and empowering marginalized populations, particularly women, in various parts of the world. Microfinance provides financial services, including credit, savings, insurance, and remittances, to low-income individuals who lack access to traditional banking services. Microfinance targets low-income

people without access to the formal lending system (Rehman *et al.*, 2015). It is generally dedicated to needy communities to support economic development by expanding their entrepreneurial activities (OECD, 1998). Capacity building services, management, vocational skills training, consultancy, advisory services, marketing assistance, information, technological development, transfer, and business linkage promotion

are typical services rendered by the latter (Khavul *et al.*, 2013). Women's entrepreneurship development has garnered increasing attention in recent years as a catalyst for economic growth and social advancement. Donors, international public institutions, governmental authorities, non-governmental organizations (NGOs), private corporations, charities, research institutes, and businesses have launched programs or policies to encourage and support female entrepreneurs.

According to Rua (2018), Women entrepreneurship is the economic activity of women who think of a business enterprise, initiate it, organize and combine the factors of production, operate the enterprise, undertake risks and handle economic uncertainty involved in running a business enterprise. They initiate programmes to improve entrepreneurial skill capacity, strengthen women's networks, facilitate funding and training, or create policies to encourage better startups and business expansion. Women are less likely than men to be involved in entrepreneurial activity globally (Vossenber, 2023). Okafor & Mordi (2010) argued that women entrepreneurs contribute to whole entrepreneurial activities, which includes recognizing and harnessing opportunities in their surroundings by creating goods and services for their society. Vossenber (2023) stated that women-owned enterprises contribute significantly to employment generation, income generation, and poverty reduction in developed and developing economies.

Studies (Singh, 2010; Duflo *et al.*, 2015; Khan, *et al.*, 2016; Khaleque, 2018; Egwu & Ugwuala, 2019) about women entrepreneurs have also proven their business excellence, economic growth,

and development, as well as about sustainability and sustainable peace. Women are better at using credit than men (Khaleque, 2018). At the same time, many poor rural women lack ownership and control over property such as land (Khan, *et al.*, 2016). Palaniappan, *et al.*, (2012), in their study, analyzed the motivational factors and other factors that influence women to become entrepreneurs, the major strengths and weaknesses of women entrepreneurs and the environmental opportunities and threats which promote entrepreneurship, and offered suggestions to promote women entrepreneurship in selected districts in Tamilnadu. They opined that women have been triumphant over domestic barriers and gaining access to various professions. Knowledge, adaptability, and business skills are an added advantage for women who indulge in entrepreneurship. They concluded that finance, lack of training, and education are the reasons why women entrepreneurs fail to reach their zenith (Palaniappan, *et al.*, 2012; Baharudin, *et al.*, 2021).

Khaleque (2018) acknowledged that in Nigeria, women entrepreneurs have played an important role in enterprise development, employment generation, and poverty reduction. Women have always played an active role in their local economies. Women not only produce food but also trade giving them a developed knowledge of local markets and consumers. Egwu & Ugwuala (2019) maintained that the role of women in sustainable development has become increasingly an important issue in recent years and this has been due to the shift of emphasis away from equity concerns to the recognition of the productive role women play and the contribution they can make towards economic growth and

development. In Cross River State Ogundiran *et al.*, (2024) disclosed that women's participation in entrepreneurial activities not only supports their family income but also plays a significant role in economic development and social well-being of the society. John-Eke & Gabriel (2023) further admitted that the participation of women in entrepreneurial activity makes them not only self-confident and self-dependent but also see themselves as actualized women. In a similar study, Okafor & Mordi (2010) appreciate their role and stressed that women entrepreneurs in the southern senatorial district are women who contribute to whole entrepreneurial activities, which includes recognizing and harnessing opportunities in their surroundings via the creation of goods and services for their society.

There are policies at the international and national levels that support women entrepreneurs. The most notable instruments and commitments are the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW), the Convention on the Rights of the Child (CRC), the Vienna Conference on Human Rights, and the Beijing Platform for Action (BpfA), New Partnership for African Development (NEPAD), AU Solemn Declaration for Gender Equality, African Protocol on People's Rights, and the Rights of Women (APRRW), International Conference on Population Development Plan of Action (ICPD PoA), the Millennium Development Goals (MDGs) and the Sustainable Development Goals (SDGs) and importantly, the Nigerian Economic Recovery and Growth Plan (2017-2020) (National Gender Policy, 2023). Despite these policies, Egwu & Ugwuala (2019) raised concerns that women

entrepreneurs are not achieving their full productive potential. Women entrepreneurs are sidelined, neglected, and unrecognized by the government as one of the leading factors of economic development. This development has resulted in their low productivity and women losing confidence in participating in entrepreneurial activities. Scholars have stressed that women entrepreneurs face numerous barriers, including limited access to capital, markets, power instability, lack of training and development, and as such inexperience in managerial skills and competence. Information, and supportive networks, impede their ability to start and grow businesses (Egwu and Ugwuala, 2019; Mbotto, *et al.*, 2023; John-Eke & Gabriel, 2023; Vossenber, 2023). There is still the problem of less access to credit for women entrepreneurs (Alkire, *et al.*, 2013), which is thought to be one of the major obstacles for them pursuing their income-generating activities (Mahmud, *et al.*, 2019). The consequence of this is the increasing level of poverty in Nigeria and Cross River State in particular. The aim of the study was to determine ways microfinance services promote the activities of women entrepreneurs in Cross River State.

### **Objectives of the study**

The general objective of this study was to investigate ways microfinance services promote activities of women entrepreneurs in Cross River State with Alache microfinance bank (AMB) as a case study. Specifically, the study determined ways the following services of AMB promote activities of women entrepreneurs in Cross River State through:

1. access to credit.
2. business support.

**Methodology**

**Research Design:** This study adopted the survey research design.

**Area of the Study:** The area of study was Obudu Local Government Area (LGA) in Cross River State, Nigeria. The area is largely agrarian. The residents (males and females) are mostly farmers and traders. Alache Microfinance Bank Limited is the case study used for the study. Microfinance has supported the development of small and medium-scale businesses in the study area.

**Population and Sample of the Study:** The population of the study consisted of 270 women, who are customers and beneficiaries of loans from Alache Microfinance Bank, situated in Obudu, Cross River State. The entire population was used because the size was small and manageable.

**Instrument for Data Collection:** Questionnaire was used for data collection. It developed based on literature review and the specific objectives of the

study. The instrument had a 5-point scale. It was validated by three university experts in Business education.

**Method of Data Collection:** Two hundred and seventy (270) copies of the questionnaire were administered to respondents. A comprehensive explanation of the main objective of the study was provided to the respondents. Illiterate respondents were guided as the questionnaire served as an interview schedule for them. All the 270 copies of the questionnaire were retrieved. This represents a 100 per cent return.

**Data Analysis Technique:** Data collected was analyzed using mean and standard deviation. Based on the 5-point scale of the instrument, 3.00 was adopted as the cut-off mean for decision making. Any item with mean of 3.00 and above ( $\bar{X} \geq 3.00$ ) was considered a way AMB services (access to credit/business support) has promoted.

**Findings**

**Table 1: Means Responses and Standard deviation on Ways Access to Credit Services of AMB Promote Women Entrepreneurial Activities.**

S/N	Access to Credit Services	$\bar{X}_1$	SD <sub>1</sub>	R
<b>Access to Credit Services:</b>				
1.	promotes entrepreneurial activities.	3.65	0.82	Agree
2.	enables increased level of patronage.	3.22	0.65	Agree
3.	raises household income.	3.23	0.60	Agree
4.	leads to expansion in family savings.	3.46	0.92	Agree
5.	enhances culture of savings.	3.87	0.87	Agree
6.	enhances expansion of product line.	3.28	0.62	Agree
7.	leads to an increase in the number of employees.	3.54	0.78	Agree
8.	increases women interest in expand their business.	3.80	0.56	Agree
9.	encourages women entrepreneurship to get credit as business loan interest rate is low.	3.92	0.88	Agree
10.	encourages women entrepreneurs to request for credit.	3.11	0.78	Agree
11.	encourages female entrepreneurs to seek credit facility, as loan refund is made easy.	3.05	0.87	Agree
12.	encourages them to get credit facility as women are given adequate time for repayment.	3.65	0.82	Agree

*N = No of women 270;  $\bar{X}$  = Mean responses (3.00); SD = Standard deviation; R = Remark*

Table 1 presents data on ways in which access to credit services of AMB activities promotes women's entrepreneurial activities. The Table shows that the mean scores for each of the 12 item is higher than

3.00 ( $\bar{X} \geq 3.00$ ). This implies that access to credit services for AMB activities promotes women's entrepreneurial activities in the 12 ways presented in Table 1 in Cross River State.

**Table 2: Means Responses and Standard Deviation on Ways Business Support Services of AMB Activities Promote Women Entrepreneurial Activities.**

S/N	Business Support Services	$\bar{X}_1$	SD <sub>1</sub>	R
1.	Training women entrepreneur enhances their marketing skills in business.	3.11	0.85	Agree
2.	Training women entrepreneurs improves their skills in managing their businesses.	3.14	0.78	Agree
3.	Managerial training improves women's record-keeping practice	3.09	0.66	Agree
4.	Managerial training improves women's financial knowledge	3.48	0.77	Agree
5.	Managerial training improves women access to new business opportunities.	3.06	0.64	Agree
6.	Financial advisory services improve the knowledge of women entrepreneurs in managing their finances.	3.85	0.58	Agree
7.	Financial advisory services enhance women's ability to save.	3.12	0.75	Agree
8.	Managerial training improves women's business decision making capacity.	3.14	0.62	Agree
9.	Business support services enhance stress-free saving procedures.	3.27	0.63	Agree
10.	Support services enable women to access loans and other relevant services.	3.50	0.60	Agree
11.	Support services encourage women to bargain for reasonable interest.	3.27	0.63	Agree

*N* = No of women 270;  $\bar{X}$  = Mean responses (3.00); SD = Standard deviation; R = Remark

Tabel 2 shows that all the 11 items obtained means of 3.00 and above ( $\bar{X} \geq 3.00$ ). This implies that the items are 11 ways the business support activities of AMB promote the entrepreneurial activities of women.

### Discussions

The findings of the study reveal that access to credit services of Alache Microfinance Bank (AMB) promote activities of women entrepreneurs in 12 ways in Cross River State. The implication of this is that providing access to women entrepreneurs plays a

significant role in developing women-owned micro and small enterprises and household income and consumption. These findings are consistent with those of Thompson (2002), Bonfiglioli, et al (2016), Okafor & Mordi (2010), Singh (2010), and Mahmud *et al.*, (2019), that indicate, among others, that microfinance institutions provide micro-credit, and micro-credits have been source of encouragement to women entrepreneurs for a few decades, hence, micro-credit programs play a significant role in accelerating women's income. More so, statistics from the International Monetary

Fund (2019) indicate that, worldwide, women earn 63 percent less than men, yet they spend three times as many hours in unpaid labour. Therefore, empowering women means allowing women to survive, and live a life of respect, dignity, self-esteem, and self-confidence, while helping them on making their own decisions. Access to credit facilities will lead to business expansion, employment generation, and poverty reduction in Nigeria, and Cross River State in particular.

Findings of the study also reveal that business support services of Alache Microfinance Bank (AMB) promote activities of women entrepreneurs in 11 ways in Cross River State. Support services provided to the women by Alache Microfinance Bank include training on how to develop business plans, business monitoring, and growing and sustaining the business. This informal business education has provided a significant impact on business growth in the area. These findings are consistent with those of *Thaheer, et al* (2021) in a study carried out in Jordan which reported a meaningful relationship between training, on the one hand, and the rate of income, assets, and savings of female entrepreneurs, on the other hand. The findings are also supported by those of *Salum* (2014); *Fidrmuc and Kostagianni*, (2015); *Abebe & Kegne* (2023); and *(Aina, 2003)* who studied the role of microfinance services on entrepreneurial development in selected African countries. Their studies revealed microfinance institutions that play a significant role in enhancing micro-entrepreneurs, through the provision of loan services, consultation, training, and business monitoring services. Microfinance as a financial service provides access to financial services for

low-income and unemployed people (*Baharudin, et al., 2021*). Business support services have been quite successful in reducing poverty and promoting economic development (*Shkodra, 2019*).

### **Conclusion**

The study aimed to investigate ways microfinance services promote the activities of women entrepreneurs in Cross River State. The findings show that access to credit services of AMB promote activities of women entrepreneurs by 12 ways in Cross River State and business support services of AMB promote the activities of women entrepreneurs through 11 ways in Cross River State. These results are supported by contemporary research and emphasized the need for financial institutions, especially microfinance banks to support women entrepreneurs in developing, monitoring, and sustaining the local economy.

### **Recommendations**

This study recommends the following:

1. Microfinance banks should expand their services to more rural areas, by increasing access to financial services to women entrepreneurs. This should be done with.
2. Microfinance banks should provide more support services to women entrepreneurs. These could include capacity-building services, vocational skills training, consultancy, advisory services, marketing assistance, technological development, transfer, and business linkage promotion.
3. Microfinance banks also need to offer their customers financial literacy training and savings.

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