

Impact of Microfinance on Women's Entrepreneurship: A Study from Nigeria

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Abstract

Microfinance is considered as one of the most important strategies, for poverty alleviation and entrepreneurship development in developing countries. However, the impact of microfinance on women's entrepreneurship development is still a subject of research, considering the fact that, women have less opportunities and minimal ownership and control over resources, especially in patriarchal societies. Therefore, this study examined the linkage between access to microfinance credit and women's entrepreneurship development in Rivers State, Nigeria. The study adopted a critical perspective and qualitative method of data collection and analysis with the aid of NVivo 12 computer software. The study found little evidence to support claims that microfinance funds provided are used for business development and scaling up enterprises. The study further revealed that women borrowers tend to rely on microfinance to fund household consumption, particularly in absence of social provision, especially when other sources of incomes are constrained (e.g., male unemployment). The attendant impacts lead to a vicious cycle of debt and transfer of household subsistence unto women. The implications of these findings for theory and practice are discussed.

Keywords: Women, Microfinance, Enterprise development, Household consumption, Nigeria

Introduction

Microfinance in form of micro-credits emerged in the mid-1970s and is currently being promoted as a solution to financial exclusion and a strategy for entrepreneurship development, especially in developing countries. It is argued that lack of access to credit prevented many poor people in developing countries, to become self-employed and to undertake or expand income-generating businesses or micro-enterprises. These services known collectively today as microfinance include micro-credits, micro-savings, micro-insurances, and money transfers. However, micro-credits remain its primary focus till date.

The microfinance theory presupposes that access to formal micro-credit is required to awaken the entrepreneurial capabilities in poor people and to enable them to start or expand micro-enterprises (Robinson, 2001; Yunus, 2004), which proponents suggest will promote poverty reduction and gender empowerment through involvement of women in business activities. This perspective suggests a direct link between access to micro-credit and enterprise development. As a result, international organizations like the World Bank, United Nations (UN), International Monetary Fund (IMF), European Union (EU), Consultative Group to Assist the Poor (CGAP) and governments of many developing and emerging economies have committed huge resources and have continued to back the microfinance policy. For

instance, according to CGAP (2019), financial inclusion matters today as it 'help finance small businesses or microenterprises, helping owners invest in assets and grow their businesses'. Also, the Sustainable Development Goals (SDGs) set by the United Nations for 2030, particularly, SDG 8, suggests that increased individual access to credit will provoke the growth of micro and small businesses and in turn macroeconomic growth. It expects member nations to 'promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro, small and medium-sized enterprises, including through access to financial services' (UN, 2018, SDG 8, target 8.3). In addition, Nigerian microfinance policy objective according to the Central Bank of Nigeria (CBN), states that the purpose of microfinance is to 'provide diversified, affordable and dependable financial services to the active poor, in a timely and competitive manner, that would enable them to undertake and develop long-term, sustainable entrepreneurial activities' (CBN, 2005: 12-13). These policy documents imply that a key objective of microfinance financial inclusion is to enable the poor access credit that will catalyze entrepreneurial behavior and income generation in order to lift the poor out of poverty.

However, there are arguments that the microfinance project is based on neoliberal ideological philosophies and largely incompatible with sustainable economic and social development goals (Bateman and Chang, 2012; Federici, 2014; Chowdhury et al., 2019). These neoliberal policies provide a basis for the developing nations to discontinue social interventions to the poor, reduce state regulations, promote privatization and enshrine the need for the poor to become economic actors and competitive to escape poverty. Being economic actors means that the poor need to generate their own income and become self-sustaining. In essence, the poor need to be financially included to access capital to become entrepreneurs to compete in a market driven economy and be in charge of their overall wellbeing.

Notwithstanding the different ideological perspectives on microfinance in the literature, assessment of the impacts of microfinance on women's enterprise development from studies in the Global South reveal mixed findings. For instance, studies (Yunus, 2004; Diop et al., 2007; Naeem et al., 2015; Blattman, et al., 2016) found that microfinance provides funds for enterprise development as it enables women to start or expand their micro-enterprises with credits from microfinance. On the contrary, some studies (Karim, 2013; Federici, 2014; Ganle et al., 2015; Banerjee and Jackson, 2017), reported that micro-credit is used to fund consumption smoothing (food, medicines and other immediate household needs).

However, these critical findings from other climes (Karim, 2013; Federici, 2014; Ganle et al., 2015; Banerjee and Jackson, 2017), contradicts existing empirical studies in Nigeria which reported positive impact of microfinance on women's enterprise development (Taiwo et al., 2016; Olateju, 2018; Muogbo and Obamuyi, 2018; Dame and Adisa, 2020). Furthermore, these studies for and against microfinance user's creation of enterprise in Nigeria and other climes, failed to address the critical question: what is the impact of gender relations on women's use of credit from microfinance? Hence, the impact of microfinance on women's entrepreneurship development remains a fundamental research area.

It is within this context that this paper examines the Nigeria's setting and contributes to broader debates in the literature. In particular, the study addresses the following questions: First, how do female microfinance clients in Rivers state, Nigeria use credit accessed from microfinance? Second, what is the impact of gender relations on women's use of credit from microfinance? And, thirdly, what are their borrowing and repayment behaviors? This research is vital for a society like Nigeria, which now has the highest population of the world's extreme poor at 102.1 million of its 205.3 million people as of May 2020 (World Poverty Clock, 2020), despite the proliferation of commercial MFIs in the country that is meant to lift the poor out of poverty. The research on local context is further justified on the argument that findings in one society may not necessarily reflect reality across different societies; since microfinance practices and impact can be influenced by economic, socio-cultural, and local environments (Ganle et al., 2015). More so, many of these critical studies (Karim, 2013; Khan and

Khan, 2016; Banerjee and Jackson, 2017; Chowdhury et al., 2019) were conducted in Asia, especially in Bangladesh where formal microfinance originated.

Additionally, studies have called for the prioritization of the perspective of service users to understand the impact of microfinance (Khan and Khan, 2016; Banerjee and Jackson, 2017). This call brings to the fore the appropriateness of the voices and perspectives of women, within a local context to be heard, who are the predominant users of microfinance according to (Microfinance Barometer, 2019: 2). This is important to extend the discourse in the literature beyond MFIs policy statements and quantitative evidence to one of the lived experiences. Therefore, this paper explored women's experiences with microfinance, their borrowing behaviors and how they used credit accessed from microfinance in Rivers State, Nigeria. Such empirical accounts are rarely found especially from a qualitative framework in the study area.

Following the presentation of the background and objective of the study under this introduction, the next section is a review of microfinance and empirical debates on the impact of microfinance on women's entrepreneurship development in the Global South and Nigeria in particular. After that, the paper looks at the methodology, data analysis, and presents the findings. Subsequently, the discussion of the findings, contribution to knowledge, conclusion, policy implication, limitation, and direction for future research, were also covered.

Microfinance, Women, Micro-Enterprise and Entrepreneurship

A micro-enterprise refers to a business activity that involves a small number of people, typically less than ten employees setup with little amount of capital (Bhattacharya and Londhe, 2014). The United Nations Development Program (UNDP) define entrepreneurship as the process of creating a new venture or to grow and diversify an existing venture or enterprise with high growth potential (UNDP, 1999: 1). Female or women's entrepreneurship refers to women owned or women led businesses. In this case, women owned micro-enterprises. Hence, a successful female micro-enterprise is an economic activity or business that has resulted in growth (Galloway et al., 2015).

Reviews of studies in the Global South on the impact of microfinance on women's micro-enterprise development reveal mixed findings that are mainly context-specific. For instance, at the base level, microfinance is intended to account for women's enterprise development. That is, microfinance funds are provided to enable poor women grow micro-enterprises. There is evidence from Bangladesh, Bolivia, Pakistan and Uganda that supports this theory (Yunus, 2004; Diop et al., 2007; Naeem, et al., 2015; Blattman, et al., 2016). However, there is also as much evidence from Ghana and Bangladesh that found the contrary (Ganle et al., 2015; Banerjee and Jackson, 2017). Whereas, Diop et al. (2007), study in Bolivia involving women in textile activities found that loans were used to expand an existing business, on the other hand, Ganle et al. (2015), study in Ghana found that initial loans from microfinance went into direct consumption and immediate household needs such as foods and medicines outside business activity it was meant for.

Beyond the apparent geographical context, there is also the context of the microfinance mode of operation and procedural guidelines that define the types of clients it seeks to serve. Some microfinance institutions (MFI) in the Global South adopt the not-for-profit model to provide loans to women. Meanwhile, others adopt for profit or commercial microfinance model. The commercial microfinance model has continued to proliferate and influence local economic policies in the Global South (Maclean, 2019: 82). As a case in point, in Nigeria, the number of commercial MFIs increased from 8 in 2006 to 898 as at February 2019 (CBN, 2008, 2019). These commercial MFIs consistently target the active poor, such as micro-business owners and micro-service providers (Chikalipah, 2018: 39). Therefore, the focus of this study is on the supposedly self-sufficient, commercialized, more prominent microfinance institutions.

Further, there is also the gender context, which elicits a different type of debate. First, it has been established that women are the primary targets of microfinance. According to Microfinance Barometer, the number of microfinance borrowers increase from 98 million in 2009 to 139.9 million in 2018 with female clients making up to 80% of borrowers globally (Microfinance Barometer, 2019: 2). Also, is the debate on why women are the preferred target of microfinance. For instance, proponents argue that microfinance targets poor women to include them financially; in order to achieve development outcomes such as poverty reduction and economic empowerment (Yunus, 2004; Pitt et al., 2006; Hussain et al., 2018). On the other hand, feminists and critical scholarship argue that microfinance targets poor women to create a system of debts as part of the global financial market. Such relationship puts women at risk of multiple borrowing (borrowing from more than one MFI at the same) (Sahani et al., 2018; Hassan and Islam, 2019), and over-indebtedness (Banerjee and Jackson, 2017), while MFIs continue to accumulate capital from women's labor for repayment and forced savings (Federici, 2014; Price, 2018). Hence, suggesting an undesirable outcome for women. Bateman and Chang (2012) further argue that targeting the poor (women) through debt is a means to replace long-run social welfare spending by the State. Hence, targeting women means the exploitation of women's labor and time and the State's abdication of social responsibility.

Consequently, this critical evidence and propositions place the development logic of microfinance as a strategy to help poor women address financial exclusion, poverty, and the promotion of enterprise under scrutiny. In essence, it is hard to see how microfinance exploits women's structures and still accounts for their enterprise development. However, critical empirical evidence remains scarce within the Nigerian context. It is against this backdrop, this study focuses on the commercialized microfinance operations, women's perspectives on the impact of microfinance on their micro-enterprise growth and their borrowing behaviors within the Nigerian context.

Case Study Area - Rivers State, Nigeria

Nigeria has an estimated population of 205 million as at May 2020; the largest population in Sub-Saharan Africa (World Poverty Clock, 2020). Microfinance was formally adopted in 2005 by policy makers as a solution to financial exclusion, poverty and inequality problems. Nigeria has a significant number of commercial microfinance institutions (MFIs) or microfinance banks (MFBs). As of February 2019, there are 898 licensed commercial MFIs in Nigeria compared to only 25 commercial banks (CBN, 2019), including Rivers state, the case study area. Despite the proliferation of MFIs in Nigeria promoted to address poverty and inequality, the country is currently the highest concentrations of extreme poor population in the world, at 102.1 million of its 205.3 million population as of May 2020 (World Poverty Clock, 2020). Therefore, it became expedient to explore the role of microfinance in the entrepreneurial activity of the poor, especially women in Nigeria.

The study was conducted in Rivers state, South-South Nigeria. Rivers state has a population of 7.3 million and is the sixth most populated state out of the 36 states in Nigeria, including Abuja, the Federal Capital Territory (National Bureau of Statistics, Nigeria (NBS), 2018). Women make up half of this population (NBS, 2018). However, in terms of gender relations and access to resources, patriarchy and discriminatory gender norms which may limit women's agency persist in Nigeria and in Rivers State (Makama, 2013; Kennedy and Eremie, 2016). For instance, women do not have equal access to land and capital compared to men (CBN, 2005, Makama, 2013). Rivers state has a high poverty and unemployment rate of 23.91 percent and 43.7 percent respectively despite having an extensive presence of microfinance operations since microfinance was formally adopted in 2005 by policymakers as a solution to financial exclusion, poverty and inequality problems (NBS, 2020a; 2020b). Therefore Rivers State represents an ideal case study for exploring the impact of microfinance on entrepreneurship development, especially about women who are well represented in Rivers state.

There are 23 Local Government Areas in the state including Port Harcourt and Obio/Akpor Local Government Areas. At present, there are 20 licensed commercial MFBs operating in Rivers state

and 75 percent of these MFBs are located in Port Harcourt and Obio/Akpor Local Government Areas (CBN, 2019). Therefore, PortHarcourt and Obio/Akpor Local Govrnmnt Areas in Rivers state were selected to explore microfinance practices and impacts on women owing to the concentration of commercial MFBs. More so, all commercial MFBs in Nigeria have standard operating procedures and are controlled by the Central Bank of Nigeria Microfinance Regulatory Policies, irrespective of the ownership and location (CBN, 2011). Therefore, data gathered from any of these MFBs practices contribute to the broader issue of microfinance operations in Nigeria and Rivers State in particular.

Methodology

Philosophical and Theoretical Perspective

This research adopted the critical theory as its philosophical approach to interprete narratives and achieve deeper understanding of the experiences of marginalized population, such as poor women (female clients of MFIs) in Rivers state, Nigeria. The critical theory aims to carryout research that address key social and economic issues such as inequality, oppression, marginalization and other thoughts that restrict human freedom in order to bring about social change, freedom and equality (Creswell, 2014). The theory focuses on the crucial role played by context, culture and other normative characteristics which is often neglected by the Positivist paradigm (Kivunja and Kuyini, 2017), hence privileged the live experiences and voices of the oppressed or marginalized, in this case female clients of MFIs. This can be achieved through the analysis of the discourse in society (Kivunja and Kuyini, 2017). Therefore, considering the research problem of this study which is focused on the impact of a development program (microfinance) on women's entrepreneurship, this study employed the critical theory as the fitting theory to enable the researcher identify, explain and expose the influence of marginalization, social constraints, patriarchy and unequal power relations through women's engagement with microfinance, if any. This is a credible approach to gaining deeper understanding of marginalization or exploitation as the case may be regardless of whether or not the target group are conscious of them. It is often argued that 'members of the subordinate group are often unable to perceive that they are oppressed' (Fard, 2012: 91).

Research Design

In line with the critical theory adopted, the research employed a qualitative case study and cross-sectional research design in carrying out the study. The case study design allows for an in-depth exploration of the social phemenon under study (Saunders et al., 2009). That is, how female microfinance clients use credit from microfinance in the context of Rivers state, Nigeria. Even though Rivers state has been taken as the case, the unit of analysis is individual. Cross-sectional design allows the researcher gather data at a single point in time (Saunders et al., 2009). The qualitative method provided an opportunity to build rapport with participants and to report the participants own experiences in their own words (Creswell, 2014). The researcher carried out semi-structured interviews with female participants between April and July 2017. Hence, the overall approach employed in this research generated rich and contextual details of the topic under focus.

The strategy for selecting participants involved multiple purposive sampling. Multiple purposive sampling, involves the use of a combination of two or more purposive sampling techniques in a research study (Teddlie and Yu, 2007: 83). Purposive or purposeful sampling involves the identification and selection of individuals or groups of individuals that are exceptionally knowledgeable about or experienced with a phenomenon of interest (Pailinkas et al., 2015). The multiple purposive sampling strategies used at various stages of this study are *convenience sampling* and *snowball sampling*. In selecting women respondents, the researcher first used *convenience sampling* technique to select three significant markets in Port Harcourt and Obio/Akpor Local

Government Areas of Rivers state out of the possible seven major markets to identify microfinance clients; given that microfinance users are known to include low-income population and women in the informal sector such as petty traders, micro-service providers. At each market, through one of two experienced female research assistants recruited for data collection, the research team approached the first female trader spotted and after basic introduction led the researcher to the leader of the women's association in the market. It was from the leader the researcher was able to reach out to other small scale traders and micro-service providers in the market who met the set criteria and were thus sampled for the study. This process is what is known as snowball sampling. *Snowball sampling* is simply a sampling technique whereby the researcher makes initial contact with a person or small group of people who are relevant to the research topic and then uses these to establish contact with others who might be rich in the information or experienced with the topic of interest (Etikan et al., 2016). This process was repeated in the other two markets selected. This strategy helped the researcher enlist women from different segments in the three markets visited faster and further eased access. The use of at least three different markets and different segments of the market was to minimize the risk of similar socioeconomic statuses and familiarity influencing women's responses while also providing corroboration of data. The researcher also ensured that at all times, the chain of referrals remains within limitations that are relevant to the study, such as ownership of the business, have accessed microfinance, and their willingness to participate.

To report women's experiences about their participation in microfinance programs in Rivers state, semi-structured interview was employed to collect data. A total of 34 women respondents were interviewed. The researcher settled for the eventual number of women respondents at a point of saturation where the researcher believed additional data collection from individual women contributes little or nothing new to the study (Saunders et al., 2009). Therefore, the number of interviews conducted was considered adequate and feasible. All 34 interviews were conducted at venues chosen by the women and audio-recorded with each participant's consent. Interviews were conducted in English and as such there was no need for translation. Overall, data gathering from the fieldwork was carried out entirely in line with ethical guidelines and practices, including confidentiality, anonymity, consent, cooperation, and disclosure of risks to participants if any (Kirsch, 2005; Saunders et al., 2009).

Data Analysis

This study employed Braun and Clarke (2006), thematic analysis framework with the aid of NVivo 12 qualitative data analysis soft ware in analyzing primary data collected through interviews. Braun and Clarke (2006) defined thematic analysis as a method of identifying, organizing, describing, and reporting themes found within a qualitative dataset, and reflecting on the themes to make out meaning. The process involves several steps. The first step is familiarization with the data. To this end, the researcher personally transcribed the tape-recorded interviews *verbatim and* manually in separate Microsoft Word documents. Thereafter, the researcher read the transcripts first and over again to obtain an overall understanding of the data. This step was completed with a summary of each transcript, outlining the key ideas made by the participants. The second step, is coding. Coding refers to the use of word, phrase, or sentence in qualitative data like interview transcripts to represent aspects of the data (Creswell, 2014). A pseudonym was used to identify each respondent's words or responses for anonymity, distinction and accurate citation. The researcher first, coded data manually. While coding, the researcher focused on similarities, differences, 'local words', phrases and theory related materials. The researcher coded data until theoretical saturation was reached. That is, where no new concepts emerged from successive coding of data. The third step, involves generating themes and categories. Themes represent some levels of patterned responses or codes within the data set. There are three processes employed: searching, reviewing and naming of themes. The process was guided by both the research question and the data; hence the researcher employed both deductive and inductive approach.

For purpose of this study, the researcher generated themes and categories which focus on firstly, participants' background information: the marital status of female borrowers, type of business they do, the number of years they have been in business and their access to loan from microfinance institutions in order to determine if all participants meet the requirements for selection: owning a business and have accessed microfinance loans at least once to be able to share informed lived experience. Secondly, five themes emerged from participants' responses to the interview questions on how female microfinance clients in Rivers state spent credit accessed from microfinance, namely; husband, children school fees, household feeding, house rent and business expansion. Thirdly, on gender relations, the impact of gender relations on women's use of credit from microfinance emerged as a theme. Fourthly, on women's borrowing and repayment behaviours, two themes were generated namely, types of loans female microfinance clients accessed from microfinance and female microfinance clients' repayment behaviors. These themes summarize the views in the data.

The next step, involved exporting the manually coded data into NVivo 12 qualitative data analysis software for further analytical process. To this end, the researcher first created an internal source folder and nodes in the NVivo project as code nodes where codes (data) are stored. The nodes and sub-nodes created in NVivo reflect important themes. The NVivo qualitative software help in storing and organizing data as well as enhancing accurate, transparent, credible and reliable process of qualitative data analysis and reporting (Welsh, 2002). With the aid of NVivo reports, the researcher ran queries to get crucial pattern in reference to a certain word in the form of text search query. This helps to visualize words in context by word tree and to compare respondent's responses. A word tree shows multiple parallel sequences of words or phrases that follow or precede a target word (see figure 1-4 respectively). Aside from word trees, the researcher also used verbatim quotations from interview transcripts to illustrate relevant themes. The results of these analysis and interpretations are presented in the next section (Findings).

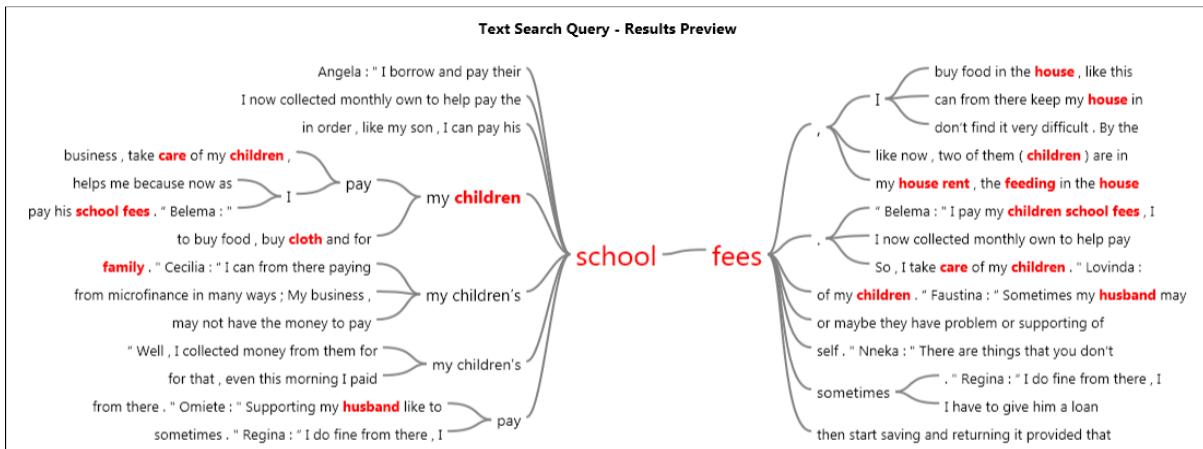
Findings

This study presents its findings starting with the background information about women respondents (female clients of MFIs). The information are: their marital status, types of the business they do, number of years in business and the number of times they have accessed microfinance. Thirty four (34) female clients of microfinance institutions were interviewed. The marital status shows that twenty three (23) women respondents were married and eleven (11) were single, including a widow. Respondents' marital status is relevant in this study because it provides a foundation for understanding the impact of gender relations on women's use of microfinance. Furthermore, the information on types of businesses women respondents do revealed that the women engage in petty trade (buying and selling) and micro-service provisions (such as seamstress, tailoring, hair stylist, canteen vendors, patent medicine and provision stores providers, etc). However, majority of the women are into petty trading (buying and selling of food items). This is important to inform on the segment of the market they operate. The number of years the women have been in business revealed that the women have been in business for at least a year, while majority have been in business for more than four (4) years, and some up to twenty five (25) years. On access to credit, all women respondents had accessed microfinance at least once, while majority of respondents have accessed loans three times and above. Therefore, from the background information, all participants meet the requirements for selection: owning a business and have accessed microfinance loans at least once to be able to inform credibly on their experiences with microfinance.

How do female microfinance clients in Rivers state, Nigeria use credit accessed from microfinance?

Data were elicited to assess how female microfinance clients in Rivers state use credit collected from microfinance following the claims in the literature that microfinance fund is provided for enterprise development in local communities. Figure 1 is NVivo word tree representation of women's own responses which is an outcome of a question that asked women how they use loan from microfinance. The data shows that women microfinance clients use credit to solve problems like children's school fees, house rent, feeding, and husbands' personal needs or to boost their business.

Figure 1: How do female microfinance clients in Rivers state use credit from microfinance?



Source: The author

In figure 1 important key words *children school fees, husband, feeding, rent, care, clothing, family* and *business* are displayed with link to each participant's response. Women borrowers described their experiences. *Angela* said, 'I borrow and pay their school fees then start saving and returning it provided that I know that I have to pay back. The most important thing is to have the way to pay back'. *Regina* said, 'I do fine from there, I pay school fees, like now, two of them (children) are in the university, it is from this loan I collect whenever I have problem and I will pay back later. Then the remaining one I use to support my business'. Some female borrowers spent borrowed money on various fronts. One of such is *Okunu*, a widow, she said, 'So I use that money I borrow from microfinance in many ways; my business, my children's school fees, my house rent, the feeding in the house and other things that we need to do with money'. *Lovinda* shares similar experience, 'As I collect the money, then, I buy many things for my business, take care of my children, pay my children school fees sometimes'. *Belema* on her part said, 'I pay my children school fees, I buy food in the house, like this month, our rent has expired, I paid it from the money I collected from microfinance'.

Tessy, narrated that she sought access to micro-credit when her family house rent became due. She said:

As in the last year, we have house rent challenge, so we don't have as in complete money to pay house rent, so we need to borrow so as we borrow, we share the money into two and use some part for the house rent then I use some part for the business. (Tessy, Female microfinance client in Rivers state, Nigeria).

What is the impact of gender relations on women's use of credit from microfinance in Rivers state, Nigeria?

The data also indicates gender relations in the household impacts on how women use credit access from microfinance as some women borrow to give to their husband directly to solve the husband's personal needs or take direct responsibility for household subsistence in absence of male employment. This is evidenced in the following testimonies. According to *Princess* one of the female

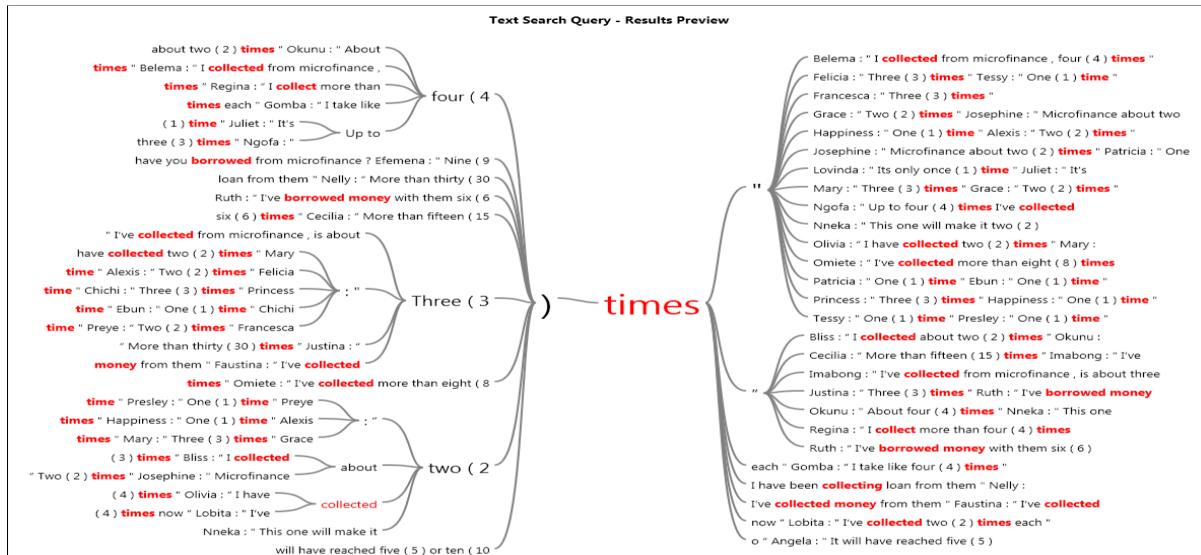
microfinance clients, 'The two money I'm talking about, I didn't borrow money for myself, I gave it to my husband to boost his business. There's no one that I personally collected for myself'. *Chichi* another female client on her part, said, 'As you collect the money before you spend your husband may tell you okay find me 5000 naira, I want to add to this one'. On the other hand, *Patricia* noted, 'The money I borrowed from microfinance, the money help me for my family as my husband doesn't have a stable job, it helps me to buy food, buy cloth and for my children school fees too'. *Omiete* shared her experience:

The money I borrowed, sometimes I used it by supporting my husband like to pay school fees or may be they have a problem or supporting of his family or my own family one problem or the other that may come that needs support (*Omiete*, Female client of MFI).

Female Microfinance Clients' Borrowing and Repayment Behaviors

First, on participant's loan collection rate. Figure 2 shows a word tree of the number of times women respondents say they have accessed microfinance. All women respondents had accessed microfinance at least once, while majority of respondents have accessed loans three times and above.

Figure 2: Participant's loan collection rate

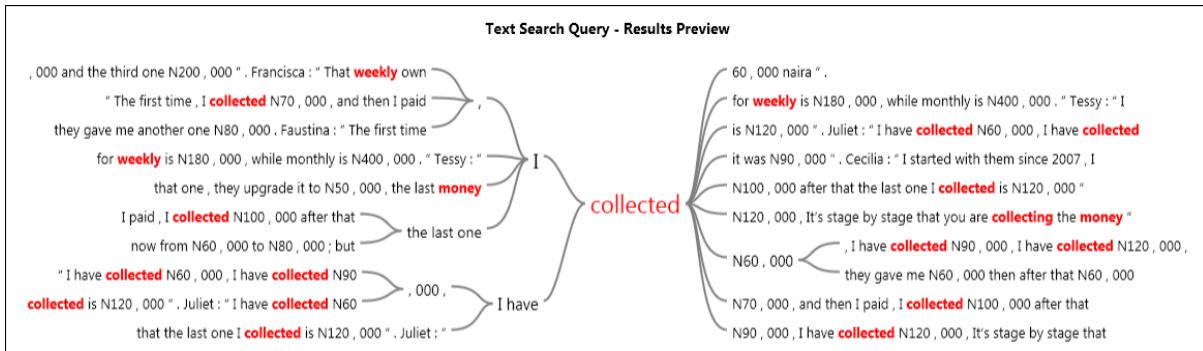


Source: The author

Women's responses to the right and left of the word 'times' in figure 2 indicates participant's loan collection rate or number of times they have accessed microfinance. For example, *Justina* and *Belema* have collected more than three (3) and four (4) times respectively. *Ruth* said: 'I've borrowed money with them six (6) times'. *Cecilia* said she had accessed credit 'More than fifteen (15) times'. On the other hand, *Nelly* and *Efemena* have borrowed thirty (30) and nine (9) times respectively.

On sizes of loan female clients borrow from MFIs, Figure 3 is NVivo word tree which provides evidence to show that MFIs offer various micro loan packages to female clients ranging from 20,000 naira (approx. \$23) to 400,000 naira (approx. \$890).

Figure 3: Female microfinance clients' access to microfinance

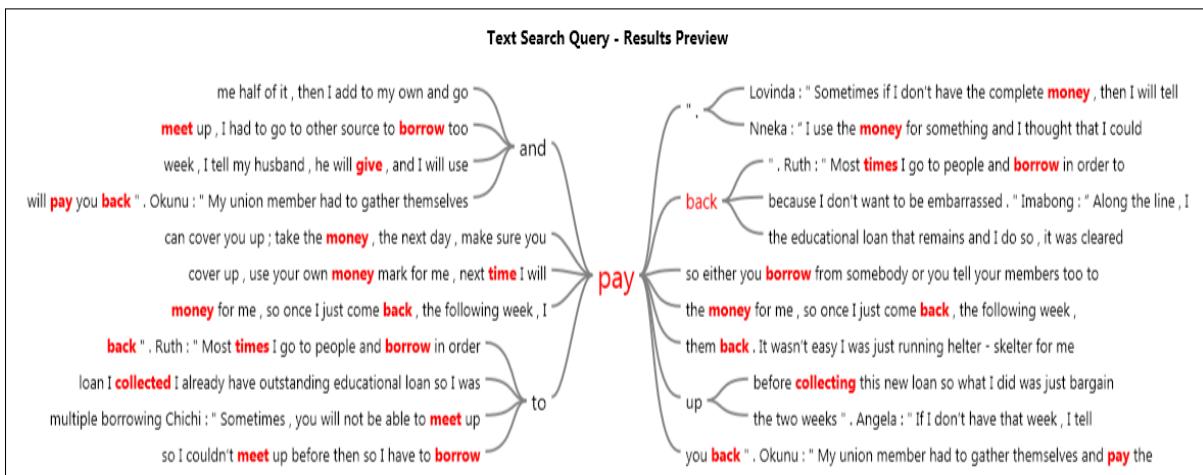


Source: The author

One of the respondents, *Juliet* said, 'I have collected N60,000, I have collected N90,000, I have collected N120,000, it's stage by stage that you are collecting the money'. Another respondent, *Faustina*, narrated: 'The first time, I collected N70,000, and then I paid; I collected N100,000 after that the last one I collected is N120,000'. Additionally, the data further revealed that there are instances when women access different loan types concurrently from the same or different MFIs. This is referred to as 'multiple borrowing' in the literature. *Nelly* one of the respondents explained that she collected weekly and a monthly loan from the same MFB simultaneously. She said, 'The last one I collected for weekly is N180,000; while monthly is N400,000'. Another respondent, *Olivia* recounts that she collected from two MFBs, 'I have collected from ACCION bank, I collected from Glumin; ACCION bank is monthly, while Glumin is a weekly'.

On women's repayment behaviour, a word tree from NVivo is used to visualize responses from women respondents as shown in figure 4.

Figure 4: Female microfinance clients' repayment behaviors



Source: The author

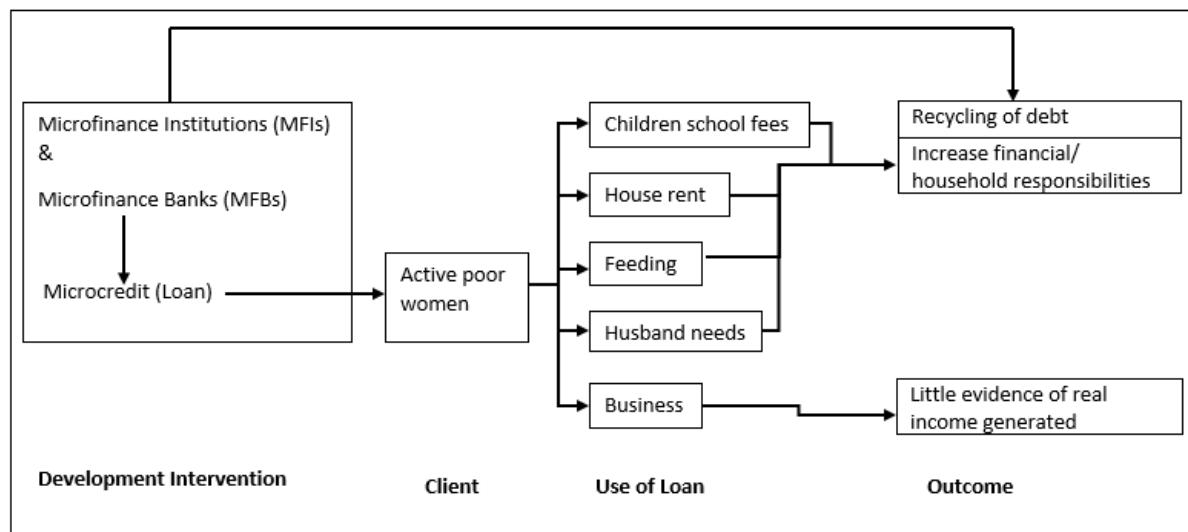
The word tree figure 4 shows that some participants have loans they are currently repaying while some women grapple with meeting up with these repayments from income from their businesses and have had to resort to borrowing to repay their loans. As one of the respondents, *Chichi*, puts it, 'Sometimes, you will not be able to meet up to pay so either you borrow from somebody, or you tell your members to please help me and cover up, use your own money mark for me, next time I will pay you back'. However, when such defaults occur, the union or group members sometimes come to the aid of the women for repayments as shared by *Okunu*, a widow. According to her when she travelled out of

town and was unable to repay her loan, 'My union member had to gather themselves and pay the money for me, so once I just come back, the following week, I pay up the two weeks'. Furthermore, Lovinda who lived with her husband described her experience, 'Sometimes if I don't have the full money, then I will tell my husband to give me half of it, then I add to my own and go and pay'. Nneka also sources her repayment elsewhere when she could not meet up. She said, 'I use the money for something, and I thought that I could be able to meet up so I couldn't meet up before then, so I have to borrow'. Imabong gave a moving account of how she had to borrow elsewhere to repay her loan:

Along the line, I couldn't meet up; I had to go to another source to borrow too and give them back. It wasn't easy I was just running helter-skelter for me to meet up, it wasn't easy, well, I'm not denying it, when I find out that the business is not going well and I can't meet up, no money, I look for another alternative, going to borrow too and paying their own. (Imabong, female microfinance client in Rivers state).

From the preceding evidence, the study found that female microfinance clients in Rivers state used credit from microfinance on consumption and social provision, as well as business but do not do so enough to make the income from their business sufficient to meet the costs of maintaining their families and meeting their needs. In particular, it demonstrates how families and households are unable to meet the costs of social provision that the state is unable to provide, such as housing, food and education. Consequently, women are entrapped in continuous and multiple borrowing behavior of accessing small loans to more substantial sums leading to instances of borrowing from friends, relatives, their husband or other informal sources to repay loans. As a result of this borrowing behavior women have been going through a cycle of debt for several years. Thus families and households are reliant on continuously accessing microfinance and women are at the forefront. Following the findings in this study, the researcher develop a model representing how female clients of microfinance institutions in Rivers state, Nigeria use micro-credits accessed from MFIs as shown in figure 5.

Figure 5: A Theoretical model of how women use micro-credit and the resulting economic impact in Rivers State, Nigeria



Source: The author

Discussion

Debates about the effectiveness of microfinance as a pro-poor development strategy remains in the front burner in the Global South, despite decades of research in the field of inquiry producing mixed results. As a case in point, decision-makers in Nigeria pursue a commercial microfinance financial

inclusion policy that seeks to bring the poor and excluded into the formal financial system. They contend that such inclusion will catalyze entrepreneurial behavior in the poor, leading to micro-enterprise development and economic empowerment, especially for women. However, there is curious interest among other stakeholders in the region, backed by critical studies that outline its ineffectiveness based on evidence from other climes. Therefore, in order to sustain its pro-poor development goal, it is imperative that, microfinance institutions (MFIs) show substantial evidence that microfinance funds provided contribute significantly to enterprise development and income level of poor households.

Previous research in Nigeria, have investigated the impact of microfinance on women's entrepreneurship development. These existing studies (Taiwo et al., 2016; Olateju, 2018; Muogbo and Obamuyi, 2018; Dame and Adisa, 2020), employed quantitative approach and found positive impact of microfinance on women's enterprise development. However, the current study employed a qualitative approach to report its findings. The findings expose a different picture. On one hand, the findings revealed that female microfinance clients in Rivers state, Nigeria use credit to solve problems like children's school fees, house rent, feeding, and husbands' personal needs more than the original intent of expanding their businesses. The findings extend the generalization of previous critical studies from elsewhere that credit is used more to fund consumption and social needs (Karim, 2013; Ganle, et al., 2015; Banerjee and Jackson, 2017). On the other hand, findings also indicate that revenue from women's small businesses is unable to fund consumption and social needs as well as keep the business afloat in a state with such a high poverty rate of 23.91 percent and unemployment rate of 43.7 percent in 2019 (NBS, 2020a; 2020b).

In more precise terms, this study found that female clients of MFIs in Rivers state like other female clients from elsewhere (Sahani et al., 2018; Hassan and Islam, 2019), engage in recurrent and incremental borrowing from MFIs. This is made possible because the repayment of existing loan guarantees women (female borrowers) access to a higher loan amount without recourse to whether or not women's businesses have expanded to support a high loan amount. These kinds of unbridled loan disbursement to women attest to how microfinance creates an unsustainable borrowing behavior—one that is evident, when women sometimes have to borrow from another MFI and other sources (like friends and family) to repay previous loans as found in this study. Therefore, if the active poor (female clients of MFIs) in a state where the poverty rate is high and the unemployment rate is rising; women undoubtedly are unable to fund their liquidity needs with current income, it is imperative to look beyond micro-credit (microfinance) as a means to increase the income of active poor women.

Additionally, the findings also affirm theoretical arguments in feminist literature that debt is used to fund consumption smoothing and social reproduction (Roberts, 2012; Price, 2018), and 'purchase services that the state formerly subsidized' (Federici, 2014: 233), (in the case of this study education). The current findings further show that nothing has changed and that there is sufficient evidence to posit that wherever microfinance operates in a commercial form, in a community with high poverty and unemployment rate, even when it is targeted at active poor women, a more significant portion of it would be spent on social provision or consumption smoothing. It is even more critical, at a time when 'consumption smoothing' is now being promoted as a positive outcome of microfinance by proponents and policymakers of development programs. The attendant impact leads to a vicious cycle of debt that does more harm than good as highlighted by studies in other climes (Karim, 2013; Banerjee and Jackson, 2017).

Against this backdrop, this study makes important contributions to the literature. Firstly, this study contributes to our understanding of the impact of microfinance on women's entrepreneurship. In particular, the current study provides ample evidence to show that the link between the provision of microfinance and women's enterprise development is not automatic; and is often weak. The evidence shows that female borrowers tend to rely on microfinance to fund household consumptions rather than scaling up business activities. The study therefore calls to question the often celebrated claims that the ability to increase individual access to credit will provoke the growth of small scale business and in

turn macroeconomic growth (as suggested in the SDG 8, target 8.3). Secondly, the current study contributes to research that explores the role of market-based pro-poor development strategies (such as microfinance); which argues that such programs furthers neoliberal ideological philosophies and are mainly incompatible with sustainable economic and social development goals (Bateman and Chang, 2012; Federici, 2014; Chowdhury et al., 2019). Specifically, the evidence described in this paper shows that microfinance in the current form is aiding the state in realizing its neoliberal objectives such as reducing social welfare services (e.g. housing and education) as significant part of microfinance funds are used for consumption smoothing and other basic social needs. These findings expand the literature on the rarely reported outcome that microfinance increases women's burden of household financial responsibilities and obligations. This is as some women said, they borrow to give to their husbands directly to solve husbands' personal needs or take direct responsibility for household survival in absence of male employment, while still bearing responsibility of loan repayments to MFIs. Thirdly, through the findings of this study, the researcher developed a theoretical model of how women use micro-credit from microfinance and the resulting economic impact in Rivers state, Nigeria as shown in figure 5. The model depicts that women used credit to solve problems like children's school fees, house rent, feeding, and husbands' personal needs with little evidence of growing their business. Therefore, researchers can test this model across a larger population of women microfinance users to determine if this model is a widespread phenomenon. The model also presents implications for developmental assistance by stakeholders. As currently observed, there is need to look beyond commercial microfinance in order address poverty, women's economic empowerment and unequal gender relations in the region. Fourthly, this study provides empirical evidence from service users' lived experiences using a critical and qualitative methodological framework. Previous studies in the study area either focused on the MFIs' self-reported assessments or individual impact studies that employed the positivists and quantitative framework (Olateju, 2018; Muogbo and Obamuyi, 2018; Dame and Adisa, 2020), which offered little opportunity to service users to express their experience freely and on their terms. The current study therefore, addressed this methodological gap by adopting a qualitative approach. The qualitative approach employed in this study captured women's self expression entirely on their own terms. Lastly, the current study extensively addresses the call for further studies on microfinance prioritizing local context (Banerjee and Jackson, 2017: 87) and microfinance impact on entrepreneurship development (Newman et al., 2017). This study reports unique empirical findings from highly impoverished region such as Rivers state, Nigeria in Sub-Saharan Africa and contributes to wider debates in the literature on the impact of microfinance on women's entrepreneurship development.

Conclusion

Research on the impact of microfinance on women's entrepreneurship development remains a vital research problem in Sub-Saharan Africa. Thus, this paper explored the impact of microfinance on women's entrepreneurship development in Rivers state, Nigeria. The study found minute evidence to support claims that microfinance funds provided are used for business development and scaling up enterprises. Also, female borrowers tend to rely on microfinance to fund household consumption such as paying children school fees, house rent, feeding and meeting other personal needs. The findings further revealed that women's engagement with microfinance leaves behind a trail of negative outcomes such as cycle of debt and increased financial burden on women. Consequently, the paper cautions on the celebrated claim that the ability to increase individual access to micro-credit will provoke the growth of small scale business and in turn macroeconomic growth.

As a practical implication of this research, the author recommends that policy makers of Global South countries, especially Nigeria should adopt a cautionary approach to microfinance as a development strategy for poverty reduction or a means of achieving the SDGs through claims of

enterprise development since there is little evidence that microfinance loans are used for enterprise development. Conversely, the state should adopt non-credit development strategies that holds more promise to help the poor such as training for skills acquisition and broad based productive job creation in diverse sectors of the economy. Access to skill training, jobs and employment for women will provide more real income for women and the poor generally, unlike the credit based commercial microfinance policy that traps women into a cycle of debt. In addition, the author advises that policy makers should realize that microfinance is not a one-size-fits-all solution to the problem of the poor. The current model of microfinance tends to aid the state in realizing its neoliberal objectives such as reducing social welfare services (e.g., housing, health and education). However, the state cannot rely on microfinance as a replacement for services to the poor. Therefore, in Nigeria, the government should increase public spending to reduce the burden on education costs and other welfare services like social housing schemes.

This study has some limitations. First, this study may only be generalized to society with similar social cultural and economic characteristics. Second, the study employed a purposive sampling technique, considering that the study is qualitative, which necessitated a small sample size for an in-depth study of the subject matter. However, the aim of this study is to generalize findings through theory rather than the population. More so, women's experience sheds some light on the bigger and more complex picture on the impact of microfinance on women's entrepreneurship development.

Lastly, since the finding from this study shows little evidence to support claims that microfinance funds provided are used for business development and scaling up enterprises, it is important to explore the impact of microfinance on women's economic agency, that is, whether or not microfinance accounts for women's propensity to start a micro-enterprise. This could be studied through a qualitative and longitudinal research approach.

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