

Assessment of Microfinance Banks Credit Administration on Entrepreneurship Development in Oyo State, Nigeria

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Abstract

Entrepreneurship has been acknowledged as a catalyst for general economic wellbeing, skills acquisition, and employment generation. In Nigeria, Micro Finance Banks (MFBs) are mandated by the regulator to provide credit facilities to entrepreneurs to develop their businesses to succeed. This has not been quite so, as small businesses continued to fail. Issues surrounding the failures of small businesses despite the increasing number of MFBs have not been adequately investigated. Thus, prompt this study to assess the effect of MFBs credit administration on entrepreneurship development (ED). Stratified sampling techniques were used to select the sampled MFBs from senatorial districts of the State for the study. A structured questionnaire was administered to 5 staff at each of the randomly selected MFBs and 50 entrepreneurs from each of the selected MFBs. Descriptive analysis and influential statistics such as Pearson Product Moment Correlation (PPMC) was conducted. The MFBs credit administration variables had mean ranking scores of 4.21; 3.75; 3.87; 3.67; 3.78 and 1.87 for MLD, AMBL, ESD, AAS, MIC, and CS respectively. There was a significant relationship between each of the variables of MFBs credit administration and ED: MLD(P=0.856); AMBL(P=0.867); ESD(P=0.835); AAS(P=0.844); MIC(P=0.885) and CS (P=0.661). The regression coefficient of the effect of the MFB credit administration variables on ED were 0.437; 0.392; 0.051; 0.068; 0.054 and -0.990 for MLD, AMBL, ESD, AAS, MIC, and CS respectively. The study concluded that MFB credit administration has a significant positive relationship and influence on ED. However, conditions attached to CS made it difficult for entrepreneurs to optimally access credit from MFBs. The study therefore recommended that stringent conditions attached to the collateral security to access credit from MFBs should be reviewed by stakeholders.

Keywords: Microfinance credit facility, Business Performance, Small Businesses, Microfinance bank, Entrepreneurship Development

Introduction

The concept of entrepreneurship has been acknowledged as a dynamic impetus and catalyst for general economic wellbeing, acquisition of required skills, and creation of employment. Ajibefun (2006), stated that absence of entrepreneurship in populations results from education systems that place emphasis on white collar jobs with minimal or no regard for skill acquisition and wealth creation. As a result of this, many countries of the world have instituted entrepreneurial support schemes and structures to fuel the development of entrepreneurship. Literature shows that no nation breaks away from unemployment and a high level of poverty without a push from the emergent of entrepreneurship. The world economy as it affects individual nations sees entrepreneurship and small business owners as the key to survival of any economy. It is seen as the engine room for economic growth and development. Wang (2013) stated that over 60% of China's total Gross Domestic Product (GDP) was attributed

to the rise in small business activities. Babajide (2011) stated that Micro, Small and Medium Enterprises (MSMEs) represent 87% of all firms operating in Nigeria. In countries such as Indonesia, Thailand, and India, MSMEs contribute about 40% of the GDP (International Finance Corporation, 2002). Small businesses are the backbone of economic development as they contribute to job creation, reduction in income disparity, production of goods and use of services as a basis for skill acquisition. Small businesses serve as engine rooms for technological innovation and development (Ofoegbu, Akanbi, and Joseph 2013).

Akande (2012) contends that Nigeria has many small businesses that employ a large percentage of the working population in rural and urban areas which are mostly engaging women who no longer stay home as full time housewives. According to Olowe, Moradeyo and Babalola (2013), small businesses contribute to better living standards, encourage the local capital formation and achieve a high level of productivity. In Nigeria, the necessity of entrepreneurial development cannot be undermined and its contributions are quite obvious and visible in economic transformations. This has been evidenced by the growing number of people specializing in the conduct of small businesses. Small and Medium Scale Enterprises have greatly contributed to the creation of jobs, innovation, and economic growth which has been given a global acknowledgment and recognition (Akande and Ojokuku, 2008).

The Nigeria government realized the importance of small businesses and established an umbrella agency in 2003 known as the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) to coordinate the management and growth of Small Businesses. However, one of the critical issues that limit small business development is financing. Africa Development Bank (2012) referred to Schiffer and Weder (2001) that the ability to generate required finance is a great obstacle for small businesses than larger firms, especially in developing countries. In the Nigerian environment, Olowe, Moradeyo, and Babalola (2013) stated that access to funds limits small businesses' ability to muster the required collateral to access credit facilities. In essence, the bottlenecks created by collateral demanded by commercial banks constitute an adverse effect on entrepreneurial development.

The government of Nigeria, through the apex bank, the Central Bank of Nigeria, allowed the Community Banking system to metamorphose into Micro Finance Banks. Microfinance is seen as banking for the poor and the main essence of Micro Finance Banks is to direct the attention of advancing credit to low income groups and micro, small, and medium enterprises (Oladejo (2013). Babagana (2010) agreed that small businesses need help through Micro Finance Banks to become sustainable and competitive. The increased need for microfinance in Nigeria gave rise to Micro Finance Policy and Regulatory Supervision framework launched in 2002 and the Central Bank of Nigeria Revised Regulatory and Supervision Guidelines for Micro Finance Banks in 2012.

Statement of the Problem

The limited access to finance from conventional commercial banks was seen as a setback to the entrepreneurs in small business. Despite the good features of microfinance and its existence, the great majority of successful small business owners in Nigeria are uncertain due to entrepreneurs' limited capital. In recent times, financial institutions in most developing

countries including Nigeria have undergone some structural transformation and their effort towards promoting support for entrepreneurship needs to be more explored. In Nigeria, MFBs are mandated by the regulator to provide credit facilities to entrepreneurs to develop their businesses to succeed. This has not been quite so because small businesses continued to fail. Issues surrounding the failures of small businesses despite the increasing number of MFBs have not been adequately investigated. Reports on the related studies in Nigeria show diverse, contradictory or mixed results. Babajide (2011) opined that Micro Finance does not engender growth of Micro and Small Enterprises. Akande and Yinus (2015) assessed the influence of Microfinance institutions on entrepreneurship development in Nigeria and found that Micro Finance Banks efficiency has a positive influence on entrepreneurship development. The contradictions in results of study is evidence that further research work is needed to provide more information for the benefit of business owners and policy makers. Thus, this study is set to identify and assess the determinant factors of MFB Credit Administration and its effect on entrepreneurship development (ED) in Oyo State, Nigeria.

Study Objectives

- a) To identify the determinant factors of MFB Credit Administration in Oyo State, Nigeria
- b) To establish the relationship between MFB Credit Administration and entrepreneurship development in Oyo State, Nigeria.

Review of Related Literature

Entrepreneurship Development Concept

Entrepreneurship is a process through which individuals identify opportunities, allocate resources, and create value. This creation of value is often through the identification of unmet needs or the identification of opportunities for change. It is the act of being an entrepreneur who is seen as “one who undertakes innovations with finance and business acumen to transform innovations into economic goods. Hence, Entrepreneurs see “problems” as “opportunities”, and then take action to identify the solutions to those problems and the customers who will pay to have those problems solved (Okafor, 2005). More so, entrepreneurial success is simply a function of the ability of an entrepreneur to see opportunities in the market place, initiates changes (or take advantage of change), and create value through solutions. Kanothi (2009) defined entrepreneurs as the instigator of entrepreneurial events for as long as they occur. Furthermore, Acs and Szerb (2007) noted that entrepreneurship revolves around the realization of the existence of opportunities in combination with the decision to commercialize them by starting a new firm.

Entrepreneurship development concentrates more on growth potential and innovation. Essentially, this means the acquisition of skills that will enable an entrepreneur to function appropriately and adequately in terms of attaining present result based on previous decisions and planning for the future, based on present circumstances, maintaining and developing the organized capability which makes achievement possible and coordinating the specialist functions that should enable a firm to perform the technical task in marketing, personnel, research and development, manufacturing, finance, and control, especially in the face of

changing technology and dynamic industry.

Small Business Enterprises in Nigeria

Small scale industry orientation is part and parcel of Nigeria. Evidence abounds in our respective communities of what successes our great grandparents made of their respective trading concerns, yam barns, iron smelting, farming, cottage industries, and the likes. So the secret behind their success of a self-reliant strategy does not lie in any particular political philosophy, so much as in the people's attitude to enterprise and in the way by which the right incentive is adequate to make risk worth taking are provided. In Nigeria, the respective government policies accorded and gave priority to the country's small scale enterprises. In 2001, the government further intervened to enhance the capacity of SMEs through direct policy as consisting of direct investment and the establishment of more SMEs, promotion institution agencies (technological development institution, credit lending institutions, technical and management institutions and the provisioning of infrastructures such as industrial estate, nationalization of foreign firms and provision of incentives and subsidies for the promotion of small business companies (Alawe, 2004). The establishment of anti-corruption bodies such as the Economic and Financial Crime Commission (EFCC) and Independent Corrupt Practices Commission (ICPC), investment in power generation, road maintenance, and construction, and enactment of pension funds were additional effort geared towards improving the SMEs sector. (Onugu, 2005).

The Importance of Small and Medium Enterprises in Economic Development

In both developed and developing countries, the traditional sector has served and continues to serve as the springboard for launching into a vibrant modern sector. Thus a fledging SME sector can be a means of achieving a smooth transition from the traditional to the modern industrial sector (United Nations, 1984). Third, SMEs due to their labour intensity and usage of low-level technology can garner and use the widely available local labour supply. SMEs assist in the dispersal of economic activities by encouraging the development and modernization of these activities outside the major metropolitan areas. Thus, they can stem the tide of rural-urban drift. Another economic role of the SMEs is their ability to mobilize financial resources, which would otherwise be idle or untapped by the formal financial sector (Iornem 2000). Fifth, SMEs facilitate the conservation of foreign exchange and the development of the scarce resources of management in developing countries. This is mainly due to their size or scale of operations and unsophisticated management structure. A high percentage of the profit of SMEs, most of which are locally owned is known to be plowed back to ensure a higher rate of future growth and that the SMEs provide the desired linkage effects, especially agro-industrial linkages. It is pertinent to highlight the contributions of SMEs to the economics of some countries and also, that of Nigeria.

Problems of Small Business Enterprises in Nigeria

It is worrisome that despite the incentives, favorable policies and regulations, and preferential support by the government aimed at improving small business enterprises, SMEs has performed below expectation of Nigeria. While the challenges associated with small business enterprises and their failure have been widely acclaimed. Some of these include lack of planning, inimical

government regulations, poor marketing strategies, lack of technical know-how, and lack of capital. Yet, some of the challenges of the SMEs are induced by the operating environment (government policy, globalization effects, financial institutions, etc).

The inability of the government to execute favourable fiscal policies and policy inconsistencies has undermined the capacity of small business enterprises. Most small business enterprises in Nigeria are battling with a serious internal problem. These problems range from poor management practice, poor accounting standards, shortage of manpower, financial indiscipline, and corruption. The reasons why most SMEs have not been able to improve are due to poor management knowledge and practices, transparent organizational setup, succession plan, entrepreneurial skills, strategic business plan, and so on. The dearth of such skills in most SMEs due to inadequate educational, professional, and technical background on the part of the owners and employees of SMEs has plunged SMEs into further crisis. It is the characteristics of small business enterprises to ignore basic management procedures and thus run a business as a family affair by undermining proper bookkeeping and accounting and managerial practices. Because of the way the business management and accountability measures are ignored, reckless financial administration, wrong investment decisions, and corruption become the order of the day (Omolola, 2008).

Concept of Microfinance

The term “microfinance” refers to the activity of the provision of financial services to customers who have limited or no access to the traditional financial system on account of their lower economic status. These financial services will most commonly be in the form of loans and savings, through some microfinance institutions that will offer other services such as insurance and payment services. According to CBN, microfinance is a development tool used to create access for the economically active poor to financial services at a sustainably affordable price. Microfinance is about providing financial services to the poor who are traditionally not served by conventional financial institutions. Accessing financial services by the poor enables them to have control over factors of production, be more self-reliant, generate employment, enhance household income, and create wealth. Three features distinguish microfinance from other formal financial sectors. They are, the smallness of loans advanced, the absence of asset-based collateral, and the simplicity of the operation. Therefore, microfinance is about providing finance to small scale enterprises. Looking at the emerging theory of micro-finance, recent developments in developing countries have reinforced the contention that microfinance structures are essential for the development of rural areas in consideration of the fact that areas of development in these countries have been traditionally urban-center Iheduru(2002). The development of microfinance institutions over the last few decades and its success has shown that microfinance is a major stimulus for combating poverty. Therefore, microfinance as a strategy for economic development should target the poor given its multiplier effect on production and marginal propensity to consume. Access to credit by this group of people accelerates their income and equally increases their savings and consumption.

The Need for Microfinance Banks

According to CBN (2005), the establishment of microfinance policy and supervisory framework for Nigeria was propelled by the need to reduce poverty, generate employment, and stimulate

economic growth through the provision of credit and other financial products on a sustainable basis to economically help the active poor. The specific objectives of microfinance policy and targets according to CBN (2005) are the following:

- i. Make financial services accessible to a segment of the potentially productive Nigerian population which otherwise would have little or no access to financial services.
- ii. Enhance service delivery by microfinance institutions to micro, small and medium entrepreneurs.
- iii. Promote synergy and mainstreaming of the informal sub-sector into the national financial system.
- iv. Contribute to rural transformation.
- v. Promote linkage programs between universal/development, specialized institutions, and microfinance banks.

Based on the objectives listed, the targets of the policy are as follows:

- a. To cover the majority of the poor but economically active population by 2020 thereby creating millions of jobs and reducing poverty
- b. To increase the share of microcredit as a percentage of total credit to the economy from 0.9percent in 2005 to at least 5 percent in 2020
- c. To promote the participation of at least two - thirds of the states and local governments in micro-credit financing by 2015
- d. To eliminate gender disparity by improving women's access to financial services by 5% annually
- e. To increase the number of linkages among universal banks, development banks, specialized financial institutions, and microfinance banks by 10% annually.

From the above microfinance policy objectives and targets, several policy strategies have been derived as follow by the government:

- i. License and regulate the establishment of microfinance banks (MFBs).
- ii. Promote the establishment of non-governmental organizations (NGOs) – based microfinance institutions.
- iii. Promote the establishment of institutions that support the development and growth of microfinance service providers and clients
- iv. Strengthen the capital base of the existing microfinance institutions
- v. Mobilize domestic savings and promote the banking culture among low-income groups.

Concept of Credit facilities

According to Alshwahdi (2003), Credit is the confidence of the bank to its customers to give them a certain amount to be used for a particular purpose for a certain period with specific

payment conditions and guarantee for the bank to recover the loan in case of the customers' failure to meet payment conditions. Credit is a contractual agreement in which a borrower receives something of value and agrees to repay the lender on a specific date in the future, with an interest (Onwuka, 2014). Evidence from the literature shows that adequate credit aids entrepreneurship performance (Peter, 2004; Kuzilwa, 2005). In Kenya, credit had a positive impact on the business performance, income and wellbeing of micro-business operators (Lakwo, 2007, and Peter, 2001). Credit and savings also had a positive impact on the performance of entrepreneurs in Nigeria (Ojo, 2009). Arising from the facts stated above, microcredit and its impact on the performance of entrepreneurs cannot be underestimated (Akande, 2012).

The significance of finance in the drive for economic growth is fairly well established and generally accepted (Duru, 2012). Nnenna (2001) observed that the take-off and efficient performance of any industrial enterprise, small or large, will require the provision of funds for its capitalization, working capital, rehabilitation needs as well as creation of new investments.

Empirical Review

Alalade, Amusa and Adekunle (2013) conducted research work on "Microfinance Bank as a Catalyst for Entrepreneurship Development in Nigeria: Evidence from Ogun State" in which assessment was done of the causality and relationship between Microfinance bank operation and entrepreneurship development in Ogun State. The study indicated that most entrepreneurs do not have access to loans and advances in the Microfinance banks due to lack of collateral. The study further indicated that the majority of small business owners rely on personal savings and financial assistance from families and friends to fund their business and advised the governments to create avenues for entrepreneurs to benefit from Microfinance bank loans. Babajide (2012) examines the effect of Microfinancing on Micro and Small Enterprises Growth in Nigeria, focusing on the effect of loan administration practices on small business growth criteria and found that access to Microfinance does not engender the growth of Micro and Small Enterprises in Nigeria. The study recommended the recapitalization of the Microfinance banks to enhance their capacity to grow and expand the small business.

Akande and Yinus (2015) assessed impact of Microfinance banks on entrepreneurship development in Nigeria. The work focused on looking at the role of Microfinance banks on the development of Small and Medium Scale Enterprises and information was obtained from 104 questionnaires administered through a multi-stage probability sampling technique. Chi-square was used to test the formulated hypotheses. The finding reveals that the effectiveness and efficiency of Microfinance bank has a positive influence on entrepreneurship development. The research recommended that Microfinance banks should put more effort into financing Small and Medium Enterprises. Having looked at different literature on the study area, credit accessibility appears to have a significant influence on entrepreneurs' activities which serve as facilitation toward entrepreneurship development.

Theoretical framework

The construct of this study is based on the credit access and development theory, financial intermediation theory, and finance-led growth theory. Credit access and development theory

was embraced because it expounds satisfactorily, the financial institutions' willingness to lend even when they have minimal control of the borrowers and breaks down the formulation of the terms of loan contract in ways that persuade low-risk borrowers. The adoption of financial intermediation theory is based on the fact that the reason for the existence of MFBs is to perform the role of financial intermediary between those that need the financial resources to grow their ventures and those who do not have an immediate need for their fund but rather save it in the custody of MFB. More so the finance-led growth theory believes that the activities of the financial institutions serve as a useful tool for increasing the productive capacity of the economy.

Methodology

The study population is the aggregate of all entrepreneurs who are operating micro, small businesses in Oyo State and had at one time benefitted from the loan facility and other business support services from the selected Microfinance Bank. Both stratified random and purposive sampling techniques were adopted. Oyo State was stratified into three strata representing the three political regions that make up the State i.e. Ibadan, Oyo, and Ogbomosho. Three selected Microfinance Banks that are established to assist entrepreneurs were selected purposively and these are Polybadan Microfinance Bank Ibadan, Isale Oyo Microfinance Bank Oyo, and Ologbon Microfinance Bank Ogbomoso.

Samples of entrepreneurs were drawn from the MFBs through the simple random sampling procedure from each stratum. The reason for the purposive choice of these three banks results from their active involvement in the disbursement of the micro facility to promoting entrepreneurship. A total of 165 questionnaires were administered across all the sampled respondents (15 staff and 150 beneficiaries). Tabulations, Chart and Mean ranking were used to summarize the determinant factors influencing ED. Likert Scale was used to measure MFB credit administration variables such as Microfinance Bank Loan Disbursement (MLD), Accessibility of Microfinance Bank Loan (AMBL), Efficient Service Delivery (ESD), Awareness of Available Services (AAS), Moderate Interest Charge (MIC), and Collateral Security (CS). Pearson Product Moment Correlation (PPMC) was used to determine the relationship between MFB credit administration and ED while Ordinary Least Square (OLS) regression was used to determine how MFB credit administration influenced ED at 95% confidence level. Entrepreneurial development was identified as an increase in business patronage of small businesses. The method is adopted in similarity to the work of Sule (2018).

Results and Discussion

4.1.1 Analyses of Demographic Characteristics of Respondents

Table 1: Demographic Characteristics of Respondents (Staffs).

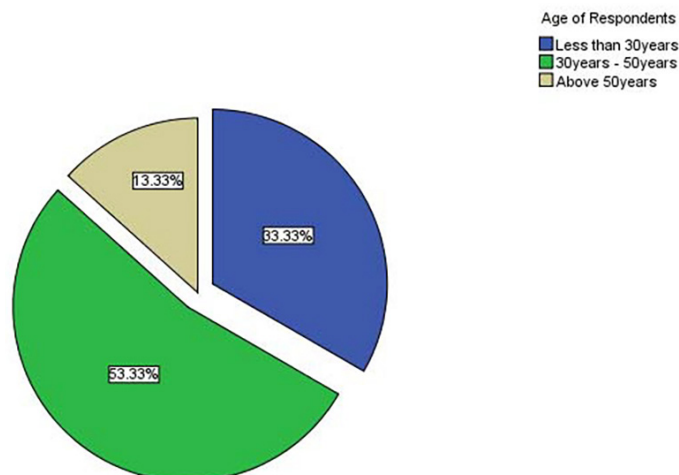
		Frequency	Percentage
Age	Less than 30 years	5	33.3%
	30 years – 50 years	8	53.3%
	Above 50 years	2	13.3%
	Total	15	100%
Sex	Male	11	73.3%
	Female	4	26.6%
	Total	15	100%
Educational Qualification	Ordinary level certificate	3	20%
	ND/A'Level	6	40%
	B.Sc./HND	6	40%
	Total	15	100%
Position in the Organization	Management staff	3	20%
	Senior staff	8	53.3%
	Junior staff	4	26.6%
	Total	15	100%

Source: Researcher's Compilation (2020).

Age of Respondents

53.3% (8) of staff across the three selected Micro Finance Banks are within the energetic age (i.e., 30 – 50 years). This shows the potency of the banks in carrying out their official responsibilities. The reason for this is that 53.3% of the staff in the selected Micro Finance Banks are energetic and they have built their careers with long-standing experience. The findings are as presented in Figure 1 below.

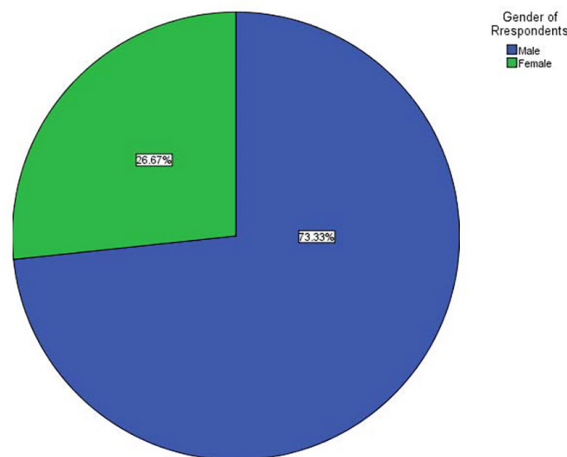
Figure 1: Age of Respondent



Gender of Respondents

Men accounted for about 73.3% of the staff. This could be a result of gender bias that seems to favour men over women. Socially, women are tied down with domestic responsibilities which may not allow them to fully concentrate at their place of work. The findings are as presented in Figure 2.

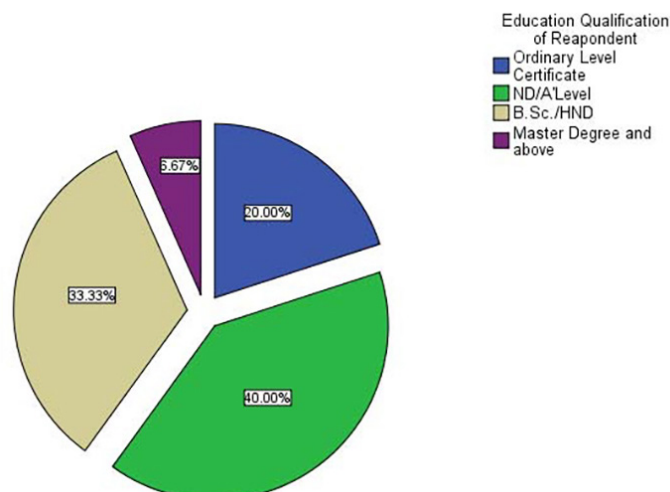
Figure 2: Gender of Respondents



Educational Qualification of Respondents

40% of the staff of the selected Micro Finance Banks have B.Sc. or HND, and another 40% of the staff of the selected Micro Finance Banks have OND/A'Level meaning that Micro Finance Banks' activities were being carried out by competent hands. The implication of this is that almost all the staffs of the Micro Finance Banks have the basic qualification required to work in the banking industry. The findings are as presented in Figure 3.

Figure 3: Education Qualification of Respondents



Position of Respondents in the Organization

20% of the staff of the selected Micro Finance Banks are management staff, 53.3% are senior staff while 26.6% are the junior staff. The implication of this is that the banks have the potency to deliver their duties efficiently through the senior staff. The findings are as presented in Figure 4

Figure 4: Position of Respondents in the Organization

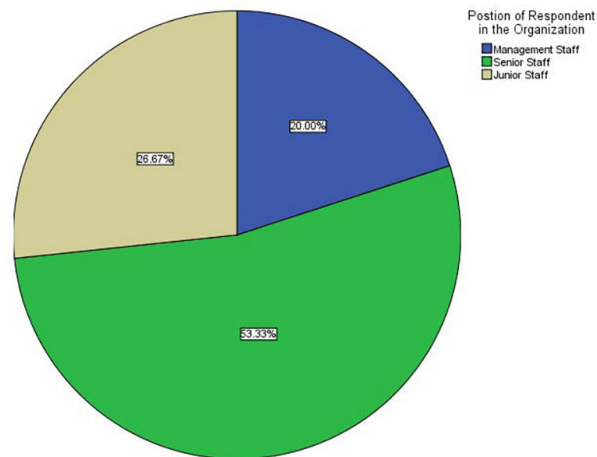


Table 2: Demographic Characteristics of Respondents (Entrepreneurs).

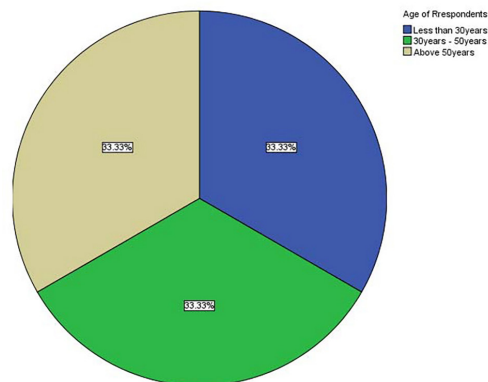
		Frequency	Percentage
Age	Less than 15 years	20	13.3%
	15 years – 50 years	90	60%
	Above 50 years	40	26.6%
	Total	150	100%
Sex	Male	61	40.7%
	Female	89	59.3%
	Total	150	100%
Status of beneficiaries	Students	-	0%
	Civil-servants	-	0%
	Businesspersons	130	86.7%
	Others	20	13.3%
	Total	150	100%
MFB where you are banking	Polybadan MFB	50	33.3%
	Isale Oyo MFB	50	33.3%
	Ologbon MFB	50	33.3%
	Total	150	100%
Years of Patronage	0 – 3 years	24	16%
	4 – 6 years	32	21.3%
	7 – 9 years	71	47.3%
	10 years and above	23	15.35
	Total	150	100%

Source: Researcher's Compilation (2020).

Age of Respondents (Entrepreneurs).

About 67% of the entrepreneurs belong to the active labour force (i.e., less 30-50 years of age). This shows the potency of entrepreneurship development among the youth. The reason for this is that a majority of the unemployed graduates prefer to be entrepreneurially driven than to do nothing. The findings are as presented in Figure 5

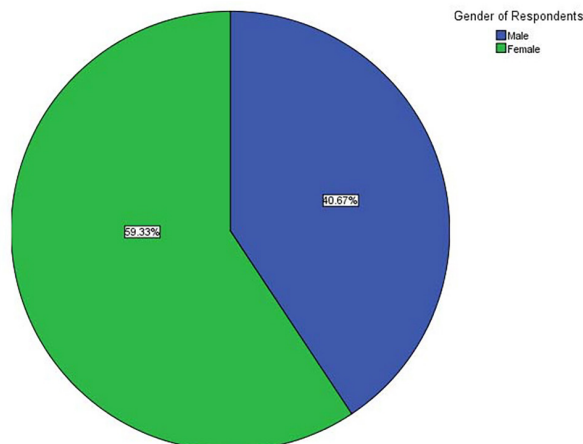
Figure 5: Age of Respondents Entrepreneurs



Gender of Respondents

The female accounted for 59.33% of the respondent while 40.67% are male. It shows that females are more engaged as entrepreneurs than males. The findings are as presented in Figure 6.

Figure 6: Gender of Respondents Entrepreneurs

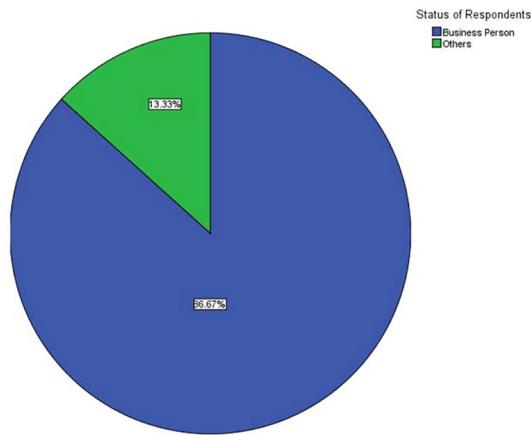


Status of Respondents

About 86.7% (130) of the entrepreneurs were business persons. This shows that MFBs grant loans to a higher percentage of entrepreneurs. The reason for this may be that business persons are more responsible, committed, and fear possible repercussions that may emanate from non-repayment of loans than any other category. This is because businesspersons know the

important role that the availability and access to loans play in the life of their business. Student entrepreneurs represented zero of the population. This is because they have less at stake and the youthful exuberance may make them prone to direct the loans to purchase of exotic cars or similar items, which invariably makes the repayment of loans practically impossible. The civil servant also represented zero of the population because they don't devote enough time for their business and it is very difficult to grant a loan to the person who will under-utilize it. The findings are as presented in Figure 7

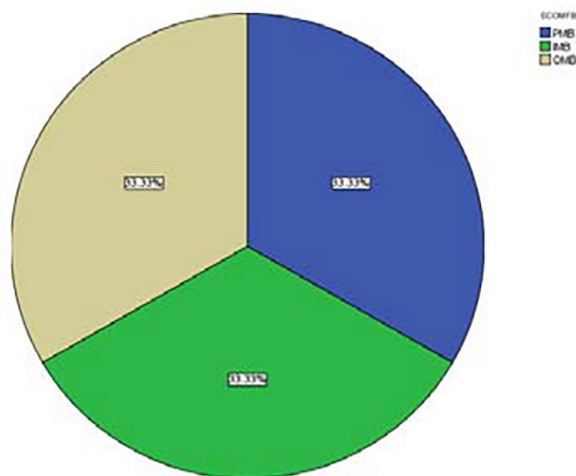
Figure 7: Status of Respondents Entrepreneurs



Entrepreneur Choice of MFB

33.3% of the respondents were customers to each of the selected Micro Finance Banks. The implication of this is that all the three Micro Finance Banks selected had equal representation of the respondents. The findings are as presented in Figure 8.

Figure 8: Entrepreneur Choice of MFB



Respondents Year of Patronage

62.67% (71) of the respondents are customers who have been patronizing the banks for more than 7 years. This year of patronage is a critical condition for granting loans. The findings are as presented in Figure 9.

Figure 9: Respondents Year of Patronage

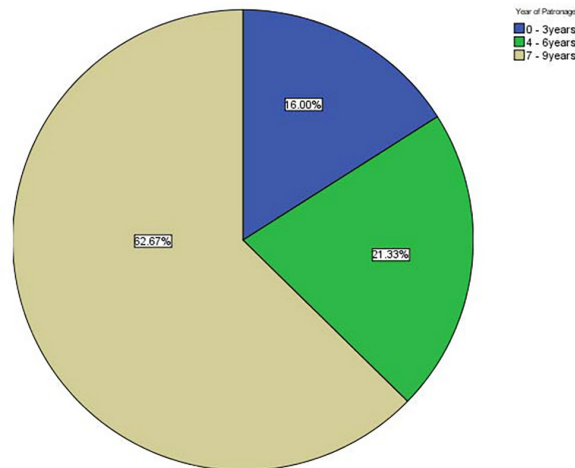


Table 3: Descriptive Statistics of Determinant Factors Influencing Entrepreneurship Development

	N	Minimum	Maximum	Mean		Std. Deviation
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic
MLD	150	1	5	4.21	.102	1.251
AMBL	150	1	5	3.75	.087	1.068
ESD	150	1	5	3.87	.113	1.389
AAS	150	1	5	3.67	.086	1.052
MIC	150	1	5	3.73	.112	1.369
CS	149	1	5	1.81	.090	1.095
Valid N (listwise)	149					

Source: Researcher's Compilation (2020).

Microfinance Loan Disbursement (MLD)

Respondents were required to indicate their level of agreement with the disbursement of Microfinance Loan on entrepreneurship development in Oyo State, Nigeria. Items that were measured on a five-point Likert-Type scale ranging from 1 being "Strongly Disagree" to 5 being "Strongly Agree". Means of 4.21 and standard deviations of 1.251 were registered. The study findings revealed that the majority of the respondents agreed that microfinance loan disbursement had helped microenterprises venturing into business (4.21) to a great extent. The finding is as presented in row 1 of Table 3.

Accessibility of Microfinance Bank Loans (AMBL)

Respondents were required to indicate their level of agreement with the Accessibility of Microfinance Bank loans by entrepreneurs in Oyo State. Items that were measured on a five point Likert-Type scale ranging from 1 being “Strongly Disagree” to 5 being “Strongly Agree”. Means of between 3.75 and standard deviations of between 1.068 were registered. The study findings, therefore, revealed that the majority of the respondents agreed that they have easy access to Microfinance bank loans. The findings are as presented in row 2 Table 3.

Efficient Service Delivery (ESD)

Respondents were required to indicate their level of agreement with the efficiency of various Microfinance Service Delivery towards entrepreneurship development in Oyo State. Items that were measured on a five point Likert-Type scale ranging from 1 being “Strongly Disagree” to 5 being “Strongly Agree”. Means of 3.87 and standard deviations of between 1.389 were registered. The study findings, therefore, revealed that the majority of the respondents are satisfied with services that microfinance banks provided to entrepreneurs. Equally the research findings revealed that the majority of the respondents believed that microfinance service delivery had helped entrepreneurs with appropriate remedies on transaction problems. The findings are as presented in row 3 Table.3.

Awareness of Available Services (AAS)

Respondents were required to indicate their level of agreement with the awareness of available services of microfinance by entrepreneurs in Oyo State. Items that were measured on a five point Likert-Type scale range from “Strongly Disagree” to “Strongly Agree”. Means of 3.67 and standard deviations of 1.052 were registered. The study findings, therefore, revealed that the majority of the respondents agreed that entrepreneurs are aware of available services of microfinance banks which had helped entrepreneurs to have access to different types of services. The findings are as presented in row 4 Table3.

Moderate Interest Charge (MIC)

Respondents were required to indicate their level of agreement with Interest charges by microfinance banks on loans and other services rendered to entrepreneurs. Items that were measured on a five point Likert-Type scale ranging from 1 being “Strongly Disagree” to 5 being “Strongly Agree”. Means of 3.73 and standard deviations of between 1.369 were registered. The study findings, therefore indicate that the majority of the respondents agreed that moderate interest charged by microfinance banks had provided entrepreneurs with the opportunity to borrow loans. The findings are as presented in row 5 Table 4.3.

Collateral Security (CS)

Respondents were required to indicate their level of agreement as to whether the Collateral

Security requirements of MFB to secure loans are achievable by entrepreneurs. Items that were measured on a five point Likert-Type scale ranging from 1 being “Strongly Disagree” to 5 being “Strongly Agree”. Means of 1.81 and standard deviations of 1.095 were registered. The study findings, therefore, revealed that the majority of the respondents disagreed that collateral demanded by microfinance banks had helped entrepreneurs to have access to capital for the expansion of their businesses.

From the above descriptive statistics, it is revealed that all identified influencing variables such as MLD, AMLB, ESD, AAS, MIC, and CS have a mean of 4.21, 3.75, 3.87, 3.67, 3.78, and 1.81 respectively. Hence, we accept the alternative hypothesis that there is a significant difference in determinant factors of MFB credit administration on entrepreneurship development.

Table 4: Correlation between Microfinance Bank Credit Administration and Entrepreneurship Development.

		ED	MLD	AMBL	ESD	AAS	MIC	CS
ED	Pearson Correlation	1	.856**	.867**	.835**	.844**	.885**	.661**
	Sig. (2-tailed)		.000	.000	.000	.000	.000	.000
	N	150	150	150	150	150	150	149
MLD	Pearson Correlation	.856**	1	.899**	.924**	.895**	.919**	.468**
	Sig. (2-tailed)	.000		.000	.000	.000	.000	.000
	N	150	150	150	150	150	150	149
AMBL	Pearson Correlation	.867**	.899**	1	.869**	.961**	.910**	.594**
	Sig. (2-tailed)	.000	.000		.000	.000	.000	.000
	N	150	150	150	150	150	150	149
ESD	Pearson Correlation	.835**	.924**	.869**	1	.884**	.941**	.608**
	Sig. (2-tailed)	.000	.000	.000		.000	.000	.000
	N	150	150	150	150	150	150	149
AAS	Pearson Correlation	.844**	.895**	.961**	.884**	1	.917**	.601**
	Sig. (2-tailed)	.000	.000	.000	.000		.000	.000
	N	150	150	150	150	150	150	149
MIC	Pearson Correlation	.885**	.919**	.910**	.941**	.917**	1	.644**
	Sig. (2-tailed)	.000	.000	.000	.000	.000		.000
	N	150	150	150	150	150	150	149
CS	Pearson Correlation	.661**	.468**	.594**	.608**	.601**	.644**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	
	N	149	149	149	149	149	149	149

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Researcher’s Compilation (2020).

Table 5: Regression Analysis of Microfinance Bank Credit Administration Influence on Entrepreneurship Development

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.924a	.853	.846	.338

a. Predictors: (Constant), MLD, AMBL, ESD, AAS, MIC, CS

Source: Researcher's Compilation (2020).

Table 5a: ANOVA

Model	Sum of Square	Df	Mean Square	F	Sig.
Regression	93.371	7	13.339	116.877	.000a
Residual	16.092	141	114		
Total	109.463	148			

Source: Researcher's Compilation (2020).

Table 5b: Coefficients of Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients		Sig.
	B	Std. Error	Beta	T	
1 (Constant)	1.839	.117		15.718	.000
MLD	.473	.100	.587	4.737	.000
AMBL	.392	.076	.649	5.169	.000
ESD	-.051	.071	-.082	-.718	.474
AAS	-.068	.109	-.083	-.628	.531
MIC	.054	.106	.086	.508	.612
CS	-.099	.055	-.125	-1.805	.073

a. Dependent Variable: ED

Source: Researcher's Compilation (2020).

Results from table 4 indicate the absolute value of the Pearson correlation indicating that the strength with the absolute value showing the weakness or stronger relationship or strength of the variables. However, the absolute value of the correlation between Entrepreneurship Development (ED) and Microfinance Banks Loan Disbursement (MLD) is 0.856 with a significant value of 0.000 indicating that the two variables are positively significant correlated. The findings reveal there is a significant relationship between microfinance bank loan disbursement and entrepreneurship development in Oyo State. Also, the result showed a positive correlation between entrepreneurship development (ED) and accessibility of microfinance banks loans (AMBL) with an absolute value of 0.867 and a significant value of 0.000 respectively.

This is an indication of a positive significant relationship between entrepreneurship development and microfinance banks' loan accessibility. Efficient service delivery (ESD) by microfinance banks, awareness of available services (AAS), moderate interest charge (MIC), and collateral security (CS) also have a positive significant correlation with entrepreneurship

development with an absolute value of 0.835, 0.844, 0.885, 0.661 and 0.000 significant value respectively. Therefore, there is a significant relationship between microfinance bank credit administration and entrepreneurship development in Oyo State.

The model constant gives a positive value of 1.839 as the value for the intercept of the model is significant at 1% and 5% levels as the prob. value which is 0.00. Furthermore, the coefficients of microfinance banks loan disbursement (MLD), accessibility of microfinance bank loan (AMBL) and moderate interest charged by microfinance bank (MIC) are 0.587, 0.649, and 0.086 respectively as presented in table 5b. This implies that MLD, AMBL, and MIC have a positive effect on entrepreneurship development in Oyo State. They are also statistically significant at 5% level as their probability values (0.00, 0.00) are less than 0.05 except for MIC which has probability values of 0.612. Due to the overall results, all formulated null hypotheses are hereby rejected and the alternative hypothesis is accepted that there is a significant relationship between MFB credit administration and entrepreneurship development and MFB credit administration variables like (MLD, AMBL, and MIC), positively influence entrepreneurship development.

Discussion of Findings

The result of the analysis revealed that specific factors of credit administration of Microfinance such as Accessibility to Microfinance Bank Loan, Moderate Interest Charges positively influenced Entrepreneurship Development. The result agreed with the findings of Nahamya, Ajanga, Omeke, Nabinyama, and Tumwine (2013) conducted in Uganda which stated that Microfinance Institutions had a significant impact in linking SMEs and the poor people to sources of credit and contributed to their growth. Findings from the reveal that there is a significant relationship between MFB credit administration variables like Microfinance Loan Disbursement (MFBLD), Accessibility of Microfinance Banks Loans (AMFBL), Efficient service delivery (ESD) by microfinance banks, awareness of Available Services (AAS), Moderate Interest Charge (MIC), Collateral Security (CS) and Entrepreneurship Development. The result is corroborated by the work of Sule (2018) which revealed that there exists a relationship between MFB and Small and Medium Scale enterprises that is potentially important for tremendous development. The analysis revealed that MFB credit administration variables such as Microfinance Loan Disbursement, Accessibility to Microfinance bank loan are significantly related to entrepreneurship development and positively influence the Entrepreneurship Development. This finding is consistent with Imoisi (2014), and Boateng, Boateng, and Bampoe (2015). This study contributes to the body of knowledge through a formation for the basis for further research in the area of Microcredit delivery and entrepreneurship development in Nigeria and other developing nation. It will also serve as a basis for appreciating the challenges entrepreneurs face in gaining access to the facility to reduce the bottlenecks.

Conclusion and Recommendations

There is a correlation between MFB credit administration and entrepreneurial development. MFB credit administration variables such as Microfinance Loan Disbursement, Accessibility

to Microfinance bank loan are significantly related to entrepreneurship development and positively influence the Entrepreneurship Development. The Collateral Security demanded by MFB is too stringent for the entrepreneurs and affects access to loans.

Considering the conclusion, the following recommendation is made:

- i. Microfinance banks should reduce the stringent conditions attached to the collateral security.
- ii. Microfinance banks should carry out continuous awareness programs on all services available through the MFBs as we believe this will significantly reduce the scepticism of entrepreneurs on the patronage of MFBs services.

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