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MICRO FINANCE AND SMALL BUSINESSES IN NIGERIA: A DESCRIPTIVE ANALYSIS

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ABSTRACT
Microfinance bank is charged with responsibilities of empowering Small-Scale Businesses (SSBs) in grassroots as its greater challenges; among which at present is how the Microfinance Institutions (MFI) can reach a greater number of small-scale business entrepreneurs. The aim of this study to make a descriptive analysis of micro finance and its impact on Small-Scale Businesses in Damaturu. The study is based on primary data which has been collected from Damaturu Metropolis Area. The sample size of the study is 50. During the analysis of the data, 25% of the respondents' rated sales volume as low before accessing microfinance loan, while only 10% rated it as poor after accessing microfinance loan. The result also shows that the only 15% agreed that their sales volume was high before accessing, while 42.5% and 30% rated sales volume to average and high respectively. The study also revealed that the rate of returns on investment as poor by 15%, as average by 30% as low by 50% and high by 5%, while the rating changed after accessing Microfinance loan by 32.5% rating it to high as against 5%before and 10% as poor against 15%.
Keywords: *Microfinance, Small-Scale Businesses, Multiplier, Gross Domestic Product.*

INTRODUCTION
The efforts of the Federal Government of Nigeria in promoting the development of small scale businesses over the years and till date are mainly in the areas of developing monetary, fiscal, industrial and financial policies. This has led to the establishment of various schemes and institutions like; Small Scale Industry Credit Scheme (SSICS), Nigerian Industrial Development Bank (NIDB), Nigerian Bank for Commerce and Industry (NBCI), and National Directorate of Employment (NDE). As laudable as these programs were, quite a few were able to have reasonable impacts on the development of Small-Scale Businesses (SSBs). One of the newest initiatives is the Small and Medium Industries Equity Investment Scheme (SMIEIS). This was initiated by the Central Bank of Nigeria as a means of providing long-term finances and professional guidance through participating Nigerian banks that commits 10 percent of their annual pre-tax profits to equity investment in the Small-Scale Businesses (SSBs). In Nigeria, credit has been recognized as an essential tool for promoting small and Medium Enterprises (SMEs). About 70 percent of the population is engaged in the informal sector or in agricultural production. The Federal and State governments have recognized that for

sustainable growth and development, the financial empowerment of the people is vital. If this growth strategy is adopted and the latent entrepreneurial capabilities of this large segment of the people is sufficiently stimulated and sustained, then positive multipliers will be felt throughout the economy. To give effect to these aspirations, various policies have been instituted over time by the Federal Government to improve rural and urban enterprise production capabilities (Olaitan, 2006). Successive governments have come up with special programs, whose principal targets are the overall empowerment of low-income earners in rural and urban centers. These programs range from Agricultural Development Projects (ADPs), the establishment of Agricultural Credit Banks to better life programme for rural women and the like. Unfortunately, most of the programme failed to achieve the desired result. That led to the emergence of microfinance banks, which aimed at extending credits to micro enterprises and encouraging entrepreneurship. The Nigerian Microfinance industry has come a long way; it boasts of all the four well-known models in the industry. A CBN study identified, as of 2001, 160 registered MFIs in Nigeria with aggregate savings worth N99.4 million and outstanding credit of N649.6 million, indicating huge business transactions in the sector (Anyanwu, 2004). Institutional structures for the provision of micro credit vary and may be any of the following: government or public sector-oriented, NGO supported, traditional or a mixture of two or more of these. Yobe State, with a population of about 4 million (NPC, 2006) of which about two-thirds of the residents are poor and struggling for survival in the face of high rate of unemployment, the need for micro finance support cannot be over emphasized. Most of these people in Yobe state are dependent on micro and small-scale farming and off-farm enterprises for their livelihood. As such, their entrepreneurial contributions are strategic to Nigerian economic development and growth has great potential to contribute to income generation and poverty alleviation. Nevertheless, the contribution of these SSBs in the state is probably below expectation and could be due to lack of enough capital to start with or other problems. It is against this background that the researcher intends to carry out this research work to see the major problem of loan accessibility to this Small-Scale Business (SSBs) in Yobe State.

Micro-finance is a term used to refer to different methods for giving poor people access to financial services. Ogujiuba et al (2013)defined microfinance as the provision of financial services such credits (loans), savings, micro-leasing, micro-insurance, and payment transfers to economically active poor and low-income household to enable them engage in income generating activities or expand/grow the small businesses. It is the supply of loans, savings and other basic financial services to the poor. The objectives of setting up Micro Finance Bank is to offer reasonable, reliable and expanded monetary services to the poor that are lively, energetic and full of life, in an appropriate and viable way that would allow them to embark on and advance lasting, continuous industrial activities; Organize funds for financial intermediation; Generate openings in employment of people and enhance the output of the lively poor in the nation, thus, adding to their personal domestic income and elevating their standard of living; Improve planned, orderly and concentrated contribution of the poor in the socio-economic progress and resource distribution procedure and Offer authentic opportunities for the management of the micro credit agenda of government and high net worth persons on a non-recourse case basis. It is how this bank has been able to perform its objectives in Damaturu that's why this study truly wants to access.

LITERATURE REVIEW

The important role of small scale businesses play in an economy is known world over. They have contributed largely to the economies of developed countries. Prior to the late 19th century, small and medium enterprises controlled the economy of Europe. The Chinese economy largely depends on these small businesses for productivity, job creation and stability. In India, after agriculture, small enterprises are the second largest employer of labor. Also, in Indonesia, about 99% of all businesses operate in this subsector, employing about 88.66% of the workforce and these businesses contribute about 49% of the GDP. It can be seen clearly without doubt that small businesses contribute largely to the growth of most economies. Musa Aisha (2012) have identified that the entrepreneurs are people who have the ability to see and evaluate business opportunities; to gather the necessary resources to take advantage of them; and to initiate appropriate action to ensure success. On the other hand, Ben (2011) defined entrepreneurs as action-oriented, highly motivated individuals who risks achieving goals. A lot of opportunities exist for the entrepreneur in Nigeria because the country offers green pastures for establishing small scale businesses. Nigeria is one of the countries that have the largest untapped natural and human resources in the world. Owualah, (1999) identified lack of access to finance as one of the major constraint to small business growth. If small scale businesses cannot access funds, this means savings would be impossible hence accumulating own capital for further investment would be difficult. Akinyi (2009), established the some of the problems faced by microfinance banks to be under capitalization, inefficient management, which has impinged on their ability to perform. Godstime & Uchechi (2014) noted that currently only about 14.1 and 3.5% went to Agriculture and manufacturing while 78.4% went to commerce.

All these factors among others contribute to small scale businesses‟ inability to access funds hence making the establishments of small scale businesses still very low. Makokha (2006) in his study he found out that the inadequacy of capital hindered expansion of business. Mkazi (2007) has reported that majority of SSB's staff strength have improved more than before taking the loan, which could not have been possible without the intervention of microfinance loans. Idowu (2008), cited the following as constraints faced by microfinance banks: Low Capital Base, Insiders Abuse, Inadequate business opportunity in Nigeria, change in government policies, and focusing on the wrong group of customers. Kolawole (2013) contends that small and medium scale enterprises play a very important role in developing economies. This view appears to be supported by Chijah and Forchu (2010) when they argue that the promotion of micro enterprises in developing countries is justified in their abilities to faster economic growth, alleviate poverty and generate employment. The above studies revealed that the importance of Micro Financing. It plays an important role to creating more job opportunity at households' level, reducing poverty, raising the standard of living of the people and so on. Therefore, the needs arrived to analyze and check the role of it in Damaturu.

DATA COLLECTION AND USED METHODOLOGY

The study is based on primary data which is collected from Damaturu Metropolis Area. The data were obtained from the beneficiaries of Micro Finance loans from the Micro Finance Banks domiciled in the city of Damaturu. Primary data were collected in line with the core determinant of the research namely the analysis of Micro Finance loan on profitability of SSBs, on sales volume of SSBs, on capital employed and employment generation of SSBs. For this purpose, the questionnaires are made by the researcher. For the collection of data, the survey method was used to obtain through a structured questionnaire; alike scale of 1-5 calibers will be used to obtain data from the respondents of the SSBs. The scale is designed to connote the responses where Strongly Agreed (SA), Agreed (A), Undecided (U), Disagreed (D) and Strongly Disagreed (SD). This is a closed ended questionnaire where respondents are at liberty to select a response of their choice. Interview was also used to obtain data from the respondents (SSBs owners). For this study, fifty (50) questionnaires were distributed to people but only forty (40) were retrieved. That led to the use of forty (40) questionnaires that were filled appropriately. As such, the researcher used 40 questionnaires for this research work. The descriptive and analytical methods are used to the analysis of the study.

DATA ANALYSIS

For the analysis of data, the Tables 1 to 12 are given below which shown the answer of respondents:

Table1: Rating of the Sales volume before and after accessing Microfinance Loan by Respondents

Variable	Period	Response				Total
		Poor	Average	Low	High	
How will you rate your sales volume before/after accessing microfinance loan?	Before	10 (25%)	8 (20%)	16 (40%)	6 (15%)	40 (100%)
	After	4 (10%)	17 (42.5%)	7 (17.5%)	12 (30%)	40 (100%)

Source: Field survey, (2017)

Table 1 describes the respondent's responses on rating of sales volume before and after accessing microfinance loan. From the table, 25% of the respondents' rated sales volume as low before accessing microfinance loan, while only 10% rated it as poor after accessing microfinance loan. The result also reveals that only 15% agreed that their sales volume was high before accessing, while 42.5% and 30% rated sales volume to average and high respectively. The result reveals that the sales volume of the respondents increases high by 30% after accessing the loan than 15s% before accessing microfinance loan. This implies that microfinance loan has a great impact on respondent's sales volume.

Table2: Rating of Returns on Investment before and after Microfinance Loan by Respondents.

Variable	Period	Response				Total
		Poor	Average	Low	High	
Rating of returns on investment as a result of sales before accessing MFB loan	Before	6 (15%)	12 (30%)	20 (50%)	2 (5%)	40 (100%)
	After	4 (10%)	17 (42.5%)	6 (15%)	13 (32.5%)	40 (100%)

Source: Field survey, (2017)

Table 2 describes the behavior of returns after investment. The result shows that before accessing Microfinance loan, the respondents rated returns on investment as poor by 15%, as average by 30% as low by 50% and high by 5%, while the rating changed after accessing Microfinance loan by 32.5% rating it to high as against 5%before and 10% as poor against 15%. This result implies that there was a significant change in returns after investment by 32.5%. Meaning that microfinance loan has effect on returns after investment.

Table 3: Rating Annual Sales before and after Microfinance Loan by Respondents

Variables	Period	Response				Total
		5 million	10 Million	15 Million	20 Million	
Rating annual sales before/after accessing MFB loan	Before	24 (60%)	8 (20%)	6 (15%)	2 (5%)	40 (100%)
	After	5 (12.5%)	18 (45%)	9 (22.5%)	8 (20%)	40 (100%)

Source: Field survey, (2017)

Table 3 describes the behavior of annual sales before and after accessing microfinance loan. The result shows that before accessing microfinance loan, only 5% has annual sales of 20 million naira before accessing microfinance loan as against 20% after accessing the loan. Those with 5 million naira as their annual sales reduced by 12.5% after accessing the loan against 60% before accessing the MFB loan. This result implies significant change in annual sales before and after accessing microfinance loan.

Table 4: Rating of Earning Capacity before and after Microfinance Loan by Respondents

Variables	Period	Response				Total
		Poor	Average	Low	High	
Rating of earning capacity of your business before/after Microfinance loan	Before	4 (10%)	10 (25%)	20 (50%)	6 (15%)	40 (100%)
	After	5 (12.5%)	17 (42.5%)	8 (20%)	10 (25%)	40 (100%)

Source: Field survey, (2017)

Table 4 describes the behavior of earning capacity of the respondent's businesses. The result shows that before accessing microfinance loan, the earning capacity of the respondents was rated as poor by 10%, respondents before accessing as against 12.5% after accessing the loan, rated average by 20% before accessing loan as against 42.5% after the loan, rated low by 50% before as against 25% after accessing the loan. This result implies that there was a significant change in earning capacity of the respondents as only 15% rated it high before accessing the microfinance loan as against 25% after the loan. Meaning that microfinance loan has effect on the earning capacity of the respondent's businesses as described above.

Table 5: Rating of Staff intake before and after Microfinance Loan by Respondents

Variables	Period	Response				Total
		Poor	Average	Low	High	
Rating of staff intake before/after accessing microfinance loan	Before	10 (25%)	8 (20%)	18 (45%)	4 (10%)	40 (100%)
	After	4 (10%)	16 (40%)	9 (22.5%)	11 (27.5%)	40 (100%)

Source: Field survey, (2017)

Table 5 describes the change in staff intake before and after accessing microfinance loan. The result reveals that before accessing microfinance loan, staff intake of the respondents was rated as poor by 25%, respondents before accessing as against 10% after accessing the loan, it was also rated average by 20% before accessing loan as against 40% after the loan, only 10% respondents rated staff intake to be high before accessing microfinance loan as against 27.5% after accessing the loan. This implies that there is a significant change in staff intake of the respondents as only 10% rated it high before accessing the microfinance loan as against 27.5% after the loan. Meaning that microfinance loan has great effect on the staff intake of the respective (SMEs) businesses as described above.

Table 6: Rating of number of employee before and after Microfinance Loan by Respondents

Variables	Period	Response				Total
		< 10	1 – 5	5 – 10	>10	
Number of employee before and accessing the loan.	Before	26 (65%)	10 (25%)	4 (10%)	0 (0.0%)	40 (100%)
	After	5 (12.5%)	20 (50%)	9 (22.5%)	6 (15%)	40 (100%)

Source: Field survey, (2017)

Table 6 above shows that 65% of the total respondents had<10 employees, 25% had 10 – 20 employees, 10% had 21 – 25 employees none of the respondents had >25 employees before accessing microfinance loan while there was an improvement of 12.5% having < 10 employees, 50% have 10 -20 employees, 22.5% have 21 – 25 employees and 15% have >25 employees after accessing microfinance loan. It can be concluded that there was a drastic change of numbers of employees after accessing MFB loan, which implies microfinance loan has a significant effect in the number of employee in an organization.

Table 7: Rating of net profit before and after Microfinance Loan by Respondents

Variables	Period	Response				Total
		<500,000	>1 million	< 1 Million	>1 Million	
Profitability before and after accessing MF loan.	Before	22 (55%)	10 (25%)	7 (17.5%)	1 (2.5%)	40 (100%)
	After	4 (10%)	5 (12.5%)	19 (47.5%)	12 (30%)	40 (100%)

Source: Field Survey, (2017)

Table 7 describes the net profit of the respondents before and after accessing microfinance loan. It was asked that indicate your net profitability before and after accessing MF loan and the result reveals that there was a positive change after the respondents access the microfinance loan as the net profit of the individual increases from 2.5% who have net profit of >4 million before microfinance loan to 30% after accessing the loan. Other indicators are the reduction of <2million where 55% was recorded before and 10% after. This implies that there is a great increase in respondent's net profit after accessing microfinance bank loan.

Table 8: Rating profitability before and after Microfinance Loan

Variables	Period				Total
		Moderate	Low	HIGH	
Rating of profitability of organization before /after accessing MF loan.	Before	6 (15%)	25 (62.5%)	9 (22.5%)	40 (100%)
	After	20 (50%)	8 (20%)	12 (30%)	40 (100%)

Source: Field survey, (2017)

Table8 describes the profitability of the respondents before and after accessing microfinance loan. It was asked that how do you rate the profitability of your organization before /after accessing MF loan; and the result reveals that only 22.5% rated their profitability as high before accessing microfinance bank loan while 30% rated as high after accessing the microfinance bank loan. Those recorded moderate were 15% before and 50% after accessing microfinance loan. This shows that there was a great turning around in the respondent's profitability as there was an increase from 22.5% before and 30% after accessing microfinance loan.

Table 9: Rating of performance before and after Microfinance Loan by Respondents

Variables	Period				Total
		Moderate	Low	HIGH	
Rating of employees' performance of your staff before /after accessing MF loan.	Before	10 (25%)	26 (65%)	4 (10%)	40 (100%)
	After	21 (52.5%)	6 (15%)	13 (32.5%)	40 (100%)

Source: Field survey, (2017)

Table9 describes the rating performance by the respondents before and after accessing microfinance bank loan. It was asked that how will you rate the performance of your staff before /after accessing MF loan.; and the result reveals that only 10% rated their performance as high before accessing microfinance bank loan while 32.5% rated as high after accessing the microfinance bank loan. Those who rated performance as moderate were 25% before and 52.5% after accessing microfinance loan. This shows that there was a great turning around in the performance as there was an increase from 10% before and 32.5% after accessing microfinance loan.

Table10: Rating of Capital Base before and after Microfinance Loan by Respondents

Variables	Period	Response				Total
		< 2 Million	>2 Million	< 4 Million	>4 Million	
Rating of capital base before /after accessing MF loan	Before	22 (55%)	9 (22.5%)	7 (17.5%)	2 (5%)	40 (100%)
	After	4 (10%)	8 (20%)	21 (52.5%)	7 (17.5%)	40 (100%)

Source: Field Survey, (2017)

Table 10 describes the rating of capital of the respondents before and after accessing microfinance bank loan. It was asked that indicate your capital base before /after accessing MF loan; and the result reveals that there was a positive change after the respondents access the microfinance loan as the rating of capital of the individual increases from 5% who have capital of >4 million before accessing microfinance bank loan to 17.5% after accessing the loan. Other indicators are the reduction of <2million where 55% was recorded before and 10% after. This implies that there is a great increase in respondents' capital after accessing microfinance bank loan.

Table 11: Impact of Microfinance loan on SSBs capital

Variables	Period				Total
		Undecided	Disagreed	Agreed	
Rating of how Microfinance loan enhances SSBs capital.	Before	4 (10%)	11 (27.5%)	25 (62.5%)	40 (100%)
	After	6 (15%)	12 (30%)	22 (55%)	40 (100%)

Source: Field Survey, (2017)

Table11 reveals that when asked if microfinance loan enhances SSBs capital, only 27.5% disagreed while 62.5% agreed that microfinance loan have effect on enhancing Small Scale Business's capital. This result was same after accessing microfinance loan where only 30% disagreed and 55% agreed. Generally, this indicates that microfinance loan has a great effect in enhancing Small Scale Business's capital.

Table 12: Respondents Access to Microfinance Loan Increases Reinvestment Level of SSBs

Variables	Period	Undecided	Disagreed	Agreed	Total
Rating of how microfinance loan access increases reinvestment level of SSBs	Before	5 (12.5%)	10 (25%)	25 (62.5%)	40 (100%)
	After	5 (12.5%)	10 (25%)	25 (62.5%)	40 (100%)

Source: Field Survey, (2017)

Table12 sought to find out if access to microfinance loan increase reinvestment level of SSBs; where only 20% disagreed and 62.5% agreed that access to microfinance loan increases reinvestment level of SSBs. This result was same after accessing microfinance loan. In general, this implies that majority of the respondents agreed that access to microfinance loan increases reinvestment level of SSBs.

CONCLUSION

Based on the findings of this study, it concluded that there is a significant relationship between microfinance loan and the profitability of SSBs, which was supported by Yunus (1999) confirmed that microfinance loan correct market failures, provide access to credit to lower income earners, SSBs and create economic power, which at the end, increases profitability of businesses. Also, that there is a significant relationship between Microfinance Bank loan and sales volume of SSBs in Damaturu Metropolis. Literatures have proved that as Makokha (2006) stated that inadequacy of capital hindered expansion of business. And it is known that expansion is one of the facilities that will lead to profitability of businesses. This hindrance caused by inadequate funds can be solved by the intervention of microfinance bank loan when properly utilized by the borrower. Therefore, we can submit by saying that microfinance loan should be made more accessible to the SSB owners since it is critical for its profitability and continuity in business. Furthermore, the result also found out that there is a significant relationship between Microfinance Bank loan and capitals employed by SSBs in Damaturu Metropolis, this finding agrees with Kolawole (2013) who stated that microfinance bank loan enhances capital employed by SSBs. Finally, that there is high level of significance between Microfinance Bank Loan and staff strength of SSBs in Damaturu metropolis. Mkazi (2007) reported that majority of SSB's staff strength have improved more than before taking the loan, which could not have been possible without the intervention of microfinance loans. He further stated that it has increased the earning capacity of the SSBs as well as saving for the future. Therefore, microfinance loan plays significant role in staff strength development and utilization for SSBs.

RCOMMENDATIONS

The following recommendations were made in the course of this study: There is need for development of a regulatory and supervisory framework for all forms of operations regarding loan disbursement by the Microfinance Banks in Nigeria in general and Yobe in particular so as to assist the development of Small Scale Business. It is not only desirable to regulate only Microfinance Banks, but also others that mobilize savings for purposes of lending to their clients. A regulatory body should be established and charged with the responsibility of building capacity through the training of directors and managers of Small Scale Business to enable them develop an efficient information system and give them a managerial ability to know how to identify and managing risks that may come in process of managing the loans given to them. Government and stakeholders should make provision for training and enlightenment of owners of Small Scale Business in the areas of capital expansion, so as to help them maximize loan opportunities and also increase labour employments. Finally, government should also improve on the state of infrastructural facilities to reduce the transactional costs associated with the administration of micro credit in the country so as to assist small Scale Businesses.

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