



Impact of Microfinance Banks on Entrepreneurship Development in Adamawa State of Nigeria

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Date of Submission: 07-11-2024

Date of Acceptance: 18-11-2024

Abstract

This study will assess the impact of microfinance banks on entrepreneurship development in Adamawa State of Nigeria. The study adopted survey research design method as such primary source of data collection was used. A sample of two hundred and fifty nine (259) respondents which was derived from the target population of 734 registered entrepreneurs through Taro Yamane formula. Questionnaire was administered to the sampled population through random sampling method. The descriptive statistics and spearman rank correlation were used to analyze the data and test the hypothesis. The analysis of data was used with the aid of SPSS 21. The result indicates that microfinance banks have impacted significantly on the entrepreneurship development in Adamawa State through provision of bank loan, microfinance banks have impacted significantly on the entrepreneurship development through rendering of consultancy services in Adamawa State and microfinance banks have impacted significantly on the working capital of entrepreneurs in Adamawa State. The study recommended that the Central Bank of Nigeria should bring up new regulations that would allow microfinance banks to give out loan to entrepreneurs at a very low interest rate so as to improve their performance in Adamawa state, microfinance banks should increase the provision of other consultancy services to entrepreneurs such as financial advice, commodity marketing, micro-insurance and leasing in order to improve their performance in Adamawa state and entrepreneurs should have the ability to adopt a more entrepreneurial mindset and improve performance in terms of

customer base, sales growth, returns on investment and revenue so as to improve their working capital.

Keywords: Microfinance Banks, Entrepreneurship, Bank Loan, Consultancy Service, Working Capital

I. Introduction

Entrepreneurship was introduced as one of the responses to having a good and sustainable development in the developing countries. Entrepreneurship is important to national development, poverty eradication and employment generation (Fowowe, Anifowose, Akindare and Adedeji, 2022).

The Federal Government of Nigeria (FGN) with its numerous initiatives to boost performance of SMEs has launched several programs through its agencies such as Small and Medium Enterprise Development Authority of Nigeria (SMEDAN) to build an enabling and congenial atmosphere that can stimulate the desire of owners/managers to be orientated towards improved performance. Such initiatives include Anchor Borrowers, Entrepreneurship Development Programs (for youth, women, and the general public), National Micro Small and Medium Enterprise (MSME's) Policy, National/State Councils on MSMEs, One Local Government One product (OLOP), Conditional Grant Scheme (CGS), GEMS Project, and YOU-WIN among others.

SMEs, despite their economic importance, have had a poor record, particularly in Nigeria in which Adamawa state is part of (Gulani&Usman, 2018; Burce&Danbauchi, 2018).The SMEs sector in



Nigeria has a high mortality rate, with three out of every five SMEs failing during the first few months of operation, over 60% failing each year, and the majority failing before their third anniversary (SMEDAN, 2017). For instance, according to NBS (2017) report, Adamawa state has witness a dwindling number of entrepreneurs. From the report it shows that in Adamawa state, the total number of SMEs were 1108 in 2013, but it is about 904 (1.02 percent) in 2017. This fall may be necessitated by a lot of challenges of which lack of entrepreneurial motivation is among which can motivate owners/managers of SMEs to employ entrepreneurial orientation practices in order to improve performance of businesses.

Microfinance banks are agents of economic development in any developing nation. The limited access to finance from microfinance banks by entrepreneurs is seen as a setback to the entrepreneurs in their business operations. Despite the good features of microfinance banks and its existence, majority of small business owners success in Nigeria are uncertainty based on entrepreneur grieve on lack of capital. The financial service of microfinance institutions is seen not to be enough in extending sound financial aids to micro-businesses (Okunbanjo, Ojenike&Fakunmoju, 2022). In Nigeria, microfinance banks are mandated by the regulator to provide credit facilities to entrepreneurs to develop their businesses to succeed.

Several studies have been conducted on microfinance banks and entrepreneurship among which are; Eke and Idogun (2022), Fagbemi, Yinus and Olowookere (2022), Fowowe, Anifowose, Akindare and Adedeji (2022), Godfrey (2022), Okunbanjo, Ojenike and Fakunmoju (2022), Oluka, Orga and Monanu (2023). However, these studies were carried in states other than Adamawa State and conducted before the current study. Also, none of the study attempted an analysis of the impact of microfinance banks on entrepreneurship development which the present study intend to do. The current study will therefore analyze the impact of microfinance banks on entrepreneurship development in Adamawa State of Nigeria.

To achieve this objective, it is hypothesized in null form that microfinance banks loan does not significantly improve the entrepreneurship development, there is no significant impact of microfinance consultancy services on the entrepreneurship development and there is no significant impact of microfinance banks on the working capital of entrepreneurs in Adamawa State. The rest of the paper is structured into literature review, methodology, results and discussion, and conclusion and recommendations.

II. Literature Review

Concept of Microfinance Bank

Microfinance Bank (MFB) according to Udenwa and Uwaleke (2015) is any company that is licensed to provide microfinance services in Nigeria as defined by the regulatory and supervisory guidelines of the institute. Such services are customers' savings, loan advancement, national and international money transfer, as well as other services that are permitted by law. Savings, training, financial advisory roles, insurance and sometimes payment services are majorly inclusions of the financial services offered by micro-finance bank to entrepreneurs (Aheeyar, 2017).

Concept of Entrepreneurship

Entrepreneurship is the willingness and ability of a person to seek out investment opportunities, establish an enterprise and manage it successfully. Oluka, Orga and Monanu (2023) postulated that entrepreneurship is the act or process of identifying business opportunities, organizing, and initiating a successful business activity. They noted that the functions performed by entrepreneurs include: searching for and discovering new information, translating new information into new markets, techniques and goods, seeking and developing economic opportunities, marshaling the financial resources necessary for the enterprise, taking ultimate responsibility for management and bearing the risk for the business.

Concept of Bank Loan

A loan is a sum of money that one or more individuals or companies borrow from banks or other financial institutions so as to financially manage planned or unplanned events (Gumel, 2017). In doing so, the borrower incurs a debt, which he has to pay back with interest and within a given period of time. The recipient and the lender must agree on the terms of the loan before any money changes hands. In some cases, the lender requires the borrower to offer an asset up for collateral, which will be outlined in the loan document. Loans can be given to individuals, corporations, and governments. The main idea behind taking out one is to get funds to grow one's overall money supply. The interest and fees serve as sources of revenue for the lender.

Loans can be classified further into secured and unsecured, open-end and closed-end (Oluka, Orga&Monanu, 2023). A secured loan is one that is backed by some form of collateral. For instance, most financial institutions require borrowers to present their title deeds or other documents that show ownership of



an asset, until they repay the loans in full. Other assets that can be put up as collateral are stocks, bonds, and personal property. Most people apply for secured loans when they want to borrow large sums of money. Since lenders are not typically willing to lend large amounts of money without collateral, they hold the recipients' assets as a form of guarantee. Some common attributes of secured loans include lower interest rates, strict borrowing limits, and long repayment periods. Conversely, an unsecured loan means that the borrower does not have to offer any asset as collateral. With unsecured loans, the lenders are very thorough when assessing the borrower's financial status. Unsecured loans include items such as credit card purchases, education loans, and personal loans.

Concept of Consulting Services

The name of the consultancy is rooted in the Latin "consultare". In Romanian it came from the French verb "consulter", which means asking, asking for an opinion or advice, to consult with someone. The process is that occurs when someone who has a problem or faces difficulty seeks the professional help of another person with special abilities to solve that problem alone or with him. It is a co-participatory action. In other words, consultancy deals with problem solving and is a process that initiates, implements and manages change. Consultancy can also be defined as an intervention designed to change a set of more or less satisfactory conditions or take advantage of an opportunity with the goal of improvement. Consultant activities include: based on the provision of services to a client in order to obtain a certain profit; based on the sale or free allocation of consultant or consultant's time (capacity) and based on people.

Consultancy is the process by which the consultant tries to motivate farmers to expand their business by developing their production capacities, by using information and innovative ideas to solve the technical and financial problems they face (Okoh & Uzoka, 2022). The consultant has the status of a counsellor, his responsibility is limited to the quality of the advice and recommendations he gives, and he is not directly involved in the action. It is the duty of the consultant to operate with the most advanced results of scientific research, adapted to the working environment.

Concept of Working Capital

Working Capital is the Funds needed by a business to carry out its daily operations. This operation includes; purchase of raw material, payment

of wages, offering credit services and overhead expenses (Merchant, 2015). According to Osundina (2014), the management of working capital is central to the growth and survival of any business, this then means that for any business to continue with its object clause, attention of the managers must be on how best to manage the day to day running of the business in terms of financing of working capital need. Profitable businesses can have working capital problems; this can develop because of long-dated payments from clients. Amarjit, Nahum and Neil (2010) postulated that the creation of shareholder's wealth is premised on the ability to manage the company's working capital. The sum of money that can be deployed very swiftly is known as working capital. Working capital management has also been argued to be a sensitive area in the field of financial management while its efficiency is essential, particularly in manufacturing companies, where a major part of assets is poised of current assets (Van & Wachowitz, 2005).

Empirical Review

Oluka, Orga and Monanu (2023) examined Microfinance Banks as a catalyst for entrepreneurship development in Enugu North LGA, Enugu State, Nigeria. The research design adopted for the study was the survey research design. Data were sourced from both primary and secondary sources. The population of the study consists of 300 registered SMEs with LAPO Microfinance Bank, Enugu North LGA of Enugu State, which a sample size of 171 was determined using the Taro Yamane's formula. Chi-square statistical tool was adopted to test the hypotheses. Findings from the study revealed that microfinance bank saving services had significant positive effect on the productivity of entrepreneurs in Enugu North Local Government Area of Enugu State. Microfinance bank lending services had significant positive effect on the growth of entrepreneurs in Enugu North Local Government Area of Enugu State. The study recommended that management of microfinance banks should develop quality saving products that would encourage entrepreneurs to save more and equally have basic access to financial credits in order to increase their productive capacity, there should be an effective management, mentoring and monitoring of the microenterprises to ensure that the credits granted are utilised for the purpose intended.

Fagbemi, Yinus and Olowookere, (2022) evaluated the effect of microfinance bank credit administration on entrepreneurship development in Oyo State, Nigeria. Stratified sampling techniques were used to select three MFBs from senatorial



districts of the state. A structured questionnaire was administered to the three selected MFBs by five MFB staff members and 50 entrepreneurs from each MFB were chosen using a random sampling technique. Data collected was analysed with the aid of descriptive statistics like tables, percentages, and frequency while inferential statistics such as Pearson Product Moment Correlation (PPMC) and regression analysis were used to analyse the formulated hypotheses. The results of the study revealed that there is a significant relationship between MFBs' credit administration and entrepreneurial development. The study concluded that MFB credit administration has a significant positive influence on entrepreneurship development. The study recommended that stringent conditions attached to the collateral security to access credit from microfinance banks.

Okunbanjo, Ojenike andFakunmoju (2022) investigated on the Microfinance Institutions Activities and Microenterprises Development in Southwest, Nigeria. The study employed descriptive research design with stratified sampling technique. Primary data was collected via questionnaire and 384 copies of questionnaire were administered but 297 were returned and useful for the analysis. The findings using regression analysis revealed that financial service of microfinance institutions has positive but insignificant effect on microenterprises development. Non-financial service of microfinance institutions has a positive and significant effect on microenterprises development in Southwest Nigeria. It is concluded that non-financial service influenced microenterprises development in the study. It was recommended that microfinance institutions in Southwest Nigeria should continue to offer non-financial services in terms of organizing training programs, give support to expand business, offer technical advice and give competent advice to the operators of micro scale enterprises Microfinance banks should lessen the conditions associated with their financial services to the operators of micro enterprises so that these operators may be able to access micro credit.

From the empirical review above, there is research gap because there was no study that carried out directly on the impact of microfinance banks on entrepreneurship development. It is this gap that this study intends to close by assessing the impact of impact of microfinance banks on entrepreneurship development in Adamawa State.

Theoretical Framework
Micro Credit Theory

Adam Smith propounded micro credit theory in 18th century and was extended by Karl Max. The theory is as results of individuals that are willing to deploy financial resources, labor and skills for the interest of the society. The theory looked at the micro credit facilities and the micro enterprises. The theory believed that small credit should be given to individuals that could not have access to large amount of credit to the development of industrial activities. The welfarism of the small business owners depends on the quantity of credit that would be given to them. This implied that micro business growth and development is traceable to loan facilities availability. This study adopted micro credit theory because the theory emphasizes on micro credit as a provision of small credit to individuals who are poor and are low-income earners to support their micro business activities.

III. Methodology

This study adopted the survey research design as such primary data was collected from the entrepreneurs in Adamawa State. The sample population is 259 respondents which was drawn from the target population of 734 registered entrepreneurs in Adamawa State. The sample population was drawn through Taro Yamane formula. The data was collected through the administration questionnaire. Simple random sampling method was used in choosing the respondents. The reliability of the questionnaire is 0.84 following Cronbach Alpha test of pilot survey. Descriptive statistics was used to analyze the data and spearman rank correlation was used in testing the hypotheses of the study. The data was run with the aid of SPSS 20.

Model Specification

$$MFB = f(BLN, CSV, WCP) \text{-----} \text{-----(i)}$$

It is converted in linear as:

$$MSM = \beta_0 + \beta_1BLN_{it} + \beta_2CSV_{it} + \beta_3WCP_{it} + \mu_{it} \text{-----} \text{-----(ii)}$$

Where;

MFB = Microfinance Banks

BLN = Bank Loan

CSV = Consultancy Service

WCP = Working Capital

f = Functional Notation

β_0 = Constant

$\beta_1, \beta_2, \beta_3$ = Beta coefficient of independent variables 1, 2 and 3.

μ = Stochastic Variable



IV. Results and Discussion

Table 4.1: Microfinance Banks Loan and Entrepreneurship Development

S/NO	Statement	SA (5)	A (4)	U (3)	D (2)	SA (1)	Total	Mean	Std Dev.
1	Many entrepreneurial SMEs have gained their ground through the support of microfinance banks loan.	61 (23.56)	93 (35.91)	10 (3.85)	54 (20.85)	41 (15.83)	259 (100)	3.3217	1.23119
2	Microfinance bank provides entrepreneurs with facilities like short term loans and other resources.	90 (34.75)	80 (30.89)	15 (5.79)	49 (18.92)	25 (9.65)	259 (100)	3.4657	1.26123
3	Microfinance banks have impacted on the development of entrepreneurship through the provision of start-up fund.	87 (33.59)	67 (25.87)	11 (4.25)	30 (11.58)	64 (24.71)	259 (100)	3.3949	1.18593
4	Microfinance banks have impacted on development of entrepreneurship through the reduction of interest rate on loan.	23 (8.87)	44 (16.99)	14 (5.41)	78 (30.12)	100 (38.61)	259 (100)	2.0055	1.11218
5	Lack of collateral security has hindered the effective financing of entrepreneurs by microfinance banks.	57 (22.01)	97 (37.45)	17 (6.56)	33 (12.74)	55 (21.24)	259 (100)	3.3192	1.22211
6	Government policy on loan has slowed down the effective financing of the entrepreneurs by microfinance banks.	18 (6.95)	9 (3.47)	13 (5.02)	111 (42.86)	108 (41.70)	259 (100)	2.9826	1.27412
7	Access to loan by entrepreneurship requires stages of development of entrepreneurship.	20 (7.72)	42 (16.22)	5 (1.93)	77 (29.73)	115 (44.40)	259 (100)	2.7012	1.24166

Note: Figures in Parenthesis Represent Percentage (%)

Source: Field Survey, 2024

The first item on table 4.1 was posed to ascertain the respondents' views regarding many entrepreneurial SMEs have gained their ground through the support of microfinance banks loan. The result in table 4.2 shows that 154 (61 and 93) respondents representing 59.47% (23.56% and 35.91%) agree that many entrepreneurial SMEs have gained their ground through the support of microfinance banks loan in the state, 95 (54 and 41) representing 36.68% (20.85% and 15.83%) disagree while 10 (3.85%) were undecided. The mean of 3.3217 is evidence to conclude that many entrepreneurial SMEs have gained their ground through the support of microfinance banks loan in the state. The standard deviation of 1.23119 shows the respondents views were not too wide apart. The analysis with respect to microfinance bank provides entrepreneurs with facilities like short term loans and other resources, 170 (90 and 80) respondents representing 65.64% (34.75% and 30.89%) agree that microfinance bank provides entrepreneurs with facilities like short term loans and other resources, 74 (49 and 25) representing 28.57% (18.92% and 9.65%) disagree while 15 (5.79%) were undecided. The mean of 3.4657 confirms the 65.64%

position, however, the standard deviation of 1.26123 is high and signifies dispersion in the views of the respondents.

On the microfinance banks have impacted on the development of entrepreneurship through the provision of start-up fund. This is inferred from the 154 (87 and 67) respondents representing 59.46% (33.59% and 25.87%) who agree that microfinance banks have impacted on the development of entrepreneurship through the provision of start-up fund. However, 94 (30 and 64) representing 36.29% (11.58% and 24.71%) disagree while 11 (4.25%) were undecided. The mean of 3.3949 affirms the submission that microfinance banks have impacted on the development of entrepreneurship through the provision of start-up fund. The standard deviation of 1.18593 is also high and signifies high dispersion in the views of the respondents. On whether microfinance banks have impacted on development of entrepreneurship through the reduction of interest rate on loan, 67 (23 and 44) respondents representing 25.86% (8.87% and 16.99%) agree that microfinance banks have impacted on development of entrepreneurship through the reduction of interest rate



on loan, 178 (78 and 100) representing 68.73% (30.12% and 38.61%) disagree while 14 (5.41%) were indifferent. The mean of 2.0055 which is associated with a high standard deviation of 1.11218 implies that microfinance banks have not impacted on development of entrepreneurship through the reduction of interest rate on loan in the state.

The analysis in table 4.1 also shows that lack of collateral security has hindered the effective financing of entrepreneurs by microfinance banks. This is deduced from the 154 (57 and 97) respondents representing 59.46% (22.01% and 37.45%) who affirm the fact that lack of collateral security has hindered the effective financing of entrepreneurs by microfinance banks, only 88 (33 and 55) representing 33.98% (12.74% and 21.24%) disagree with 17 (6.56%) were indifferent. The mean is 3.3192 and the standard deviation is as high as 1.22211 which affirmed that lack of collateral security has hindered the effective financing of entrepreneurs by microfinance banks. On government policy on loan has slowed down the effective financing of the entrepreneurs by microfinance banks, 27 (18 and 9) respondents representing 10.42% (6.95% and 3.47%) agree that government policy on loan has slowed down the effective financing of the entrepreneurs by

microfinance banks, 219 (111 and 108) representing 84.56% (42.86% and 41.70%) disagree while 13 (5.02%) were undecided. The mean of 2.9826 is premise to conclude that government policy on loan has not slowed down the effective financing of the entrepreneurs by microfinance banks. The standard deviation is as high as 1.27412 shows presence of dispersion in the respondents' views. Table 4.1 also shows access to loan by entrepreneurship requires stages of development of entrepreneurship. About 62 (20 and 42) respondents representing 23.94% (7.72% and 16.22%) agree that access to loan by entrepreneurship requires stages of development of entrepreneurship, 192 (77 and 115) representing 74.13% (29.73% and 44.40%) disagree while 5 (1.93%) were undecided. The mean of 2.7012 affirms the 192 (74.13%) position that access to loan by entrepreneurship does not require stages of development of entrepreneurship. The standard deviation of 1.24166 is high which shows presence of dispersion in the respondents' views.

A careful consideration of the results in table 4.2 indicates that microfinance banks loan improved the entrepreneurship development in Adamawa State within the study period.

Table 4.2 Microfinance Banks and Consultancy Services

S/NO	Statement	SA (5)	A (4)	U (3)	D (2)	SA (1)	Total	Mean	Std Dev.
1	The entrepreneurs' number of employees has increased as a result of consultancy services.	15 (5.79)	28 (10.81)	18 (6.95)	94 (36.29)	104 (40.16)	259 (100)	2.7390	1.21941
2	The entrepreneurs' market share has increase as a result of consultancy services.	73 (28.18)	75 (28.96)	6 (2.32)	37 (14.29)	68 (26.25)	259 (100)	3.3332	1.31174
3	Due to consultancy services by microfinance banks, entrepreneurship development in Adamawa state is increasingly gaining ground.	84 (32.44)	65 (25.10)	40 (15.44)	53 (20.46)	17 (6.56)	259 (100)	3.3012	1.41017
4	Microfinance banks have impacted on entrepreneurship development through provision of financial advice to young entrepreneurs.	37 (14.29)	89 (34.36)	21 (8.11)	28 (10.81)	84 (32.43)	259 (100)	3.0019	1.12310
5	Microfinance banks have impacted on the development of entrepreneurship through acting as government agent.	67 (25.87)	99 (38.22)	6 (2.32)	38 (14.67)	49 (18.92)	259 (100)	3.7309	1.11110
6	Regular workshops to entrepreneurs by microfinance banks officials improve their earnings.	2 (0.77)	16 (6.18)	4 (1.54)	61 (23.56)	176 (67.95)	259 (100)	2.9957	1.37192
7	Microfinance banks are rendering consultancy services to entrepreneurs.	58 (22.39)	93 (35.91)	29 (11.20)	59 (22.78)	20 (7.72)	259 (100)	3.3840	1.45117



Note: Figures in Parenthesis Represent Percentage (%)
Source: Field Survey, 2024

Table 4.2 shows that 43 (15 and 28) respondents representing 16.6% (5.79% and 10.81%) agree that the entrepreneurs' number of employees has increased as a result of consultancy services, 198 (94 and 104) representing 76.45% (36.29% and 40.16%) disagree while 18 (6.95%) were undecided. The mean of 2.7390 is basis to conclude that the entrepreneurs' number of employees has not increased as a result of consultancy services. The standard deviation of 1.21941 is high and indicates wide dispersion in the respondents' views. On whether the entrepreneurs' market share has increase as a result of consultancy services, 148 (73 and 75) respondents representing 57.14% (28.18% and 28.96%) agree to this fact, 105 (37 and 68) representing 40.54% (14.29% and 26.25%) disagree while 6 (2.32%) were undecided. However, the mean of 3.3332 which is associated with a high standard deviation of 1.31174 is evident that the entrepreneurs' market share has increase as a result of consultancy services.

Regarding whether due to consultancy services by microfinance banks, entrepreneurship growth in Adamawa state is increasingly gaining ground, 149 (84 and 65) representing 57.54% (32.44% and 25.10%) agree, 70 (53 and 17) representing 27.02% (20.46% and 6.56%) disagree while 40 (15.44%) were indifferent. The mean of 3.3012 and standard deviation of 1.41017 is premise to conclude that due to consultancy services by microfinance banks, entrepreneurship development in Adamawa state is increasingly gaining ground. On the microfinance banks have impacted on entrepreneurship development through provision of financial advice to young entrepreneurs, 126 (37 and 89) respondents representing 48.65% (14.29% and 34.36%) opined so, 112 (28 and 84) representing 43.24% (10.81% and 32.43%) disagree while 21 (8.11%) were undecided. The mean of 3.0019 affirms the 48.65% position that the microfinance banks have

impacted on entrepreneurship development through provision of financial advice to young entrepreneurs. However, the standard deviation of 1.12310 is high and indicates presence of dispersion in the respondents' views.

With respect to microfinance banks have impacted on the development of entrepreneurship through acting as government agent, 166 (67 and 99) representing 64.09% (25.87% and 38.22%) agree, 87 (38 and 49) representing 33.59% (14.67% and 18.92%) disagree while the remaining 6 (2.32%) were indifferent. The mean of 3.7309 which is associated with a standard deviation of 1.11110 is instructive that microfinance banks have impacted on the development of entrepreneurship through acting as government agent in Adamawa State. Table 4.2 also shows that regular workshops to entrepreneurs by microfinance banks officials improve their earnings. 18 (2 and 16) respondents representing 6.95% (0.77% and 6.18%) agree, 237 (61 and 176) representing 91.51% (23.56% and 67.95%) disagree while 4 (1.54%) were undecided. This is inferred from the mean response of 2.9957. However, the standard deviation of 1.37192 is instructive that the views expressed by the respondents are dispersed. Regarding microfinance banks are rendering consultancy services to entrepreneurs, 151 (58 and 93) respondents representing 58.30% (22.39% and 35.91%) agree that microfinance banks are rendering consultancy services to entrepreneurs, 79 (59 and 20) representing 30.50% (22.78% and 7.72%) disagree while 29 (11.20%) were undecided. The mean of 3.3840 which is associated with a moderately high standard deviation of 1.45117 is evidence that microfinance banks are rendering consultancy services to entrepreneurs.

A close look at all the issues analyzed revealed that microfinance consultancy services have impacted on the entrepreneurship development in Adamawa State.

Table 4.3 Microfinance Banks and Working Capital

S/NO	Statement	SA (5)	A (4)	U (3)	D (2)	SA (1)	Total	Mean	Std Dev.
1	Survival and performance of entrepreneurs are effective if there is increase in working capital.	102 (39.38)	80 (30.89)	2 (0.77)	61 (23.56)	14 (5.40)	259 (100)	4.1003	1.73910
2	The overall performance of the business has increased tremendously as a result of good working capital.	93 (35.91)	118 (45.55)	31 (11.97)	4 (1.55)	13 (5.02)	259 (100)	4.2021	1.93691



3	Changes in the working capital affect entrepreneurs' development and performance.	55 (21.23)	123 (47.49)	19 (7.34)	24 (9.27)	38 (14.67)	259 (100)	4.1213	1.78517
4	Profitability and value of entrepreneurs are impacted greatly by the management of working capital.	69 (26.65)	99 (38.22)	26 (10.04)	46 (17.76)	19 (7.34)	259 (100)	3.8926	1.4729
5	Working capital management is an integral component of the overall corporate strategy that creates shareholders' value.	98 (37.84)	58 (22.39)	6 (2.32)	41 (15.83)	56 (21.62)	259 (100)	3.8233	1.43915
6	The growth of entrepreneurs is attributed to the inventory management, payable management, receivable management and cash management policies.	66 (25.48)	71 (27.41)	21 (8.11)	49 (18.92)	52 (20.08)	259 (100)	3.2073	1.33919
7	Financing working capital is crucial to the profit motive of entrepreneurs.	68 (26.25)	85 (32.82)	16 (6.18)	32 (12.36)	58 (22.39)	259 (100)	3.3077	1.41812

Note: Figures in Parenthesis Represent Percentage (%)

Source: Field Survey, 2024

Table 4.3 shows that on whether the survival and performance of entrepreneurs are effective if there is increase in working capital, 182 (102 and 80) representing 70.27% (39.38% and 30.89%) opined they do, 75 (61 and 14) representing 28.96% (23.56% and 5.40%) disagree while 2 (0.77%) were undecided. The mean of 4.1003 which is associated with the standard deviation of 1.73910 confirms that the survival and performance of entrepreneurs are effective if there is increase in working capital. On whether the overall performance of the business has increased tremendously as a result of good working capital, 211 (93 and 118) respondents representing 81.46% (35.91% and 45.55%) agree, 17 (4 and 13) representing 6.57% (1.55% and 5.02%) disagree while 31 (11.97%) were undecided. The mean of 4.2021 is evidence that the overall performance of the business has increased tremendously as a result of good working capital. The standard deviation of 1.93691 is high and suggests dispersion in the views expressed by the respondents.

Table 4.3 also shows that changes in the working capital affect entrepreneurs' development and performance. This is inferred from the 178 (55 and 123) respondents representing 68.72% (21.23% and 47.49%) position as against the 62 (24 and 38) representing 23.94% (9.27% and 14.67%). A total of 19 (7.34%) respondents were undecided. The mean of 4.1213 which is associated with a standard deviation of 1.78517 corroborates the position. Regarding profitability and value of entrepreneurs are impacted greatly by the management of working capital, 200 (69 and 99) respondents representing 79.3% (26.65% and 38.22%) agree to the prevalence of this practice, however 23 (46 and 19) representing 9.2% (17.76% and 7.34%) disagree while 26 (10.04%) were

undecided. The mean of 3.8926 which is associated with a low standard deviation of 1.4729 provides clear evidence to conclude that profitability and value of entrepreneurs are impacted greatly by the management of working capital.

Recourse to the statement of working capital management is an integral component of the overall corporate strategy that creates shareholders' value, 156 (98 and 58) respondents representing 60.23% (37.84% and 22.39%) consent with this fact, 97 (41 and 56) representing 37.45% (15.83% and 21.62%) hold a contrary view while 35 (13.9%) were undecided. The mean of 3.8233 and standard deviation of 1.43915 lend support to the 60.23% majority position.

Consideration to the growth of entrepreneurs is attributed to the inventory management, payable management, receivable management and cash management policies, 137 (66 and 71) respondents representing 52.89% (25.48% and 27.41%) agree, 101 (49 and 52) representing 79% (18.92% and 20.08%) hold contrary opinion while 21 (8.11%) were indifferent. On the strength of the mean of 3.2073 which is associated with a high standard deviation of 1.33919, it can be concluded that the growth of entrepreneurs is attributed to the inventory management, payable management, receivable management and cash management policies. On financing working capital is crucial to the profit motive of entrepreneurs, 159 (68 and 85) representing 63.1% (26.25% and 32.82%) hold this view, 52 (32 and 58) representing 20.6% (12.36% and 22.39%) opined otherwise while 16 (6.18%) were indifferent. The mean of 3.3077 which is associated with a standard deviation of 1.41812 is instructive that



financing working capital is crucial to the profit motive of entrepreneurs.

the impact of microfinance banks on the working capital of entrepreneurs in Adamawa State.

A closed consideration of the foregoing analysis shows that all the issues raised stand for

Table 4.4: Correlation between Microfinance Banks Loan and Entrepreneurship Development

		1	2	3	4	5	6	7
1	Correlation Coefficient	1.000	.933**	.799**	.789**	.897**	.832**	.851**
	Sig. (2-tailed)	.	.000	.000	.000	.000	.000	.000
	N	259	259	259	259	259	259	259
2	Correlation Coefficient	.933**	1.000	.951**	.951**	.877**	.939**	.973**
	Sig. (2-tailed)	.000	.	.000	.000	.000	.000	.000
	N	259	259	259	259	259	259	259
3	Correlation Coefficient	.877**	.978**	1.000	.991**	.892**	.959**	.945**
	Sig. (2-tailed)	.000	.000	.	.000	.000	.000	.000
	N	259	259	259	259	259	259	259
4	Correlation Coefficient	.887**	.992**	.995**	1.000	.881**	.982**	.961**
	Sig. (2-tailed)	.000	.000	.000	.	.000	.000	.000
	N	259	259	259	259	259	259	259
5	Correlation Coefficient	.888**	.819**	.873**	.896**	1.000	.891**	.868**
	Sig. (2-tailed)	.000	.000	.000	.000	.	.000	.000
	N	259	259	259	259	259	259	259
6	Correlation Coefficient	.851**	.928**	.992**	.984**	.875**	1.000	.957**
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.	.000
	N	259	259	259	259	259	259	259
7	Correlation Coefficient	.874**	.982**	.991**	.770**	.885**	.959**	1.000
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.
	N	259	259	259	259	259	259	259

** Correlation is significant at the 0.05 level (2-tailed)

Source: SPSS Output, 2024

Table 4.4 above shows the correlation coefficient of all the 7 items which are all positive and above 0.7 indicating a positive relationship. The p value of all the 7 items showed 0.000 indicating the relationship is statistically significant at 0.05 degree of freedom. This shows that there is a positive and statistically significant relationship between microfinance banks loan and the entrepreneurship

development. The hypothesis 1 which says microfinance banks loan does not improve the entrepreneurship development in Adamawa State is therefore rejected. This finding establishes the position of Oluka et al (2023), Godfrey (2022) and Obiakor et al (2021), but contradicts the finding of Fowowe (2022). The results indicate that the microfinance



bank loan if properly utilize could improve the revenue yield of the entrepreneurs in the state.

Table 4.5 Correlation between Microfinance Banks Consultancy Service and Entrepreneurship Development

		1	2	3	4	5	6	7
Spearman's rho	Correlation Coefficient	1.000	.862**	.838**	.913**	.829**	.873**	.844**
	Sig. (2-tailed)	.	.000	.000	.000	.000	.000	.000
	N	259	259	259	259	259	259	259
	Correlation Coefficient	.862**	1.000	.971**	.982**	.889**	.952**	.982**
	Sig. (2-tailed)	.000	.	.000	.000	.000	.000	.000
	N	259	259	259	259	259	259	259
	Correlation Coefficient	.892**	.972**	1.000	.987**	.889**	.982**	.978**
	Sig. (2-tailed)	.000	.000	.	.000	.000	.000	.000
	N	259	259	259	259	259	259	259
	Correlation Coefficient	.782**	.979**	.992**	1.000	.916**	.983**	.970**
	Sig. (2-tailed)	.000	.000	.000	.	.000	.000	.000
	N	259	259	259	259	259	259	259
	Correlation Coefficient	.872**	.883**	.898**	.863**	1.000	.863**	.893**
	Sig. (2-tailed)	.000	.000	.000	.000	.	.000	.000
	N	259	259	259	259	259	259	259
	Correlation Coefficient	.921**	.928**	.938**	.919**	.883**	1.000	.989**
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.	.000
	N	259	259	259	259	259	259	259
	Correlation Coefficient	.882**	.987**	.993**	.937**	.858**	.955**	1.000
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.
	N	259	259	259	259	259	259	259

** Correlation is significant at the 0.05 level (2-tailed)

Source: SPSS Output, 2024

From the table 4.5 above, the correlation coefficient of all the 7 items are above 0.7 and positive, this shows a positive relationship. The p value of all the 7 items also showed 0.000 which means the relationship is statistically significant. It is significant at 0.05 alpha values. This implies that there is a

positive and significant relationship between microfinance consultancy services and the entrepreneurship development. Based on this premises, the null hypothesis 2 is rejected which says there is no significant impact of microfinance consultancy services on the entrepreneurship development in



Adamawa State. The result affirms the results of Okunbanjo(2022), Fagbeni et al (2022), Hasbolah et al (2021) but contradicts Anoke (2022) finding.

Table 4.6 Correlation between Microfinance Banks and Entrepreneurs Working Capital

		1	2	3	4	5	6	7
Spearman's rho	Correlation Coefficient	1.000	.899**	.772**	.883**	.829**	.862**	.878**
	Sig. (2-tailed)	.	.000	.000	.000	.000	.000	.000
	N	259	259	259	259	259	259	259
	Correlation Coefficient	.899**	1.000	.975**	.948**	.879**	.926**	.995**
	Sig. (2-tailed)	.000	.	.000	.000	.000	.000	.000
	N	259	259	259	259	259	259	259
	Correlation Coefficient	.878**	.963**	1.000	.922**	.891**	.983**	.962**
	Sig. (2-tailed)	.000	.000	.	.000	.000	.000	.000
	N	259	259	259	259	259	259	259
	Correlation Coefficient	.783**	.924**	.988**	1.000	.876**	.964**	.930**
	Sig. (2-tailed)	.000	.000	.000	.	.000	.000	.000
	N	259	259	259	259	259	259	259
	Correlation Coefficient	.882**	.883**	.869**	.899**	1.000	.837**	.888**
	Sig. (2-tailed)	.000	.000	.000	.000	.	.000	.000
	N	259	259	259	259	259	259	259
	Correlation Coefficient	.853**	.983**	.988**	.994**	.869**	1.000	.958**
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.	.000
	N	259	259	259	259	259	259	259
	Correlation Coefficient	.888**	.965**	.993**	.990**	.873**	.992**	1.000
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.
	N	259	259	259	259	259	259	259

** . Correlation is significant at the 0.05 level (2-tailed)

Source: SPSS Output, 2024

Table 4.6 above shows the correlation coefficient of all the 7 items which are all positive and above 0.8 indicating a positive relationship. The p value of all the 7 items showed 0.000 indicating the relationship is statistically significant at 0.05 degree of freedom. This shows that there is a positive and

statistically significant relationship between microfinance banks and working capital of entrepreneurs. The hypothesis 3 which says there is no significant impact of microfinance banks on the working capital of entrepreneurs in Adamawa



State. This finding supports the position of Eke and Idogun (2022) and Frank et al (2002).

V. Conclusion and Recommendations

Conclusion

This study shows that the main objective of the study have been met since it shows that all the specific objectives are stand to impact on the entrepreneurs in Adamawa State. This study shows specifically that microfinance banks have impacted significantly on the entrepreneurship development through provision of bank loan in Adamawa State, microfinance banks have impacted significantly on the entrepreneurship development through rendering of consultancy services in Adamawa State and microfinance banks have impacted significantly on the working capital of entrepreneurs in Adamawa State.

Recommendations

Base on the findings of this study, it was recommended that:

- i. The Central Bank of Nigeria should bring up new regulations that would allow microfinance banks to give out loan to entrepreneurs at a very low interest rate so as to improve their performance in Adamawa state.
- ii. Microfinance banks should increase the provision of other consultancy services to entrepreneurs such as financial advice, commodity marketing, micro-insurance and leasing in order to improve their performance in Adamawa state.
- iii. Entrepreneurs should have the ability to adopt a more entrepreneurial mindset and improve performance in terms of customer base, sales growth, returns on investment and revenue so as to improve their working capital.

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