CHAPTER ONE: INTRODUCTION

1.1 Background to the Study

Since its independence in 1960, it is believed that economic activities in Nigeria have been dominated by the public sector and by large corporations that are characterised by capital-intensive method of production and import-dependent. Yet development has been stunted and disappointing considering Nigeria's abundant human and material resources (Ariyo, 2005). The inability of these large corporations to create employment and eradicate poverty agitates the question: Is bigger actually better?

Following the success story of micro, small and medium enterprises (MSMEs) in the economic growth and development of Asian countries, emphasis in Nigeria have shifted to entrepreneurship development through promotion of MSMEs. It is expected that the development of MSMEs will help in developing domestic linkages for rapid and sustainable growth of the Nigerian economy. It was believed that entrepreneurial activities in Nigeria have been male dominated which gave them absolute control over family finances while the women depended so much on their male counterpart for sustenance. With education, the status of women began to improve both in employment and family responsibility. The women who could not get into paid employment or are underemployed had to resort to being self-employed there by engaging in micro entrepreneurial activity such as petty trading, small production, services, and so on (Metu, Nwokoye & Kalu, 2015).

According to United State Agency for International Development (USAID, 2004) a micro enterprise is described as an informal business employing five or fewer workers. A woman micro entrepreneur is one who owns and controls a micro enterprise. In Nigeria, micro enterprise is typically of a small nature located in small shops with a few number of employees (mostly family labour). According to the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) and National Bureau of Statistics (NBS) Survey (2013), out of the

57,836,391 informal sector workers in Nigeria, about 61% are males while 39% are females. This shows that male informal sector workers are almost twice as the female informal sector workers. But in Anambra State, out of the 1,441,047 informal sector workers, 51.5% (741,653) are males while 48.5 % (699,395) are females showing that there are as much female workers as male in the informal sector. Also according to NBS (2010) women formal sector unemployment rate in Anambra State which is as high as 23.6% more than the national unemployment rate of 21.1% shows that many women who could not get employed are engaged in some entrepreneurial activities.

Many women get involved in enterprising activities in order to cater for the needs of their families. They act as homemakers and sometimes as the breadwinners because they provide the means of survival for their families and also provide substitute for the shortfalls from the male subsistence wages. The United Nations Development Program (UNDP, 1997) report on women entrepreneurship development projects in Nepal found that women who cannot meet their basic needs and that of their families are often keen to undertake entrepreneurial activities, though they are often faced with many challenges. These challenges include poor infrastructure, low access to finance, low education, lack of business managerial skills and the use of rudimentary tools. Metu and Nwokoye (2014) opined that poor access to finance is the most challenging. The inability of prospective borrowers to get the credit lifeline is a major obstacle to female entrepreneurship development and to the economically active women who operate in the micro enterprise sector. Therefore, this gives rise to the need to promote women entrepreneurship through reduction of their financial constraints.

Anambra State in the south-eastern Nigeria accommodates a lot of commercial activities. The population density of the area is among the highest in the country (NBS, 2010). According to Anambra State Handbook (2012) one of the special characteristics of Nigerian south-easterners is the immense resourcefulness of its people who carry on a most animated business relationship with people everywhere in Nigeria. South-easterners are a highly motivated and commercially mobile people, a characteristic also imbibed by other nationals living in that area. Indeed the desire to be gainfully employed has over the years encouraged the dominance of small-scale business enterprises in Anambra State. Women in this area of the country are not exempted from operating micro enterprises thereby contributing to the growth of the economy. Female microenterprise operators in Anambra State account for a good percentage of the State's gross domestic product. NBS (2010) survey on national manpower stock and employment generation in Nigeria shows that there are about 298,215.29 informal sector owners with women owing 131,796.56 of the enterprise; also out of the 1,408,761 informal sector workers in Anambra State, women constitute 612,168 workers in the informal sector. This large number shows that women constitute a good number of the labour force contributing to the State's GDP. But due to the fact that most of these women's activities belong to the informal sector of the economy, their contributions are underestimated and under-priced. The implication is that if policy makers do not realize the extent of women's current contribution to national development, then they may also undervalue their potentials. Women can contribute to the economy and even to their own welfare if their opportunities to do that are not constrained by limited access and in some cases non-access to credit, education, health care, information and technology.

Women enterprise operators have shown that they have the potentials to reduce poverty (Harvie, 2003). Despite these potentials exhibited by women, there are still some forms of gender discrimination in developing countries in such areas like employment opportunities, ownership of properties, access to finance and so on. In their attempt to take their destiny in their hands, women venture into micro and small entrepreneurial activities, but because these activities are located in the informal sector of the economy, their chances of exclusion and discrimination are increased, especially when accessing credit. According to Enhancing Financial Innovation Access (EFInA, 2013) there are a total of 34.9 million adult Nigerians who were financially excluded in 2012and 43.5% of the excluded population are women. Also 25.6% of this population are financially excluded in the south east, much higher than the south west which has 24.8% (EFInA).This development leaves majority of the women in the informal sector with no option than to go for the credit facilities provided by different informal credit schemes as shown in Table 1.1.

Table 1.1. **Access to Credit by Age and Gender in Nigeria (%)**

Different Credit Facilities	**15 – 29 Years**	**30 – 44 Years**	**45 – 59 Years**	**Above 59 Years**	**TOTAL**
Total Access to Credit Facility					
Female	59.1	45.9	43.4	30.8	**44.7**
Male	40.9	54.1	56.6	69.2	**53.3**
Total	**100**	**100**	**100**	**100**	**100**
Access to Bank Loans					
Female	44.6	20.2	20.1	12.5	**21.9**
Male	55.4	79.8	79.9	87.5	**78.1**
Total	**100**	**100**	**100**	**100**	**100**
Access toMicro Credit					
Female	51	28.8	13.1		**27.9**
Male	49	71.2	86.9		**72.1**
Total	**100**	**100**	**100**		**100**
Access toGrants					
Female	67.7	15.8	27	18.1	**32.15**
Male	32.3	84.2	73	81.9	**67.85**
Total	**100**	**100**	**100**	**100**	**100**
Access to*Esusu*					
Female	65.1	56.4	54.1	41.1	**54.2**
Male	34.9	43.6	45.9	58.9	**46.1**
Total	**100**	**100**	**100**	**100**	**100**
Access toCooperatives					
Female	48	35.6	35	18.3	**34.2**
Male	52	64.4	65	81.7	**65.8**
Total	**100**	**100**	**100**	**100**	**100**
Access toOther Credit Facilities					
Female	42.5	37.8	25.2	18.2	**30.9**
Male	57.5	62.2	74.8	81.8	**69.1**
Total	**100**	**100**	**100**	**100**	**100**

Source: NBS Core Welfare Indicator Questionnaire Survey (2013).

Table 1.1 shows the distribution of access to credit in Nigeria by gender. More males (53.3%) had access to credit facilities than their female counterparts during the surveyed period. For example, females receive only 27.9% of micro credits disbursed by microfinance institutions while men receive 72.1%. Men are leading in access to all kind of finance such as grants, commercial bank loans, credit facilities from cooperatives and other forms of credit facilities.

Females have more access to credit facility from *Esusu*, that is about 54% from the sampled response are females. *Esusu* is an informal saving scheme where one contributes cash periodically and takes ‘turn’ to receive from the pool. The fewer number of females in the total access to credit facilities shows that there may be some constraints inhibiting the females from accessing these credit facilities. What we do not know is whether these constraints are voluntary or involuntary and that was what formed the motivation for this study.

Providing access to microcredit is considered a precondition for poverty alleviation and women’s empowerment (Nkamnebe, 2008).Credit facilities help to remove financial constraint; it is an integral part of the process of commercialisation of the rural economy and a convenient way to overcome poverty. Access to external finance is important for the start-up and growth of an enterprise including micro enterprise.

1.2 Statement of the Problem

Lack of access to finance has remained a key business constraint for entrepreneurs in Nigeria, but evidence in literature suggests that women are more affected than men (Niethammer cited in Nkamnebe, 2009). Part of past Nigerian governments’ efforts to address this problem were through policy initiatives such as Better life for Rural Women (1986), Family Economic Advancement Programme (1997), Rural Banking Scheme, Micro Finance Banks (2005), Micro, Small and Medium Enterprises Development Fund (MSMEDF, 2014) in which 60% of the fund is meant for female micro enterprise operators as well as other funding access of the Central Bank of Nigeria, Development Banks and Non-Governmental Organisations. But the establishment of these institutions does not guarantee access to the target groups as there are still complaints and reports of women’s low or inadequate access to credit facilities. For instance, Global Financial Inclusion (Global Findex, 2014) opined that women in developing countries are 17% less likely to have borrowed formally in the previous year. Also, Table 1.1 shows that females in Nigeria still have low access to credit compared to the men, therefore, it may not be wrong to say that female micro entrepreneurs face some challenges in their efforts to access credit.

Like the rest of Nigeria, Anambra State is replete with a lot of female micro entrepreneurs who are faced with the problem of accessing cheap and affordably credit. From previous Nigerian governments' policy initiatives to aid financial access to entrepreneurs in Nigeria, micro entrepreneurs(both males and females) have been discriminated against because these programmes concentrated more on small, medium and large scale enterprises. Incidentally, the poor who operate micro enterprise suffer the disability of limited and in some cases non access to credit and other resources. However due to gender related constraints women are unable to respond quickly to economic shocks, resulting in economic loss. Some of these gender related problems may be due to education, lethargy, unwillingness to take risk, family responsibilities caused by pregnancy, child bearing and need to be on maternity after giving birth. Sometimes government policies do not involve women into the mainstream of development programmes even when the programme is gender related.

Lack of access to credit may also be attributed to asymmetric information, a situation in which the lender has less information about the credit worthiness of the borrower. This means that micro finance banks may find it risky to give out loans to the female micro entrepreneurs because they do not have sufficient information about the borrowers (female micro entrepreneurs). Then in order to hedge against risk, microfinance institutions may resort to demanding collaterals as well as high interest rate. Female micro entrepreneurs may not be able to provide assets to be pledged as collaterals due to cultural barriers and patriarchal system that makes it difficult for women in Africa to own and control assets when there are males in family.

Female micro entrepreneurs on their own part may not have enough information on borrowing opportunities nor even understand the various financial services available to them. All these may discourage female micro entrepreneurs from accessing finance.

Though there are significant differences across regions and States, the present study was carried out to evaluate the challenges of accessing finance by female micro entrepreneurs specifically in Anambra State. Access to external finance will go a long way in helping female micro entrepreneurs to empower themselves, transform their businesses and generate income for the family.

1.3 **Research Questions**

The following research questions guided the researchers in achieving the objectives.

1. Are female micro entrepreneurs financially discriminated when accessing finance in Anambra State?
2. How does demographic variable such as age and educational level inhibit female micro entrepreneurs in Anambra State from accessing finance?
3. How does regulatory framework such as demand for collaterals, interest rate and loan application procedures inhibit access to credit facilities by female micro entrepreneurs?
4. How does asymmetric information limit access to microcredit by female micro entrepreneurs in Anambra State?

1.4 **Aim/Objectives of the Study**

The aim of this study was to determine the challenges of accessing finance by female micro entrepreneurs in Anambra State. The specific objectives were:

1. To estimate if female micro entrepreneurs in Anambra State are financially discriminated by microfinance banks.

2. To examine if demographic variables such as age and educational level is a challenge to female micro entrepreneurs in Anambra State when accessing microcredit.
3. To ascertain if regulatory framework such as demand for collaterals, interest rate and loan application procedures is a challenge to female micro entrepreneurs when accessing credit facilities in Anambra State.
4. To evaluate if asymmetric information is a challenge to female micro entrepreneurs in Anambra State when accessing credit facilities.

1.5 Research Hypotheses

The following hypotheses were tested in this study:

1. H_0: Female micro entrepreneurs are financially discriminated when accessing microcredit in Anambra State.

   H_1: Female micro entrepreneurs are not financially discriminated when accessing microcredit in Anambra State.
2. H_0: Demographic variables such as age and educational level are not significant challenges to female micro entrepreneurs when accessing microcredit in Anambra State.

   H_1: Demographic variables such as age and educational level are significant challenges to female micro entrepreneurs when accessing microcredit in Anambra State.
3. H_0: Regulatory framework such as demand for collateral; cost of credit and loan application procedures are not significant challenges to female micro entrepreneurs when accessing microcredit in Anambra State.

   H_1: Regulatory framework such as demand for collateral; cost of credit and loan application procedures are significant challenges to female micro entrepreneurs when accessing microcredit in Anambra State.
4. H_0: Information asymmetry is not a significant challenge to female micro entrepreneurs when accessing microcredit in Anambra State.

H_1: Information asymmetry is a significant challenge to female micro entrepreneurs when accessing microcredit in Anambra State.

1.6 Significance of the Study

Access to finance has been recognised as an engine of growth among the economically vulnerable groups including female micro entrepreneurs. By identifying the various challenges of accessing finance by female micro entrepreneurs in Anambra State, this study would have contributed in filling the gap in literature. The present study has the potentials of making much impact in the following areas:

It is expected that the findings of this study will act as a guide in the formulation of policies to be incorporated in the operational guidelines and development plans of microfinance banks so as to address the existing imbalance in wealth distribution in the economy. The Central Bank of Nigeria (CBN) as the regulator of monetary policy stipulates the lending rate which microfinance banks are bound to adhere strictly to. The present study found that lending rate has a negative effect on access to finance. That is, female micro entrepreneurs will reduce borrowing when the lending rate is increasing and this is bound to result to financial exclusion. Having access to a study like this will help policy makers to adjust interest rate because high interest rate is known to increase financial exclusion.

With the present study, microfinance bank officials will understand that there are fewer loan applications by female micro entrepreneurs due to ignorance. This will guide them in formulating and designing innovative packages/products that will improve saving habit and make access to credit easier. Microfinance banks know that they cannot have branches in all the towns and villages in Nigeria. Consequently, there is need for them to leave the comfort of their offices and engage in aggressive marketing in order to mobilise savings from the female micro entrepreneurs. If the microfinance banks do not reach out to female micro entrepreneurs and create necessary awareness, the women will continue to use the informal financial institutions closer to them. The use of informal institutions will limit microfinance bank's ability to create more money in the economy.

The findings of this study will help the female micro entrepreneurs understand the need to join cooperatives because members of the cooperatives will act as guarantors when accessing credit facilities. Within the cooperatives, female micro entrepreneurs who have little or no information concerning available borrowing opportunities can get this information to help facilitate their access to credit facilities. This study among others will contribute to empirical studies and provide researchers the necessary data and background information on challenges of accessing credit facilities by female micro entrepreneurs in Anambra State, which to the best of our knowledge is presently scanty.

1.7 **Scope and Limitations of the Study**

This study was a survey research aimed at evaluating the challenges of accessing finance by female micro entrepreneurs in Anambra State. Anambra State has a large concentration of business activities including female micro entrepreneurs and this makes it one of the most economically advanced States after Lagos and Kano States. The primary data used for analysis were collected using three research instruments: Questionnaires, in-depth interview guide and focus group discussion guide.

The researchers are aware of the various sources of finance available to female micro entrepreneurs such as government assisted loan schemes, microcredit, commercial bank loan schemes, grants and other informal financial services such as *Esusu* (informal credit mobilisation through daily savings), however the present study focused on microcredit which is provided by different microfinance banks in Anambra State. Out of the available financial services, microcredit was chosen because one of the targets of the microfinance bank policy is to eliminate gender disparity in accessing financial services especially for those at the informal sector where majority of the female micro entrepreneurs belong to.

In the course of carrying out this research various problems were encountered. Studies of this nature require adequate finance to cover the entire population during the field of study but lack of finance necessitated the need for sampling. The researchers had to select six local government areas from the 3 senatorial zones in Anambra State using proportional sampling technique (see chapter three for detail). Another problem encountered was the respondents' reluctance to cooperate because they were scared that disclosing information may affect their businesses negatively, however, the researchers were able to convince them that confidentiality was guaranteed and that all information was solely for research purposes.

Some questionnaires were not properly filled while some were not recovered which is a common problem with survey studies. To overcome these problems, provision was made for the respondents to provide their phone numbers which was later used to contact the respondents and get their opinion on questions that were not properly filled. For the female micro entrepreneurs who could not read and write the research assistants had to explain the questions to them and also helped them in filling the questionnaire.

1.8 Organisation of the Study

The study is divided into five chapters. Chapter One which is the introduction explains the general thrust and direction of the study and is divided into subsections such as background to the study, Statement of the problem, research questions, objectives and hypotheses as well as scope and limitations of the study. Chapter Two is review of related literature on female micro entrepreneurs and access to finance in order to understand scholars view point on the topic of discourse and be able to identify the knowledge gap. The methods and procedure adopted in carrying out the research as well as method of data analysis are discussed in Chapter Three. Chapter Four contains the presentation of results and discussion of findings. Chapter Five contains summary of the findings, conclusion, recommendations, contributions to knowledge and suggestions for further studies.

CHAPTER TWO: REVIEW OF RELATED LITERATURE

This chapter is a review of related literature on access to finance by female micro entrepreneurs with a view to identifying the knowledge gap in the literature which the present study has to fill. The present chapter examined books, previous scholarly articles so as to provide descriptions; identify the methods used in previous related research and critical evaluation of the works in relation to the present problem being investigated. This helped in understanding whether the findings of this study fit into existing body of knowledge. To this end, this chapter is structured and arranged as follows: Review of theoretical literature, empirical literature review, summary of literature reviewed and justification of the study.

2.1 Review of Theoretical Literature

The meanings and theories surrounding the major concepts are discussed in this section. Microcredit and female micro entrepreneurs are the important concepts in this study. The discussions are structured under different subsections for ease of analysis and understanding.

2.1.1 *Review of Conceptual Issues*

1. Micro Entrepreneurs

A definition of entrepreneurship has been debated among scholars and even policy makers since the concept was first established in the early 1970's. E*ntrepreneurship* is derived from the French word *entreprendre* which means to *understand*. Hence, entrepreneurship is the process of understanding activities concerned with identifying and exploiting business opportunities while assuming its attendant risks.

Schumpeter (1959), defines entrepreneurship as the carrying out of new factor inputs combination which can be referred simply to as an *enterprise*; the individual whose function it is to carry them out, can be referred simply to as an *entrepreneur*. Say (1964) uses the term entrepreneur to describe someone who creates and then, perhaps, operates a new business venture whether or not there is anything innovative in those acts. Baumol (1993) sees the *Schumpeter type* as an innovating entrepreneur and the *Say type* as the business-organising entrepreneur. Though the idea that entrepreneurs are innovators is largely acceptable it may be difficult to apply same theory to less developed countries (LDCs). Entrepreneurship in LDCs has been seen as starting small business. Allawadi (2010) describes the carrying out of new combinations as the enterprise and the individual whose function it is to carry them out as an *entrepreneur*. The study tied entrepreneurship to the creation of five basic functions such as the introduction of a new product, a new method of production, opening a new market, conquest of new source of supply and creating a new organization. Allawadi further argued that the LDCs rarely produce brand new products rather they imitate products and production processes that have been invented elsewhere in the developed countries and refers to this practice as *creative imitation.*

According to Salami, (2011), regardless of outcomes, when an individual creates a new organization he has entered entrepreneurship paradigm. Salami went further to explain entrepreneurship as the process of carefully determined and analysing unmet needs through creatively satisfying those needs by bearing the related risks. To Sultan, Zamba and Umemoto (2010), the term entrepreneurship is used as a business initiation or ownership; it is an idea used interchangeable with small businesses.

According to Essia (2012), entrepreneurship is a dynamic and social process where individuals solely or in cooperation with others, identify possibilities and utilize them to transform ideas into practical and goal oriented activities in a social, cultural or economic context. Essia went further to explain that entrepreneurship involves inculcation of a range of skills and attributes, including; the ability to think creatively, work in teams, manage risks and handle uncertainty. Therefore, the focus of entrepreneurship must be that of encouraging or motivating individuals through the development of their entrepreneurial skills and competencies thereby leading to the establishment of micro and small businesses as a way of alleviating poverty and reduction of unemployment.

There are four levels of entrepreneurship and these are micro, small, medium and large scale enterprises, the role of each appear different but often inter-locked. So many studies have concentrated on small, medium and large scale enterprises and few on micro enterprises in which majority of the poor are involved in. This research is interested in female micro enterprise activities because of their ability to empower women and girls, reduce poverty and create employment opportunities. Micro entrepreneurship has no universal definition as it varies within each context. Various societies or nations give their own definitions to fit their own perceptions and environments. Its definition has been dynamic from country to country and to a large extent taking into consideration the level of education, technology, capital strength and the country's national development. Lack of proper definition makes it difficult for them to take advantage of government-assisted programmes meant for them.

Despite the variations in definitions, we must highlight a few definitions so as to give the study a sense of direction. USAID (2004: 20) described micro enterprises as '…informal businesses employing five or fewer workers, including unpaid family labour.' Micro entrepreneurs promote the birth of new firms which is critical to economic development efforts. Micro enterprises are defined as unorganized, privately owned manufacturing enterprise whose work force ranges between two and ten employees (Adebayo & Alayende, 2001). From the above definitions, it shows that micro business ownership also involves creativity, innovation, risk taking, coordination, organisations and leadership.

The Nigerian Industrial Policy of 1989 defined MSMEs as enterprises with total investment of between $13,000 and $260,000 (₦100,000 and ₦2m) excluding land and working capital, while micro enterprises and cottage industries were defined as those with investments not exceeding $13,000 (₦100,000) excluding land but including working capital (Naira/Dollar exchange rate 1989 is ₦7.6/$1, [CBN, 2005]).

According to the Nigerian Economic Summit Group –NESG (2002) as cited in Adewale (n.d) the best way to capture the definition of microenterprises in Nigeria should be by the nature and size of their businesses. For example, road- side artisans, petty- traders, pure/bottled water producers, bakers, local fabricators and so forth, constitute the Nigerian microenterprises.

The World Bank Group in 2007 categorised enterprises based on number of employees, total assets and turnover. The body defined MSMEs in the following manner;

- Micro-enterprise: Employs 10 or less, with total assets of $100,000 or less, and turnover of $100,000 or less.
- Small enterprise: Employs between 11 – 50 people, with total assets of $100,000.00 - $3m, and turnover of $100,000.00 - $3m.
- Medium enterprise: Employs 51 – 300 staff, total assets of $3m - $15m, and turnover of$3m - $15m.

The main activities undertaken by MSMs may be separated by the size of the enterprise. For example, micro enterprise operations tend to be low in use of technology and focuses on retailing, services such as salons, tailoring, arts and crafts production (USAID, 2004).

The National Policy on MSMEs adopts a classification based on the dual criteria: of employment and assets (excluding land and buildings). SMEDAN (2007) opine that if there is a conflict in classification between employment and assets criteria, the employment-based classification would take precedence and the enterprise would be regarded as micro. Employment-based classification tends to be relatively a more stable definition, given that inflationary pressures may affect the asset-based definition. It is obvious that there is no universal definition of MSMEs. Some countries define MSMEs according to number of employees; others define them based on the level of assets or turnover or both. However, most definitions are based on a mix of the above parameters. This creates a definition problem for MSME operators (Metu, Nwokoye & Kalu, 2015).Therefore, the present study adopts the definition of micro enterprises as defined by USAID (2004) as informal businesses employing five or fewer workers, including unpaid family labour.

ILO (2003) defined female enterprises as those which were started, owned and managed by females. This means that the woman is both the major owner and decision maker of the enterprise. The government of India defined female entrepreneurs as an enterprise owned and controlled by females having a minimum financial interest of 51% of the capital and giving at least 51% of the employment generated in the enterprise to females (IFC, 2008). However, this definition is subject to criticism mainly on the condition of employing more than 50% female workers in the enterprise owned and run by females. Female entrepreneurship is primarily based on their indigenous knowledge and skills; they accept challenges in other to become economically independent.

According to Khanka (2014) a woman entrepreneur is a confident, innovative and creative woman capable of achieving self-economic independence individually or in collaboration, generates employment opportunities for others through initiating, establishing and running the enterprise by keeping pace with her personal, family and social life. Based on the general concept of entrepreneurship discussed earlier, the present study explains a female micro entrepreneurs as one who started, operate and controls an enterprise with less than five employees.

2. The Concept of Microcredit

Finance is one of the most important prerequisites to start an enterprise. In fact it is the availability of finance that facilitates an entrepreneur to produce goods and services. The significance of finance in production is elucidated like a lubricant to the process of production (Khanka, 2014). The trite phrase *"Whoever has the gold makes the rule"* underlines the very importance of finance for entrepreneurship development. USAID (2004) defined Microfinance as the provision of financial services adapted to the needs of low income people, especially the provision of small loans, acceptance of small savings deposits, and simple payments services needed by micro entrepreneurs and other poor people. It is the provision of financial services to the economically active poor who are hitherto un-served by the mainstream financial service provider.

CBN (2005) defined microfinance as the provision of financial services to the economically active poor and low income households. These services include credit, savings, transfer payment, micro-leasing and micro-insurance, to enable them engage in income generating activities. The microfinance policy defines the framework for the delivery of these financial services on sustainable basis to the micro, small and medium enterprises (MSMEs) through privately-owned microfinance banks. According to Haruna (2007) and Ogunleye (2009), microfinance is the provision of financial services to those who are traditionally not served by the conventional financial institutions. It is considered distinct from intermediation of the formal financial sector because it targets low income people who lack access to credit for their income generation or production activities. Ogunleye described the three features which distinguish microfinance from other formal financial products as:

i. The smallness of loans advanced or savings collected
ii. The absence of asset-based collateral
iii. Simplicity of operations.

Many years ago, microfinance simply meant the provision of very small loans to the poor, to help them engage in new productive business activities and/or to grow /expand existing ones (Adelade, Amusa & Adekunle, 2013). As practitioners came to realize that the poor lacked access to traditional formal financial institutions and require a variety of financial products microfinance has come to include a broader range of services such as microcredit, savings opportunities, insurance and money transfer.

Commercial banks usually demand for collateral before giving out loans for business purposes. This is a necessary factor in obtaining loan as guarantee for recovery of loans given out by commercial banks in case of repayment default. Yunus (1991) declared that collateral requirement by formal financial institutions is one of the obstacles to affordable credit by micro entrepreneurs. Aderibigbe, (2001) opined that microfinance believes in people and not collateral. That is, it recognizes the credibility of the people and trusts them. Microfinance begins with the recognition of the fact that the poor do not own assets usually pledged as collateral. According to the Grameen experience, microfinance approach has shattered the myth that the poor do not bank. The poor have proven to be credit worthy. This revelation has triggered a process towards broadening and deepening of rural financial markets, strengthened social and human capital of the poor and also generated positive development in microfinance policies and practices (Anyanwu, 2004).

The term microfinance is used interchangeably with the term microcredit. Microfinance covers a range of financial services offered to poor such as microcredit loans, micro leasing, savings opportunities, insurance, money transfers and other financial products, while microcredit is the small loan granted by the bank to needy people. Therefore, micro credit is one activity of micro finance. Microcredit is sometimes supported with training and advice to help micro-entrepreneurs to run successful businesses. Micro-savings are crucial to poor and low-income families in order to meet both planned and unexpected needs that may arise. Micro insurance services can help to provide those living in poverty with a means of tackling costs that might otherwise result in their becoming destitute.

2.1.2 *Review of Basic Theories*

The principles of micro credit are built on the fundamental premise that poverty is largely associated with institutions and policies surrounding people. Yunus (2003) opine that poverty develops when skills and competencies are not utilized or are under-utilized. Consequently, to reduce poverty, people must be encouraged to go into self-employment which will enable them develop their skills and competencies. The belief is that access to credit enhances wealth creation while lack of access to credit by the people helps to extend the vicious cycle of poverty. Based on the above assumptions, two basic theories: Supply leading and asymmetric information theory, are discussed below:

1. **Supply- Leading Hypothesis**

The hypothesis entails providing loans in advance of the demand for credit for the purpose of inducing investment and consequently economic growth (Koneous & Randhawa, 2004). This theory originated and became popular immediately after the World War II of the 1940s and the 1950s. The supply leading theory emanated from the general belief that government should play leading role in instigating development by providing credit to the poor to enable them play active economic roles. As the time the theory was developed, the emphasis was on rural farmers who were expected to increase their agricultural production by acquiring high yielding seeds and other farm materials. But these farmers could not afford the high cost of their farm materials neither could they afford to pay the high cost of regular capital. It was under this context that it was conceived that government can intervene through the provision of subsidized credit so as to empower the farmers to be productive and to contribute in the development of the economy.

This assertion differs considerably from the popular perspective of the classical economics that advocated for free market economy in which the government should play minimal role in the economy. The Classical school advocated for market forces to direct the workings of the economy but the supply leading finance hypothesis was supported by the Keynesian economists who argued that government owes it as an obligation to promote development through the provision of subsidized credit to the poor. With the government subsidizing credit, the poor would increase their productivity to the point that they will be able to save and use less of such credit, as time goes on they may not need the subsidized credit.

2. Asymmetric Information Theory

Asymmetric information also referred to as theory of imperfect information, is present whenever one party in an economic transaction possessed greater knowledge than the other person. The concept of asymmetric information started with the works of Nobelists George A. Akerlof, Micheal Spence and Joseph Stiglitz. Then Michael Rothschild and Stiglitz in 1976 studied the effect of imperfect information using insurance market. Other contributions to the theory of asymmetric information include Stiglitz and Weiss's (1981) where they studied the effects of rationing credit to the market. The idea behind imperfect information theory is that micro credit market is characterized by information asymmetry, which makes it too costly for banks to obtain accurate information on the borrowers and monitor them.

Information is the key resource for decisions regarding the relationship existing between the principal and agent (that is, microfinance banks and women micro entrepreneurs in this case). In the financial market, information must be symmetrical if ideal balance must be maintained, but this is hardly the case. Financial market exhibit asymmetric information because one of the parties involved will have more information than the other and will have the ability to make a more informed decision. Asymmetric information gives either the buyer or seller a better opportunity to make a profit over the purchase or sale of a financial security. When it comes to borrowing or lending money, asymmetric information occurs when the borrower has more information about his financial State than the lender does. The lender is uncertain whether the borrower will default on the loan. The lender can look at the borrower's credit history and salary levels, but this provides limited information compared to what the borrower knows about his own financial status. This means that the borrower has more information regarding his risk profile (such as borrower's investment choice, honesty, risk tolerance, capacity and willingness to repay loan) which is largely unknown to the banks.. In order to protect itself from obvious risk associated with such lack of information, the bank deliberately charges high interest rate to take care of high risk of loan due to information asymmetry.

One of the strengths of asymmetric information theory is that it acknowledges the meaning of information as a market determinant. It emphasizes the meaning of information and its introduction as an economic theory started discussions on the validity of some traditionally held economic theories (Rothschild & Stiglitz, 1976). Another major strength of asymmetric information theory is that it is simple to understand and utilize and it can be applied over multiple disciplines and not just economics. For example, it has been used to analyze the effects of forgeries on the market of art paintings.

One of the problems of asymmetric information is that it may lead to adverse selection behavior because low-risk borrower may decide not to borrow at all, which now increases the overall risk of the loan. This may contribute in frustrating access to micro credit as microfinance banks who are the loan providers may be unwilling to take risk which creates a finance gap problem. According to Tucker and Lean (2003), in a perfect market setting, with perfect and costless information available to both parties, and no uncertainties regarding present and future condition, the principal agent relationship does not suffer from the market failure of information asymmetry. Information is distributed symmetrically between the bank and the firm if not it gives the banks the notion that they are working in an information disadvantaged position which might result to adverse selection decision.

Secondly, asymmetric information may result to the problem of moral hazards. The latter arises because it is too costly for banks to effectively monitor small firms' projects, thereby resulting in equilibrium credit rationing and a shortfall in debt provision. Banks credit rationing may be influenced by borrower's observable features, firm characteristics and loan characteristic (Mordi *et al*, 2014).

Altman (1968) noted that information asymmetry may result in Type I and Type II errors being committed in credit disbursement. Type I error is when a good credit application is turned down due to information asymmetry, while Type II error occurs when a poor credit application is accepted. Micro entrepreneurs suffer Type I error as most of their loans are turned down due to lack of sufficient information. Arguably, female micro entrepreneurs are more likely to suffer this than their male counterparts.

Micro entrepreneurs also suffer information asymmetry by their inability to provide quality financial information about their operations. Newer start-ups may be unable to provide evidence of good financial performance track record strong collateral (Tucker & Lean, 2003). The value of collateral offered by a firm influences the credit offered by the bank. According to Chan and Kanatas (1985) and Coco (2000), collateral reduces the information asymmetry between the enterprise and the financial institution.

2.1.3 *Review of Other Related Theoretical Literature*

A. **An Overview of Micro Financing in Nigeria**

The concept of microfinance is not new because a lot of savings and some credit groups have operated for centuries for instance the '*chit funds'* in India, '*susus'* of Ghana, '*isusu/ajo'* in Nigeria, as well as numerous savings club all over the world. Formal credit and savings institutions for the poor have also been around for decades providing customers who were traditionally neglected by commercial banks a way to obtain financial services through cooperatives and development finance institutions.

Microcredit was institutionalised in 1976 by Muhammed Yunus an American educated Bangladesh economist who had observed that a significant population of the world has been barred from acquiring capital necessary for poverty alleviation. Yunus set out to solve this problem through the creation of the Grameen Bank in Bangladesh. The Grameen approach is unique because it extended tiny loans to groups of poor women to invest in and these loans were guaranteed by members of the group instead of tangible asset. The success of microloans in Bangladesh led to similar programs in other less developing countries (LDCs) including Bolivia, Indonesia, Brazil and Nigeria.

Support for microfinance was also strongly implied in the endorsement by the summit of the 2002 Monterry Consensus, which States that microfinance and credit for small and medium sized enterprises (SMEs), particularly for women are important for enhancing the social and economic impact of the financial sector. Microfinance received further recognition in the 2005 World Summit as it was declared the International Year of Microcredit (Khartoun Report, 2009). The Summit outcome document recognised the need for access to financial services, in particular the poor through microfinance and microcredit. Micro financing in Nigeria started when it became obvious that commercial banks credits to small scale industries dropped at an alarming rate. In the year 2005, a Microfinance Policy which provides a regulatory and supervisory framework was initiated by the Nigerian government (CBN, 2005). One of the targets of the policy was to eliminate gender disparity in access to financial services.

Micro finance loans are small loans granted to micro enterprises by financial intermediaries not on the basis of tangible assets or financial instrument as collateral but on the basis of the borrower's cash flow. Ironically some micro finance banks still demand tangible assets as collateral. With this kind of scenario, most of the micro enterprises are excluded financially. According to Lloyd and Igbani (2014), The CBN monetary rate of 12% as official lending rate to banks on a relatively short term basis, some on a reducing balance and majority on a flat rate constitute a clog in the wheel of economic development. The economically active poor are denied access to finance due to the high interest rate, short tenure ship, uneven distribution of microfinance banks, requirement of collateral for credit accessibility all pose a threat to entrepreneurship development gospel of the Federal Government of Nigeria.

B. **Women as Micro Entrepreneurs in the Informal Sector**

In many developing countries, the rate of growth of the informal sector presents a challenge both for the governments as well as the civil society as it absorbs a large and growing fraction of the labour force, and provides a safety net for the poor who are finding themselves excluded from formal employment and income opportunities.

The term "informal sector" is used to describe a range of economic units in urban areas which are largely owned and operated by single individuals with little capital and labour, and which produce and distribute goods and services with a view to generating income and employment (ILO, 1997). Other characteristics include labour-intensive technology, easy of entry, high levels of competition, production of low-quality goods and services, limited capacity for accumulation and restricted access to assets, credit and other services. The informal sector is not taxed, nor included in any gross national product (GNP).

While the data about informal activities are somewhat unreliable, there is consensus that the informal sector is steadily growing in almost all developing countries, for example in Latin America, 8.4 of every ten new jobs created between 1990 and 1994 were in the informal sector; in Asia, the informal sector absorbs between 40 and 50% of the urban labour force, and in Africa, the urban informal sector currently employs some 60% of the urban labour force and will create more than 90% of all additional jobs in this region (ILO, 1997). A report from World Bank estimates the average size of the informal economy as a percentage of official GNI in the year 2000, in developing countries as 41%, in transition countries 38% and in OECD countries 18% (Fapohunda, 2012).

While the slow or even negative growth of formal sector employment opportunities as well as rapid growth in urban migration, increase in labour force have had detrimental effects on men and women alike. Evidence has shown that women have been increasingly pushed into informal activities, for instance, women in the informal sector in Lima, Peru are 80%; Indonesia 65%; Zambia 72%, and 41% in the Republic of Korea (Lim, 1996). The informal sector in Nigeria employs about 46% of the female labour force (Fapohunda, 2012). According to EFInA (2012), women constitute about 49.7% of the informal sector workers in Nigeria.

Since the mid-1980s women as micro entrepreneurs have received increased attention and assistance by governments, international donors and NGOs. Microenterprises have been seen as having particular advantages for women: e.g. their flexibility and location in or near women's homes, ease of entry and links with the local markets. Mayoux (1995) opine that supporting their entrepreneurship is seen as having important "trickle down" effects on wider poverty alleviation and gender inequality. With the growing role of female micro entrepreneurs, women will need to rely on the success of these strategies, that is, the use and investment in social networks; a greater reluctance to take risks; and a tendency to diversify in order to overcome whatever constraints they may face.

The lack of access to informal and formal credit by women micro and small entrepreneurs has been identified by numerous studies as a major constraint. Recent ILO studies in the Philippines (59%) and Bangladesh (76.4%) place the lack of capital, especially in the start-up period, as the problem most often mentioned by women micro entrepreneurs. These studies confirm that this problem is more severe for women than for men. Formal financial institutions are even less receptive and welcoming to female entrepreneurs. Their collateral requirements, bureaucratic loan application, disbursement procedures, the time and resources necessary to visit the banks and discriminatory banking culture virtually exclude poor women as clients.

With informal sources of finance being relatively easy to access, women rely on moneylenders, rotating savings and credit associations (ROSCAS), friends, relatives, suppliers and shopkeepers. These sources though costly and discriminatory provide the bulk of financial resources for female entrepreneurs, for instance out of the 58.6 million adults saving, 12.4 million (53.9%) women patronise saving collectors (EFInA, 2012). The informal sources of finance offer a number of potential advantages, such as proximity between borrower and lender, immediacy of loan disbursement, small loan size, flexible repayment schedules and minimal collateral requirements.

The provision of sustainable access to financial services for women has therefore become a core component of many women's microenterprise programmes, and this is what gave rise to microfinance institutions which has been offering alternatives to the formal banking systems while incorporating the advantages of informal savings and credit system.

C. **Different Models of Micro Financing**

i. Bank Guarantees: **-** As the name suggests, a bank guarantee is used to obtain a loan from a commercial bank. This guarantee may be arranged externally (through a donor/donation, government agency, etc.) or internally (using member savings). Loans obtained may be given directly to an individual, or they may be given to a self-formed group. Bank guarantee funds may be used for various purposes, including loan recovery and insurance claims. Several international and UN Organizations have been creating international guarantee funds that banks and NGOs can subscribe to on lend or to start a micro credit programme.

ii. Community Banking: **-** Community banking model essentially treats the whole community as one unit, and establishes semi-formal or formal institutions through which microfinance is dispensed. Such institutions are usually formed by extensive help from NGOs and other organisations who also train the community members in various financial activities of the community bank. These institutions may have savings components and other income generating projects included in their structure. In many cases, community banks are part of a larger community development programmes which use finance as inducement for action. They have developed resources and tools for communities and micro credit organisations to monitor progress and identify good practices. They have also created opportunities such as through publications, workshops and seminars, and training programmes enable people learn about the principles of microcredit.

iii. Cooperatives/Credit Unions: - Credit union is a unique member-driven, self-help financial institution. It is organized by and comprised of members of a particular group or organization, who agree to save their money together and to make loans to each other at reasonable rates of interest. The members are people of some common bond, working for the same employer; belonging to the same church, labour union, social fraternity living or working in the same community. A credit union's membership is open to all who belong to the group, regardless of race, religion or colour. A credit union is a democratic, not-for-profit financial cooperative. Each is owned and governed by its members, with members having a vote in the election of directors and committee representatives.

Credit unions may form a rotating savings and credit association (ROSCAs) by coming together to make regular cyclical contributions to a common fund which is then given as a lump sum to one member in each cycle. For example a group of 12 persons may contribute five thousand naira (₦5, 000) per month for 12 months. The six hundred thousand naira (₦5, 000 X 12 = ₦ 600, 000) collected each month is given to one member. Thus, a member will lend money to other members through the regular monthly contributions. After having received the lump sum amount (that is, borrow from the group), the borrower pays back the amount in regular/further monthly contributions. Deciding who receives the lump sum is done by an agreed arrangement.

iv. Grameen Model: - The Grameen model emerged from the poor focused grass root institution, Grameen Banks started by Prof. Mohammed Yunus in Bangladesh. It essentially adopts the following methodology: A bank unit is set up with a field manager and a number of bank workers, covering an area of about 15 to 22 villages. The manager and workers start by visiting the villages to familiarize themselves with the local milieu in which they will be operating and identify prospective clientele, as well as explain the purpose and mode of operation of the bank to the local population. Groups of five prospective borrowers are formed; in the first stage, only two of them are eligible for and receive a loan. The group is observed for a month to see if the members are conforming to the rules of the bank. If only the first two borrowers repay the principal plus interest over a period of fifty weeks do other members of the group become eligible themselves for a loan. Because of these restrictions, there is substantial group pressure to keep individual records clear. In this sense the collective responsibility of the group serves as collateral for the loan.

D. **Reasons for Engaging in Entrepreneurial Activities**

Increasing consciousness among women about their existence and rights is gradually changing their role and economic status in the society. The hidden entrepreneurial potential of women has extended their kitchen activities, mainly 3P's, Pickle, Powder and Pappad and they started entering into fields related to modern 3E's i.e., Energy, Electronics and Engineering (Padhi & Padhy, n.d). Skill, knowledge and adaptability in business are the main reasons that encourage women to engage into small business ventures. Reasons why women engage in micro entrepreneurial activities can be summarized in Figure 2.1.

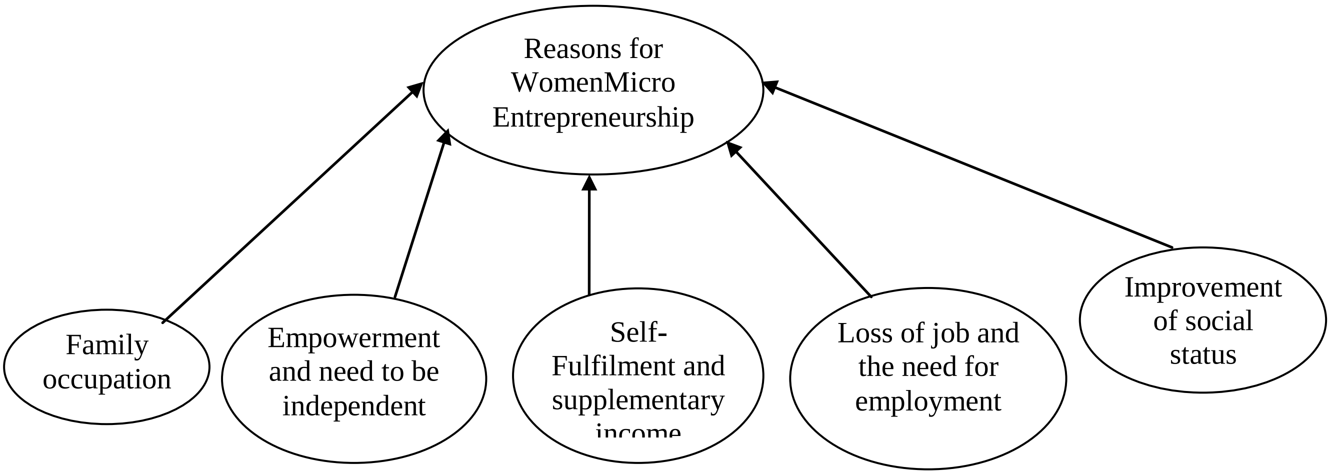

Figure 2.1. Reasons Why Women Engage in Entrepreneurial Activities
Source: Researcher's Conception

Women micro entrepreneurs engage in business due to push and pull factors which encourage women to have an independent occupation and be empowered. A pull factor is a situation where there is a need for independent decision-making in this case empowerment is the motivational factor. Due to the fact that the woman wants to be financially independent, the woman entrepreneur chooses self-employment as a challenge as well as an urge to do something new. While in push factors, women get engaged in business activities due to family compulsion and the responsibility it thrust upon them.

E. **Role of Female Micro Entrepreneurs in Economic Development in Nigeria**

Even if there are controversies on definitions of micro enterprises, what is not contestable is the contribution that they are making in any economy. Women micro entrepreneurs provide income and employment for significant proportions of workers in rural and urban areas by producing basic goods and services for rapidly growing populations. They account for more than 60% of all regional enterprises and up to 50% of paid employment (Harvie, 2003). With increasing labour force participation among women in developing countries, a greater number of women depend on microenterprise activities for survival. Hence microenterprise development is increasingly being seen as an essential ingredient in the promotion of broad based growth, in improving the well -being of the poor and women by providing significant income and employment generating opportunities, and by encouraging indigenous investment. Consequently, there is an increasing policy focus on the need to strengthen entrepreneurship and the contribution of microenterprises to attain economic growth with equity, as well as in addressing gender and poverty reduction issues.

Proponents of private sector development see micro-enterprises as a fertile source of entrepreneurs for the future, a sort of seedbed for the universe of enterprises. In countries where the number of medium and large scale enterprises is sparse, especially in the private sector, the importance of microenterprises as an incubator of new enterprises becomes even more important. World Bank (1995) supported by Ukpabio (2004), agree that women microenterprises play intermediate role in development of large scale enterprises. They reduce regional disparities through the creation of employment opportunities in the rural areas and mobilise local resources more readily than medium and large-scale industries.

Micro-enterprise programs can lead to women empowerment in its social as well as economic dimensions. The empowerment of women is an objective that goes beyond increasing the income women. The mobility of women and their access to information is strengthened by the process of participation in micro-enterprise activities, including attendance at weekly meetings and other interactions in the public sphere that come about as a result of economic activities. Women constitute borrowers of several major micro enterprise programs in Nigeria both rural and urban, as they do in other developing economies (NBS, 2012). Interestingly, because women have built up their creditworthiness as reliable borrowers in many developed countries, it has helped to build the confidence of women in developing countries and they are now accessing loans for their families. This aspect of empowerment contributes to the role of women in decision-making in the family, and to their status outside it. It is true, however, that in some societies many loans made to women are either fully or partially controlled by men, while the responsibility for repayment remains with the women (Harvie, 2003). The cases of the Better Life for Rural Women (BLRW) and Family Economic Advancement Programme (FEAP) are excellent examples where participation in micro-finance and the development of micro-enterprises is positively associated with a woman's level of empowerment leading to economic security, freedom from domination and violence within the family, political and legal awareness, and participation in public protests and political campaigning.

Microenterprise development projects helps in reducing poverty in women and enhancing the role of women in development. Properly designed micro finance projects have an impact on poverty reduction. Successful poverty-oriented micro-finance projects aimed at micro-enterprise development usually exhibit a set of loan characteristics such as the small initial loan size, increasing gradually as the borrower builds up an absorptive capacity and creditworthiness. Secondly, the poor cannot offer collateral and so must rely instead on group collateral, or the joint and several liabilities of group members through ‘social intermediation’. Poverty-oriented micro-finance projects constitute a supplementary source of household income as well as helps in increasing the productivity of a large number of existing enterprises, many of which are operated by women (Metu, Nwokoye & Kalu, 2015). Although some new enterprises are created for self-employment, the benefit of poverty-oriented micro-finance is primarily for income augmenting. Secondly, poverty-oriented micro-finance is the most effective way of targeting the poor and especially women, who self-select themselves in response to loan terms and a lending technology that is not of interest to the non-poor. A series of loans is needed if the household is to raise its income above the poverty line let alone graduate to bank financing. A summary of the entrepreneurial functions are risk bearing, organisation and innovations as classified by Khanka (2014).

F. Particular Difficulties Encountered by Female Micro Entrepreneurs

Successive governments in Nigeria have emphasized the need for the development of entrepreneurship in order to reduce the rate of poverty and unemployment level. The need for encouraging increased productivity and self-employment has been accompanied by formulation of different policies. Okonkwo (1996) affirmed that the problem in Nigeria is that small scale enterprises have not sufficiently developed to constitute a solid foundation on which our national development will stand. There are many problems both remote and immediate that confront micro entrepreneurs but there are those peculiar to women micro entrepreneurs. Some of such problems are discussed below.

i. Problem of Finance **-** Finance is regarded as life-blood of any enterprise, be it big or small (Khanka, 2014). Female micro entrepreneurs suffer from shortage of finance because they may not have assets on their names to be used as collateral in obtaining funds from external sources. Also the banks may consider the women less credit worthy and discourage women borrowers on the belief that they may leave the business at any time. According to Nwosu and Orji (2012) due to socio-cultural constraints, women often have more difficult time accessing finance than men. This singular act makes them depend on their savings or on other informal sources of financing.

ii. Small Size of the Enterprise - Some women depend on their husbands as breadwinners and only start up micro enterprises in the services and retail sector. They perceive starting up a business as a survival strategy or as a means of providing flexibility in work schedule (Baughn, Chua & Neupert, 2006). This exposes the limits of women in attaining their full potentials as entrepreneurs because all their actions including starting a business and borrowing money for such purposes must be sanctioned by their husbands. In some cases the man may refuse or grant limited approval as a means to keep the woman under subjugation. Nkamnebe (2008) described the socially acquired and ascribed roles by women that impact on their entrepreneurial outcome as socio-cultural factors.

iii. Lack of Skills - Most Female micro entrepreneurs are believed to have lower education level, less professional experience less managerial skills and competencies in finance and accounting, which are important to improving access to finance. Consequently, they fear complicated bank procedures and lack confidence to deal with lending institutions. For instance, studies such as Carter and Williams, (2003); Carter and Brush, (2005) have discriminated entrepreneurial success along gender-related factors such as education and work experience, with males considered to be more advantaged than females. Jamali (2009) is of the opinion that females have less human capital to bring to self-employment which negatively impacts their opportunity identification and exploitative potential.

iv. Lack of Information - Female entrepreneurs often lack information on the existence of credit facilities, financial instruments, networks and borrowing conditions of financial institutions. Khanka (2014) noted that due to lack of education and low quality education, the female folk are not aware of business, technology and market knowledge. Lack of or low quality education creates lack of information that will help in setting up and running a successful business.

v. Family Responsibility - In Nigeria, it is the sole responsibility of a woman to look after the family. A woman micro entrepreneur has to strike a balance between the family and her business. A total involvement in any of the two leaves little or no energy to be devoted to the other so she strives hard to combine the business activities with the family obligations. This idea may be viewed with distrust by financial institutions.

vi. Lack of Records – Female micro entrepreneurs have difficulty showing past business performance information or continuous business activity since they are often forced to interrupt their careers to take care of their families. In addition to these problems, inadequate infrastructural facilities, shortage of power, social attitude and socio economic constraints hold the females back from progressing in their business.

Anyanwu (1992) reported that there is still insufficient data about female micro entrepreneurs, their needs, demands and available financing mechanism which is a significant obstacle to creating financing programmes adapted to their needs. All these have great consequences for business growth. There is need to recognize that given enabling environment and conditions, female micro entrepreneurs will cover up the unemployment gap in the economy.

G. Sources of Funding for Female Micro Entrepreneurs

According to Khanka (2014), the entrepreneur should clearly answer the following questions:

1. How much money is needed?

2. Where will the money come from?

3. When does the money need to be available?

As regards where the money will come from, capital can be arranged from two sources: Internal sources (owner's capital) and external sources (loan or debt).

Equity could be from the owner or from relations to dilute the ownership structure of the business while debt financing simply means borrowing money to start the business or for expansion purposes. This could come from formal or informal sources. Formal sources include banks or non- bank financial institutions while the informal sources includes friends, families, *Esusu* and others (Salami, 2013).

a. Internal Sources (Owner's Capital): - Owner's savings have been recognized as the dominant source of finance for all enterprises especially small business owners. Micro entrepreneurs could use their fund for business start-up and as working capital. The fund could also come from other members of the family, friends or relations. When the owners are two or more contributing to the finance, it will necessitate dividing business ownership among investors who contribute capital but may or may not be involved in running the business. Friends, family and other relations are all traditional sources of capital for a female micro entrepreneur.

In addition, an existing enterprise could also raise fund through retention of profits or conversion of some assets into funds. According to Khanka (2014), the cardinal principal of financial management also suggests that an entrepreneur should religiously plough back a good portion of his/her profits into the enterprise itself. However, the scope for raising funds from internal sources particularly in the case of female owned micro enterprises remained limited.

b. External Sources (Debt): - External funding could be achieved through the following:

i. Government Assisted Loans/Micro Credit: The objective of micro credit in enterprise development is to facilitate easy credit or small scale loan to those who have been trained to develop small and micro credit through entrepreneurship development programmes (SMEDAN, 2007). It is to enable them fulfill credit capital needs of their enterprises.

Government through its different programme may directly give loan to prospective and existing small business owners or provide a guarantee of repayment of the loan. Such loans are usually cheap with concessional terms. Many State governments have established micro credit agencies for industrial, commercial and agricultural projects which can finance project to the tune of ₦500, 000 (five hundred thousand naira only). These agencies' funds are in most times beyond those in demand for the funds so they tend to serve mostly the interest of people in their political parties (Akinnawo, 2013). However, micro entrepreneurs can still explore the available facilities by leveraging on local politicians to get assistance from the agencies.

ii. Loans from Relatives and Friends - Financial assistance may come from relations and friends which may need to be repaid back. Most times these kinds of loans do not have any interest charges attached and the terms of payment are at the discretion of the entrepreneur but the giver must be convinced that the loan can be paid back. What the female entrepreneur needs to do is to convince the giver that the business is viable and commercially profitable.

iii. The Local Money Lenders - This consists of regular small contributions and it is the most common informal savings facility. It varies from individual collection arrangement to rotating group arrangement. It is used mostly by women micro entrepreneurs as a form of savings and borrowing facility in order to safe guard some part of their daily income. On the lending side, the major actors are money lenders and some *Esusu* collectors. They lend to borrowers at a short term basis and at a high interest rate, but, they are easily accessible.

iv. Cooperative Societies - Money lending is done to those who are members of the cooperative society. This source is easily accessible and cheap and the terms of payment generally soft to enable members productively utilize the fund and be able to pay back as at when due.

According to Baadom (2004) sources of funding for female micro entrepreneurs include:

i. Personal savings from previous jobs done which have been accumulated by way of surplus over time. When it becomes sizeable, then it is then used to start a business.

ii. It could be a form of loan or overdraft from the banks or lending financial houses, with agreed periodical repayments.

iii. Leasing is another source of funds where the proprietor of a business will take some assets used for the period of lease coupled with an agreement on how the periodical interest will be paid on the leased items. There is an option of outright purchase of such assets.

iv. Accumulation of family savings is another source of funding for small scale businesses.

v. The hire purchase method is a popular source of funds for the entrepreneur who takes the required asset on credit and makes installment payment as agreed over a period until complete repayment is made.

vi. It could also be through credit purchase where the proprietor is allowed to buy goods on credit from the sellers and repayment made after sales.

vii. The apprentice scheme is another source of funds to start a new business. An apprentice provides labour services to the guardian, while guardian provides training services and business capital to the apprentice.

Olashore (1987) observes that the main sources of enterprise financing in Nigeria are:

i. Formal financial institutions such as deposit money banks, merchant banks, insurance companies and the development banks.

ii. Informal financial landlords, credits and savings association (*isusu*), friends and relations, personal savings and

iii. Other financial scheme, (National Economic Reconstruction Fund (NERFUND) and Nigeria Export – Import Bank (NEXIM).

H. Nigerian Governments' Efforts at Increasing Financial Access to Micro Entrepreneurs.

To address the problem of inaccessibility to finance by women micro enterprises and make it a source of poverty reduction and women empowerment, different governments have introduced different financing schemes to cater for the needs of these group of operators. But ironically a look at these programmes shows that they focused mostly on small and medium enterprises at the expense of micro enterprises which women form the bulk. A few major schemes/programmes created by different governments in different years are highlighted below:

i. **Establishment of Industrial Development Centre (IDC): -** This scheme was an effort of the federal government to promote SMEs under the second national development plan (1970 - 1975). Under the plan, ₦800,000.00 (Eight hundred thousand naira only) was allocated for setting up IDCs in various parts of the country thus making it possible for government to provide extension services to the SMEs as it relates to product development, entrepreneurial training and technical appraisal of loan applications as well as managerial assistance.

ii. **Establishment of the Small Scale Industries Credit Scheme (SSICS): -** This was created by the then Military Government in1971. At first step, the government established a small industrial development programme to provide technical and financial support for the SMEs. Later it established the Small Industries Credit Committee (SICC) to administer small industries credit fund all over the federation. The scheme was operated as a matching grant between the federal government and the State governments and designed to make credit available on liberal terms to enterprises with capital investment outlay not exceeding ₦150,000.00 (One hundred and fifty thousand naira only). The fund was to operate as a revolving loan scheme. However, the scheme became progressively starved of fund owing to numerous abuses and it had to be discontinued in 1979.

iii. **National Directorate of Employment: (NDE):** The establishment of NDE in 1986 constituted another channel by which the government aimed at promoting MSMEs in Nigeria. Through the NDE, a number of programmes such as Small Scale Industries (SSI), Youth employment and vocational skill development were embarked upon to boost employment and reduce poverty. Other schemes that were established under the NDE were the Open Apprentice Schemes and the Waste to Wealth Programme. About 70,000 apprentices were trained in different skills all over the country by the end of 1987 (Adewale, Afolabi & Abumere, 2015). With respect to the Waste to Wealth Programme, small scale operators were trained on how to convert discarded materials such as plastics, jewelry, shoes, to useful raw materials. Under the different schemes, financial assistance was provided to beneficiaries.

iv. **Entrepreneurship Development Centers (EDC):-** The CBN as part of its developmental efforts supports Entrepreneurship Development Centers (EDC) in the six geo-political zones of the country. The aim was to ensure that a clear agenda is set for increasing both access and usage of financial services within a defined timeline for excluded groups including women. The scheme was to help in reducing the exclusion rate of women from 54% to 20% by the year 2020 through the national financial inclusion strategy (Sanusi, 2012).

v. **Subsidy Re-investment and Empowerment Programme (SURE-P):** The Federal Government launched the Public Works and Women/Youth Empowerment Scheme (PW/WYE). The programme which is a component of the Subsidy Re-investment and Empowerment Programme (SURE-P) was targeted at generating about 370,000 jobs across the country. Sanusi (2012) Stated that the PW/WYE is expected to generate 50,000 skilled jobs and 320,000 unskilled job opportunities for women and youths in labour-intensive public works. The implementation was in partnership with the States, the local governments and the private sector. To boost the scheme, the government set aside some portion of the partial subsidy on petroleum prices removal proceeds to support the employment generation intervention nationwide. But incidentally the scheme has been stopped by the present Buhari's administration.

vi. **Working for Yourself Programme (WFYP):** This programme was established by the British Council and the International Labor Organisation (ILO) and the Federal Ministry of Industries as a means of improving the skills of business entrepreneurs in Nigeria. The programme provided a six week intensive training conducted in several centers to impart technical skills to business entrepreneurs and also provide financial assistant to beneficiaries under the scheme.

vii. **Micro, Small and Medium Enterprises Development Fund (MSMEDF):** The Nigerian government through the apex bank CBN recently launched the MSMEDF with a seed money of ₦220 billion. One of the key targets of the policy is to eliminate gender disparity by ensuring that women's access to financial services increases by 15% annually. The MSMEDF is the most important policy that recognizes and tries to factor financial accessibility to women micro entrepreneurs because it is intended that a minimum of 60% of the MSMEDF should be committed to providing funding to women in order to address their peculiar financial exclusion challenges.

The key objective include providing grants for capacity building of staff in microfinance institutions on women based lending, promoting the development of regulatory provisions that are favourable to women lending, supporting initiatives that can improve financial literacy, entrepreneurship development for women clients, supporting programmes that are geared towards the mobilization of women, research and development, and promotion of women friendly financial innovations and products. Presently, ₦40.3 billion of this fund has been disbursed to State governments, DMBs, microfinance banks while ₦814 million has been assessed by DMBs for 21 projects (CBN, 2014).

I Challenges of Accessing Finance by Female Micro Entrepreneurs

i. **Lack of Awareness of Available means of Financing: -** Females generally lack knowledge on the financial options available to them. Furthermore, the cost of getting this information (measured in money, time, and energy) may be high due to family responsibilities**.** Sometimes, credit may be available for women through several schemes but there are bottlenecks and gaps, and the multiplicity of schemes is often not adequately listed. As a result, clients approaching one institution are sometimes not made aware of the best option for their requirements. A general lack of experience and exposure also restricts women from venturing out and dealing with banking institutions. Those who do venture out often find that transaction costs for accessing credit are high, and cannot be met by the cash available to them thereby leading to lower investments. Since most women entrepreneurs operate on a small scale, and are generally not members of professional organizations or part of other networks, they often find it difficult to access information.

ii. **Cultural Norms: -** This can be referred to as gender specific constraints. Ifelunini and Wosowei (2013) explained gender specific constraint as the social norms, values and practices which define inequalities between males and females in the societies, assigning a lower value to those capabilities and activities conventionally associated with the females. According to Sanusi (2012), socially accepted norms and expected family roles have a profound effect on the type of economic activities that the females can engage in, the technologies available to them, the people and agencies with whom they can interact, the places they can visit, the time they have available and the control they can exert over their own resources such as capital.

Ifelunini and Wosowei (2013) opine that women's concerns and gender-related constraints tend to negatively affect equal participation of both sexes at the local, institutional and policy levels. Consequently this leads to failure to utilize the full potentials of human resources needed for wealth creation because one section of the population is allowed limited opportunities or even left out.

iii. **Property Rights and Control over Assets: -** Customary rules often restrict women's access to and control over assets (land or buildings) that can be accepted as collateral. Karanja, (1996) assert that women are less likely to have land titled under their name, even when their families own land because that property is not usually registered in their names. Moreover, when women formally own land and assets they are less likely than men to have control over land. Biased inheritance rights often bestow land to male relatives (Agarwal, 2003).The exorbitantly high cost of initial capital tends to make the enterprise almost uneconomical to operate as an enterprise.

iv. **Biased Attitude of Banks: -** Financial institutions do consider women inexperienced and less attractive clients when accessing financial resources and this leads to biased lending practices. Institutions most times lack the knowledge to offer products tailored to women's preferences (Fletschner, 2009). The availability of finance for women entrepreneurs are also constrained by restrictions put up by financial institutions that do not account for practical realities and this in turn affect the enterprise and its survival (Hannan & Freeman, 1989).Cost of credit coupled with short repayment period results in forcing the entrepreneur to work almost round the clock in order to service the loans.

Microfinance institutions (MFIs) choose where they locate their offices and this attitude excludes entrepreneurs in remote regions leading to regional disparities and worsening the women's financial burden (Masunga, 2011; Ifelunini & Wosowei, 2013). The women in other to meet up with the demands of loan applications may decide to form groups, but some credit conditions when forming a group, result in delays in accessing initial capital, thereby worsening the woman micro entrepreneur's financial burden.

v. **Lack of Collateral and Start-up Capital: -** Need for collateral and asset-based lending generally constrains borrowers from access to finance. This is much more serious with women for obvious reasons. Data from the NBS (2009) showed that men are twice as likely to secure finance compared to women. In a World Bank report on the investment climate in Nigeria, Sanusi explained that capital rather than productivity narrows the range of activities in which women engage. The report also showed that majority of women (76%) rely mostly on internal funds and retained earnings, and that only about 1% obtains capital from the formal financial sector. The formal financial institutions, especially banks, have not supported women entrepreneurs as much as they could have (Sanusi, 2012).

vi. **Lack of Risk Alleviating Mechanisms for Women Micro Entrepreneurs**: - There is lack of risk alleviating mechanism for women mic.ro entrepreneurs in case of default. The availability of micro insurance products such as loan insurance, life insurance and other insurance packages would ensure that the assets of these entrepreneurs are protected if their income is diverted from their businesses into non business activities (Masunga, 2011).

vii. **Family/Household Financial Responsibility: -** The competing financial need between family and business has become one of the major constraints to accessing finance by women micro entrepreneurs which invariably affects their business performance. Many women micro entrepreneurs are poor; the little income earned from the business is sometimes used for what appears to be urgent family requirements, irrespective of what it was set aside for. Therefore when microcredit is accessed, family responsibility may force the woman to use the loan in solving the immediate need leading to default in payment. With this type of scenario, the woman may find it difficult to ask for future loan.

Women also spend most of their time doing unpaid household chores which undermines their business potentials. While these environments can affect enterprises irrespective of size and ownership, their impact on female-owned enterprises may be conditional. Women usually receive substantial family support in the start-up stages of their businesses, but later on such support is may be limited, restricted or withdrawn for fear of husbands losing dominance over their wives.

Sandberg (2003) summarizes distinct areas financing process has been consistently problematic for female-owned businesses. First, women may be at a disadvantage in their ability to raise start-up funds. Secondly, guarantees required for external financing may be beyond the scope of most women's personal assets and credit track record. Thirdly, finance for ongoing business costs may be less available for female owned firms than for men, largely due to women's inability to penetrate informal financial networks. It should be noted that adequate financial support accelerates the success of an enterprise, but if any woman entrepreneur is unable to mobilize the needed finance, her dream of a successful business output may not materialize.

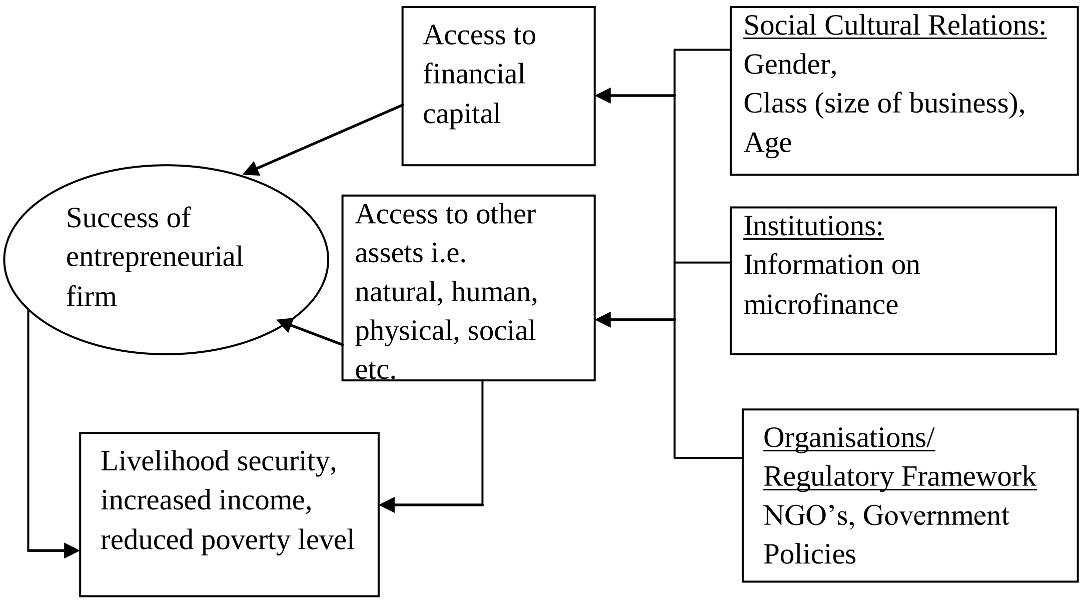

Figure 2.2: Conceptual Framework: Women and Access to Finance
Source: Ellis (2000)

Figure 2.2 is a conceptual framework on women and access to finance adopted from the Livelihood Analysis Framework by Ellis (2000) with some modifications. The framework shows that social cultural practices, government regulations, information about microfinance institutions, are the trends that can influence access to finance and capital to women. Social relations such as gender, age, class and also institutions do influence access to financial capital and asset. Access to assets leads to success of women entrepreneurial activities which finally ensure security, increased income and reduced poverty level.

2.2 Empirical Literature Review

This section discusses empirical literature on women micro entrepreneurs and access to finance. Several researchers have examined gender discrimination with particular reference to access to finance while some studies have concentrated on challenges to access to microcredit by women entrepreneurs. Their views are discussed in this subsection in order to understand how the present study fits into existing body of knowledge. For instance, Anyanwu, (1992) carried out a research to determine the extent of women's limited access to credit facilities from commercial banks in Nigeria, that is, factors inhibiting them (particularly gender related ones). Data were collected through the use of questionnaire and oral interview. Out of the 400 questionnaires distributed, 378 were valid for analyses which were collected from women and bank branches (credit department). The study revealed that Nigerian women do not have limited access to commercial bank credit, rather there are fewer women credit applicants due to ignorance and general illiteracy. These women prefer to borrow from the informal credit market. Also from the findings of the study, it was revealed that the size of women's business and income, lack of collateral and perceived risk costs act as limitations to women's access to commercial banks' credit facilities. The study made some recommendations which includes that the women should be informed that their financial survival may depend on their ability to use their credit rights. This may be achieved through education and information as most of these women are not just uninformed but ill-informed about credit facilities.

Wijetunge (2008) studied financial constraints faced by small business entrepreneurs in Sri Lanka. The objective of the study was to identify the sources of financing, financial barriers and financial support of financial institutions in the study area. The research basically used inductive method and data collected through the use of structured questionnaire and interviews. A sample size of 50 entrepreneurs was selected randomly from the Gampaha district, while graphs, tables and percentages were used for the analysis. According to the findings of the study, 92% of the respondents had some difficulty in financing their businesses; also 86% did not go for bank loans at the start-up because the relationship with financial institutions was not satisfactory at the level but satisfactory with the government incentives. The study recommends formulation of policy to increase government contribution towards development of small business sector.

In a study carried out by Fatima (2009), the purpose of the paper was to investigate how many rural women have access to finance. It also explores the additional constraint faced by them in accessing the credit. The study used a cross-section survey from the *Rural Financial Market Survey* in other to examine the factors affecting the demand for borrowing. Multivariate logit regression was used for the estimation purpose using borrowing any credit as the dependent variable. The results indicate that women lack easier access to formal credit. Also the socio-economic and cultural background of the family significantly impact probability of borrowing. More specifically, result indicates that female own age, marital status and employment bring self-confidence and reliability that encourage female borrowing. The paper proposes that government should implement education programmes in order to create awareness towards role of women in economic development. Moreover, to overcome the cultural constraints, information should also be disseminated through the use of influential media forum.

Nkamnebe (2009) carried out a study on women and microcredit financing in Nigeria with emphasis on its implications for poverty alleviation and fight against vulnerability. The study examined the factors that hinder women from accessing microcredit and the innovative measures that they have initiated to counter these barriers and constraints. The data used for analysis were collected using oral interview conducted on two bank officials, one NGO representative and women micro entrepreneurs. The study identified and categorised the constraints militating against women micro entrepreneurs in accessing microcredit in Nigeria into three main factors and they are: Internal constraint, socio-cultural constraints and weak policy support. The study recommends policy adjustment that would foster greater sensitisation of women through effective use of women groups and traders association.

Sabarwal and Terrell (2009) studied the important predictors ofaccess to credit and the performance of female entrepreneurs in Latin America. The study contributes to literature by using firm level data from the 2006 enterprise survey of 13 countries in Latin America region. Relative performance was measured on a number of dimensions such as sales revenue, profit, sales growth and employment growth. According to the findings of the study, women in Latin America are as likely as men to apply for formal credit but they are less likely than men to obtain formal credit if they are running micro or medium firms. On the other hand, they are more likely to obtain formal credit if they are running large firms. Also the study found limited evidence that female entrepreneurs are disproportionately concentrated in low performing sectors.

The study conducted by Adesua-Lincoln (2011) on assessing female entrepreneur's access to finance for business start-up and growth in Nigeria was based on a survey of 132 female owned firms. The findings of the study revealed that female entrepreneurs are particularly constrained by their weak financial base and lack of collateral. Many of the respondents had to resort to internal sources of finance for their start-up and working capital. According to the study, many of the challenges faced by female entrepreneurs can also be linked to their inferior status as women in African societies, their underestimation as economic agents, as well as gender bias embedded in tribal and cultural norms. The findings also showed that gender is extraneous to the practices of financial institutions when dealing with female entrepreneurs. According to the study, female entrepreneurs in Nigeria face the same obstacle as their male counterparts in relation to bank lending and this contradicts the works of Carter, 2000 and Marlow, 2002 which opine that women are more likely to encounter problems when dealing with financial institution as a result of gender.

Akande (2012) investigated the impact of microcredit on the performance of women owned micro enterprises in Oyo State, Nigeria. Data were collected through the use of structured questionnaire and analysed using tables, frequencies, percentages, charts while chi square was used to test the hypotheses. The findings of the study revealed that 46.67% of the respondents were aware of the existence of microfinance banks but only 16.67% patronised them. Also the performance of those that patronised microfinance banks did not improve significantly due to interest rate charges and short repayment periods. The study recommends that financial institutions especially microfinance banks should be encouraged to increase their loan-able funds and also relax the conditions of granting loans to women owned micro enterprises. The study also advocated for flexible repayment period and reduction in interest rate so as to encourage women entrepreneurs to borrow.

Gulani and Usman (2012) examined the challenges faced by small and medium scale enterprises (SMEs) in financing new or existing businesses in Gombe State. The study adopted purposive and simple random sampling techniques to draw the sample from the population. Data were collected from 65 respondents and the results were analyzed using chi-square. The findings of the study revealed that there is no significant difference in the difficulties SMEs face when accessing finance from the various sources but there is a significant difference in the level of awareness of MFIs by SMEs. The study recommends that government policy of initiating various intervention funds for entrepreneurial development should be encouraged and that SMEs in the State should be sensitized on the activities of micro finance institutions.

Otoo, (2012) examined the factors that constrain women petty traders from accessing microcredit in Ghana and the innovative measures initiated to counter these constraints. The study was based on aided questionnaire and in-depth interviews drawn from a sample of 150 petty traders in the central region of Ghana. From the findings three main constraints were identified: Internal factors (limited understanding of benefits of microfinance); socio-cultural constraints (not receiving public attention, other acquired roles and absence of time to plan and think about business; negative attitude and beliefs about women traditional roles) and policy constraints (operating environment not conductive for microenterprise to flourish).The study recommends the establishment of guarantee fund and that women should have information about their rights and entitlements to help women entrepreneurs to overcome these barriers.

Sanusi (2012) in a paper presented at the Second Women Summit in Nigeria discussed about how to increase women's access to finance. The paper identified some factors as challenges to women's access to finance in Nigeria. Such factors includes: Cultural norms and family responsibility; biased attitude of banks; lack of collateral; property right and control over assets; lack of awareness of finance and financial market imperfection. Based on the identified challenges, the paper recommends that the Central Bank of Nigeria (CBN) needs to encourage advocacy for institutional support to women empowerment. According to Sanusi, supporting women entrepreneurship by means of training and granting financial support is the key to guaranteeing the contribution of women to national development.

Ajagbe (2012) carried out a study to investigate determinants of access to credit by small-scale enterprises in Nigeria. A sample of randomly selected three hundred and fifty respondents from the four geo-political zones in Oyo State, Nigeria was used for the study. The data collected for the study were analysed using descriptive and logistic regression model. The findings of the study showed that demand for credit by small-scale enterprises in Nigeria is strongly influenced by gender, marital status, family size, interest rate, level of education and capital assets. Based on the findings of the study, it was recommended that women should be encouraged to seek credit facilities from credit institutions.

Investigating impediments towards access to financial services by women entrepreneurs, Magesa, Shimba and Magombola (2013) carried out a field study using Arumeru District, Tanzania. In other to achieve this objective, a sample size of 150 respondents was selected for the study. One hundred of the women micro entrepreneurs were engaged in focus group discussions and interviews, while the remaining 50 respondents were drawn from other different stakeholders. Through the study, it was discovered that women face a lot of challenges including discrimination by institutions, small loan sizes, strict unfavourable conditions, lack of collateral and property rights, high interest rates, lack of financial confidence and presence of cultural norms which stereotype against women in accessing and controlling any financial means. Based on the findings of the study, it was recommended that financial institutions should redesign their product to suit their clients' needs and that the government should re-evaluate the interest rate charged by the financial institutions.

Ugoanni, Onwubiko and Dike (2013) studied the problems of micro credit among microenterprises in Nigeria. The survey was carried out in Aba, South East Nigeria. The study design combined the use of questionnaire and face to face interview. Data were analyzed using tables, simple percentages and z- test statistics. According to the study, the problems of microcredit have significant effects on the performance of microenterprises in Nigeria. Ten recommendations were made including banks to evolve a special microcredit risk appetite mechanism to take care of micro enterprises. Also, banks should pay attention to the competence and integrity of the micro entrepreneurs before giving out loans instead of relying on elegant paper projections by consultants.

In other to exam the constraints to women entrepreneurs' access to microfinance, Ifelunini and Wosowei (2013) carried out a research in South-South Nigeria. According to the findings of their study there are four major factors inhibiting women entrepreneurs from accessing finance. The factors were identified using principal component analysis and they are technical, economic, managerial and social factors. Technical factors include transport cost, lack of trust, diversion of funds and short payback period. Managerial factors include low accessibility to loan, the time lag between application and loan collection, discretionary amount given as loan, opening of account as condition for microcredit access and educational level of the entrepreneur. Social factors include distance, securing of guarantor and too many applications than MFIs can afford while economic factors include protocol before acquiring loan, high interest rate on borrowing, provision of collateral and unwillingness of MFIs to grant loan to women entrepreneurs. Based on the findings, the study recommends a reduction in interest rate and relaxing of the condition inherent in loan access as well as sensitization of more women about microfinance services.

Agbo, Onwumere and Ebe (2013) carried out a research to evaluate the determinants of access to the Central Bank's credit to agro-enterprises in Nasarawa State, Nigeria. Sixty agro-enterprises that have received credit from the CBN's scheme formed the sample size for the study. Data were collected through the use of structured questionnaire and oral interview which were administered on the leadership of each of the groups. The data collected were analysed using inferential statistics and the findings showed that determinants of access to credit scheme are stringent conditions such as asset base, acquisition of an insurance cover, distance to source of finance, years of experience, membership of a group and high cost of the facility (interest rate). It was recommended that the CBN should revisit some of the credit guidelines to ensure a wider access to the scheme in the State.

Denanyoh, Adjei and Owus (2013) carried out a study to evaluate the challenges faced by women entrepreneurs in sourcing micro finance in Ghana using Kumasi and Sunyani markets as case studies. A total of 120 respondents were sampled using non probability sampling technique. Questionnaire and interviews were used to elicit information from the respondents and data analysed using descriptive statistics. According to the findings of the study, the major obstacles to accessing micro loans are unaffordable collateral, fear of loan default, rigid bank processing procedures and unprofessional attitudes of loan officers. The study showed that majority of the respondents used suppliers credit as a means of accessing credit. No recommendations were proffered by the researchers because they felt that the sample size was too small to be used in policy recommendations.

Poor access to finance is a big problem for average MSMEs and there are several underlying factors on both the supply and demand sides. Asian Development Bank (ADB, 2013) illustrates the supply and demand sides' barriers to finance using four countries: China, India, Korea and Malaysia. The data were analysed using graphs and percentages. The findings identified some supply-side constraints to access to finance and they include: The need for collaterals and guarantees as prerequisites for loans, complicated borrowing procedures, strict lending policies of financial institutions, high lending rates, lending policy, and short loan term. The demand-side barriers identified by the study includes: Lack of knowledge of financial products, no demand on the part of the enterprise and insufficient management. The findings also showed that requirements of collateral and guarantor, complex documentation process and high lending rates are barriers to MSMEs growth. The study based on the findings recommends the need to strengthen financial literacy so as to generate positive financial accessibility.

Enhancing Financial Innovation and Access (EFInA, 2014) survey on access to financial services in Nigeria identified that out of 2.6 million adults that use microfinance bank, 53.9% are males while 46.1% are females. The study used descriptive statistics in analysing the data. According to this survey, constraints to financial accessibility are mainly demand-driven, and they include irregular income, distance from microfinance bank and lack of trust by micro, small and medium enterprises. The study recommends that financial service providers should specifically design low cost financial products that will help to improve the financial capabilities of the financially excluded in the country.

Gichuki, Njeru and Tiramba (2014) studied challenges facing micro and small enterprises in accessing credit facilities in Kangemi Harambi Market in Nairobi Kenya. Stratified sampling technique was used in selecting 241 MSEs from a population of 656 MSEs located in the market. Data collected were analysed using descriptive statistics. The study identified some key challenges hindering MSEs from accessing credit facilities and they include: High cost of repayment, strict collateral requirements, unwillingness of the people to act as guarantors, high credit processing fees and short repayment period. Based on the findings, the study recommends that financial institutions should set more flexible, affordable and attractive requirements for financing any enterprise.

International Finance Corporation (IFC) (2014) organized a roundtable with representatives from banks, non-banking financial institutions, and industry associations to understand perspectives and discuss financial access for women-owned businesses. The main aim of the roundtable was to assess the gap in demand and supply of finance, highlight the opportunity in serving women entrepreneurs, and catalogue initiatives taken by financial institutions to enhance access to finance for women-owned businesses in India. Data used for the discussions were collected from both primary and secondary sources and analysed using descriptive statistics. Based on the findings, the study recommended the need to create products and services that will help women-owned MSMEs to overcome the challenges of lack of collateral and start-up capital.

Karanja, Mwangi and Nyakarimi (2014) carried out a study to evaluate the factors influencing access to credit services by women entrepreneurs in Kenya using Isiolo town as a case study. The scope of the study was selected from 38 respondents comprising of 18 management employees and 20 registered women entrepreneurs. The researchers applied the chi-square method in testing the hypothesis of the study. According to the study, lack of affordable collateral was one of the challenges or hindrances to women accessing credit. Based on this finding, the study recommends that the financial institutions should encourage the use of affordable collaterals that will ensure that women entrepreneurs are able to access credit. The financial institutions should also ensure that they train women entrepreneurs on investment opportunities in order to improve the purpose of the credit for women entrepreneurs.

Lloyd and Igbani (2014) studied microfinance policy, credit accessibility and financial inclusion by micro, small and medium enterprises in Nigeria. The study tried to examine why the economically active micro entrepreneurs are excluded from financial services. The findings of the study reveal that only 35% of the economically active poor have access to financial services while 65% are denied access to financial services. In other words, low income household and economically active poor are being denied access to financial services in Nigeria. Moreover, an uneven distribution of microfinance institutions across the country account for low financial accessibility by micro entrepreneurs. The study went further to make some recommendations that microfinance institution should not demand for tangible assets as collateral because it accounts for the poor financial inclusion and accessibility by micro entrepreneurs.

Adewale (n.d) studied the determinants of financial exclusion among micro entrepreneurs in Ilorin, Nigeria. The sole aim of the study was to investigate the factors that impede both access and use of the requisite financial resources. Data were collected from primary sources by administering questionnaire on 405 proprietors of microenterprises in Ilorin, Kwara State. According to the study, the factors that significantly accounts for financial exclusion in Nigeria can be grouped under both voluntary and involuntary financial exclusion. According to the study, the poor not only involuntarily exclude themselves or lack access to financial capital but also demonstrate voluntary financial exclusion. In other words, it implies that even when the poor have access, they may not avail themselves of the use of financial resources.

Hansen and Rand (2014) carried out a study to estimate gender differences in firms' access to credit in Sub-Saharan African. The study tried to show how three different measures of credit constraint lead to three different estimates of gender differences in manufacturing firm's credit situation using 16 countries. The measures are:- Perception based credit constraint measure where firms are asked if credit is an obstacle to growth or not. Secondly is the use of formal financial services which tries to distinguish between firms that use formal financial services and those that do not. Firms using formal credit are firms with access to an overdraft facility and a formal bank loan. Thirdly is the use of direct credit constraint information to know whether a firm applied for credit or not. According to the study firms are classified as credit constraint if they (i) applied for credit and were denied (ii) did not apply due to collateral requirements, complex application procedure, possible loan size and insufficient maturity period. The findings showed that using a perception based credit constraint measure female owned firms perceive credit as a more severe obstacle to growth than male owned firms. Using direct information on credit constraints, female owned small firms are less constrained than male owned small firms and using formal financial access data there is no gender differences.
Cheluget, Morogo and Chelimo (2015) examined the challenges of access to credit on the growth of women owned enterprises in Kapseret Constituency, Uasin Gishu County.

The study adopted survey research design while descriptive statistics was used in analysing the collected data. The population of the study consists of 1,468 women entrepreneurs but a sample size of 306 respondents was used for the study. From the findings of the study, the factors that affect access to credit by women entrepreneurs are education level and interest rate. The study also showed that income level affects access to credit by women small scale business operators.

The study, based on the findings, recommends that government should expand credit bureaus and collateral registries that can increase access to credit and reduce the costs of borrowing.

Metu *et al*, (2015) studied impediments to accessibility of finance by female micro entrepreneurs in Awka, Nigeria. Data were gathered through administering of well-structured questionnaire on the respondents. The data were analyzed using bar charts and simple regression analyses. The result identified some factors that act as impediments to accessing finance by the female micro entrepreneurs. The factors are: Lack of information about microfinance, bureaucratic bottlenecks, high interest charges, lack of collateral and stringent repayment terms. Based on the findings, the study recommends the adoption of gender-sensitive microcredit policies that will benefit female micro entrepreneurs. Also the recently introduced Micro, Small and Medium Enterprises Fund by the Central Bank of Nigeria should be monitored by concerned authorities to make sure the fund gets to those it is meant for.

Nwosu, Orji, Nnetu and Nwangwu (2015) in their study tried to examine whether women entrepreneurs in small and medium sized enterprises (SMEs) in Nigeria are discriminated against in formal credit markets compared to the male counterparts. Their study also investigates the impact of such credit access on the performance of the enterprises. The study used secondary data collected from 2010 Nigerian Enterprise Survey data in other to address the objectives. A probit model was estimated and propensity score matching method was used for analysis. The study did not find any form of discrimination against women in formal credit in markets rather; it is micro and small enterprises that are constrained relative to medium enterprises. Also, the results also show that access to formal credit has significant impact on enterprise performance because firms that are not credit constrained perform better in terms of output, output per worker and decision to invest/expand than firms that are credit constrained. Based on the findings of this study, it was recommended that government should provide intervention funds targeted specifically at medium and micro enterprises in other to ease their credit constrain.

Seck, Araar, Camara, Diallo, Diop and Fall (2015) in their study tried to investigate gender-based discrimination and the extent to which access to credit affects firms' performance in Senegal. Using firm-level data, the method of the study consists of the data development analysis, an endogenous switching regression and a propensity score matching, the study finds no evidence to support that women are discriminated against in the credit market. In addition female entrepreneurs reap from the fund as much as the male entrepreneurs. The study recommend that gender-based public policies aimed at promoting access to credit and entrepreneurship should be continued and it should be grounded on more robust footings such as managers' education, firms' ownership and geographical location.

Waari and Nwangi, (2015) studied factors influencing access to finance by MSMEs in Meru, County, Kenya. The study focused on the demand side in establishing the factors influencing MSMEs accessibility to finance. Descriptive survey was adopted for this study and a total of 86 MSMEs were sampled out of a population of 22,451 MSMEs in Meru, Kenya. Data were analyzed using multiple regressions, while the quantitative data were presented using percentages. The findings of the study revealed that there are factors that influence access to finance by MSMEs and the factors are information asymmetry, business risks and transactional costs. Meanwhile, transactional cost was seen as the most significant predictor of access to finance. The study recommends the need to keep proper record as it will help MSMEs in business risk management.

Wosowei (2015) studied the constraints faced by women entrepreneurs in accessing microfinance services and the strategies that can be employed to improve access to finance in Bayelsa State, South-South Nigeria. A sample of 150 respondents was randomly selected from three local government areas in Bayelsa State. The data collected were analysed using descriptive statistics and exploratory factor procedure. The findings of the study classified identified factors into groups such as technical, management, economic, and social constraints as affecting women entrepreneurs in Bayelsa State in their effort to access microfinance services. Based on the findings, the study recommends the need to reduce interest rate, more public enlightenment for women entrepreneurs about microfinance services as well as relaxation of the conditions inherent in microfinance access as strategies that can improve access to microfinance services in the State.

Table 2.1. **Summary of Empirical Literature Reviewed**

Author(s) /Year	**Region**	**Purpose of the Study**	**Method of Analysis**	**Variables used for the Study**	**Major Findings of the Study**
Anyanwu, (1992)	Nigeria	Women's access to credit facilities from commercial Banks in Nigeria: Challenges for the 1990s	Descriptive Statistics	Gender, Age, Traditional values and beliefs, size of business, collateral, interest charges, paper work	The size of women's business and income, lack of collaterals and perceived risk costs act as limitations to their access to commercial bank credit in Nigeria.
Fatima (2009),	Pakistan	To investigate how many rural women have access to finance and also explores the additional constraint faced by women in accessing the credit.	Multivariate logit regression	Borrowing any credit, female own age, marital status and employment	The results indicate that women lack easier access to formal credit. Also the socio-economic and cultural background of the family significantly impact probability of borrowing.
Wijetunge, (2008)	Sri-Lanka	Financial constraints faced by small businesses	Descriptive Statistics	Gender, collateral, interest rate, government policy and relationship with financial institution	Majority had some difficulty in financing their businesses while many did not go for bank loans at the start up stage because the relationship with financial institutions is not satisfactory.
Nkamnebe A. (2009)	Nigeria	To examine the factors that hinder women in accessing microcredit and the innovative measures initiated to counter these barriers and constraint.	Descriptive Statistics	Internal constraint, socio-cultural constraints and weak policy support	The study indicates that women micro entrepreneurs still face a number of constraints and barriers in accessing microcredit for microenterprise development.
Sabarwal & Terrell (2009)	Latin America	Access to credit and performance of female entrepreneurs	Descriptive Research	Technical Knowledge, Credit and Training	Women in Latin America are as likely as men to apply for formal credit but they are less likely than men to obtain formal credit if they are running micro or medium firms.
Adesuwa-Lincoln (2011)	Nigeria	Assessing Nigeria female entrepreneur's access to finance.	Descriptive and Chi square Analysis	Weak Financial Base, Lack of collateral and inferior Status as woman	Female entrepreneurs are particularly constrained by weak financial base and lack of collateral.
Akande, (2012)	Oyo State, Nigeria.	Investigate the impact of microcredit on the performance of women owned micro enterprises.	Descriptive and Chi square Analysis	Interest rate charges and short repayment periods.	The findings of the study revealed that 46.67% of the respondents were aware of the existence of microfinance banks but only 16.67% patronised them.
Gulani & Usman, (2012)	Gombe State, Nigeria	The challenges faced by small and medium scale enterprises in financing new or existing businesses.	Descriptive and Chi square Analysis	Level of information about MFIs,	There is no significant difference in the difficulties faced by SMEs when accessing finance from the various sources but there is a significant difference in the level of awareness of SMEs.

Table 2.2 Summary of Empirical Literature Reviewed (Cont'd)

Author(s) /Year	**Region**	**Purpose of the Study**	**Method of Analysis**	**Variables used for the Study**	**Major Findings of the Study**
Sanusi (2012).	Nigeria	Increasing women access to finance: Challenges and opportunities	Content Analysis	Cultural norms and family responsibility, Biased attitude of Banks, Lack of Collateral, lack of awareness of finance, financial market imperfection.	Women in Nigeria are faced with numerous socio-economic challenges including lack of finance.
Otoo, (2012)	Ghana	Factors that constrain women petty traders from accessing microcredit	Descriptive and Chi square Analysis	Internal, Socio-Cultural and Weak Policy	Three main constraints were identified: Internal, socio-cultural and policy-induced constraints as being the key moderating influences on women petty traders' ability to access microcredit.
Ajagbe (2012)	Nigeria.	To investigate determinants of access to small-scale enterprises to credit	Descriptive and logistic model	Gender, marital status, family size, interest rate, level of education and capital assets.	Demand for credit by small-scale enterprises in Nigeria is strongly influenced by gender, marital status, family size, interest rate, level of education and capital assets.
Magesa, Shimba & Magombola, (2013)	Arumeru District in Tanzania	Investigating impediments towards access to financial services by women entrepreneurs	Descriptive and logistic model	Strict microfinance conditions, financial confidence, high interest rate, MFI's attitude towards women, lack of collateral, cultural norms, awareness of MFI, small loan size, repayment period, behavioural difference in taking risk	women face a lot of challenges including discrimination by institutions, small loan sizes, strict unfavourable conditions and lack of collateral in accessing and controlling any financial means
Ugoanni, Onwubiko & Dike, (2013)	Aba, Nigeria.	Problems of micro credit among microenterprises	Descriptive Analysis and Z-test Statistics	Loan term. Collateral requirement, complex documentation, lending environment and others.	The problems of microcredit have significant effects on the performance of microenterprises in Nigeria.
Ifelumini & Wosowei, (2013)	South-South, Nigeria	Constraints to Women Entrepreneurs' access to Microfinance in South-South, Nigeria	Exploratory Factor Analysis	Social factors, Management factors, Economic factors and Technical factors	Four constraint factors were extracted as constraints and they include: Technical, Economic, Managerial and Social Factors

Table 2.2 Summary of Empirical Literature Reviewed (Cont'd)

Author(s) /Year	Region	Purpose of the Study	Method of Analysis	Variables used for the Study	Major Findings of the Study
Agbo, Onwumere & Ebe (2013)	Nasarawa State, Nigeria	To assess the determinants of access to the Central Bank's commercial agriculture credit scheme by agro-enterprises.	Survey Study and Ordinary Least Square Method	Stringent conditions such as asset base, acquisition of an insurance cover, distance to source of finance, years of experience, membership of a group and high cost of the facility (interest rate).	Distance to source of credit, type of agro-enterprise and educational attainment of the owner contribute significantly to access to credit in Nigeria.
Denanyoh, Adjei and Owus (2013)	Kumasi and Sunyani markets, Ghana	Challenges faced by women entrepreneurs in sourcing micro finance	Ordinary Least Square Method	Unaffordable collateral, fear of loan default, rigid bank processing procedures and unprofessional attitudes of loan officers.	The study opine that majority of the respondents used measures such as investing in landed properties and using suppliers credit to access credit.
Asian Development Bank (ADB), (2013)	Four Countries:- China, India, Korea and Malaysia.	Enhancing financial accessibility for SMEs	Descriptive Analysis	Supply-Side:- Requiring collaterals and guarantees complicated borrowing procedures and strict lending policies. Demand-Side:- Lack of knowledge of financial products, no demand on SMEs and insufficient management	The findings suggest that collateral and guarantee requirements, together with complex documentation process and high lending rates being imposed on SME borrowers are barrier to raising growth capital.
EFInA, (2014)	Nigeria	Access to financial services in Nigeria	Descriptive Analysis	Irregular income, unemployment, distance from microfinance bank, lack of trust	Credit extension to MSMEs sector is extremely low with less than 10% of MSME sector receiving loan from a deposit money bank (DMB)
Gichuki, Njeru and Tiramba (2014).	Kangemi Harambi Market in Nairobi Kenya.	Challenges facing micro and small enterprises in accessing credit facilities.	Descriptive statistics	High cost of repayment, strict collateral requirements, and unwillingness of the people to act as guarantors, high credit processing fees and short repayment period.	The study identified the key challenges hindering MSEs from accessing credit facilities to include high cost of credit repayment, strict collateral requirements and unwillingness of the people to act as guarantors
IFC, (2014)	India	Improving access to women-owned Businesses	Descriptive Statistics	High risk segment, lack of adequate collateral, lack of Information, High transaction cost, lack of proper records.	The study recommends potential interventions by financial institutions to address the lack of access to formal finance for women-owned businesses in India.
Karanja, Mwangi & Nyakarimi (2014)	Isiolo town, Kenya	Analyze the factors influencing access to credit services by women entrepreneurs	Descriptive Statistics	Lending Procedure, Collateral Requirement and Purpose of the Loan.	Lack of affordability collateral was one of the challenges to women accessing credit.

Table 2.2 Summary of Empirical Literature Reviewed (Cont'd)

Author(s) /Year	Region	Purpose of the Study	Method of Analysis	Variables used for the Study	Major Findings of the Study
Lloyd & Igbani, (2014)	Nigeria	National Microfinance policy and credit accessibility by Micro, small and medium entrepreneurs in Nigeria	Theoretical Analysis	High interest rate, short tenure ship, collateral in form of tangible asset and uneven distribution of microfinance banks	Findings reveal that only 35% of the economically active poor have access to financial services while the remaining 65% are denied access to financial inclusion.
Adewale (n.d)	Ilorin, Nigeria	To investigate the various factors that impedes both the access and use of financial resources for entrepreneurial development.	Descriptive and Simple Component Analysis	Affordability, eligibility, financial complacency, religious belief and cultural capital	Inability of financial repressed to provide requisite documentation and collateral assets impede their access to requisite financial resources.
Cheluget, Morogo & Chelimo (2015)	Uasin Gishu County	Accessibility of financial credit and the growth of women owned small retail enterprises	Descriptive Statistics	High interest rate, Do not need credit facility, Not ready to take credit, Income, Education and others	Education , income and interest rate affects access to credit by women who own small scale business enterprises
Metu, Nwokoye & Kalu (2015)	Awka, Nigeria	Investigating Impediments to accessing finance by female micro entrepreneurs	Ordinary Least Square Method	Lack of information, bottlenecks involved in accessing finance, high interest charges and lack of collateral.	Lack of adequate information, bureaucratic bottleneck, stringent repayment terms, collateral securities hinder accessibility of finance by female micro entrepreneurs
Nwosu, Orji, Nnetu & Nwangwu (2015)	Nigeria	Is there a discrimination against female entrepreneurs in formal credit markets?	Probit and Propensity Matching Score	Credit Constraint, experience, education, financial Statement, status of enterprise, whether owner is CEO,	No discrimination against women in formal credit market rather micro/small enterprises are more 'credit constrained'
Seck, Araar, Camara, Diallo, Diop, & Fall, (2015).	Senegal	Female entrepreneurship, access to finance and firm performance	Probit	Manager's education, firm's ownership, sectorial activities, age, firm size, geography and bank density	There is nothing like gender-based discrimination in the credit market. Some elements in the business other than ease of access to credit may have some adverse effects on female entrepreneurship.
Wosowei (2015),	Bayelsa State, Nigeria.	constraints faced by women entrepreneurs in accessing microfinance services and the strategies that can be employed to improve access	Descriptive and exploratory factor procedure.	Transportation cost, High interest rate, Limited amount of loan given, Distance, Stringent condition given, Amount given is discretionary, etc.	The study identified technical, management, economic and social constraints as affecting access to microfinance services
Waari and Nwangi, (2015)	Meru County, Kenya.	Factors influencing access to finance by MSMEs	Descriptive and Ordinary Least Square Analysis	Information asymmetry, business risks and transactional costs.	Transactional cost was seen as the most significant predictor of access to finance.

Source: **Researcher's Compilation**

2.3 Summary of Literature Review

Defining entrepreneurship is not an easy task. There are almost as many definitions of entrepreneurship as there are articles on the subject. To some scholars such as Schumpeter (1959) and Ogundele (2007), entrepreneurship means primarily innovation, that is, the creation of any new business. To some other Scholars such as Knight (1973) and Salami (2011), it means risk-taking; to some a market stabilising force and to others such as Aderemi (2008); Metu and Nwokoye (2014), entrepreneurship means starting, owning and managing an enterprise. The entrepreneur is then viewed as a person who either creates new combinations of productive factors such as new methods of production, new products and new markets, finds new sources of supply and new organizational forms.

From empirical studies, each of the traditional definitions has its own weakness. Defining entrepreneurship as an innovation leaves little room for innovations that are not on the technological or organizational cutting edge. This means that adaptation of older technologies to a developing-country context, or entering into export markets already tapped by other firms may not be regarded as entrepreneurship. Secondly, defining entrepreneurship as risk-taking neglects other major elements of entrepreneurship such as a well-developed ability to recognise unexploited market opportunities. To choose the definition of entrepreneurship most appropriate for this study, we define entrepreneurship as owning and operating a business, this is in line with USAID (2004) which described micro enterprises as informal businesses employing five or fewer workers, including unpaid family labour. While a female micro enterprise is one owned and managed by a female.

The study also discussed the various sources of finance available to female micro entrepreneurs. These include internal and external sources. However, female owned micro enterprises find it difficult to access funds from conventional financial institutions. The inability of micro entrepreneurs to meet up with the standard of these financial institutions for credit considerations provide a platform for informal institutions to attempt to fill the gap usually based on informal social networks which later gave birth to microfinance banks. The core objective of microfinance policy is to make financial services accessible to a large segment of the potentially productive population, which have had little or no access to financial services and empower them to contribute to the economy in their own way. Micro credit refers to availability of credit, access to credit finance, and the extent of effective utilization of credit (Babajide, 2011).

Some basic theories relevant to the study were reviewed and they include supply-leading finance hypothesis and asymmetric information theory. Supply-leading hypothesis emanated from the general belief that government should play a leading role in instigating development by providing credit to the poor to enable them play active economic roles. While asymmetric information theory is built on the belief that information is the key source of decisions regarding MFIs and their customers without proper information from the micro entrepreneur to the MFIs, credit disbursement may be hampered through credit rationing. This is what Altman (1968) referred to as Type I and Type II Errors.

The existing empirical literature on the extent of female micro entrepreneurs' ability to access credit shows that there is no clear conclusion on the debate about financial discrimination against female micro entrepreneurs. Strands of literature have emerged on the subject with each taking a particular position; for instance, studies such as Anyanwu, 1992; Nwosu et al, 2015 and Seck et al, 2015 are of the opinion that female entrepreneurs are not denied access to finance rather very few do apply for loan. Studies such as EFInA (2012); Otoo (2012); Magesa et al (2013) are of the view that there is gender discrimination when accessing credits from the credit market.

Most of the studies reviewed showed that there are different factors affecting access to finance by female micro entrepreneurs. Studies such as Wijetunge (2008); Sabarwal and Terrell, (2009), Denanyoh et al, (2013); Gichuki et al (2014) Seck et al, (2015) and Waari et al, (2015) identified cost of credit, information asymmetry, perceived risk cost and collateral requirement as factors influencing access to finance by femalemicro entrepreneurs. While studies such as Nkamnebe (2009); Otoo (2012) and Ifelunini and Wosowei (2013) identified internal constraints, socio-cultural constraints and weak policy support as challenges of accessing credit by female micro entrepreneurs. However, most of these studies used were conducted at the macro level and they used secondary data for their analysis. According to Demirguc-Kunt et al (2008), using aggregate data in studies of this nature can be misleading due to differences in socio-economic conditions of countries and due to non-validation of aggregate findings. Based on this limitation, the present study contributes to the on-going empirical debate by evaluating the extent of female micro entrepreneurs’ access to finance as well as the challenges of accessing microcredit by female micro entrepreneurs specifically in Anambra State.

2.4 Justification for the Study

Most of the studies discussed above showed that there are a myriad of challenges faced by female micro entrepreneurs when accessing finance for starting and/or expanding their businesses. Also, the studies have found mixed results on whether there is gender parity when accessing finance. Thus, these mixed results in literature suggest that the argument whether women are financially excluded needs further research especially in a developing country like Nigeria because most of these studies were conducted outside Nigeria. Little has been conducted in Nigeria specifically on challenges female micro entrepreneurs encounter in accessing microcredit for starting or expanding their businesses. This study has filled the research gap by evaluating the extent of female micro entrepreneurs’ access to finance as well as the challenges of accessing finance by female micro entrepreneurs in Anambra State, Nigeria.

The present study differs from previous similar studies by eliciting information using two study groups: Female micro entrepreneurs and microfinance bank officials. Some studies such as Adewale (n.d) and Karanja et al (2014); carried out research to determine factors which impede access to credit by women entrepreneurs in Nigeria by eliciting information from women micro entrepreneurs only. Though studies such as ADB (2013); IFC (2014); EFInA (2014) and Seck et al (2015) carried out their research by combining data collected from both microfinance banks and women micro entrepreneurs, but their studies were carried out at the international and national level respectively while the present study was specifically carried out at the State level.

In terms of methodology, the present study used three research instruments: Questionnaire, in-depth interview guide and focus group discussion guide for data collection unlike similar studies that used one or two research instruments- questionnaires and/or in-depth interview guide. The essence of adding FGD was to give the female micro entrepreneurs the opportunity to provide an insight into different opinions on the challenges of accessing finance and also find out what they think should be done to enable them have successful access to credit. Also using these three instruments helped in triangulation of result and also reduced the possibility of personal bias.

CHAPTER THREE: RESEARCH METHODS AND PROCEDURES

This chapter describes the method and procedures adopted in achieving the stated objectives of the study. The main focus of this chapter is a step by step description of what was done and how it was done. How it was done includes the order and sequence of steps adopted in conducting the research, type and sources of data, population description, sample and sampling technique, a description of the choice of data collection instrument, the specification of the quantitative estimation technique and method of analysis.

3.1 Research Design

This study employed mixed method research design. Mixed method is a type of research in which more than one method or approach is used in data collection and analysis in research (Romano, 1989). According to Asika (2012), the choice of method depends on the research questions and objectives to be achieved. The present study combined both quantitative and qualitative research approach because of its various advantages which are particularly significant to this study. It allows for a more complete understanding of a complex phenomenon and it allows the researcher the opportunity to compensate the weakness of one method with the strength of the other. Descriptive statistics was used to present quantitative description in a manageable form while inferential statistics was used to make judgement of the probabilities. The qualitative data collected from the survey was used to complement the quantitative data.

3.2 Population and Area of the Study

This study is a survey research covering Anambra State. Anambra State is one of the thirty six States in Nigeria and one of the five States in the south-east geopolitical zone. The State has three senatorial zones, twenty-one local government areas and one hundred and seventy-seven autonomous communities. According to the NPC (2010), the total population of Anambra is 4,177,828 consisting of 2,117,984 males and 2,059,844 females. The target population for this study consists of two study groups: Female micro entrepreneurs and microfinance banks in Anambra State. According to SMEDAN and NBS survey (2013) there are 1,441,047 micro entrepreneurs in Anambra State out of which 741,653 (51.5%) are male while 699,395 (48.5%) are female micro entrepreneurs. Therefore, our target population consists of 699,395 female micro entrepreneurs in Anambra State.

3.3 Sample Size and Sampling Techniques

According to Kothari (2010), there are two approaches for determining the size of the sample. The first is to specify the precision of estimation desired and then to determine the sample size necessary to ensure it, while the second approach uses Bayesian statistics to weigh the cost of additional information against the expected value of additional information. The first approach was used in this study, the minimum sample size required can be computed by considering the standard normal deviation set at 95% confidence level (1.96), percentage of picking a choice or response (50% = 0.5) and the confidence interval (0.05 = $\pm$5). The formula is stated below:

$$n = \frac{(z)^2 pqN}{c^2(N-1) + z^2pq}$$

Where;

n = the required sample size

N = population of the study (699,395 for this study)

z = 1.96 (as per table of area under normal curve for 95% confidence level)

p = percentage picking a choice expressed as decimal (0.5 used for sample size needed)

q = 1- p (if p = 0.5; then q = 1-0.5 = 0.5

c = 0.05 since the estimate should be within $\pm$5% of the true value

Applying the formula:

$$n = \frac{1.96^2 * (0.5) * (0.5) * 699{,}395}{(0.05)^2 * (699{,}395 - 1) + [(1.96^2) * (0.5) * (0.5)]}$$

$$n = \frac{3.8416 * 0.25 * 699{,}395}{0.0025\,(699{,}394) + 3.8416 * 0.25}$$

$$n = \frac{671698.958}{1749.4454} \approx 384$$

Therefore, the minimum sample size of 384was considered large enough to be used for generalising at the local government level.

The sampling technique adopted for this study was the multi stage sampling technique which involved successive random sampling in selecting local government areas (LGAs), towns, villages, wards and respondents for the study as shown in Figure 3.1. The multistage design was very relevant because the study population was large and had several clusters.

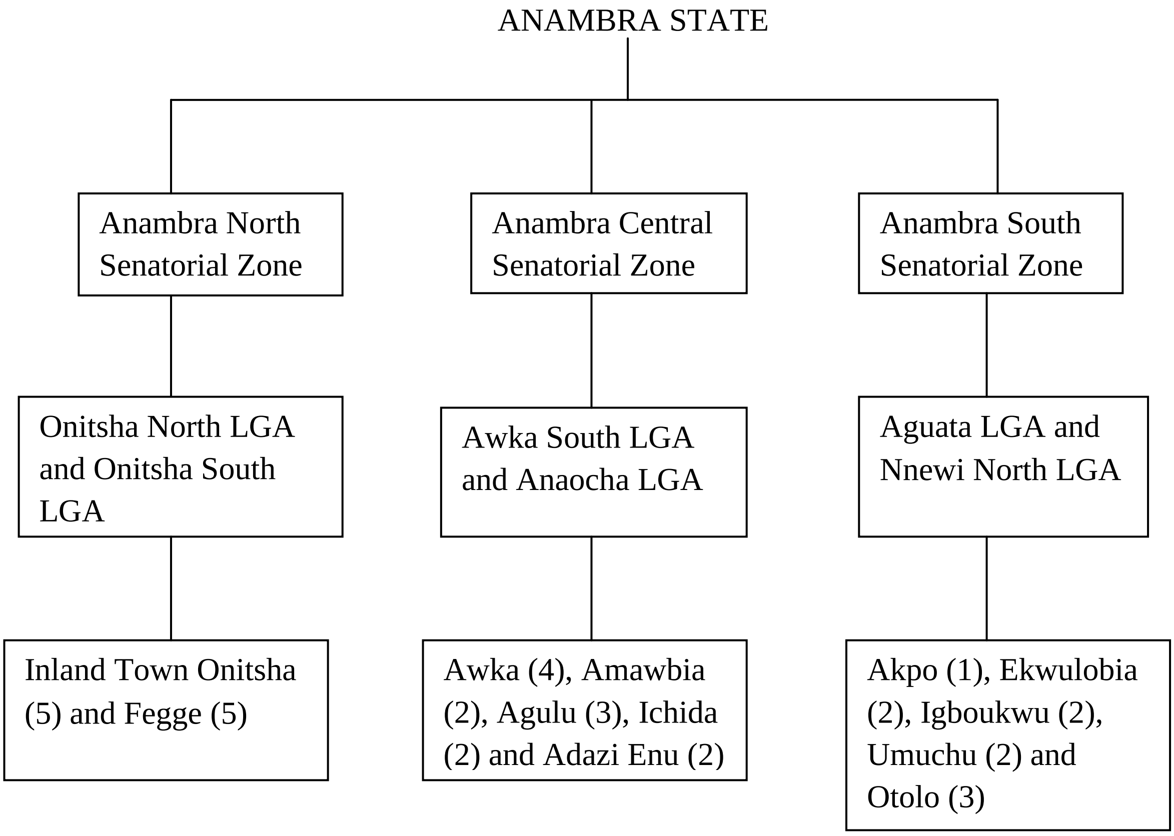

Figure 3.1. Distributions of Sampled Areas into Clusters

Source: Researcher's Compilation

Figure 3.1 shows the multistage sampling technique used to select the respondents from their different clusters. The numbers in parenthesis shows the number of wards sampled from each town in the selected Local Government Areas. The principle of probability proportional to size (PPS) was used to allocate questionnaires to the sampled area. First, all the 21 local government areas (LGAs) were classified under the three senatorial zones. Six LGAs were proportionally selected according to size of the LGAs, that is, two LGAs from each of the three senatorial zones. Consequently, the following LGAs were selected: - Anaocha, Awka South, Aguata, Nnewi North, Onitsha North and Onitsha South. According to Anambra Statistical Year Book (2009), Awka, Nnewi, and Onitsha are the major urban centres in Anambra. Awka houses the State capital while Nnewi and Onitsha have relative cosmopolitan nature with vibrant commercial activities going on in these areas. These considerations made the study area ideal for locating the highest mix of all the strata of the Nigerian population including female micro entrepreneurs. In the second stage, 12towns were sampled from the selected local government areas. The towns that were sampled were Agulu, Ichida and Adazi from Anaocha LGA; Umuchu, Ekwulobia, Akpo and Igboukwu from Aguata LGA; Otolo from Nnewi North LGA; Inland Town from Onitsha North LGA; Fegge from Onitsha South LGA; Amawbia and Awka from Awka South LGA.

The third stage involved the selection of wards. According to Anambra State Independent Electoral Commission’s Mapping Booklet, there are about 43 wards in the selected towns. Thirty three wards (77%) were randomly selected and from which our respondents (female micro entrepreneurs as well as microfinance bank officials) were sampled. The last stage involved the selection of female micro entrepreneurs from the selected wards. Purposive sampling technique was adopted in selecting the female micro entrepreneurs taking into consideration that the enterprise must have been in operation for at least 12 months so as to enable the respondents answer questions pertaining to the business.

Table 3.1. Questionnaire Distribution in the Selected Local Government Areas

S/N	Name of Local Government Area	*Female Population in each LGA (15- 74 years)	Percentage (%) of Female Population	No of Questionnaires Distributed
1	Aguata	99,904	26	130
2	Anaocha	89,831	23	115
3	Awka South	61,139	16	80
4	Nnewi North	48,669	13	65
5	Onitsha North	40,703	11	55
6	Onitsha South	44,031	11	55
	Total	**384,277**	**100**	**500**

Source: Researchers Compilation.
* National Population Commission (2010).

Table 3.1 shows the number of questionnaire distributed to the female micro entrepreneurs in the selected local government areas. The percentage of the female population (15 -74years) in each local government area guided us in choosing the number of questionnaire and this gave a valid representation of our sample size.FGD was another method adopted in the collection of data and it was conducted in two towns: Awka and Umuchu. The participants for the Awka FGD were nominated from the Association of Business Enterprise Owners, Zik Avenue Branch, because of their ability to respectfully share their opinion and willingness to volunteer their time. During the FGD everyone had equal opportunity of speaking their mind. FGD was conducted by the researcher who served as the moderator and a research assistant who helped with the recordings. Also in-depth interview was conducted with some managers and loan officers in three microfinance banks. The choice limitation was as a result of available financial resources.

3.4 Method of Data Collection/Instrumentation

The data used for the study was a cross-sectional data collected from female micro entrepreneurs and micro finance bank officials. The data were collected using three research instruments: Questionnaire, in-depth interview guide and focus group discussion guide. Two sets of questionnaires were distributed because the research involved two study groups: Female micro entrepreneurs and microfinance bank officials (see Appendix A and B). The questionnaires started with introductory note explaining the purpose of the research and instructions on how to fill the questionnaires. A sum total of 600 copies of questionnaires were distributed, 100 copies to microfinance banks staff and 500 copies to female micro entrepreneurs. The rationale for distributing this large number was to have more than our estimated minimum sample size taking into consideration the number that may be rendered invalid. Invalid questionnaire include those that were not returned and those not properly filled. Copies of the questionnaires were administered on a one-on-one basis using trained research assistants. In some cases the research assistants had to drop the questionnaire with literate respondents with an agreed date for pick-up. For the illiterate respondents an assistant who understands the respondent's language helped in interpreting and filling the questionnaire. The method of drop and pick has proven to be effective in survey studies in Nigeria (Nkamnebe, 2009).

The questionnaires were divided into two sections respectively. Section A contained information on the demographic characteristics of the respondents while section B contained the general questions on challenges of accessing finance by female micro entrepreneurs in Anambra State. The questions in the questionnaires were structured and contained dichotomous questions, open ended questions and likert scale questions. In the likert scale questions, respondents were asked to indicate agreement or disagreement on a scale that ranged from 1 (strongly disagree) to 5 (strongly agree) with a midpoint of 3 (undecided) (Appendices A & B).

FGD was conducted with some selected female micro entrepreneurs. In conducting the FGD, eight and seven female micro entrepreneurs were engaged in the discussions respectively. Structured questions guided the discussion (Appendix E); each member of the group was given opportunities to respond and make contributions. Pen and paper were used in taking down points and the responses were equally recorded using a voice recorder.

In-depth interview was also conducted with some selected microfinance bank managers. An interview guide which contained open ended questions explored during the interview was first developed. Before the interview was conducted, the researcher had to seek the consent of the respondent, explained the purpose of the research and also reassured the respondent that the information gathered from the interview will be kept confidential and used solely for research purpose. The interview was recorded with a voice recorder.

3.5 Validity and Reliability of the Research Instrument

According to Asika (2012), validity of measurement is defined as the ability of the instrument to measure what it is supposed to measure. To ensure content validity of the questionnaires, copies of the questionnaires were given to some academic staff of the Department of Economics, Nnamdi Azikiwe University, Awka and an expert in microfinance from Covenant University, Ota, Ogun State, before they were used for the study. The experts were shown the initial drafts of the questionnaires to vet and they paid attention to the questionnaires' relevance to the research questions, objectives and measurability of variables defined. This helped in deleting errors such as ambiguous instructions or wordings. Their various comments and corrections guided in producing the final copies that were used for the study. Also factor analysis was also used to reduce the number of variables for the inferential statistics.

Asika (2012) defined reliability as the stability, dependability and predictability of a measuring instrument. That means the accuracy or precision of a measuring instrument. A pilot study was conducted to test-run the practicability of the study and to detect flaws in the data collection process. Thirty copies of the questionnaire were used for the pilot study. Scale reliabilities were calculated using Cronbach's Alpha; the result obtained was 0.76. According to Babajide (2011), Cronbach's Alpha is considered the most appropriate statistical test for reliability, given the nature of responses used to construct the scales. Cronbach's Alpha ranges in value from 0 to 1. A coefficient equal to or greater than 0.6 is considered a minimum acceptable level, although some authorities argue for a stronger standard of at least 0.70. The internal consistency for this instrument is considered high and acceptable given a result of 0.76.

3.6 Theoretical Framework

Finance is needed to aid women in their drive to break the circle of poverty. According to Mayoux (1998), financial inclusion through credit facilities from micro finance institutions leads to women economic empowerment and an increase in their well-being as well as that of their households. Accordingly, the theoretical framework of this study is rooted in the asymmetric information theory. The theory refers to situations in which some agents in a trade possess some information while other agents involved in the same trade do not. The situation can lead to inefficient outcomes in certain markets. Information asymmetry could generate credit rationing that could lead to discrimination in the credit market.

According to Baydas, Meyer and Aguilera-Alfred (1992), credit discrimination occurs when one class of borrowers obtain more or less credit than others. They are of the view that internal selection and external credit rationing would help to determine if borrowers and amount borrowed differs among categories of loan applications. They refer to internal selection as when a group of potential borrowers decide not to apply for credit because they feel they do not have need for external finance or because they perceive they may be rejected. The rejection may be because the applicants do not possess the attributes (collateral, income, guarantors, etc.) required to necessitate access to finance. These attributes are the barriers that constrain access to microcredit because it may make the potential applicants to conclude that their applications will be rejected whereas it would have been approved. This theory helped in explaining the challenges faced by female micro entrepreneurs when accessing microcredit.

3.7 Specification of Model

The empirical approach used to analyse accessibility to microcredit is based on binary choice models which describe the probability of female micro entrepreneur’s choice between two mutually exclusive alternatives (accessing or not accessing microcredit).Let U_n (Y_n, X_n) be the utility function of a female micro entrepreneur '*n*', where Y_n is a dichotomous variable denoting whether the female micro entrepreneur has access to microcredit (1 if yes; 0 otherwise); X_n is a vector of the explanatory variable. The female micro entrepreneur will choose to borrow from MFB if such choice implies a higher utility level compared to not borrowing:

$$U_{1n}(Y_n = 1, X_n) > U_{0n}(Y_n = 0, X_n) \qquad 3.1$$

Consequently, the probability that the female micro entrepreneur *n* chooses to access microcredit can be written as:

$$P_n(Y_n = 1) = Pr\,(U_{1n} > U_{0n}) \qquad 3.2$$

Logit model and probit model are two binary choice models commonly used in analysing accessibility to credit in the literature. Both logit and probit models provide consistent, efficient, and asymptotically normal estimates, and yield very similar prediction results in empirical work. The researchers examined constraints to access to finance using logit model, owing to the merits possessed by logit model such as approximating the normal distribution quite well and analytical convenience. According to Pohlman and Leitner, (2003) ordinary least square (OLS) and logistic regression can be used to test the relationships with a binary criterion, but logistic regression is superior to OLS at predicting probabilities on the dependent outcome. Therefore the empirical model is specified as follows:

$$Pn\ (Yn = 1) = 1/\ [1 + e^{-(\alpha + \beta Xn)}] \qquad 3.3$$

Where:

Y_n is dependent variable, equal to 1 if the female micro entrepreneur has secured microcredit from MFBs and 0 otherwise; P_n is the estimated probability of a female micro entrepreneur having access to microcredit. Equation (3.3) represents the cumulative logistic distribution function in a non-linear form, which gives rise to the difficulty in interpreting the coefficients. For the purpose of interpretation, it is normal to write the model in terms of log-odds ratio (Gujarati & Porter, 2009).

With a logit transformation, the estimated model becomes a linear function of the explanatory variables, which is expressed as follows:

$$Logit\,[P_n\,(Y_n = 1)] = \log\{\,P_n / (1- P_n\,)\}= \alpha+ \beta X_n \qquad 3.4$$

Where:

α is a constant term

$\beta$is a vector of coefficients for the independent variables Xn;

X_n is a vector of independent variables.

A coefficient assigned to an independent variable is interpreted as change in the logit (log odds that Y = 1), for a 1 – unit increase in the independent variable, with the other independent variables held constant.

The model specified by this study is based on the objectives of the study. A statistical model was used to evaluate the challenges of accessing finance by female micro entrepreneurs in Anambra State. The model was adapted from Ellis (2000) who identified 3 key variables such as social relations, organisation/ regulatory framework and institutions/information about microfinance banks as variables expected to influence access to finance by women. Consequently, Ellis' predictor variables such as social relations as captured by age and education level of the respondent and regulatory policy as captured by collateral requirement and cost of credit were adopted. Other predictor variables were added taking into consideration the differences in socio-economic conditions of the two environments; such variables includes, knowledge about microfinance bank, distance to microfinance bank, and the repayment period for the loan. Thus, the model for this study is specified and presented below:

$$\text{ATC} = F(SOR, ORF, INS, OTH) \qquad 3.5$$

Where

ATC = Access to Finance

SOR = Social relations characteristics variables (Age and Educational level)

ORF = Organisational regulatory framework characteristics variables (Collateral requirement, Cost of credit, loan duration)

INS = Institution/Information about microfinance banks characteristics (Knowledge about microfinance banks, Distance to microfinance bank)

OTH = Other predictor variables (Family responsibility, having an account and stringent conditions).

Hence, the model for this study is specified as:

$$\text{ATC} = F(EDU, COL, COC, MFD, LOD, SMC, KMC, AGE, FRP, HAC) \qquad 3.6$$

The mathematical form of the relationship between access to finance and other predictor variables is Stated thus:

$$ATC = a_0 + a_1EDU + a_2COL + a_3COC + a_4MFD + a_5LOD + a_6SMC + a_7KMC$$
$$+ a_8AGE + a_9FRP + a_{10}HAC \qquad 3.7$$

The Econometric form of the model is Stated below:

$$ATC = a_0 + a_1EDU + a_2COL + a_3COC + a_4MFD + a_5LOD + a_6SMC + a_7KMC$$
$$+ a_8AGE + a_9FRP + a_{10}HAC + U_{1i} \qquad 3.8$$

Where:

ATC = Access to Microcredit

EDU = Education level

COL = Collateral Requirement

COC = Cost of Credit

MFD = Distance to Microfinance Bank

LOD = Duration of the Loan

SMC = Strict Microfinance Conditions

KMC = Knowledge about Microcredit

AGE = Age of the Respondent

FRP = Family Responsibility

HAC = Having Account with Microfinance Bank

a_0 = constant or intercept

a_1 - a_7, = estimated coefficients of the relevant variables

U_{1i} = Error term

3.8 Explanation of Variables used for the Study

Access to credit facilities (ATC) - Access to credit facilities is the ability of an individual or an enterprise to obtain credit from microfinance banks. For our model of interest, the dependent variable was the probability of access to credit (= 1 if accessed credit, otherwise 0).

Collateral Requirement (COL) – The banking system requires the provision of collateral as a necessary condition for credit disbursement. Collateral requirement is one of the institutional regulatory policies that affect access to finance. Therefore, credit constraint can occur when banks increase the need for collateral requirement before disbursing credit to female micro entrepreneurs. Collateral requirement has the tendency to remove low interest borrowers (female micro entrepreneurs) from the list of potential borrowers (Stiglitz & Weiss, 1981). Ability of female micro enterprise operators to perceive collateral requirement as a hindrance is measured on a 5 point likert scale.

Availability of Information – Availability of information was used as a proxy for asymmetric information. It is an indicator variable used to measure the extent of available information to both the lender and the borrower. The micro entrepreneur requires information to be able to identify potential suppliers of financial products and evaluate the nature of financial services and products being offered, while the lender requires adequate information about the borrower in other to reduce risk. Information asymmetry may make female micro entrepreneurs unaware of existence of financial packages by MFBs thus affecting their access to credit. Also, information asymmetry may cause microfinance to demand for collateral in order to secure the loan. Information asymmetry affects access to credit negatively. This is measured on a 5-point likert scale.

Education Level (EDU) – This is a social cultural factor that affects access to credit. It is expected that managers with at least a secondary education understands the techniques for securing loans. An educated female micro entrepreneur is expected to be able to evaluate the terms of the loan during application and decide whether to accept the credit or not. The a prior sign is that level of education be positively affect access to credit. The measurement scale for level of education is0 for no education, 1 for primary, 2 for secondary, 3 for tertiary education and 4 others.

Lending Rate (LER) – Lending rate was used to measure the cost of credit. This refers to the amount of money the entrepreneurs pay in the process of borrowing money from financial institution. MFBs have been criticised for charging high interest rates on loans but sometimes these are factors beyond them because interest rate is determined by the CBN. More secured loans are charged low interest rate due to their low risk involvement. Cost of credit has a negative effect on access to credit; if the lending rate is high, female micro entrepreneurs are bound to be more credit constrained than when the lending rate is low. It is measured on a 5-point likert scale.

Duration of the Loan (LOD) – The repayment period of the loan was used to measure the duration of the loan. If the interval between securing the loan and the time for repayment is large, female micro entrepreneurs will be willing to access credit facilities because they know that the time period will give them opportunity to make profit and pay back the loan. Loan duration is measured on a 5-point likert scale.

Stringent Microfinance Bank Conditions (SMC) – This has to do with the bureaucratic bottlenecks associated with applying for a loan such as demand for guarantors and excessive paper work. Many female micro entrepreneurs may not be able to get guarantors to secure credit facilities. So when there are stringent conditions attached to loan application, it affects access to credit negatively, but when the conditions are relaxed it affects access to credit positively. Stringent microfinance banks condition is measured on a 5 point-likert scale.

Distance to Microfinance Bank (MFD) – This has to do with proximity, that is, whether microfinance is within the reach of female micro entrepreneurs. If microfinance institution is far away, females are less likely to take the pains and troubles of going far to apply for loans. Therefore distance negatively affects access to credit facilities. It is measured on a 5 point-likert scale.

Age of the Respondent (AGE) – Age is a predictor variable. Age has a negative relationship with access to finance. The younger the female micro entrepreneur, the more likely she may be willing to access credit facility than an older female micro entrepreneur. It is a string variable measured with 18years as the minimum age.

Family Responsibility (FRP) – Family responsibilities refer to issues such as pregnancy, child bearing and taking care of the entire family. With such huge responsibilities, the female micro entrepreneur may not be willing to apply for credit facilities. If the family responsibility increases, it will lead to a decrease in access to microcredit. It is measured on a 5 point-likert scale.

Having Account with Microfinance Bank (HAC) – This refers to a situation where the female micro entrepreneur has an account with the microfinance bank. Having an account with the bank increases the chance of accessing microcredit because microfinance banks already have information about the micro entrepreneur.

3.9 **Method of Empirical Analysis**

The data were analysed using both descriptive and inferential statistics. Descriptive statistics involved the use of simple percentages, graphs and tables to explain the demographic characteristics of the respondents. The inferential statistics involved stating a logistic regression model which was interpreted using the odd ratio. The logistic regression was employed to evaluate the overall logistic model, statistical tests of the individual predictors, test of goodness of fit and assessment of the predicted probabilities. The inferential statistics was used to evaluate the both the qualitative data and quantitative data. The result was evaluated to see if they satisfy both economic and statistical tests.

3.9.1 *Economic a Priori Test*

Theoretical test was used to test whether the results got are in tune with economic logic and theory. This study used the signs of the coefficients of the predictors to evaluate whether the results satisfy economic theory or not.

3.9.2 *First Order Test*

The first order test was carried out to evaluate the statistical reliability of the estimated parameters of the model. In this study, the likelihood ratio (LR) statistics, the Z – statistics and the pseudo R^2 were used as stipulated by Gujarati and Porter (2009).

The Likelihood Ratio (LR) Statistic

To test the null hypotheses the slope coefficients were simultaneously equal to zero, the equivalent of the F test in the linear regression model is the **likelihood ratio (LR) statistic**. Given the null hypothesis that the parameters are not statistically significant at 5% level of significance, the LR statistics follows the X^2 distribution with degree of freedom equal to the number of explanatory variables. It should be noted that a more meaningful interpretation is in terms of odds, which were obtained by taking the antilog of the various slope coefficients.

Goodness-of-Fit Test

The conventional measure of goodness of fit, R^2 is of limited value in the dichotomous response models (Gujarati & Porter, 2009). Hosmer-Lemeshow's test was used to test the goodness-of-fit. Since the dependent variable in the logit model takes a value of 1 or zero, if the predicted probability is greater than 0.5, we classify that as 1, but if it is less than 0.5, we classify that as 0.

Also, as most of the variables are measured on a 5-point likert scale, the cut-off point average is (= 2.5). If predictor is greater than the average (> 2.5), we agree that it affects access to credit but if it lies below the average (< 2.5) we disagree that such variable affects access to microcredit.

3.10 **ReStatement of Research Hypotheses**

The following hypotheses were tested as earlier Stated in Chapter One:

1. H_0: Female micro entrepreneurs are financially discriminated when accessing microcredit in Anambra State.

H_1: Female micro entrepreneurs are not financially discriminated when accessing microcredit in Anambra State.

2. H_0: Demographic variables such as age and educational level are not significant challenge to female micro entrepreneurs when accessing microcredit in Anambra State.

H_1: Demographic variables such as age and educational level are significant challenge to female micro entrepreneurs when accessing microcredit in Anambra State.

3. H_0: Regulatory framework such as demand for collateral; cost of credit and loan application procedures are not significant challenges to female micro entrepreneurs when accessing microcredit in Anambra State.

H_1: Regulatory framework such as demand for collateral; cost of credit and loan application procedures are significant challenges to female micro entrepreneurs when accessing microcredit in Anambra State.

4. H_0: Asymmetric information is not a significant challenge to female micro entrepreneurs when accessing microcredit in Anambra State.

H_1: Asymmetric information is a significant challenge to female micro entrepreneurs when accessing microcredit in Anambra State.

3.10.1 *Decision Rule for Test of Hypotheses*

A test of hypothesis was carried out to determine if there was a significant difference between the average response (predictor) and access to microcredit. Under hypothesis 1, chi square was used to determine whether there was a significant difference between gender discrimination and access to finance. The decision rule was based on a *p*-value of .05 to decide whether or not the sample provides strong evidence against the null hypothesis. The *p* value is the probability of obtaining a result equal to or more extreme than what was actually observed, when the null hypothesis is true. The decision rule for this analysis was based on the 5% significant level. By convention, if the *p*-value is less than 5% ($p < 0.05$) it indicates strong evidence against the null hypothesis we reject the null hypothesis in favour of the alternative hypothesis. In other words when $p < 0$ .05 we say that the results are statistically significant. If the probability value relating to the variable is greater than our level of significance ($p > 0.05$) it indicates weak evidence against the null hypothesis, so we do not reject the null hypothesis.

CHAPTER FOUR: RESULT PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS

This Chapter presents the data collected from the respondents: Female micro entrepreneurs and microfinance bank officials. The data were analysed and presented on the basis of the objectives earlier formulated for the study. This chapter is discussed under different subsections such as result presentation and discussions, extent of female micro entrepreneur's access to credit facilities, challenges of accessing microcredit by female micro entrepreneurs, test of research hypotheses and discussion of findings.

4.1 Result Presentation and Discussions

The data collected were analysed using SPSS 22 and Stata 11.0 software and the result is presented below:

4.1.1 *Demographic and Social Characteristics of the Female Micro Entrepreneurs*

This section gives a picture of the sample of the study and also aids in making inference to other results. This subsection describes the demographic and social characteristics of the female micro entrepreneurs by distributing them according to age group, educational level and marital status; it is presented with the aid of charts and tables.

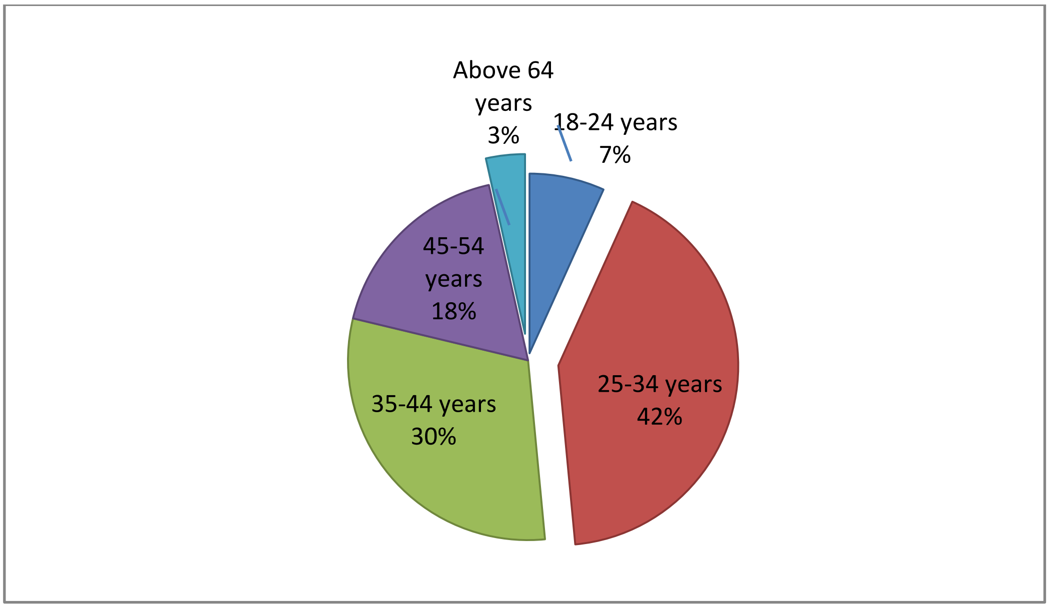

Figure 4.1. Distribution of Female Micro Entrepreneurs in the Studied Area by Age Group (%)
Source: Field Study, 2016

*Figure 4.1*shows the distribution of the respondents by age group. Majority of the respondents that is, 42%of the female micro entrepreneurs are between the ages of 25 - 35 years old while about 30% are between 35 - 44 years old. Few female entrepreneurs, that is, about 6.8% are between 18 - 24 years while those above 64 years old is about 3.5% of the respondents. The distribution by age showed that the age bracket of25 – 54 dominates. About 90% of the total sampled female micro entrepreneurs fall within the youth entrepreneurship. The youths are believed to be energetic, economically active and are expected to save and borrow for investment purposes than the older ones. The implication is that a large percentage of the females in this sector contributes to economic growth of Anambra State and so should be given all the necessary support needed to succeed, including financial assistance.

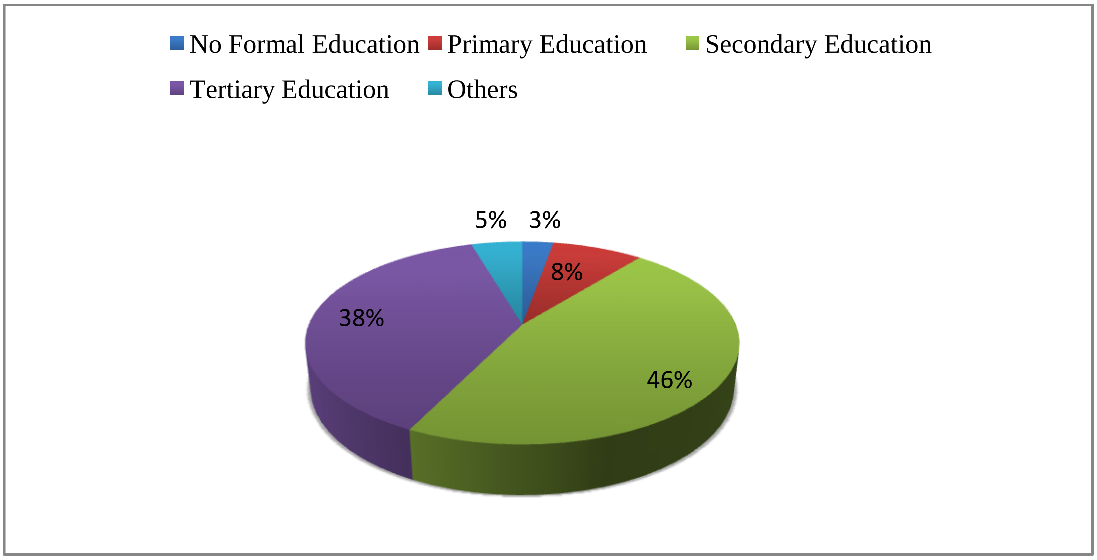

Figure 4.2. Distribution of Respondents According to Educational Level (%).
Source: Field Study, 2016.

Figure 4.2 shows the distribution of the respondents according to their level of education. This is necessary because Makasure (2008) opined that the level of education affects the source of the initial capital as well as the management of an enterprise. The survey revealed that among the sampled female micro entrepreneurs, 3% had no formal education, 8% had basic primary education while 46% had completed secondary education. A good number of the female micro-entrepreneurs (38.2%) had obtained tertiary education while the remaining 5% are categorized under other types of education. Other type of education includes technical and vocational education. From the result of the study, majority of the respondents have acquired one level of education or another. This shows that the respondents to a large extent are literates given that almost 85% of the respondents have completed secondary education and above.

The entrepreneur's level of education is believed to exert a great influence on the business performance, particularly the source of initial capital. Being knowledgeable can help an entrepreneur be innovative. According to Fatoki (2013) education provides the knowledge base for analytical and problem-solving skills to effectively deal with the demands of entrepreneurship.

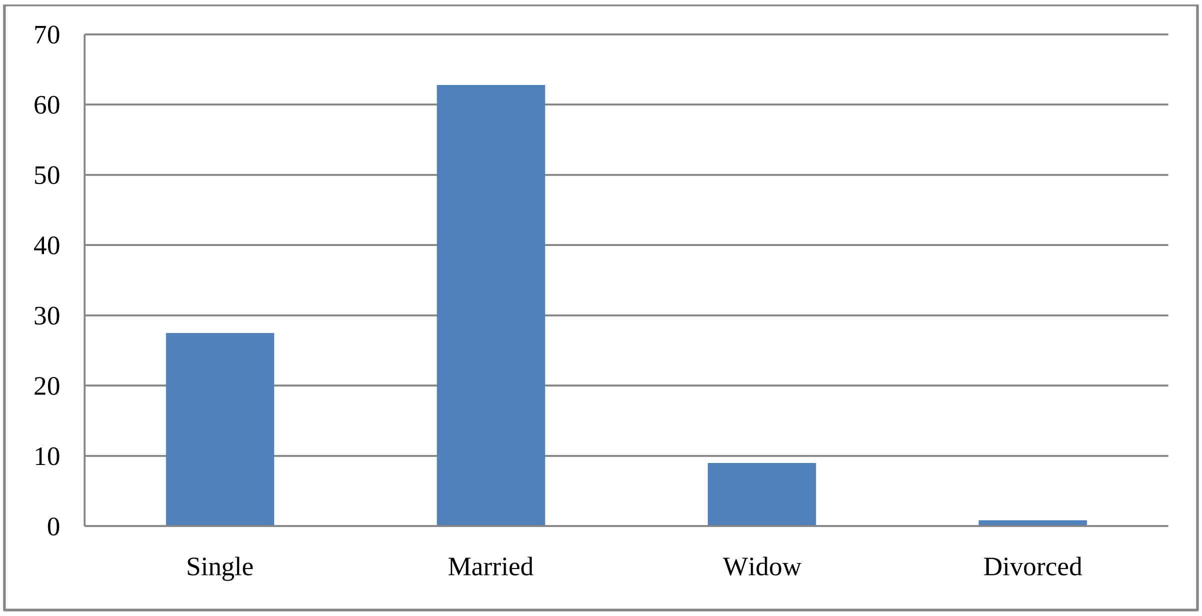

Figure 4.3. Distribution of Respondents according to Marital Status (%).
Source: Field Study, 2016.

Figure 4.3 provides information on the marital status of the respondents. Among the female micro entrepreneurs, 27.8% are single, 62.5% are married, 9% are widowed while only 1% of the respondents are either divorced or separated from their husbands. It was observed that majority of the respondents are married, this implies that female micro entrepreneurs combined running their businesses with other family responsibilities. This may have a great influence on their business performance including their ability to apply for loan.

4.1.2 *Business Characteristics of the Respondents*

This subsection described the business characteristics of female micro entrepreneurs which include the nature of business activities female micro entrepreneurs engage in, ownership structure of the enterprise, years in the enterprise, location of the enterprise, registration status of the enterprise, source of initial capital and motivation for starting the enterprise.

Table 4.1: **Distribution of Respondents by Economic Sector of the Enterprise (%)**

Variable	Measuring Group	Frequency	Percent	Cumulative (%)
Economic sector of the enterprise	Agro and Allied Products	57	14.29	14.29
	Services	86	21.55	35.84
	Wholesale and Retail Trading	197	49.37	85.21
	Arts and Craft	35	8.77	93.98
	Manufacturing	24	6.02	100
	Total	**399**	**100**	

Source: Field Study, (2016).

From Table 4.1, about 14% of the female micro entrepreneurs in the sampled area are engaged in agro and allied products, about 22% are engaged in delivering different services while almost half of the respondents are involved in wholesale and retail trading. This is in line with the 2001 country survey carried out by the CBN, which revealed that wholesale and retail trading accounted for 49% of non-agriculture microenterprise in Nigeria. Also according to SMEDAN and NBS (2013), 54.7% of the respondents belonged to wholesale and retail sector. The large number of the females engaged in retail trading may be largely due to the fact that retail trading requires less skill and funding for start-up. Another contributory factor is the inclusion of Onitsha and Nnewi in the study area. According to Anambra State Year Book (2009), Onitsha and Nnewi are commercial nerves of Anambra State and this distribution reflects the prevailing market situation given the popularity of wholesale and retail trading in Anambra State.

It was also observed that 21.6%of the respondents are involved in providing different services. Female micro entrepreneurs who are engaged in service delivery include those who sell recharge cards, hair-dressing, food vendors and so on. About 8.77% of the respondents are involved in arts and craft which include tailoring, fashion designing, bead making, etc. Fifty seven respondents representing 14.29% are engaged in agro and allied products while only 6% of the respondents are involved in manufacturing (Table 4.1). This calls for concern because if out of a sample of 400 female micro entrepreneurs and only about 6% are involved in production it only shows that the government needs to do more to encourage production. According to Babajide (2011), no nation develops on mercantile trading and commerce alone.

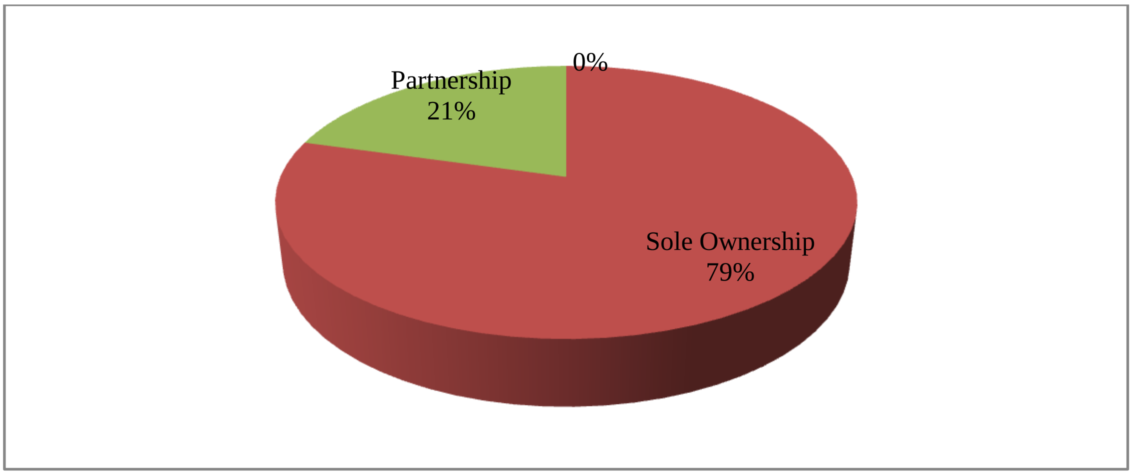

Figure 4.4. Distribution of Female Micro Entrepreneurs in the Studied Area by Legal Status of the Enterprise (%)

Source: Field Study, (2016)

Figure 4.4, the ownership structure of the enterprise showed that 21% are engaged in combined family businesses which we refer to as partnership while majority (79%) of the enterprise are solely owned. This conforms to a prior expectation that a typical micro enterprise is operated by a sole proprietor/manager aided mainly by unpaid family members and occasional paid employee and/or apprentice.

Table 4.2: **Distribution of the Respondents by Years in the Enterprise (%).**

Variable	**Measuring Group**	**Frequency**	**Percent**	**Cumulative Percentage**
Years in the Enterprise	Less than 5 Years	183	45.86	45.86
	5 - 10 years	137	34.34	80.20
	Above 10 years	79	19.80	100
	Total	**399**	**100**	

Source: Field Study, 2016.

Table 4.2 shows age of the enterprise (years in the enterprise). About 45.9% of the businesses have been in existence for less than 5 years, 34% have been in existence for about 5 – 10 years, while 20% have existed for more than ten years. This study targeted enterprises that have been in existence for more than twelve months, the essence was to collect information from female micro enterprise operators who are experienced and in a position to answer questions pertaining to the business. Majority of the respondents (54%) have their enterprise established for over five years. The existence of microfinance banks is expected to act as catalyst to business start-up as well as successful expansion of old ones.

Table 4.3**:** **Distribution of Female Micro Entrepreneurs in the Studied Area by Source of Initial Capital (%)**

Variable	**Measuring Group**	**Frequency**	**Percent**	**Cumulative Percentage**
Source of initial capital	Personal Savings	309	78.03	78.03
	Borrowings	87	21.97	100
	Total	**396**	**100**	

Source: Field Study, 2016.

Table 4.3 shows the source of initial capital for starting the enterprise. There are different ways through which a micro enterprise can generate funding; it could be through personal savings, family and friends, loans or through grants. The present study grouped the sources under personal savings and borrowings. Majority of the respondents (78%) indicated that they started their business with their personal savings while the remaining 21.97% indicated that they started their enterprise with borrowed funds gotten from, friends, cooperative societies or from *Esusu*. This confirms with studies by SMEDAN and NBS (2013) that funding for most microenterprises are mainly from individual resources, with a little help from family and friends. The data collected also showed different reasons why female micro entrepreneurs engage in entrepreneurial activities and the result is presented in Figure 4.5.

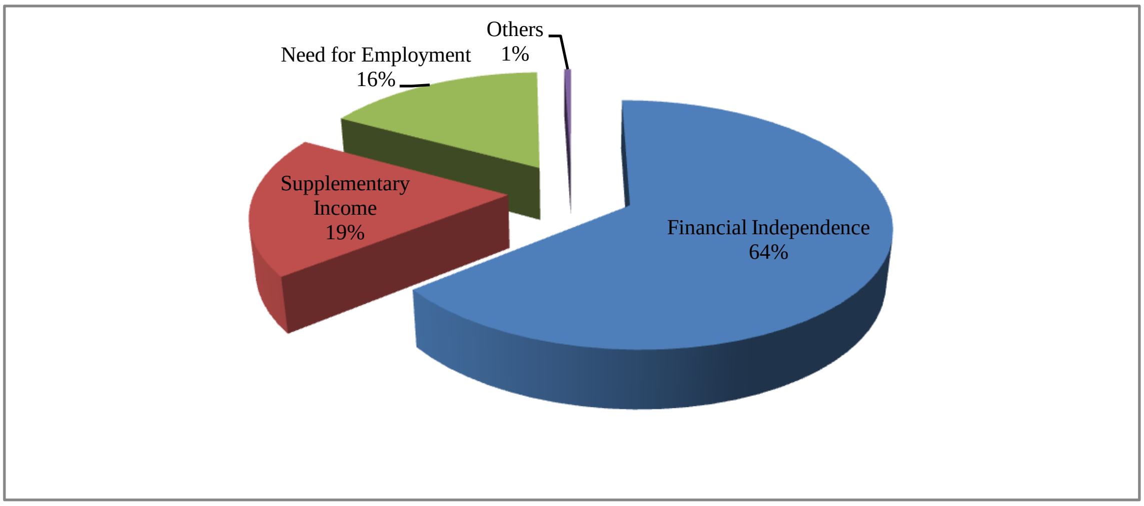

Figure 4.5: Distribution of Female Micro Entrepreneurs in the Studied Area based on Reasons for Starting the Enterprise (%)

Source: Field Study, 2016

Two hundred and fifty seventy respondents representing 64.25% of the sampled female micro entrepreneurs indicated financial independence as their main reason for starting the business, 18.75% indicated need for supplementary income and 16.5% indicated that the motive for starting their business was the need to be gainfully employed while barely less than 1% indicated others as their reasons for starting the enterprise. To gain financial independence is the main reason why many female micro entrepreneurs start their own businesses; this is not surprising because the economic conditions of the country have turned more women into bread winners in many homes. They also try to supplement where the husband's income is not sufficient.

Table 4.4: **Distribution of Female Micro Entrepreneurs in the Studied Area by Registration Status of the Enterprise (%)**

Variable	**Measuring Group**	**Frequency**	**Percent**	**Cumulative Percentage**
Registration status of the enterprise	Yes	21	5.25	5.25
	No	379	94.75	100
	Total	**400**	**100**	

Source: Field Study, 2016.

The registration status of the different enterprises is displayed in Table 4.4. The findings of the study reveal that 94.75% are not registered enterprise, while about 5% are registered enterprise. Ordinarily, the large number of unregistered enterprise is expected because according to the 2001 country survey most micro enterprises in Nigeria operate in the informal sector, meaning that they are not registered enterprise (Babajide, 2011).

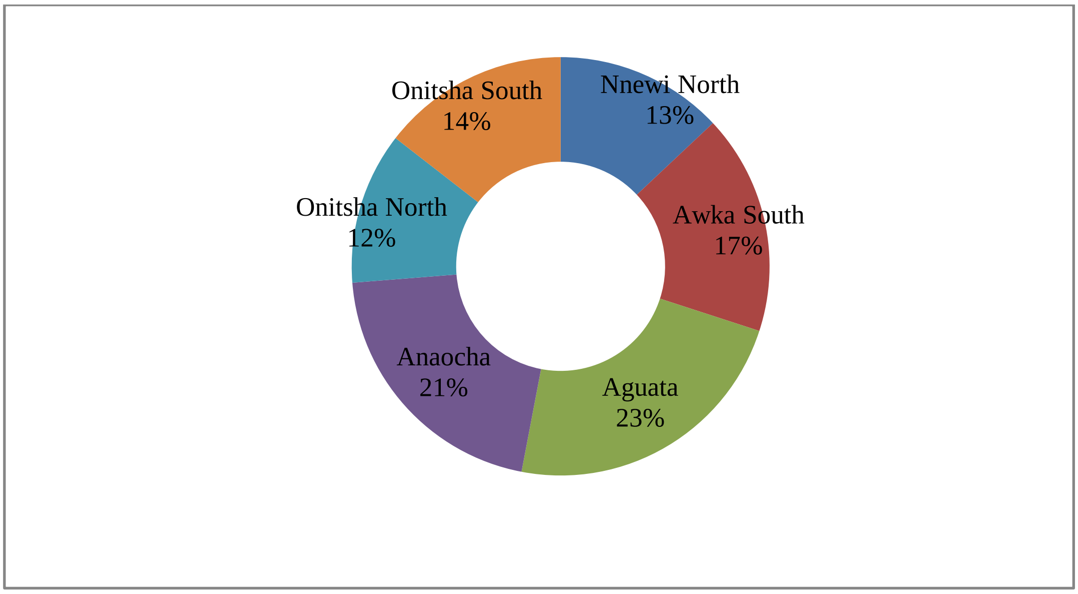

Figure 4.6. Distribution of Female Micro Entrepreneurs in the Studied Area according to the Location of their Enterprise (%).

Source: Field Study (2016)

The study also categorised the respondents according to their business locations. Fifty two (13%) of the respondents have their enterprise located in Nnewi North LGA, 17% of the sampled businesses is located in Awka South, 23% of the enterprise are located in Aguata LGA, 20.75% in Anaocha LGA while 11.75% and 14.5% are located in Onitsha North and Onitsha South respectively (Figure 4.6). From the study it shows that about38% of the respondents have their businesses located in Anambra Central Senatorial zone, this may be because Anambra Central houses the State capital as well as the only federal university in the State and so is bound to attract a lot of commercial activities in the studied area.

4.1.3 *Cross Tabulation of Legal Status of the Enterprise, Educational level and Source of Initial Capital*

This subsection is a summary statistics of cross tabulation of the legal status, educational level and the source of initial capital for starting the enterprise by the respondents. The result is presented in Table 4.5 using frequencies and percentages (in brackets). From Table 4.5, sole ownership is dominant in the survey and this cut across all the business types, this is in line with CBN (2004) which revealed that most Africans are afraid of losing control of their businesses that is why they opt for sole proprietorship. The sector with the highest sole ownership is wholesale and retail trading with as high as 43%. Then next on the line is the services sector with 15.29%. Most of the agro and allied businesses are solely owned with a percentage of 9.02, followed by the manufacturing sector with 3.76%. It is understandable that many sole proprietors will like to bequeath such businesses to their children but unfortunately some of these businesses die as soon as the founder/owner dies. Shiferaw (2008) found dearth of business ownership and migration as the predominant factor for firm exit in Ghana. Under the partnership form of business, the service sector has the highest percentage 6%, followed by wholesale and retail trading with 5.76%, agro and allied products has 5.3%, while the number of respondents from manufacturing and arts and crafts are 2.26% and 1.25% respectively.

Also most of the sampled female micro entrepreneurs rely on their personal savings to start-up the enterprise. About 37.37% of female micro entrepreneurs engaged in whole sale and retail trading who are sole proprietors use personal funds to start their business, while 3.79% partnerships who are engaged in whole sale and retail trading indicated that they use personal funds to start the enterprise (Table 4.5). These partners may be family members who decide to pull their resources together in order to start the enterprise.

Table 4.5: **Summary Statistics of Cross Tabulation of Legal Status of the Enterprise, Educational Level and Source of Initial Capital**

Description		**Sole Ownership**						**Partnership**						**All**
	Categories	Agro prod.	service	Whole sale & retail	Arts & craft	Manufacturing	**Sub Total**	Agro prod.	service	Whole sale & retail	Arts & Craft	Manufacturing	**Sub Total**	**Total**
Educational level	**No formal Educ.**	0 (0.0)	4 (1.01)	6 (1.51)	0 (0.0)	0 (0.0)	**10 (2.51)**	0 (0.0)	1 (0.25)	0 (0.0)	0 (0.0)	0 (0.0)	**1 (0.25)**	**11 (2.8)**
	Prim Educ.	2 (0.5)	6 (1.51)	15 (3.77)	2 (0.5)	0 (0.0)	**25 (6.28)**	3 (0.75)	3 (0.75)	0 (0.0)	0 (0.0)	0 (0.0)	**6 (1.51)**	**32 (8)**
	Second Educ.	19 (4.77)	20 (5.03)	89 (22.36)	13 (3.27)	10 (2.51)	**151 (37.94)**	10 (2.51)	6 (1.51)	11 (2.76)	1 (0.25)	5 (1.26)	**33 (8.29)**	**185 (46.3)**
	Tertiary Educ.	15 (3.77)	27 (6.78)	59 (14.82)	10 (2.51)	4 (1.01)	**115 (28.89)**	6 (1.51)	14 (3.52)	11 (2.76)	2 (0.5)	4 (1.01)	**37 (9.3)**	**152 (38.5)**
	Other High institut.	0 (0.0)	4 (1.01)	3 (0.75)	5 (1.26)	1 (0.25)	**13 (3.27)**	2 (0.5)	0 (0.0)	1 (0.25)	2 (0.5)	0 (0.0)	**5 (1.26)**	**18 (4.5)**
	Sub total	36 (9.05)	61 (15.33)	172 (4.32)	30 (7.54)	15 (3.77)	**316 (78.89)**	21 (5.28)	24 (6.03)	23 (5.78)	5 (1.26)	9 (2.26)	**82 (20.6)**	**398 (100)**
Is the enterprise Registered ?	**Yes**	20 (5.03)	16 (4.02)	69 (17.34)	13 (3.27)	5 (1.26)	**123 (30.9)**	15 (3.77)	18 (4.52)	17 (4.27)	0 (0.0)	9 (2.26)	**59 (14.82)**	**182 (45.73)**
	No	16 (4.02)	45 (11.31)	104 (26.13)	17 (4.27)	10 (2.51)	**192 (48.24)**	6 (1.51)	6 (1.51)	5 (1.26)	5 (1.26)	0 (0.0)	**22 (5.53)**	**216 (54.27)**
	Sub total	36 (9.05)	61 (15.33)	173 (43.47)	30 (7.54)	15 (3.77)	**315 (79.15)**	21 (5.28)	24 (6.03)	22 (5.53)	5 (1.26)	9 (2.26)	**81 (20.35)**	**398 (100)**
Source of initial capital	**Savings**	30 (7.58)	45 (11.36)	148 (37.37)	27 (6.81)	13 (3.28)	**263 (66.41)**	8 (2.02)	14 (3.53)	15 (3.79)	5 (1.26)	3 (0.76)	**45 (11.36)**	**309 (78.03)**
	Borrowed	6 (1.52)	16 (4.04)	22 (5.56)	3 (0.76)	2 (0.51)	**49 (12.37)**	13 (3.28)	10 (2.52)	8 (2.02)	0 (0.0)	6 (1.52)	**37 (9.34)**	**87 (21.97)**
	Sub total	36 (9.09)	61 (15.4)	170 (42.92)	30 (7.58)	15 (3.79)	**312 (78.79)**	21 (5.3)	24 (6.06)	23 (5.81)	5 (1.26)	9 (2.27)	**82 (20.7)**	**396 (100)**
Did loan improve business performance?	**Yes**	6 (5.08)	8 (6.78)	25 (21.19)	1 (0.85)	1 (0.85)	**41 (34.75)**	6 (5.08)	9 ()	3 (2.54)	2 (1.69)	6 (5.08)	**26 (22.03)**	**67 (56.78)**
	No	0 (0.00)	4 (3.39)	10 (8.47)	0 (0.00)	1 (0.85)	**15 (12.71)**	0 (0.00)	0 (0.00)	0 (0.00)	1 (0.85)	0 (0.00)	**1 (0.85)**	**16 (13.56)**
	Undecided	1 (0.85)	2 (1.69)	16 (13.56)	2 (1.69)	1 (0.85)	**22 (18.64)**	5 (4.24)	6 (5.08)	2 (1.69)	0 (0.00)	0 (0.00)	**13 (11.02)**	**35 (29.66)**
	Sub total	7 (5.93)	14 (11.86)	51 (43.22)	3 (2.54)	3 (2.54)	**78 (66.10)**	11 (9.32)	15 (12.71)	5 (4.24)	3 (2.54)	6 (5.08)	**40 (33.90)**	**118 (100)**
Aware of government loan schemes	**Yes**	30 (7.77)	34 (8.81)	93 (24.09)	11 (2.85)	10 (2.59)	**178 (46.11)**	18 (4.66)	14 (3.63)	11 (2.85)	2 (0.52)	8 (2.07)	**53 (13.73)**	**231 (60.10)**
	No	5 (1.3)	25 (6.48)	77 (19.95)	18 (4.66)	5 (1.3)	**130 (33.68)**	1 (0.26)	7 (1.81)	12 (3.11)	3 (0.78)	0 (0.00)	**23 (5.96)**	**153 (39.9)**
	Sub total	35 (9.07)	59 (15.28)	170 (44.04)	29 (7.51)	15 (3.89)	**308 (79.79)**	19 (4.92)	21 (5.44)	23 (5.96)	5 (1.3)	8 (2.07)	**76 (19.69)**	**384 (100)**

Source: Field Study, 2016.

The next business sector that used their personal savings is female micro entrepreneurs who provide different services to people, there are about 11.36% respondents almost six times more than their counterpart who are into partnership. The highest business sector that used borrowing for initial start-up of their business is whole sale and retail trading with 5.56% respondents, followed by sole proprietors who are engaged in delivering services with a percentage of 4, then 3.28% of the respondents who are into partnership and engaged in agro and allied products also used borrowing to start their enterprise. Also few female micro entrepreneurs who are into partnership and are engaged in arts and craft used personal savings to start the enterprise, while none of the women who are into partnership borrowed to start their enterprise. Invariably their contributions were enough for them to start up their enterprises

4.1.4 *Results of Female Micro Entrepreneurs' Knowledge about Microfinance Banks in the Studied Area.*

The aim of this subsection was to evaluate how well the female micro entrepreneurs have information about microfinance banks (MFBs) and how often they have benefited from it. This is presented in Table 4.6.

Table 4.6: **Distribution of Respondents in the Studied Area Based on Level of Awareness about Microfinance Banks (%).**

Variable	**Response**	**Respondents**	**Percentage**	**Cumulative Percent**
Do you have knowledge about MFBs?	Yes	297	74.25	74.25
	No	103	25.75	100
	Total	**400**	**100**	

Source: Field Study, 2016.

Table 4.6 shows how well the respondents have knowledge about microfinance banks. Out of the 400 respondents, about three quarter of the respondents indicated that they have heard about microfinance banks while the remaining one quarter indicated that they do not have any knowledge about microfinance banks. This may be because microfinance banks are sparingly located and this creates a gap between the female micro entrepreneurs and microfinance banks.

Table 4.7: **Distribution of Respondents based on Level of Borrowing (%)**

Variable	Response	Respondents	Percentage	Cumulative Percent
Have you borrowed from MFBs?	Yes	83	20.75	20.75
	No	317	79.25	100
	Total	**400**	**100**	

Source: Field Study (2016).

Table 4.7 shows how well female micro entrepreneurs access credit facility from microfinance banks. The respondents were asked if they have ever borrowed from MFBs; Majority of the respondents (79.25%) indicated that they have not borrowed from MFBs while only 21% indicated that they have borrowed from MFB at one point or another. Majority of those who accessed credit from MFBs only did that once, though some indicated that they have borrowed more than once.

Table 4.8: **Distribution of Respondents based on Reasons for Borrowing (%).**

Variable	Response	Respondents	Percentage	Cumulative Percent
If yes, what was the loan used for?	Start/Expand the Business	94	82.46	82.46
	Pay off debt	9	7.89	90.35
	Education	7	6.14	96.49
	Others	4	3.51	100
	Total	**114**	**100**	

Source: Field Study, 2016.

Table 4.8 shows what the female micro entrepreneurs used the loan facility they obtained for. Out of the 114 respondents who have accessed loan facility from MFBs, 82.5% indicated that they used the loan to start and/or expand an existing business, 7.89% used their own loan to pay off debts and 6% used theirs to sponsor their wards or children in school while the remaining 4% indicated other reasons not included. Majority of the respondents indicated that they used the loan in starting or expanding their enterprise which is a welcomed development.

Table 4.9: **Distribution of Respondents based on the Reasons for not Borrowing (%)**

Variable	**Response**	**Respondents**	**Percentage**	**Cumulative Percent**
If No, why did you not apply	Do not know anybody can apply	58	16.11	16.11
	Scared of borrowing	81	22.50	38.61
	High interest rate	119	33.06	71.67
	Loan was not necessary	100	27.78	99.44
	Other reasons	2	0.56	100
	Total	**360***	**100**	

Source: Field Study (2016).

Note * indicates that some respondents picked more than one reason

The female micro entrepreneurs who indicated that they have not been able to access credit facility from microfinance banks were asked to indicate reasons why they were not able to access credit. Table 4.9 shows that majority of the respondents about 33% believed that the interest charged on MFBs' loans were too high for them to pay and still make profit from their business. One hundred respondents (27.78%) believe that the loan was not necessary and so didn't go for it, 22.5% indicated that they were scared of borrowing from any financial institutions while less than 1% indicated other reasons.

Table 4.10: **Distribution of Respondents based on the Impact of Credit Facility (%)**

Variable	**Response**	**Respondents**	**Percentage**	**Cumulative Percent**
Has loan improved the business?	Yes	53	56.38	58.38
	No	14	14.89	71.27
	Undecided	27	28.72	100
	Total	**94**	**100**	

Source: Field Study (2016).

The researcher tried to evaluate the effect of the loan on the business performance of the female micro entrepreneurs and the result is presented on Table 4.10. Fifty three persons, that is about 56% of the respondents who utilized their loan for business activities indicated that it has improved the level of their business performance, 14% indicated that the loan has not impacted on their business performance while 29% are undecided about the effect of microcredit on their business performance.

Table 4.11: **Distribution of Respondents based on the Awareness of Government Loan Scheme (%).**

Variable	**Response**	**Respondents**	**Percentage**	**Cumulative Percent**
Awareness of government loan scheme to micro entrepreneurs	Yes	240	60.10	60.10
	No	110	27.57	87.67
	Undecided	49	12.33	100
	Total	**399**	**100**	

Source: Field Study, 2016.

Table 4.11 also shows the percentage of respondents who were aware of other government loan schemes to micro entrepreneurs. Out of the total respondents, 60% indicated that they were aware of other government loan schemes, about 28% indicate that they were not aware of any government loan scheme while 12% are undecided.

Table 4.12: **Distribution of Respondents based on whether they benefitted from any Government Loan Scheme (%).**

Variable	**Response**	**Respondents**	**Percentage**	**Cumulative Percent**
Benefitted from government loan scheme to micro entrepreneurs	Yes	27	11.22	11.22
	No	206	85.83	97.05
	Undecided	7	2.95	100
	Total	**240**	**100**	

Source: Field Study (2016)

Table 4.12 shows the percentage of the female micro entrepreneurs that have benefitted and those that have not benefitted from any loan scheme to micro entrepreneurs in the sampled area. The findings of the study shows that 11% of the respondents have benefitted from government loan schemes, 86% indicated that they have not benefitted from any loan schemes to micro entrepreneurs while about 3% are undecided. The large number who indicated that they have not benefitted from the scheme is not surprising because as earlier noted there is no evidence of specific business support programs for micro entrepreneurs except micro small and medium enterprises development fund (MSMEDF) established in 2014. In Nigeria, much of the business legislation and related support mechanisms are oriented towards SMEs, in this respect the females are disadvantaged as they participate mostly in micro and small business enterprise which makes up a large percentage of the informal sector. Even the recent MSMEDF which is meant to benefit micro entrepreneurs is not easily accessible. All the MFBs managers interviewed said that they have not been able to access the fund despite having applied as a participating institution (PI).

4.1.5 Distribution of Microfinance Banks in the Studied Area by Years of Operation

This subsection discusses the results of data obtained from microfinance banks. Out of a total of 100 copies of questionnaire distributed to microfinance banks officials in the selected LGAs 75 valid copies were used for analysis. This gives a response rate of 75% which is adequate for the study.

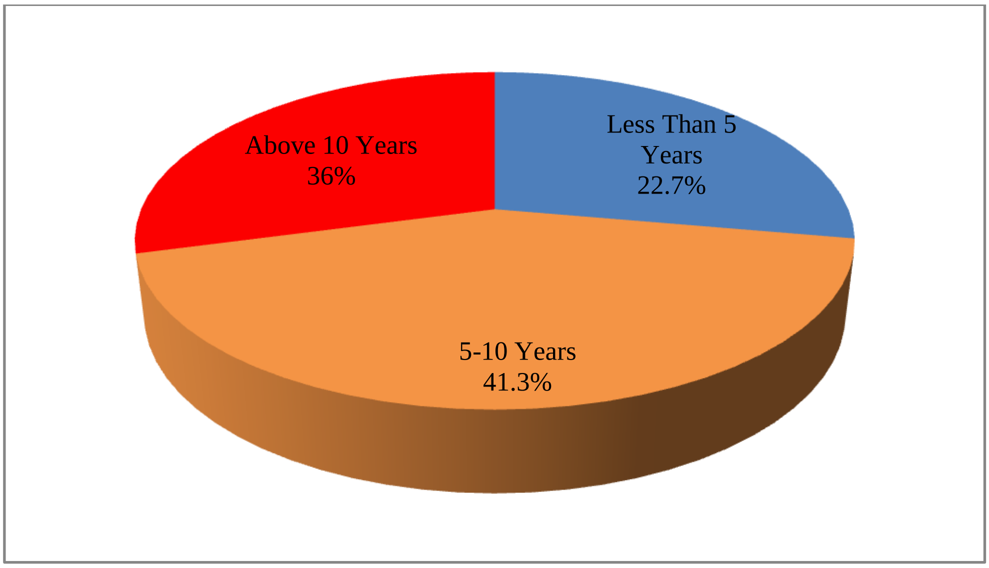

Figure 4.7: Distribution of Microfinance Banks in the Studied Area by Years of Operation (%).
Source: Field Study, 2016.

Figure 4.7 shows that about 41.3% of the selected microfinance banks have been in existence between 5 and 10 years, 36% have been established for over 10 years while 22.7% of the microfinance banks have been operating for less than 5 years. This distribution of microfinance banks by years of operation is very necessary to ensure credible information is provided as it concerns the subject matter because managerial competence which is measured by managerial experience and knowledge of the industry is one of the key criteria for commercial banks to grant a loan (Nguyen & Ramachandran, 2006 cited in Fatoki, 2013).

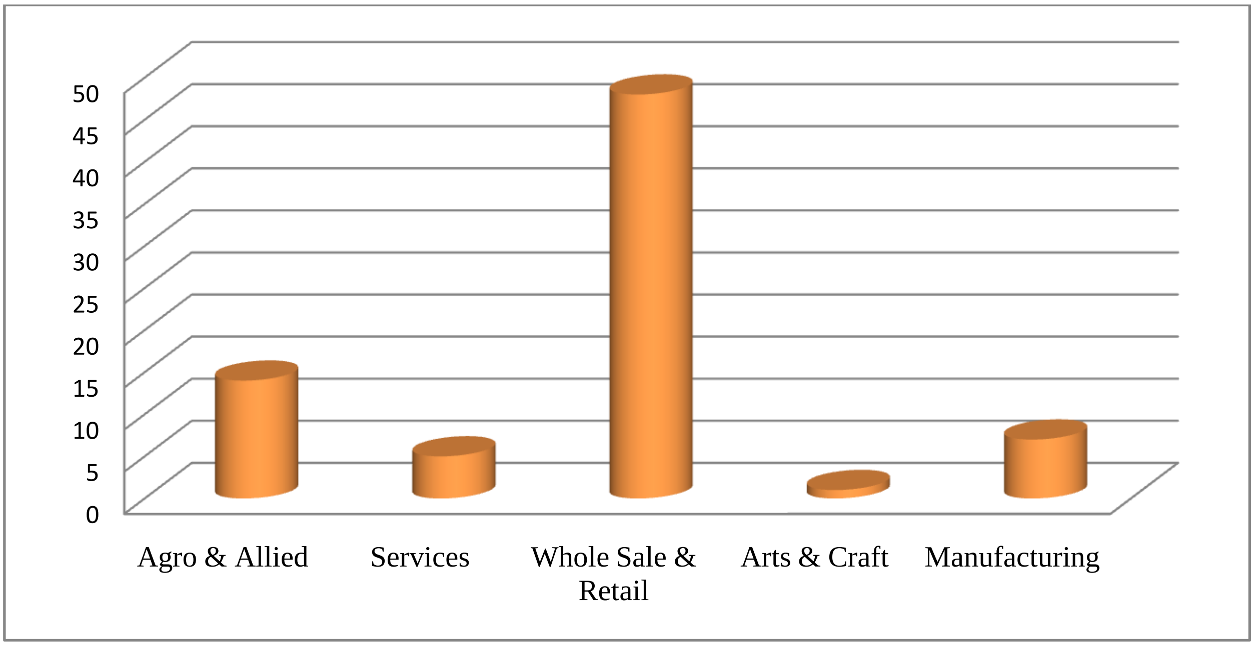

Figure 4.8: Distribution of Microfinance Banks in the Studied Area by Nature of Business Activity with the Highest Loan Application

Source: Field Study, 2016.

Figure 4.8 shows the nature of business activity with highest loan application. From the data collected from microfinance banks, it shows that wholesale and retail trading constitute the business activity with highest loan applications, that is 64% of the total respondents. Wholesale and retail trading usually have fast turnover making it possible for activites in such area to have advantage over the other business activities. This is in line with Anyanwu (2004) which showed that micro finance institutions in the country mostly finance trading. Agro and allied products are second highest with 18.7% of the respondents. Female micro entrepreneurs who are engaged in manufacturing, services and then arts and craft constitute 9.3%, 6.7% and 1.3% of the respondents respectively.

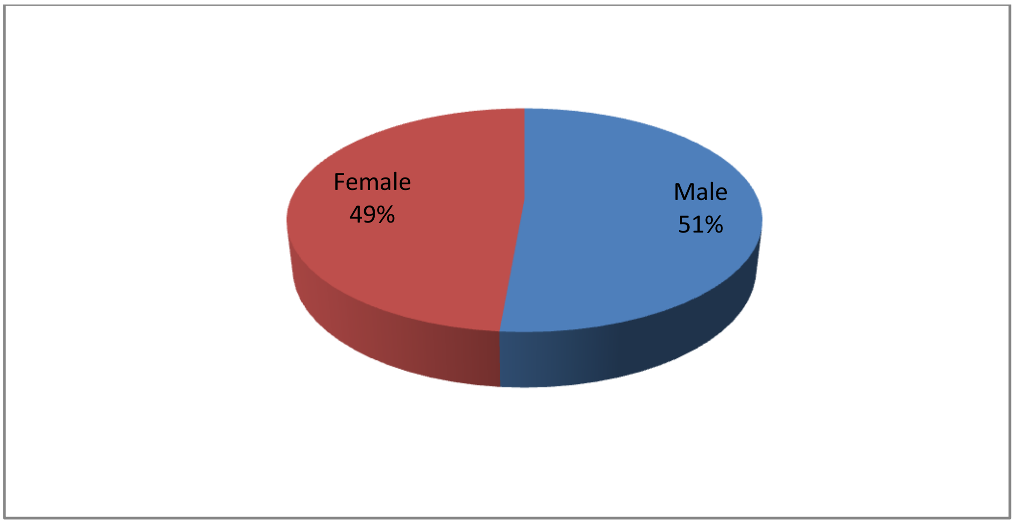

Figure 4.9: Distribution of Microfinance Banks in the Studied Area by Gender of their Clients (%).
Source: Field Study, (2016).

The result displayed in *Figure 4.9* shows that 49% of the microfinance bank officials indicated that female constituted a higher proportion of their clients while 51% indicated that they have more male clients than females. This shows that there are as much male microfinance banks users as there are female microfinance bank users because there is a marginal difference between the male and female clients.

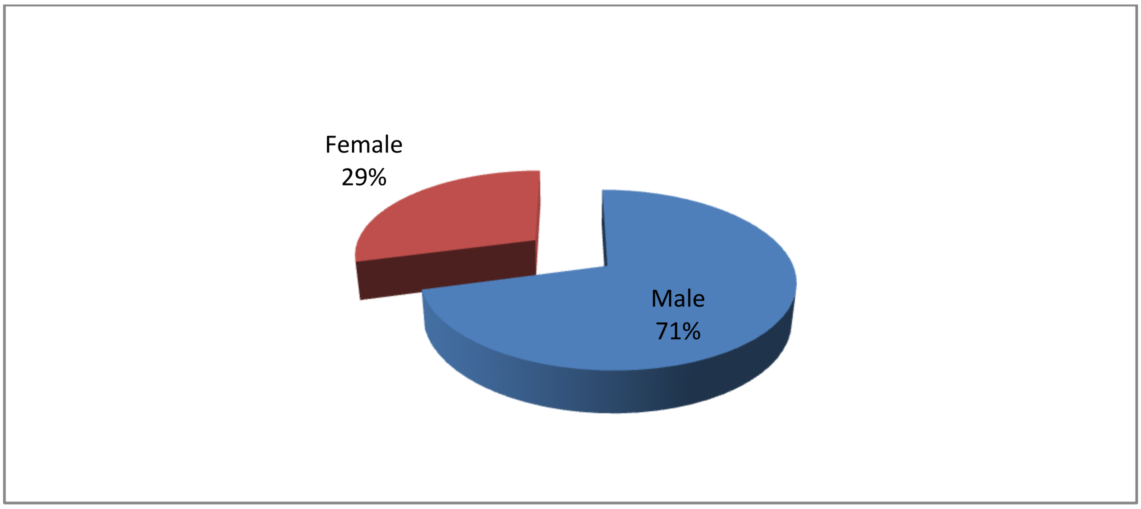

Figure 4.10: Distribution of Microcredit Borrowers in the Studied Area by Gender (%).
Source: Field Study, 2016.

Figure 4.10 shows that only 29% of the microfinance banks indicated that they have a higher proportion of female borrowers whereas 71% indicated that they have more male borrowers than female borrowers. This shows that despite the fact that there are as many female microfinance bank users as male users, male micro credit borrowers are almost three times more than female borrowers. This result is in line with a study conducted by Akande (2012) which showed that 46.7% are aware of MFBs but 16.6% patronize them. Also, Wijetuge (2008) opined that 86% of the respondents did not go for bank loans at the start up because the relationship with financial institutions is not at a satisfactory level. The result shows that there are fewer female loan applications than males.

4.2 Data Analysis According to Research Aim/Objectives

4.2.1 Aim of the Study: *To identify the challenges of accessing finance by female micro entrepreneurs in Anambra State.*

The result of the challenges of accessing microcredit is displayed in Tables 4.13a and 4.13b. The questions in the questionnaire were asked using a 5 point likert scale therefore the cut-off value is 2.5. If any of the variables has a mean value above or equal to the cut-off value (≥ 2.5) we agree that the variable affects access to finance. If there is any variable with a mean value less than or equal to the cut-off value (≤ 2.5) we disagree that such factor is a challenge to access to finance by female micro entrepreneurs.

Table 4.13a: **Summary of Responses from Female Micro Entrepreneurs on Challenges of Accessing Micro Credit**

Items	Mean	Remark
Family is not supportive of my accepting loans	2.755611	Agree
The modalities for accessing loans is unknown	3.044888	Agree
Distance to MFI hinders access to credit	2.311721	Disagree
Lack of awareness of existing credit schemes	3.4425	Agree
Fear to lose property in case of default	3.630923	Agree
Lack of information	3.4125	Agree
Demand for collateral hinders access to credit	3.9525	Agree
High Interest charges	4.049875	Agree
Stringent conditions attached on loan	3.812968	Agree
Loans have short repayment period	3.860349	Agree

Items	Mean	Remark
Securing of guarantor affects access to credit	3.683292	Agree
Having an account with MFI	3.0975	Agree
Credit application is highly risky	3.798005	Agree
Attitude of microfinance officials	2.935162	Agree

Source: Field Study, 2016.

Table 4.13a shows a summary of the responses from female micro entrepreneur as obtained from the 400 valid questionnaires. It also shows the average score obtained from each item and the decision rule using a likert cut-off point of 2.5. The responses from the female micro entrepreneurs indentified some factors as challenges of accessing credit and they are: lack of family support, lack of proper information about available credit opportunities, difficult modalities for accessing the credit, demand for collateral and gurantors before the loan can be released, fear of default even before applying for the loan, high interest charges and short repayment perod. The result also shows that high interest charges has a mean score of 4.05 meaning that it has the highest effect on demand for credit by female micro entrepreneurs. On the contrary, the female micro entrepreneurs do not believe that distance to microfinance banks affects their demand for credit facilities.

Table 4.13b: **Summary of Responses on Challenges of Credit Disbursement by Microfinance Banks**

Items	Mean	Remark
Microfinance Institutions disburses loan without gender discrimination	3.8933	Agree
Microfinance Bank policy is fair to women micro entrepreneurs.	3.3333	Agree
Women micro entrepreneurs are not discriminated against when disbursing credit.	3.8933	Agree
The protocol for accessing credit is not rigorous for women borrowers.	3.6933	Agree
Amount given as credit is discretionary.	3.6933	Agree
Loans are given to women with means of livelihood.	3.44	Agree
There are too many applications than what the bank can serve.	2.76	Agree
There is inadequate loanable fund for disbursement.	3.8267	Agree
Borrowers' business location affects the ability to access funds.	4.0533	Agree
Previous loan record is necessary for loan disbursement.	3.5733	Agree
Size of the enterprise affects the ability to disburse credit.	3.3467	Agree
The demand for collateral affects women's ability to access credit.	2.12	Disagree
Credit is granted based on personal relationship.	3.4933	Agree

Items	Mean	Remark
Loan disbursement is granted in stages	4.0933	Agree
Having an account with the bank is a condition for disbursement of credit.	3.2133	Agree
Years of business experience determines who gets the loan.	3.8933	Agree
Government policy affects microfinance banks' ability to disburse credit.	3.3333	Agree

Source: Field Study, 2016.

Table 4.13b shows a summary of responses from the microfinance bank officialsas obtained from the 75 valid questionnaires. It also shows the average score obtained from each item and the decision rule using a cut-off point of 2.5. The result from the microfinance bank officials indicate that the challenges to disbursement of credit to the female micro entrepreneurs are: That loans are given to females with means of livelihood, need to have the previous loan record of borrowers, the size of the enterprise affects access to credit, demand for collateral depending on the amount of loan being applied for, that loan is being disbursed based on first come first served bases rather than on personal relationship and that government policy affects their ability to disburse credit to borrowers. The microfinance bank officials refuted the claim that credit is disbursed based on gender, according to them, microfinance policy is the same for all borrowers inrespective of gender.

4.2.2 Research Objective 1: *To evaluate if female micro entrepreneurs in Anambra State are financially discriminated by microfinance banks when accessing credit.*

The result of the responses from female micro entrepreneurs is presented using *Figure 4.11* while the responses from microfinance banks are presented using Table 4.14.

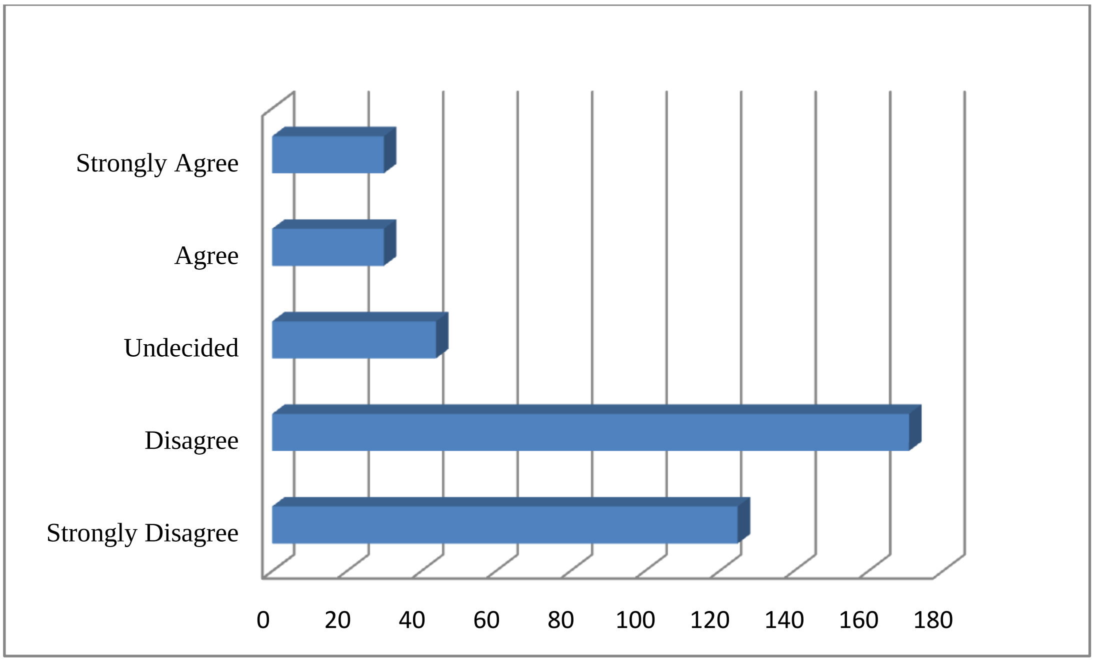

Figure 4.11.* *Distribution of Female Micro Entrepreneurs in the Studied Area based on Perception about Gender Discrimination when Accessing Credit (%).

Source: Field Study (2016).

*Figure 4.11*shows the result of female micro entrepreneurs' perception about gender discrimination when accessing microcredit. Cumulatively, about 74% of the respondents disagree that the females are denied microcredit due to their gender; only about 15% of the respondents agree that the females are denied microcredit on the basis of their gender while 11% are undecided about the question.

Table 4.14: **Responses of Microfinance Banks on whether there is Gender Discrimination when Issuing Microcredit**

Variables	Measuring Group	Frequency	Percent	Cumulative Percentage
Female micro entrepreneurs are not discriminated in the issuance of credit	Strongly Disagree	3	4	4
	Disagree	10	13.3	17.3
	Undecided	4	5.3	22.7
	Agree	33	44	66.7
	Strongly Agree	25	33.3	100
Microcredit policy is fair to female micro entrepreneurs	Strongly Disagree	3	4	4
	Disagree	20	26.7	30.7
	Undecided	9	12	42.7
	Agree	35	46.7	89.3
	Strongly Agree	8	10.7	100

Variables	Measuring Group	Frequency	Percent	Cumulative Percentage
The protocol for accessing credit is not too rigorous for female borrowers	Strongly Disagree	4	5.3	5.3
	Disagree	8	10.7	16
	Undecided	11	14.7	30.7
	Agree	36	48	78.7
	Strongly Agree	16	21.3	100
Total		**75**	**100**	

Source: Field Study, 2016.

Table 4.14 shows the result of whether there is gender discrimination when issuing microcredit by microfinance banks. Out of the 75 respondents from microfinance banks, 4% and 13.3% of the respondents ‘strongly disagree’ and ‘disagree’ respectively that microfinance banks disburses loan without gender discrimination. On the other hand, 44% and 33.3% of the respondents ‘agree’ and ‘strongly agree’ that microfinance banks disburse loan without gender discrimination. Cumulatively, 17.3% admit that there is gender discrimination when approving loan and 77.4% admitted that there is no form of gender discrimination when approving loan to female micro entrepreneurs while almost 5% of the respondents are ‘undecided’.

On the Statement that microcredit is fair to female micro entrepreneurs, 4% and 26.7% of the respondents ‘strongly disagree’ and ‘disagree’ with the Statement respectively. Also, 12% are ‘undecided’ with the Statement while 46.7% and 10.7% respectively ‘agree’ and ‘strongly agree’ that microcredit policy is fair to female micro entrepreneurs when accessing credit facilities. Table 4.14 also shows that majority of the respondents (48%) agreed that the protocol for accessing microcredit is not too rigorous for female micro entrepreneurs who wants to borrower, 21.3% strongly agreed, 10.7% disagreed, 5.3% strongly disagreed while 14.7% are undecided. Therefore, from the result of the responses from microfinance banks there is no form of gender discriminationwhen distributing microcredit to those who applied.

4.2.3 Research Objective 2: *To examine if demographic variable is a challenge to female micro entrepreneurs in Anambra State when accessing microcredit.*

In order to examine if demographic variable is a challenge of accessing microcredit by female micro entrepreneurs, the study asked questions on educational level of the respondents, years of experience of the respondents, whether the family supports and encourages the women when applying for loans. From Table 4.13a, with a mean score of 2.76 > 2.5 we agree that the female micro entrepreneurs do not get family support when accessing microcredit from microfinance banks. The implication is that without the husbands' consent, female micro entrepreneurs may not be able to access microcredit. Also, without the family support, women may not be able to provide guarantors needed to access credit facilities. This question when asked during the FGD some women said they get family support when seeking for credit facilities while some said they don't get family support in their business activities. One of the participants in the FGD said, "*My husband once told me that he will not allow me use his shop as collateral for any loan, that I have no reason to ask for loan"*

Also from Table 4.13b, microfinance banks official agree that years of experience is a challenge to accessing micro credit given a mean score of 2.8 > 2.5. They believe that years of experience in operating a micro enterprise will enhance access to microcredit because it will enable the woman understand the nitty-gritty of the business and be able to answer any questions pertaining to the business. One of the microfinance bank managers remarked, "*To join a microfinance bank in Nigeria is not strenuous; an individual can walk in or can be introduced by another individual who is already a client/customer to the bank. But, due to ignorance, some of these women do not take advantage of these opportunities. They lack the basic knowledge about financial services available to them."*

4.2.4 Research Objective 3: *To ascertain if regulatory framework is a challenge to female micro entrepreneurs in Anambra State when accessing microcredit.*

In order to ascertain if regulatory framework is a challenge of accessing microcredit by female micro entrepreneurs in Anambra State, the study used lending rate (interest rate), loan duration, government policy and demand for collateral to capture regulatory framework. From Table 4.13a, the women see cost of credit (high interest charges) as a hindrance to access to credit. Interest charges has a mean score greater than the average mean value (4.05 > 2.5), we therefore agree that cost of credit is an impediment to access to microcredit. Also demand for collateral has a mean score of about 3.95 ≈ 4 > 2.5 we agree that demand for collateral is a hindrance to access to credit.

Short term duration of the loan has a mean value of 3.9 > 2.5, we agree that the duration of the loan is a challenge of accessing microcredit. If loan has a short repayment period it will have a negative relationship with access to finance. A short repayment period may not afford the borrower enough time to invest the loan, make profit and pay back both principle and interest. With situations like this, the female micro entrepreneur may decide not to borrow so as to avoid the consequence of default.

One of the female participants at the FGD when narrating how they pay back loan collected remarked: "*Attendance to meetings are mandatory to enable borrowers repay their outstanding loan.* Another participant said, "*Meetings may be done fortnightly or monthly. What matters most is that there must be a record for payment of the agreed monthly loan repayment*''. Loan repayment rate is estimated at an average of 70% – 80%.One of the microfinance bank officials on talking about short repayment period commented: *"The idea of quick repayment instils credit discipline and promotes successful repayment"*.

From Table 4.13b, responses from microfinance banks on whether government policy affects microfinance banks' ability to disburse loan has a mean value of 3.21 > 2.5 we agree that government policy affects microfinance banks' ability to disburse credit facilities. Also, demand for collateral is a challenge to accessing credit with a mean score of 3.35 > 2.5.In an interview with one of the bank managers, in trying to talk about regulations, he said that there are two categories of microfinance banks users, the individual client and group based clients. Microfinance banks do not demand for collateral from small borrowers rather they request for guarantors to indemnify in case of default. Clients are also encouraged to form groups or cooperatives. He said "*Group guarantor-ship is encouraged as a form of social capital and groups that must cross guarantee each other are preferred. Daily savings is also encouraged to enable the borrowers to pay back as at when due".* According to Evaristus *et al* (2004) cited in Adewale (n.d) group lending approach adopted by some microfinance banks has the potency for risk reduction and repayment of credits.

4.2.5 Research Objective 4: *To evaluate if asymmetric information is a challenge to female micro entrepreneurs in Anambra State when accessing microcredit.*

To evaluate if information asymmetry is a challenge of accessing credit by female micro entrepreneurs in Anambra State; female micro entrepreneurs and microfinance officials were asked questions using the 5 point likert scale. Variables such as lack of knowledge about modalities for accessing credit facilities, lack of information on obtaining financial services and not having information about previous loan record were used to capture information asymmetry. From Table 4.13a, unknown modalities for accessing loans has a mean score of 3.04 > 2.5, lack of awareness of existing credit schemes has a mean score of 3.44 < 2.5, lack of information on obtaining financial services has a mean score of 3.41 < 2.5. The result shows that information asymmetry is an impediment to access to microcredit because the mean values are greater than our average mean score of 2.5.

Also from Table 4.13b, responses from microfinance bank officials shows that information asymmetry is an impediment to their disbursement of credit facilities. For instance, having knowledge about previous loan record has a mean score of 4.05 > 2.5.Also having an account with the bank as a condition for disbursement of credit facilities has a mean score of 4 > 2.5. The result shows that female micro entrepreneurs' ability to provide information about past records hastens access to microcredit. Information is the key resource for decisions regarding the relationships existing between the borrower and the lender. Without prior information, microfinance banks may not advance credit facilities.

According to one of the bank officials interviewed*: Lack of valid information is the reason why banks deliberately charge high interest rate to take care of high risk loans, but with previous loan records the bank can deliberately reduce the interest charges for a client*. From the result, information asymmetry is a challenge of accessing microcredit by female micro entrepreneurs in Anambra State.

4.3 Presentation and Analysis of the Logistic Regression Result

The logistic regression was tested to evaluate the effect of the independent variables on the dependent variable (access to finance). Before carrying out the regression, we had to check for specification error to be sure our model has the relevant predictors and if the linear combination is sufficient and the summary of the result is presented on Table 4.15.

Table 4.15: **Summary of Linktest Result**

Dependent Variable: Access to Finance (ATC) Number of obs = 395
Method: Logistic Regression LR chi2 (10) = 29.55
Prob. > chi2 = 0.0000
Log Likelihood = - 196.97426 PseudoR2 = 0.0732

ATC	Coef.	Std. Err.	Z	P >/Z/
_hat	1.061653	.577072	1.94	0.066
_hatsq	**.0249006**	**.2179971**	**0.11**	**0.909**
_cons	.0273595	.3625192	0.09	0.940

Source: Researcher's Computation using STATA 11.0

From Table 4.15, the variable **_hatsq.** is not significant (with *p-value* = 0.909), this means that our model has no specification error.

Also before the logistic regression was carried, the data was screened to check for multicollinearity, that is, test to check if any two or more independent variables in the model are approximately determined by a linear combination of other independent variables in the model. The result indicates that the variables have no problem of multicollinearity (Appendix B.). As a rule of thumb, the correlation coefficient for the indicators should not be greater than 0.9 and that the determinant should be greater than 0.00001. Multicollinearity was also checked using the tolerance and variance inflation factor (VIF) method. If the variables are uncorrelated, the tolerance and VIF are 1. The value of the R2 is .0732, therefore the tolerance is 1- .0732 = .927 ≈ 1 and the VIF is 1/.927 = 1.08≈ 1. The values of tolerance and VIF are a confirmation of no correlation problem in the model.

Table 4.16: Summary of Logistic Regression Result

(Access to Finance (ATC) =1) Number of obs. = 395
Method: Logistic Regression LR chi2 (10) = 29.53
Prob. > chi2 = 0.0010
Log Likelihood = - 196.9907 PseudoR2 = 0.0732

Predictors	Estimate	z	P >/ z /	Odds Ratio	95% CI
EDU	0.04004	-0.23	0.818	1.0408	(0.7404 , 1.4633)
COL	-0.2206	-1.92	0.054*	0.8021	(0.6407 , 1.0041)
LER	0.2740	2.02	0.045*	1.3152	(1.0068 , 1.7180)
MFD	-0.0758	-0.66	0.512	0.9270	(0.7392 , 1.1623)
LOD	-0.1701	-1.41	0.158	0 .8435	(0.6660 , 1.0684)
SMC	0.2171	1.65	0.099**	1.2424	(0.9602 , 1.6077)
KMC	0.4008	3.77	0.000*	1.4931	(1.2123 , 1.8389)
YRS	0.3699	2.18	0.029*	1.4475	(1.0383 , 2.0181)
FRP	-0.0865	-0.81	0.420	0.9171	(0.7433 , 1.1317)
HAC	0.0627	0.58	0.564	1.0647	(0.8605 , 1.3173)
_CONS	-3.383	-2.69	0.083		

Source: Researcher’s Computation using STATA 11.
Note: * significance at 5%; ** significance at 10%

<u>Logistic model for ATC, goodness –of- fit test</u>

Number of observations = 395

Number of covariate patterns = 271

Pearson chi2 (260) = 393.13

Prob > chi2 = 0.0000

. estat gof, group (10)

Logistic model for ATC, goodness –of- fit test

(Table collapsed on quantiles of estimated probabilities)

Number of observations	=	395
Number of groups	=	10
Hosmer-Lemeshow chi2(8)	=	5.30
Prob > chi2	=	0.7246

There are ten factors in our model and they are: EDU, COL, LER, MFD, LOD, SMC, KMC, YRS, FRP, and HAC. Looking at the goodness of fit tests, with a p-value of 0.72, we can say that Hosmer-Lemeshow's goodness-of-fit test shows no evidence of gross deficiencies with the model.

The result of our logistic regression shows that together all the independent variables have significant impact on access to finance. The estimated LR chi2 (11) = 29.53 with a *p*-value = 0.0010, is statistically significant at 5% level of significance. The conventional measure of goodness of fit R^2 is not particularly meaningful in binary models rather **Pseudo R^2** was used. From our present study our **Pseudo R^2** = 0.0732, though small but ok for a large sample size like we have in our study. Though, Gujarati and Porter (2009) pointed out that the importance of goodness of fit in a dichotomous model should not be overplayed. The sample size is 400 but the result has number of observations = 395, this shows that there are some missing values in our variables and Stata uses a listwise deletion by default to delete the missing values. The result of the estimated logistic regression is summarized in Table 4.16. The fitted logistic model is:

$$\log\{P_n / (1- P_n)\} = -3.383 + 0.04004EDU - 0.221COL + 0.274LER - 0.076MFD - 0.170LOD + 0.217SMC + 0.4008KMC + 0.370YRS - 0.0865FRP + 0.063HA$$

The result shows that education is positively related to access to finance as shown by the positive partial slope coefficient. This means that with other variables held constant, if education (EDU) level is increased, access to finance will increase or if education level is reduced, access to microcredit will reduce. Collateral requirement (COL) has a negative partial slope coefficient of 0.221 meaning that if other variables are held constant and collateral requirement increases, on the average access to credit will reduce. Also if COL requirement is reduced holding other variables constant, access to micro credit will increase. This conforms to economic theory that the higher the collateral requirement, the lesser the demand for credit facilities. Also, the lending rate (LER) has a partial slope coefficient of 0.274 meaning that lending rate has a positive relationship with access to finance, in other words as lending rate increases, access to credit increases and if lending rate is reduced, access to credit reduces. Conventionally this does not conform to economic theory; under economic theory interest rate has a negative relationship with demand for loan. In other words, as interest charges on loan increases it reduces demand for credit facilities; while when interest charges reduces, demand for credit facilities increases. The reason for non-conformity to economic theory may be because some of these borrowings are acquired through groups and cooperatives which enable the interest rate to be shared amongst the borrowers. When the interest rate is shared among the borrowers, it reduces the negative impact of the lending rate.

Also, distance to microfinance bank (MFD) has a negative relationship with access to finance as depicted by the negative partial slope coefficient of 0.076. This means that with other variables held constant, if the distance to microfinance bank is reduced on the average the ability of women micro entrepreneur to access credit facility will increase and if the distance to microfinance bank is increased, the ability of a woman micro entrepreneur to access credit will reduce. In other words, the farther away a microfinance bank is to the location of an enterprise operator, the higher it becomes a constraint to access microcredit because the female micro entrepreneurs may be looking at the transportation cost as well as the time taken to get to the microfinance bank. Duration of the loan (LOD) has a negative partial slope coefficient of 0.1701 meaning that LOD is negatively related to access to finance. If LOD is reduced (increased), access to credit will be increased (reduced) holding other variables constant.

Furthermore, stringent microfinance bank condition is positively related to access to finance as shown by the positive coefficient of 0.217. Also, knowledge about microfinance banks' services (KMF) is positively related to access to finance with a partial slope coefficient of 0.4008; this result suggests that female micro entrepreneurs with good financial knowledge are bound to access microcredit easily than the women without any information about services rendered by microfinance banks. The number of years of operations of the enterprise is likely to affect access to microcredit because it adds to the years of business experience. Years of experience have a positive partial coefficient of 0.370; women with experience are more likely to access microcredit than women who are new in the business.

Also, family responsibility has a negative partial slope coefficient of 0.086; this means that family responsibility has a negative relationship with access to microcredit. A woman with much family responsibilities is bound to default because the loan may be diverted in solving family immediate problems rather than for expansion of the business. When payment period elapses and the loan is not paid back, next time the woman may decide not to apply for credit facility. Moreover, microfinance banks find it difficult to grant fresh credit facility to defaulters. Another predictor variable is having an account with a microfinance bank; its slope coefficient (0.0627) is positively related to access to microcredit. When a female micro entrepreneur has an account with the microfinance banks, it makes it easier for her to obtain credit facilities because the bank already has necessary information about her and her enterprise.

Partial slope coefficient is not used for interpretation of results in logistic regression rather a more meaningful interpretation is done using odds ratio which is calculated by obtaining the antilog of the various slope coefficients. The CI endpoints for the odds ratios were obtained by exponentiating the CI endpoints for the corresponding regression parameters. The result is summarised in column five of Table 4.16 (see Appendix B for detail).

Following the estimated logistic regression, the odds ratio is calculated in other to estimate the probability of the female micro entrepreneurs' ability to access microcredit. The result shows that the odds ratio for education is 1.04 meaning that if education is increased by 1 unit the female micro entrepreneur has a 4% probability of accessing credit. The odds ratio for collateral requirement is 0.802, if the demand for collateral is increased by 1%, the probability of a female micro entrepreneur to obtain credit from the microfinance bank will be reduced by about 20%. The odd ratio for LER is 1.32; this suggests that if the lending rate is increases by 1%, the probability of a female micro entrepreneur to access credit from microfinance is 32% more likely to increase. Also the odds ratio for MFD is 0.93the longer the distance to the location of microfinance bank is, less likely it is for a female micro entrepreneur to access credit facility. That is, the probability of a female micro entrepreneur to access credit facility from microfinance banks is 9% less likely to occur.

Furthermore, the odds ratio for LOD is 0.84 and this means that if loan repayment period is increased, female micro entrepreneurs are 22% less likely to access credit facilities from the microfinance institution. The odds ratio for SMC is 1.242this means that if stringent conditions attached before loan can be accessed are reduced by 1 unit, the probability of accessing credit facilities by female micro entrepreneurs is more likely to increase by 24%.The odds ratio for KMC is 1.49, that is, if there is a 1% improvement in the knowledge about microfinance banks, female micro entrepreneurs will have a 49% probability of accessing credit facilities. In other words, prior knowledge of microcredit scheme gives a higher chance of accessing credits from the microfinance banks. The odds ratio for years of experience is 1.45, meaning that as the years of experience of the female micro entrepreneur is increased by 1 unit; they have a 45% more chance of accessing microcredit from microfinance bank. Also, the odds ratio for family responsibility is 0.92; if family responsibility is increased by 1 unit; access to microcredit is 6% less likely to increase. Having an account with microfinance bank has an odd ratio of 1.06, this mean that access to microcredit is more likely to increase by 6% if having an account increases by 1 unit. The probability that a female micro entrepreneur will access credit is affected by lending rate, stringent conditions by microfinance banks, years in the enterprise and knowledge about microfinance bank services.

4.4 Evaluation of Research Hypotheses

1. **H_0: *Female micro entrepreneurs are financially discriminated when accessing microcredit from microfinance banks.***

Table 4.17: **Result of the Chi-square Test.**

Hypothesis	**Sample size**	**Degree of Freedom**	**Level of significance**	**Chi-square values**		**Decision rule on hypothesis**
				Xcal.	**Xtab.**	
1	75	7	0.05	166.05	14.0667	Reject

Source: Field Study (2016).

Table 4.17 shows the result of the inferential statistics used to test hypothesis 1. The test was carried out at 5% level of significance with degree of freedom equal to 7.The decision rule is that if the calculated chi square is greater than the tabulated chi square we reject the null hypothesis and accept the alternate hypothesis. The result shows that Xcal (166.05) > Xtab (14.07), therefore, we reject the null hypothesis that female micro entrepreneurs are financially discriminated when accessing microcredit from microfinance banks.

2. **H_0: *Demographic variable such as educational level and years of experience are not significant challenges to accessing microcredit by female micro entrepreneurs in Anambra State*.**

From Table 4.16, educational level has a p-value of 0.818 > 0.05 and so is not statistically significant. The decision rule is to reject the null hypothesis when the p-value is less than 0.05 at 5% level of significance and accept the alternative hypothesis. Therefore, we accept the null hypothesis that educational level is not a significant challenge to access to microcredit by female micro entrepreneurs in Anambra State. Also, years of experience has a p-value of 0.029 <.05; it means that years of experience is a positive significant predictor of access to microcredit. We therefore reject the null hypothesis that years of experience is not a significant impediment to access to microcredit and accept the alternative that years of experience is a significant impediment to access to microcredit.

3. **H_0: *Regulatory framework such as collateral requirement and lending rate (interest rate) are not significant challenges to access to microcredit by female micro entrepreneurs in Anambra State.***

From Table 4.16, demand for collateral is statistically significant at 5% level with a p-value of 0.054 which is approximately equal to 0.05. Also, lending rate is statistically significant at 5% level with a p-value of 0.045 which is approximately equal to 0.05. Therefore, we reject the null hypothesis that regulatory framework is not a significant challenge of access to microcredit by female micro entrepreneurs in Anambra State.

4. **H_0: *Information asymmetry is not a significant challenge to access to micro credit by female micro entrepreneurs in Anambra State.***

From Table 4.16, knowledge about financial services is statistically significant at 5% level with a p-value of 0.0000 < 0.05; we therefore reject the null hypotheses that information asymmetry is not a significant impediment to access to micro credit by female micro entrepreneurs and accept the alternative which States that information asymmetry is a significant impediment to access to microcredit by female micro entrepreneurs in Anambra State.

4.5 Discussion of Findings

According to responses from the female micro entrepreneurs, majority of them are of the opinion that there is no form of gender discrimination when accessing microcredit. The survey result indicated that MFBs do not discriminate against female micro entrepreneurs when distributing/issuing loan to those who applied for it. On the other hand, it was found from the banks' view point that the problem with the female micro entrepreneurs is not that of gender discrimination but that of fewer loan applications. Female borrowers from the studied area are about 29% of the respondents despite the banks having as much female bank users as the male bank users. The reasons advanced by the banks for fewer female applications include: Lack of awareness of the existence of credit facilities, phobia for loan applications and inability to find guarantors to secure the loans.

Result from microfinance banks indicates that the banks do not have special conditions that favour only male micro entrepreneurs. In terms of policy, majority of the responses from microfinance banks agreed that government policies on microcredit are favourable to both male and female micro entrepreneurs. Even one of the managers interviewed said: "*Microfinance banks are being regulated by the Central Bank of Nigeria and so whatever policy they bring out on micro credit applies to all our customers either male or female."*From the data gathered, the MFB representatives refuted the presumption that microfinance institutions grant credit facilities based on gender and maintained that there is no preferential treatment in the disbursement of credit. They also disagree that loans are granted to female micro entrepreneurs based on personal relationship with the applicant. It was noticed that both credit application and disbursement conditions are the same for both the male and female applicants. Therefore, there is no gender discrimination when accessing microcredit by female micro entrepreneurs. This is in line with works of some scholars such as Anyanwu, (1992); Nwosu *et al*, (2015) and Seck *et al*, (2015). These studies revealed that women are not denied access to finance rather very few do apply for loan. Also according to Coleman (2002) in a study of 4000 US small firms opined that women's inability to access finance is limited by other factors rather than gender discrimination. The present study also contradicts studies such as EFInA (2012); Otoo (2012); Magesa *et al* (2013) which are of the view that there is gender discrimination when accessing credit facilities.

The bank managers indicated that they try as much as possible to encourage the women to make use of credit in improving their enterprise. One of the ways used to encourage female micro entrepreneurs to access credit easily is to advise and encourage them to form cooperatives because group lending facilitates loan approvals. One of the bank managers interviewed said: W*e try to encourage the women by visiting them at their place of meetings, for instance during the forthcoming August Meeting, we intend to take banking to the women and not wait for them to come to us."* All these are efforts made by microfinance banks to encourage female micro entrepreneurs to apply for micro credit in order to start-up and/or to improve the performance of their enterprise.

To evaluate the challenges to accessing microcredit by female micro entrepreneurs in Anambra State, there is a general consensus between the female micro entrepreneurs and the responses from MFBs officials. MFBs officials indicated that borrower's previous loan information record helps in facilitating loan disbursement, size of a woman's business determines the size of the loan to be released to the woman, there is demand for guarantors which serve as collateral, loans are given in stages and opening an account as conditions that affect loan disbursement. This findings of this study is also consistent with that of Corr (2006), which identified that inability of the financially repressed to provide requisite documentation and collateral assets impedes their access to requisite financial resources.

From the survey, the women indicated that being a female does not limit their access to credit facilities from microfinance banks. The respondents also identified other impediments to access to finance and they include: Lengthy and vigorous procedures for loan application, the attitude of microfinance officials and size of their businesses. It was also discovered that some of these women have phobia for loan, they believe that the banks will take drastic actions if they default in paying the loan as at when due. They depend so much on hear-say without making effort to find out the real situation of things. One of the participants at the FGD said, "*I don't want to ask for loan because I heard that if I don't meet up with payment, the bank will sell all my properties including that of my husband, please I don't want their trouble."*

The various impediments identified in this study can be classified under demand and supply factors. The demand factors are indicators of voluntary exclusion factors, that is, female micro entrepreneurs willingly exclude themselves from the use of financial services. This implies that even when credit facilities are available, female micro entrepreneurs in Anambra State may not likely avail themselves the use of the financial resources. Also, the supply factors are indicators of involuntary exclusion factors, that is, female micro entrepreneurs who are willing to access credit facilities are excluded by no choice of theirs. The supply side factors of financial accessibility are due to regulations because MFBs have to comply with all regulatory laws that set them up. In all, both the supply and demand factors in respective terms, affect access to finance. Therefore, the implication of the result is that female micro entrepreneurs may not only involuntarily exclude themselves or lack access to credit facilities but also demonstrate voluntary financial exclusion (Demirgue-Kunt *et al*, 2008 cited in Ademale, n.d).

The results from the supply side conforms with the assertion from the demand side that demand for collateral/guarantors, lending rate, loan application procedure, lack of information about available financial services, constitute the major challenges of accessing loan by female micro entrepreneurs while lack of information is the most significant challenge of accessing microcredit by female micro entrepreneurs in Anambra State. The findings are in line with studies by Dennyoh, Adjei and Owus, (2013) which studied the challenges faced by women entrepreneurs in sourcing microfinance in Ghana. According to the study, the major obstacles encountered when sourcing for microcredit includes lack of asset for collateral, fear of loan default and rigid bank processing procedures. Also a study carried out by Gichuki, Njeru and Tiramba (2014) in Kenya identified the following challenges: High cost of repayment, strict collateral requirements, high credit processing fees, short repayment period and unwillingness of people to act as guarantors; as factors hindering micro and small enterprise access to credit. Need for collateral was found to be statistically significant when accessing credit by female micro entrepreneurs. But incidentally, most of the credits requested by the female micro entrepreneurs do not need collaterals, microfinance banks only request guarantees from individuals or from group formation. According to one of the loan officers, "*Groups that must cross guarantee each other are preferred because there are no collaterals.*" It was noticed from the focus group discussion that groups can be formed along business line or even among business neighbours but definitely not with relatives because the group provides members with other services such as information, networking and cross guarantee.

Lending rate, years of experience in operating micro credit and knowledge about micro credit were found to be significant challenges to accessing micro credit. Information asymmetry proxied by lack of knowledge about micro credit have the highest statistically significance effect on access to finance. This means that female micro entrepreneurs are not well informed on the modalities for accessing credit facilities from microfinance banks in other to enable them expand their entrepreneurial activities. It also indicates that female micro entrepreneurs do not have adequate information about financial opportunities available to them and so will not access credit facility from microfinance bank.

CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

This chapter summarizes the findings of the study followed by the conclusion and recommendations. Our contribution to knowledge as well as suggestions for further studies is also discussed in this chapter.

5.1 Summary of Findings

The first objective of this study was to evaluate if female micro entrepreneurs in Anambra State are financially discriminated when accessing credit facilities. The result from the female micro entrepreneurs indicates that there was no form of gender discrimination when accessing finance. Also, from the perspective of most micro finance officials, micro credit policy is fair to women, the procedure for accessing microcredit loans is not rigorous for female micro entrepreneurs and the requirements for accessing loans are not too much for an average female micro entrepreneur. Some of the banks visited reported that they have as much male customers as female, though there are more male borrowers than females but this does not translate to any form of gender discrimination rather what we identified was fewer loan applications by the female micro entrepreneurs. All MFBs packages are the same for both male and female borrowers depending on the amount of loan being applied for. Even when microcredit is available, the female micro entrepreneurs may not use it. Therefore, it would be wrong to conclude that female micro entrepreneurs' low access to microcredit is as a result of discriminatory practises. From the findings of this study, there is no gender discrimination when accessing micro credit in Anambra State, Nigeria.

From the study, it could be seen that borrowings constitute a source of finance for female micro entrepreneurs, but a large chunk of external finance comes from relatives and friends rather than from microfinance banks. Females are cautious borrowers with a preference for informal funding, they will prefer to borrow from family members and even friends rather than borrow from micro finance banks for fear of any form of risk if they do not meet up with payment plan. Therefore, female micro entrepreneurs purposely shy away from borrowing from microfinance banks.

The study tried to identify the challenges of accessing microcredit by female micro entrepreneurs in Anambra State. The evaluation was done from the perspectives of both microfinance banks and that of female micro entrepreneurs. From the perspective of microfinance banks, the following were identified as challenges to accessing credit by female micro entrepreneurs: Not having an account with microfinance bank, government policy, lack of collaterals that will be used in securing the loans, inability to get guarantors who will stand in for the women in case of default, information asymmetry which makes it difficult for banks to have full knowledge about operations of the borrowers. From the perspective of female micro entrepreneurs, the following challenges were identified: Lack of support from the family, lack of information about available financial opportunities, stringent loan conditions, demand for collateral, need to provide guarantors, high interest charges, loan duration and fear of default and its consequences.

The inferential statistics shows that educational level is positively related to access to microcredit that is, women with high education have a higher probability of obtaining credit from microfinance banks. Education is necessary to access finance because the more educated the micro entrepreneur is, the more her ability to make informed decision whether to accept loan or not. Education level also helps the entrepreneur to bargain on the terms of loan application. With education, the women will be able to appreciate the need to make use of both formal and informal institution as well as to evaluate information for business productivity. But from the result of the present study, educational level is not a significant challenge to access to finance by female micro entrepreneurs in Anambra State.

Collateral requirement is another significant challenge to accessing finance by female micro entrepreneurs in Anambra State. The odd ratio shows that if the MFBs demand for collateral increases, it will reduce the probability of accessing finance by female micro entrepreneurs. Microfinance banks do demand for collateral/guarantors depending on the size of the loan to enable them secure the loan in case of default. The higher the valuable assets on a particular loan, the higher the probability of such an individual to shy away from demanding credit from MFBs. The higher the amount required as loan, the greater the collateral requirement. For smaller loans, microfinance banks require guarantors from the borrower in order to secure the loan. Female micro entrepreneurs who belong to any group may engage in cross guaranteeing in order to access credit

The lending rate (interest rate) is another significant challenge to access to microcredit by female micro entrepreneurs though it has a positive relationship with access to credit. This indicates that as cost of credit is increased, the higher the probability of female micro entrepreneurs to obtain credits from microfinance banks. This is contrary to theory which States that high lending rate discourages borrowing. The positive relationship may be because the borrowers sometimes borrow as a group and so have to share the cost amongst them. The interest rate charged by MFBs is always higher than 25% making it difficult for borrowers who cannot pay such interest charges to demand for credit from informal credit markets whose terms and conditions are easier to meet.

Information asymmetry is another significant challenge to accessing finance by female micro entrepreneurs in Anambra State. The odd ratio for knowledge about MFBs suggests that women with prior knowledge about microfinance services are more likely to access credits from the microfinance banks. Lack of information from each party is a challenge to access to finance by female micro entrepreneurs in Anambra State.

On the contrary, family responsibility is not a significant challenge to accessing microcredit by female micro entrepreneurs in Anambra State. Loan repayment period was also identified as one of the constraints to access to microcredit but it is not a significant factor that inhibits access to microcredit. Furthermore, stringent condition and location of microfinance bank were identified by female micro entrepreneurs as factors that inhibit access to microcredit, but the inferential statistics showed that they were not significant challenges of accessing microcredit by female micro entrepreneurs in Anambra State, Nigeria.

5.2 **Conclusion**

This study was carried out to identify the extent of female micro entrepreneurs' access to finance as well as to evaluate the challenges of accessing finance by female micro entrepreneurs in Anambra State. The study used cross sectional data collected from randomly selected female micro entrepreneurs and micro finance bank officials in Anambra State. The data were collected using questionnaires; in-depth interview guide and focus group discussion guide and the data were analyzed using descriptive statistics and logistic regression analysis. The results of the findings showed that though there is no gender discrimination when accessing microcredit rather what we have is few loan applications by female micro entrepreneurs in Anambra State. MFBs do not discriminate against women on the basis of gender when approving credit applications. This finding is consistent with the microfinance policy which is not a gender-targeted policy. The findings of this study exposed the gap between the female micro entrepreneurs and MFBs. When community banks were changed to microfinance banks, people believed it will help to increase access to female micro entrepreneurs but this has not been achieved.

The result of the findings also indicates that female micro entrepreneurs' access to microcredit is constrained by certain challenges such as demand for collateral/guarantors, high lending rate, years of experience and information asymmetry which makes it difficult for microfinance banks to obtain information about the borrowers. These constraints can be classified as voluntary and involuntary factors or demand and supply constraints. The identified challenges are not specific to female micro entrepreneurs they are also applicable to male micro entrepreneurs. Removal of these challenges to credit access facing the poor, through microcredit can improve their welfare, make them financially inclusive and most of all help them out of poverty.

5.3 **Recommendations**

Though there is no clear evidence of credit discrimination against the female micro entrepreneurs, the following recommendations are still proffered to enable female micro entrepreneurs easily access microcredit:

Microfinance banks should provide pre-loan training for female micro entrepreneurs who need credit facilities. Basic training will help them have a better understanding of principles, rules and proceedings of credit system. Many female micro entrepreneurs are not just uninformed but ill-informed about credit facilities. Trainings will provide them with information and knowledge needed to understand the technicalities employed by microfinance banks. The training will also help them understand how they can convert profit into investment through small amount of savings. There should also be a follow-up after the loan has been granted to be sure it is ploughed back into the business instead of using it for non-profit oriented ventures.

The Central Bank of Nigeria (CBN) in collaborations with microfinance institutions should always embark on campaigns to sensitize and train the rural people on the need to patronize banks. The CBN can recruit female micro entrepreneurs, train them and provide guaranteed credit to them through MFIs. The MFIs can mentor and guide the women to succeed. The training will provide them with required skills and confidence that will douse their phobia. With the involvement of CBN, it will help the microfinance banks to avoid the lapses that caused the failure of previous government loan schemes/programmes.

Micro businesses have not been particularly identified and separated for any special micro credit scheme. Most of the government assisted credit schemes are directed towards improvement of access to credit to small and medium enterprises (SMEs) at the expense of micro entrepreneurs especially women. Therefore the Micro, Small and Medium Enterprises Development Fund (MSMEF) recently established to provide financial accessibility mostly to female micro entrepreneurs should be sustained. The CBN should facilitate the inclusion of microfinance banks as participating institution (PI) because all the bank managers interviewed said that they have not been able to access the fund even after applying. Providing the fund to microfinance banks will make it easier for the female micro entrepreneurs to access the fund as MFBs are closer to these female micro entrepreneurs than commercial banks. The CBN through appropriate regulatory agency should also define penalties for participating institutions not complying with this directive.

The microfinance institutions on their part should reduce bureaucratic bottlenecks because when loan application becomes too stringent and rigorous, it reduces the probability of accessing credit by female micro entrepreneurs. For instance, some women still go about with the understanding that credit applications are cumbersome and demand a lot. Consequently, they shun any association with MFIs with its attendant benefits. There is need for microfinance banks to reinforce their marketing strategies so as to create awareness about their services instead of waiting for the women to locate.

Also, in order to reduce risk and increase access to microcredit by female micro entrepreneurs, the women may be encouraged to form groups of 5- 10 members or belong to a cooperative society. This group formation will enable microfinance banks deal with borrowers as a group rather than as individuals. The formation of groups will also make it easier for the female micro entrepreneurs to cross guarantee each other when applying for loan. The group collects the loan from the bank and allocate to members based on need. Group formation improves the confidence level of those who are ignorant of banking activities. Those with low level of education and experience will depend on the educated and experienced ones to negotiate the loan for them. With group formation, members will be encouraged to open bank accounts and benefit from other services provided by microfinance banks.

Also, as members of a group, it is always difficult to have defaulters when it is time for repayment. Members of the group will also encourage each other knowing full well that any form of default will affect them negatively and subsequently lead to non-disbursement of credit when needed.

5.4 **Contribution to Knowledge**

A study can contribute to advancement of knowledge by improving on an existing methodology or by empirical investigation of existing theories or methodologies and that is what this present study has achieved. The present study contributes to literature by studying challenges of accessing microcredit by female micro entrepreneurs specifically in Anambra State which is a micro level study. Similar studies on factors affecting access to microcredit by female micro entrepreneurs are mostly macro level study, that is, the studies were carried out at the national and international level. Similar studies carried out at the national level includes Adewale (n.d); EFInA (2014); Karanja, *et al* (2014)and Nwosu, *et al* (2015), while similar studies carried out at the international level includes studies such as ADB (2013); IFC (2014); and Seck, *et al* (2015). Similar studies at the State level are scanty and the present study contributes to literature by studying the challenges of accessing microcredit by female micro entrepreneurs specifically in Anambra State, Nigeria.

This study contributes to knowledge by improving on an existing methodology. In terms of methods and procedures, the present study used three research instruments: Questionnaire, in-depth interview guide and focus group discussion guide for data collection unlike similar studies such as Otoo (2012); Ugoanni, *et al* (2013); Karanja, *et al* (2014); Wosewei (2015) and

Waari, *et al* (2015) that used one or two research instruments- questionnaire and/or in-depth interview. The use of the three data collection instruments helped in triangulation of results. Therefore, the recommendations made in this study will go a long way in assisting policy makers in making policies that will help in improving access to finance by female micro entrepreneurs in Anambra State and in Nigeria as a whole.

5.5 Suggestions for Further Studies

A major limiting factor in the scope of this study is finance which made it difficult for the researcher to cover the State as a whole. We therefore recommend further studies on constraints to access to finance in some other States in Nigeria. This will help to identify specific factors that are constraints to access to finance in other geographical locations. This study could further be developed by studying the effect of access to finance on the performance of female owned micro enterprises in Anambra State.

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APPENDIX A

QUESTIONNAIRE FOR FEMALE MICRO ENTREPRENEURS

Dear Madam,

This questionnaire is designed solely for research purpose. Your responses will be treated with utmost confidentiality that is required. Please feel free to fill the questionnaire because your response is expected to help in carrying out a research work on: *Challenges of accessing finance by female micro entrepreneurs in Anambra State, Nigeria.*

Thank you for your cooperation

……………………..
Mrs Amaka Metu
Researcher

SECTION A: PERSONAL DATA

Please answer the following questions as objectively as you can by ticking (√) the answer which you consider most appropriate among the alternatives provided

1. Age: 18 - 24 ☐ 25- 34 ☐ 35- 44 ☐ 45 -54 ☐ above 64 years old ☐
2. Marital Status: Single ☐ Married ☐ Widow ☐ Divorced ☐
3. Level of Education: No formal Education ☐ Primary Education ☐ Secondary Education ☐ Tertiary Education ☐ Others ☐
4. Nature of Business Activity: Agro and Allied Products ☐ Services ☐ Wholesale and Retail Trading ☐ Arts and Craft ☐ Manufacturing ☐
5. Is your enterprise registered? Yes ☐ No ☐
6. Ownership Structure of the Enterprise: Sole Ownership ☐ Partnership ☐
7. Years in the Enterprise: Less than 5 years ☐ 5- 10 years ☐ above 10years ☐
8. Business Location: Aguata LGA ☐ Awka South ☐ Aniocha LGA ☐ Nnewi North ☐ Onitsha North ☐ Onitsha South ☐

GENERAL QUESTIONS

9. What is the source of initial capital of the business? Personal Savings ☐ Borrowings ☐
10. Have you any knowledge about Micro Finance Institution? Yes ☐ No ☐
11. If 'YES' in question 10 above, have you ever borrowed from any Micro Finance Institution? Yes ☐ No ☐
12. If your answer to question 11 above is 'NO'. Why did you not apply? I do not know that anybody can apply ☐ Scared of borrowing ☐ High interest rate ☐ the loan was not necessary ☐ Others: ……………………………….

13. If 'YES' in question 12 above, how many times have you borrowed from microfinance banks? Once ☐ 2- 5 times ☐ More than 5 times ☐

14. What was the loan used for? Start/Expand the business ☐ Pay off Debts ☐ Education ☐ Others (Please Specify): …………………………….

15. Has the loan improved your business performance? Yes ☐ No ☐ Undecided ☐

16. Are you aware of any government agencies that can provide financial assistance to you? Yes ☐ No ☐

17. Are you are aware of the existence of government loan schemes to Micro and Small Entrepreneurs? Yes ☐ No ☐

18. If 'Yes' to 17 above, have your business benefitted from any of the loan schemes? Yes ☐ No ☐

19. What was the motivation for starting this business? (a) Financial Independence ☐ Supplementary Income ☐ Need for Employment ☐ Others :..………………

20. Do you believe that pre-borrowing training is necessary for loan usage? Yes ☐ No ☐

Using a Likert 1-5 scale, what factors do you consider as constraints to access to finance by women micro entrepreneurs? Please kindly tick (√) as appropriate. SD = Strongly Disagree, D = Disagree, UD = Undecided, A = Agree, SA = Strongly Agree.

S/N	**Items**	**1 SD**	**2 D**	**3 UD**	**4 A**	**5 SA**
21	Women are denied credit due to their gender					
22	Microfinance conditions are women friendly					
23	MFIs grant loan to only women who are in business					
24	MFIs are unwilling to grant credit to women					
25	Family is not supportive of my accepting loans					
26	Traditional values and beliefs limits women's access to credit					
27	Irregular source of income is a constraint to accessing credit					
28	Family responsibility deters me from accepting loans					
29	The modalities for accessing loans is unknown					
30	Distance to MFIis a hindrance to accessing credit					
31	Lack of awareness of existing credit schemes					
32	Fear to lose property in case of default					
33	Lack of information on the cost of obtaining such services					
34	Demand for collateral is a hindrance to accessing credit					
35	Interest charges is high					
36	Stringent conditions attached before loan can be granted					
37	Loans have short repayment period					
38	Securing of guarantor affects my accessing of credit					
39	Opening of account as a condition for loan accessibility					
40	Lengthy and vigorous procedures for loan application					
41	Credit application is highly risky					
42	Perceived risk cost is a hindrance to my applying for loan					
43	Attitude of microfinance officials					
44	Credit is granted based on personal relationship					

APPENDIX B

QUESTIONNAIRE FOR MICROFINANCE BANKS OFFICIALS

Dear Sir/Madam,

This questionnaire is designed solely for research purpose. Your responses will be treated with utmost confidentiality that is required. Please feel free to fill the questionnaire because your response is expected to help in carrying out a research work on: *Challenges of accessing finance by female micro entrepreneurs in Anambra State, Nigeria.*

Thank you for your cooperation

……………………..
Mrs Amaka Metu
Researcher

SECTION A BUSINESS PROFILE

Please answer the following questions as objectively as you can by ticking (√) the answer which you consider most appropriate among the alternatives provided.

1. Years in Operation: Less than 5 years ☐ 5- 10 years ☐ above 10years ☐

2. Has the bank obtained its final licence? Yes☐ No ☐

3. Business Location: Aguata LGA ☐ Awka South ☐ Aniocha LGA ☐ Nnewi North ☐ Onitsha North ☐ Onitsha South ☐

GENERAL QUESTIONS.

8. Nature of Business Activity with highest loan application: Agro and Allied Products ☐ Services ☐ Wholesale and Retail Trading☐ Arts and Craft ☐ Manufacturing ☐

9. Which of the gender constitute the bulk of your customers? Male ☐ Female ☐

10. Which of these groups constitute the bulk of your borrowers? Male☐ Female ☐

11. Women credit applications are fewer than male applications: Yes ☐ No ☐

12. Does your bank have special conditions that favour women micro entrepreneurs?
Yes ☐ No☐

13. If ‘Yes’ to question 12 above, kindly list them at the back of this page.

14. Is government policy on micro finance favourable to women micro entrepreneurs?
Yes ☐ No ☐

15. Do you believe that pre-borrowing training is necessary for loan usage? Yes ☐ No ☐

Using a Likert 1-5 scale, what factors do you consider as constraints of accessing finance by women micro entrepreneurs? Please kindly tick (√) as appropriate. SD = Strongly Disagree, D = Disagree, UD = Undecided, A = Agree, SA = Strongly Agree.

S/N	**Items**	**1 SD**	**2 D**	**3 UD**	**4 A**	**5 SA**
1	Micro finance institutions disburses loan without gender discrimination					
2	Micro credit policy is fair to women micro entrepreneurs					
3	Women are not discriminated against in the issuance of credit					
4	The protocol for accessing credit is not too rigorous for women borrowers					
5	Amount given as credit is discretionary					
6	Loans are given to women with means of livelihood					
7	There are too many applications than what the bank can serve					
8	There is inadequate loanable funds for disbursement					
9	Borrower’s business location affects disbursement of credit					
10	Previous loan information record is a condition for loan disbursement					
11	Size of a woman’s business determines her access to credit					
12	Demand for collateral affects women’s access to credit					
13	Credit is granted based on personal relationship.					
14	Loans are given in stages					
15	Opening an account is a condition for loan disbursement					
16	Years of business experience determines who gets loan					
17	Government policy limits banks’ ability to disburse credit					
18	Government programmes have impacted on financing of micro enterprises					

19. Suggest further steps needed to improve access to finance by women micro entrepreneurs:………………………………………………………………………………

………………………………………………………………………………………………

……………………………………………………………………………………………..

APPENDIX C

```
  ___  ____  ____  ____  ____ (R)
 /__    /   ____/   /   ____/
___/   /   /___/   /   /___/   11.0   Copyright 1984-2009
  Statistics/Data Analysis            StataCorp
                                      4905 Lakeway Drive
     Special Edition                  College Station, Texas 77845 USA
                                      800-STATA-PC        http://www.stata.com
                                      979-696-4600        stata@stata.com
                                      979-696-4601 (fax)

Single-user Stata license expires 31 Dec 9999:
       Serial number:  71606281563
         Licensed to:  STATAForAll
                       STATA

Notes:
      1.  (/m# option or -set memory-) 50.00 MB allocated to data
      2.  (/v# option or -set maxvar-) 5000 maximum variables

running C:\Users\CHEKWUBE\Desktop\STATA FILES\STATA11 training\profile.do ...

. *(11 variables, 400 observations pasted into data editor)

. logit atc edu col ler mfd lod smc kmc yrs frp hac

Iteration 0:   log likelihood =  -201.7473
Iteration 1:   log likelihood = -187.54812
Iteration 2:   log likelihood = -186.98274
Iteration 3:   log likelihood =  -186.9807
Iteration 4:   log likelihood =  -186.9807

Logistic regression                               Number of obs   =        395
                                                  LR chi2(10)     =      29.53
                                                  Prob > chi2     =     0.0010
Log likelihood =  -186.9807                       Pseudo R2       =     0.0732

------------------------------------------------------------------------------
         atc |      Coef.   Std. Err.      z    P>|z|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
         edu |    .040044   .1737889     0.23   0.818     -.300576    .3806639
         col |  -.2205581   .1146266    -1.92   0.054     -.445222    .0041059
         ler |   .2739531   .1363413     2.01   0.045     .0067291    .5411771
         mfd |  -.0757526   .1155225    -0.66   0.512    -.3021726    .1506674
         lod |  -.1701373   .1205447    -1.41   0.158    -.4064004    .0661259
         smc |   .2170742   .1314834     1.65   0.099    -.0406286    .4747771
         kmc |    .400836    .106298     3.77   0.000     .1924959    .6091762
         yrs |   .3698694   .1695366     2.18   0.029     .0375839     .702155
         frp |  -.0864896   .1072443    -0.81   0.420    -.2966845    .1237053
         hac |   .0626558   .1086518     0.58   0.564    -.1502977    .2756094
       _cons |  -3.383101   1.259344    -2.69   0.007    -5.851371   -.9148315
------------------------------------------------------------------------------

. logistic atc edu col ler mfd lod smc kmc yrs frp hac

Logistic regression                               Number of obs   =        395
                                                  LR chi2(10)     =      29.53
                                                  Prob > chi2     =     0.0010
Log likelihood =  -186.9807                       Pseudo R2       =     0.0732

------------------------------------------------------------------------------
         atc | Odds Ratio   Std. Err.      z    P>|z|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
         edu |   1.040857   .1808893     0.23   0.818     .7403917    1.463256
         col |   .8020711   .0919387    -1.92   0.054      .640682    1.004114
         ler |   1.315153   .1793097     2.01   0.045     1.006752    1.718028
         mfd |   .9270456   .1070946    -0.66   0.512     .7392105     1.16261
         lod |    .843549   .1016853    -1.41   0.158     .6660434    1.068361
         smc |   1.242436   .1633598     1.65   0.099     .9601857    1.607656
         kmc |   1.493072   .1587105     3.77   0.000     1.212271    1.838916
         yrs |   1.447546   .2454119     2.18   0.029     1.038299    2.018097
         frp |   .9171451   .0983586    -0.81   0.420     .7432785    1.131682
         hac |    1.06466   .1156772     0.58   0.564     .8604518    1.317333
------------------------------------------------------------------------------


. estat gof

Logistic model for atc, goodness-of-fit test

       number of observations =       395
 number of covariate patterns =       271
             Pearson chi2(260) =       393.13
                   Prob > chi2 =         0.0000

. estat gof, group(10)

Logistic model for atc, goodness-of-fit test

  (Table collapsed on quantiles of estimated probabilities)

       number of observations =       395
             number of groups =        10
      Hosmer-Lemeshow chi2(8) =         5.30
                   Prob > chi2 =         0.7246
```

```
. linktest

Iteration 0:   log likelihood =  -201.7473
Iteration 1:   log likelihood = -187.98583
Iteration 2:   log likelihood = -186.98377
Iteration 3:   log likelihood = -186.97426
Iteration 4:   log likelihood = -186.97426

Logistic regression                               Number of obs   =        395
                                                  LR chi2(2)      =      29.55
                                                  Prob > chi2     =     0.0000
Log likelihood = -186.97426                       Pseudo R2       =     0.0732
```

atc	Coef.	Std. Err.	z	P>|z|	[95% Conf.	Interval]
_hat	1.061653	.577073	1.84	0.066	-.0693894	2.192695
_hatsq	.0248006	.2179871	0.11	0.909	-.4024463	.4520475
_cons	.0273595	.3625182	0.08	0.940	-.6831632	.7378821

```
. estat gof, group(10) table

Logistic model for atc, goodness-of-fit test

  (Table collapsed on quantiles of estimated probabilities)
```

Group	Prob	Obs_1	Exp_1	Obs_0	Exp_0	Total
1	0.0876	5	2.7	35	37.3	40
2	0.1072	3	3.8	36	35.2	39
3	0.1330	4	4.8	36	35.2	40
4	0.1576	6	5.7	34	34.3	40
5	0.1790	3	6.5	36	32.5	39
6	0.2107	7	7.7	32	31.3	39
7	0.2595	11	9.4	29	30.6	40
8	0.3002	11	11.1	29	28.9	40
9	0.3687	14	13.1	25	25.9	39
10	0.6835	18	17.1	21	21.9	39

```
       number of observations =       395
             number of groups =        10
      Hosmer-Lemeshow chi2(8) =         5.30
                  Prob > chi2 =         0.7246
```

```
. estat vce, correlation

Correlation matrix of coefficients of logistic model
```

e(V)	atc edu	col	ler	mfd	lod	smc	kmc	yrs	frp	hac	_cons
atc											
edu	1.0000										
col	-0.0489	1.0000									
ler	0.0989	-0.1762	1.0000								
mfd	0.1244	-0.1471	0.0359	1.0000							
lod	0.2322	-0.1154	-0.0474	0.0067	1.0000						
smc	-0.0265	-0.1090	-0.1335	-0.1852	-0.2245	1.0000					
kmc	0.0364	-0.2032	0.0566	-0.0051	-0.0811	0.1755	1.0000				
yrs	0.1484	-0.0650	-0.0111	0.0184	0.1460	-0.0248	0.0914	1.0000			
frp	-0.0809	-0.0556	0.0463	0.0161	-0.1689	-0.1027	-0.1857	-0.0209	1.0000		
hac	0.1519	0.0773	-0.0500	-0.0673	0.2284	-0.1073	-0.0391	0.1220	-0.0700	1.0000	
_cons	-0.6534	-0.0219	-0.3944	-0.1891	-0.3515	-0.1469	-0.1941	-0.3865	-0.1044	-0.3697	1.0000

APPENDIX D

Challenges of Accessing Credit by Female Micro Entrepreneurs

S/N	Items	Mean	Standard Deviation	t-value	Conclusion
1	MFIs grant loan to only women who are in business	2.865337	1.281335	5.63	Agree
2	Women are denied credit due to their gender	2.1775	1.1702	-5.51	Disagree
3	MFIs are unwilling to grant credit to women	2.329177	1.136385	-2.95	Disagree
4	Family is not supportive of my accepting loans	2.755611	1.300048	4.00	Agree
5	Irregular source of income is a constraint to accessing credit	3.568579	1.2373	3.81	Agree
6	The modalities for accessing loans is unknown	3.044888	1.227998	8.87	Agree
7	Distance to MFI is a hindrance to accessing credit	2.311721	1.220691	-3.11	Disagree
8	Lack of awareness of existing credit schemes	3.4425	1.19837	15.73	Agree
9	Fear to lose property in case of default	3.630923	1.211793	18.63	Agree
10	Lack of information on the cost of obtaining such services	3.4125	1.227236	14.76	Agree
11	Demand for collateral is a hindrance to accessing credit	3.9525	1.268569	22.85	Agree
12	High Interest charges	4.049875	1.107929	27.93	Agree
13	Stringent conditions attached before loan can be granted	3.812968	1.169372	22.41	Agree
14	Loans have short repayment period	3.860349	1.168524	23.23	Agree
15	Securing of guarantor affects my accessing of credit	3.683292	1.243762	19.22	Agree
16	Having an account as a condition for loan accessibility	3.0975	1.2477	9.58	Agree
17	Lengthy and vigorous procedures for loan application	3.623441	1.24513	18.05	Agree
18	Credit application is highly risky	3.798005	0.9677789	26.78	Agree
19	Attitude of microfinance officials	2.935162	1.191967	7.34	Agree
20	Credit is granted based on personal relationship	2.4025	1.282422	-1.54	Disagree

Challenges of Credit Disbursement by Microfinance Banks

S/N	ITEMS	STANDARD DEVIATION	MEAN	t- Value	Decision
1	Microfinance Institutions disburses loan without gender discrimination	1.419681	3.89333	8.50	Agree
2	Microfinance Bank policy is fair to women micro entrepreneurs.	1.106899	3.33333	6.52	Agree
3	Women micro entrepreneurs are not discriminated against when disbursing credit.	1.133916	3.89333	10.64	Agree
4	The protocol for accessing credit is not rigorous for women borrowers.	1.090169	3.69333	9.48	Agree
5	Amount given as credit is discretionary.	1.094128	3.69333	9.45	Agree
6	Loans are given to women with means of livelihood.	1.397295	3.44	5.83	Agree
7	There are too many applications than what the bank can serve.	1.222905	3.06666	4.01	Agree
8	There is inadequate loanable fund for disbursement.	1.344056	2.76	1.68	Agree
9	Borrowers' business location affects the ability to access funds.	1.119524	3.82667	10.26	Agree
10	Previous loan record is necessary for loan disbursement.	1.025266	4.05333	13.12	Agree
11	Size of the enterprise affects the ability to disburse credit.	1.275267	3.57333	7.29	Agree
12	The demand for collateral affects women's ability to access credit.	1.246545	3.34667	5.88	Agree
13	Credit is granted based on personal relationship.	1.273005	2.12	-2.59	Disagree
14	Loan disbursement is granted in stages	1.201051	3.49333	7.16	Agree
15	Having an account with the bank is a condition for disbursement of credit.	1.28582	4.09333	10.73	Agree
16	Years of business experience determines who gets the loan.	1.355669	2.8	1.92	Agree
17	Government policy affects microfinance banks' ability to disburse credit.	1.222462	3.21333	5.05	Agree

APPENDIX E

QUESTIONS FOR A FOCUS GROUP DISCUSSION

TOPIC: CHALLENGES OF ACCESSING FINANCE BY FEMALE MICRO ENTREPRENEURS IN ANAMBRA STATE, NIGERIA

1. What kind of entrepreneurial activity are you engaged in?
2. What was your initial source of finance?
3. Why do you think it is necessary to borrow in supporting your business?
4. How do you feel when you apply for loan and it is granted?
5. How do you feel when you apply for loan and it is not granted?
6. What are those things you think that may make you not to apply for loan?
7. Is there any other thing else you would like to say about getting access to credit facilities?
8. What would you suggest that if done will help in improving access to micro credit by female micro entrepreneurs in Anambra State?