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Constraints to Women Entrepreneurs' Access to Microfinance Services in Bayelsa State, Nigeria

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Abstract
Providing access to micro-finance especially for women entrepreneurs is considered a precondition not only for poverty alleviation, but also for women's empowerment. Despite this growing importance, women entrepreneurs seem to be faced with numerous barriers in accessing microfinance services in developing countries. This paper identified the constraints faced by women entrepreneurs in accessing microfinance services in Bayelsa State, South-South Nigeria and the strategies that can be employed to improve access. A composed sample of one hundred and fifty respondents randomly selected from three local governments in Bayelsa State made up the sample while descriptive statics-mean scores and exploratory factor procedure were used to achieve the study objectives. The results of the study showed that women entrepreneurs in Bayelsa State were faced with technical, management, economic, and social constraints in accessing microfinance services. The result equally revealed Interest rate reduction, relaxation of the conditions inherent in microfinance access, bringing microfinance services closer to the people, more public enlightenment for women entrepreneurs about microfinance services, reducing the payback period for microcredit as strategies that can improve access to microfinance services in the State. The author recommends that policies should be strengthened to make access to microfinance less difficult for women.
Keywords: Women entrepreneurs, Microfinance, Empowerment, Poverty alleviation, Constraints, Services.

1. Background

One factor inhibiting the attainment of development goals in less developed countries is the populace's general inability to access factors of production, especially finance. This limits the entrepreneurial ability of the people, especially the poor. Consequently, potential employment opportunities and household prospects for creating wealth and improving income are lost. Microcredit has been one framework adopted to address this problem. Its evolution reflects acknowledgement of credit market failures especially in the formal financial sector. There has been, therefore, a shift from the formal financial sector to microfinance which incorporates both savings and credit. This suggests that saving services, and not simply loans, can help to improve the welfare of the poor in general and women in particular (Vonderlack and Schreiner 2001).

Microfinance has received most significant recognition of its importance in the 2005 World Summit. The Summit Outcome Document recognized the need for access to financial services, in particular for the poor, including through microfinance and microcredit. Support for microfinance was also strongly implied in the endorsement by the Summit of the 2002 Monterrey Consensus, which states: "Microfinance and credit for small and medium-sized enterprises, including in rural areas, particularly for women are important for enhancing the social and economic impact of the financial sector. The microfinance received further recognition as the year of 2005 has been declared the International Year of Micro-credit (Khartoun report, 2009)

Thus MFIs have emerged in many countries as a response to address the failure of the state-led and mainstream formal financial system to reach the poor who were not seen as bankable clients due to information asymmetry and risk perceptions. It is widely accepted that MFI programs can compensate for some of the weaknesses in developing capital markets and can help low-income entrepreneurs to improve their enterprises and raise their standards of living. Of particular interest is the possibility that microfinance support programs can promote the success of women entrepreneurs who may lack access to other forms of assistance (AIMS 1997).

In Nigeria, microfinance activities are rooted in the culture of the people and come in various forms. Non-governmental organizations' activities in microfinancing have also emerged. In 2005, a Microfinance Policy, which provides a regulatory and supervisory framework, was initiated by the Nigerian government (Central Bank of Nigeria 2005). One of the targets of the policy is to eliminate gender disparity in access to financial services.

In spite of this initiative access to finance by women entrepreneur still remain a daunting task despite the pivotal role of women in the economy. It is interesting to note however that women constitute almost half, 49.8 percent of the total population in Nigeria and 40.9 percent of the labour force in 2002 (World Bank, 2004). Women still suffer vulnerability to deprivation, intimidation, and extreme suffering the numerical strength notwithstanding (Nkamnebe, 2009).

Women as micro and small entrepreneurs have increasingly become a key target group for micro-finance programmes. Providing access to micro-finance is considered a precondition for poverty alleviation, but also for women's empowerment. As poor women are increasingly recognized to be better borrowers, they are starting to become of interest also to regular financial institutions. But despite the proven positive impact of providing microfinance services to female entrepreneurs, there is still great barrier in accessing microfinance by women entrepreneurs. This study therefore sets out to identify and analyze the factors that constraints women entrepreneurs from gaining access to microfinance in Bayelsa State and equally examine the strategies to facilitate access to microfinance services as a means to reduce poverty.

2. Literature Review

2.1 Gender-Specific Constraints

The norms and rules defining social relationships among different groups in society, which place some in positions of dominance over others and differentiate the choices available to them—including in relation to access to and control over resources—have been termed “structures of constraint” (Folbre, 1994). Gender-specific structures of constraint refer to the social norms, values and practices which define inequalities between women and men in societies, generally allocating different roles and responsibilities and assigning a lower value to those aptitudes, capabilities and activities conventionally associated with women. Gender-specific norms typically include the assignment of responsibility for reproductive work within the family to women and the primary wage-earning responsibility to men.

Women's concerns and gender-related constraints tend to negatively affect equal participation of both sexes at the local, institutional and policy levels. Hence, this may lead to a failure to utilize the full potential of human resources for wealth creation, as one section of the population, which forms the majority, is left out or only allowed limited opportunities. Disabled women entrepreneurs face bigger barriers than other women entrepreneurs in general, in the form of limited mobility, discrimination, myths/negative cultural attitudes, overprotection, marginalization and lack of specific funding that takes into consideration their conditions

2.2 Financial and credit availability and accessibility

Financial availability and accessibility is cited in many studies as being one of the major barriers and constraints to growth. In a study of NGOs and women small-scale entrepreneurs in the garment manufacturing sector of the textile industry in Nyeri and Nairobi by Macharia and Wanjiru (1998), the factors that inhibit credit availability to women include: lack of start-up (seed) capital; lack of awareness of existing credit schemes; high interest rates; lengthy and vigorous procedures for loan applications; and, lack of collateral security for finance. These factors have become a major barrier to the growth potential of businesses owned by women

Although more than a quarter of households in Kenya are women-headed, only five per cent of the women own land in their own name (Feldman, 1984). At a recent "Kenya Gender and Economic Growth Assessment" seminar in May 2006, a case clearly illustrating the plight of women was presented by an official from the Ministry of Trade and Industry. A loan approved for the woman applicant by the Joint Loan Scheme at the Ministry, failed to materialize because her husband refused to pledge the family's land title deeds as collateral. Owning title deeds as collateral to finance expansion is still a hurdle for most women entrepreneurs, given that property is not usually registered in their names (Karanja, 1996). The Government is, however, moving towards solving this problem through the Sessional Paper No. 2 of 2005 and the Micro-Finance Bill of 2005. The latter became an Act of Parliament in December 2006. Accessibility to initial capital, even when available, is also a major hurdle for women entrepreneurs. Microfinance institutions (MFIs) and commercial banks choose where they locate, thus excluding entrepreneurs in remote regions, leading to regional disparities. Credit conditions when forming a group, paying membership fees, group registration fees and joining saving plans, result in delays in accessing initial capital, thereby worsening the women's household financial burden (Stevenson and St-Onge, 2005; Alila 2002). However, this is no longer the key barrier and constraint, but a lack of creativity, innovativeness and responsiveness (on the part of capital suppliers) that now hampers women's entrepreneurship in Kenya. Whereas many MFIs emerged to provide initial and working capital, relevance and cost-effectiveness is often inappropriate in satisfying the particular needs of potential and operating women entrepreneurs (Government of Kenya, 1999).

2.3 Legal and regulatory barriers

These include: registration of business names; obtaining licenses; adhering to statutory requirements and contracting. Due to the aforementioned factors, women entrepreneurs are the least prepared to engage in contractual processes key to doing business in Kenya. Contracts involve long legal processes such as leasing, drawing up business contracts, legal representation and other aspects which place the woman entrepreneur in a disadvantaged position. Most MSEs find these processes lengthy and time consuming, thus they cannot grow or expand their enterprises (K'Obonyo, 1999).

2.4 Technological Barrier

Appropriate technology is one that is suitable to the environment, culture and level of development of the people (www.unido.org). In Kenya, there is a general lack of appropriate technology available to disabled women entrepreneurs (McCormick and Pedersen, 1996). During a recent visit to APDK and UDPK, there was no data available on adaptive technology or assistive devices suitable to women entrepreneurs with different types of disability. During the primary phase of this study, it will be important to follow up on this issue.

2.5 Limited entrepreneurial culture and management skills

There is a general lack of an entrepreneurial culture in Kenya and, more particularly, for potential and operating women owner/managers of MSEs. Njeru and Njoka (1998) point out that due to patriarchal social authority structures, women received substantial family support in the start-up stages of their businesses, but later on such support is limited, restricted or withdrawn for fear of husbands losing dominance over their wives. Moreover, there are many socio-cultural factors in Kenya impacting negatively on the upbringing of girls. Many ethnic cultures socially condition girls to acquire the need for affiliation, rather than achievement. The situation is worse for disabled girls since they are discriminated against in their access to education, in addition to being viewed as "a bad-omen" for the family. They are sometimes even hidden by their families from the outside world.

3. Methodology

The study was carried out in Bayelsa State, South-south Nigeria. Multistage random sampling technique was used in selecting respondents. In the first place, from the eight local government areas that make up Bayelsa, three were randomly selected. These local governments include- Yenagoa, Ogbia, and Sagbama. From the three local governments, five communities were randomly selected from each of the local governments giving a total of fifteen communities for the study. Also, from each of the fifteen communities, ten (10) respondents (five beneficiaries and five non-beneficiaries of microfinance services) were selected giving a total of one hundred and fifty respondents for the study. The data used for the study were from primary sources. Detailed and structured questionnaire was used to elicit information from respondents. The questionnaire covered all possible responses to the research objectives.

Both mean scores and exploratory factor procedure will be used to realize the objective of the study. A four-point likert –type scale will be used. First of all, to determine the possible constraints as perceived by the respondents, the responses from the likert-type scale will be realized using means. Exploratory factor analysis procedure using the principal factor model with iteration and varimax rotation will be further employed in grouping the constraint variables into major constraint factors. In factor analysis, the factor loading under each constraint (beta weight) represents a correlation of the variables (constraint areas) to the identified constraint factor and has the same interpretation as any correlation coefficient. However, only variables with loadings of 0.40 and above (10% overlapping variance, Comrey, (1990)) will be used in naming the factors.

3.1 Findings

SOCIO-ECONOMIC CHARACTERISTICS OF THE RESPONDENTS

A number of socio-economic attributes of the respondents were examined. The examined socio-economic attributes included marital status, respondent’s place of residence, age, highest educational level and time of business.

Table 1. The Percentage distribution of respondents (beneficiaries and non-beneficiaries) according to their marital status

Marital Status	Beneficiaries	Non-Beneficiaries
Married	68.3	76.7
Single	16.7	15
Cohabitation	5	3.3
Widowed	10	5
Total	100	100

Source: Field data 2009

The distribution of respondents (beneficiaries and non-beneficiaries) according to their marital status is as shown in Table 1 above. The result shows that the majority of the respondents are married. For instance, while the majority of beneficiaries (68.3%) of the beneficiaries are married, 76.7% of the non-beneficiaries are also married. Also, the result shows that 16.7% of the beneficiaries are single, 10% are widowed while 5% of the beneficiaries are cohabiting (living with men without being lawfully married). On the other hand, 15% of the non-beneficiaries are single while 5% are widowed and 3.3% are co-habiting.

Table 2. The Percentage distribution of respondents (beneficiaries and non-beneficiaries) according to their Place of residence

Place of Residence	Beneficiaries	Non-Beneficiaries
Urban/Semi-urban	70	23.3
Rural	30	76.7
Total	**100**	**100**

Source: Field data 2009

Table 2 shows the percentage distribution of respondents according to their place of residence. The result shows that 30% of the beneficiaries reside in the rural area while 70% of the beneficiaries reside in urban and semi-urban areas. On the other hand, the result shows that 76.7% of the non-beneficiaries reside in the rural areas while 23.3% reside in urban and semi-urban areas. This result tends to indicate that there is location bias in the service delivery.

Table 3. The Percentage distribution of respondents (beneficiaries and non-beneficiaries) according to their Age

Age	Beneficiaries	Non-Beneficiaries
Less than 25	3.0	1.0
25-30	54.0	43.0
31-40	37.0	52.0
Above 40	6.0	4.0
Total	**100**	**100**

Source: Field data 2009

The percentage distribution of respondents according to their age is as shown in Table 3. The result shows that three percent (3%) of the beneficiaries are less than twenty-five (25) years while only one (1%) of the non-beneficiaries falls within this age bracket. The result further shows that fifty-four percent (54%) of the beneficiaries fell within the age range of 25-30years while forty-three percent (43%) of the non-beneficiaries fell within this range. The result further shows that thirty-seven percent (37%) of the beneficiaries fell within the age range of 31-40 years while fifty-two percent (52%) of the non-beneficiaries fell within this age range. In the same vein, while six percent (6%) of the beneficiaries are above the age of 40years, only four percent (4%) of the non-beneficiaries belong to this age range.

Table 4. The Percentage distribution of respondents (beneficiaries and non-beneficiaries) according to their Level of education

Level of Education	Beneficiaries	Non-Beneficiaries
Higher Degree	25	11.7
WAEC/GCE	55	53
FSLC	11.7	28.6
No formal Education	8.3	6.7
Total	100	100

Source: Field data 2009

The percentage distribution of respondents according to the highest level of education attained is as shown in Table 4. The result shows that the majority (55%) of the beneficiaries had WAEC/GCE, twenty-five percent (25%) had attained higher degree while twenty percent (20%) of the beneficiaries had below WAEC/GCE as their highest level of education. In the same vein, the majority (53%) of the non-beneficiaries had WAEC/GCE, about twelve percent (11.7%) had attained higher degree while about thirty-five percent (35.3%) had below WAEC/GCE.

Table 5. The Percentage distribution of respondents (beneficiaries and non-beneficiaries) according to their time of business

Time of business	Beneficiaries	Non-Beneficiaries
Fulltime	65	80
Part time	35	20
Total	**100**	**100**

Source: Field data 2009

The result in Table 5 shows the percentage distribution of respondents according to their time of business. The result shows that sixty-five percent (65%) of the beneficiaries engage in full time business while the remaining thirty-five percent (35%) engage in part time business. On the other hand, the result shows that eighty percent (80%) of the non-beneficiaries are engaged in full time business while twenty percent (20%) are engaged in part time business.

Table 6. The Percentage distribution of respondents (beneficiaries and non-beneficiaries) according to their household size

Household size	Beneficiaries	Non-Beneficiaries
1-4	26.7	21.7
5-9	66.7	65.0
10 and above	6.6	13.3
Total	**100**	**100**

Source: Field data 2009

The percentage distribution of respondents according to their household size is as shown in Table 6. The result shows that the majority of the beneficiaries had between 5 and 9 persons in their households, about twenty-seven percent (26.7%) of the beneficiaries had between 1 and 4 persons in their households while about seven percent (6.6%) of the beneficiaries have at least ten persons in their households. In the same vein, the majority (65%) of the non-beneficiaries had between 5 and 9 persons in their households, about twenty two percent (21.7%) had between 1 and 4 persons in their households while about thirteen percent (13.3%) had at least 10 persons in their households.

Table 7. Factors constraining Access to microfinance services by women entrepreneur in Bayelsa State

VARIABLE	FACTOR			
	Technical factor (1)	**Economic factor (2)**	**Management factor (3)**	**Social (4)**
Low accessibility of loan	.179	.081	**.590**	.041
Time lag between application and loan collection	-.045	.227	**-.524**	.030
Protocol before accessing loans	-.017	**.478**	-.119	.308
Transportation cost	**-.475**	-.081	.274	-.004
High interest rate	.024	**-.431**	.053	-.090
Limited amount of loan given	.152	**.407**	-.110	-.008
Lack of trust	**.544**	-.035	.154	.065
Distance	.006	.163	.176	**.405**
Stringent condition given	.015	-.353	.166	.065
Amount given is discretionary	-.201	-.147	**.489**	.078
Opening of account as a condition	.219	-.144	**.515**	.309
Securing of guarantor	-.188	-.273	-.227	**.539**
Loans are given to only people in business	.284	-.006	.108	**.592**
Having no knowledge of MFIs	.229	.494	.464	.034
Provision of collateral	-.291	**.505**	-.025	-.195
Non-willingness of MFIs to grant loan to women	.091	**.592**	-.136	-.210
MFIs services are concentrated in the urban centers	-.237	.281	-.100	.159
Diversion of funds	**-.464**	.102	-.008	-.320
Attitude of MFIs officials	-.002	.057	-.174	.112
Too many applications than what MFIs can serve	.159	.097	.106	**-.531**
MFIs give their loans in stages	-.110	**.436**	.324	-.190
Short payback period	**-.649**	.097	.010	.289
Loans are targeted at certain businesses	**.587**	.108	.066	-.189
Education level of the recipient	-.109	-.192	**.405**	-.068
Marital status of the recipient	**.637**	-.006	-.307	-.074
Recipient's year of business experience	.090	-.439	.127	-.422
Recipient's business location	.372	.002	.123	.146

Note: Factor loading of 0.4 is used (10% overlapping variance); any variable that loads **more than one** factor is dropped; also, a variable with loadings of **less than 0.40** is dropped

Table 7 shows the varimax rotated factors constraining access to microfinance services by women entrepreneurs in Bayelsa State. Four factors were extracted based on the responses of the respondents. Only variables of 0.40 and above (10% overlapping variance, Comrey (1962)) were used. Based on the clustering of items, factors 1, 2, 3, and 4 were named "Technical, Economic, Managerial, and Social factors respectively.

Under factor 1 (Technical factor), the specific constraint variables included transportation cost (-0.475), lack of trust (0.544), diversion of funds (-0.464), short payback period (-0.649), loan targeted at certain businesses (0.587), and marital status (0.637). Under economic factor, the items that loaded included protocol before acquiring loan (0.478), high interest rate on borrowing (-0.431), limited amount of loan given (0.407), provision of collateral (0.505), non-willingness of MFIs to grant loan to women entrepreneur (0.592), and marital status of respondents. Specific issues with high loading under managerial constraint (factor 3) included low accessibility to loan (0.590), the time lag between application and loan collection (-0.524), the amount given as loan is discretionary (0.489), opening of account as condition for microcredit access (0.515), the educational level of the entrepreneur (0.405). The main constraints as perceived by the entrepreneurs under social problems included distance (0.405), securing of guarantor (0.539), only people in business are being given loan (0.592), and finally, too many applications than MFIs can afford (0.531)

The implication of the findings is that the constraints identified by the study are capable of eroding the benefits of microcredit scheme to small scale investors, most especially the women entrepreneurs. In addition the chances of more women entrepreneur benefitting from this scheme would be hampered. Furthermore, women entrepreneurs' interest in microfinance incentives could be affected.

Table 8. Strategies to improve Access to Microfinance services by women entrepreneurs

Strategies to improve Access	Frequency	percentage	Cumulative percentage
Reduction of interest rate	45	30.0	33.3
Relax the conditions of loan	30	20.0	54.1
Bring MFIs closer to the people	25	16.7	70.8
Increase payback period	15	10.0	79.1
Sensitize more women about MFIs	20	13.3	91.7
Give priority to rural women	15	10	100
Total	**150**	**100**	**100**

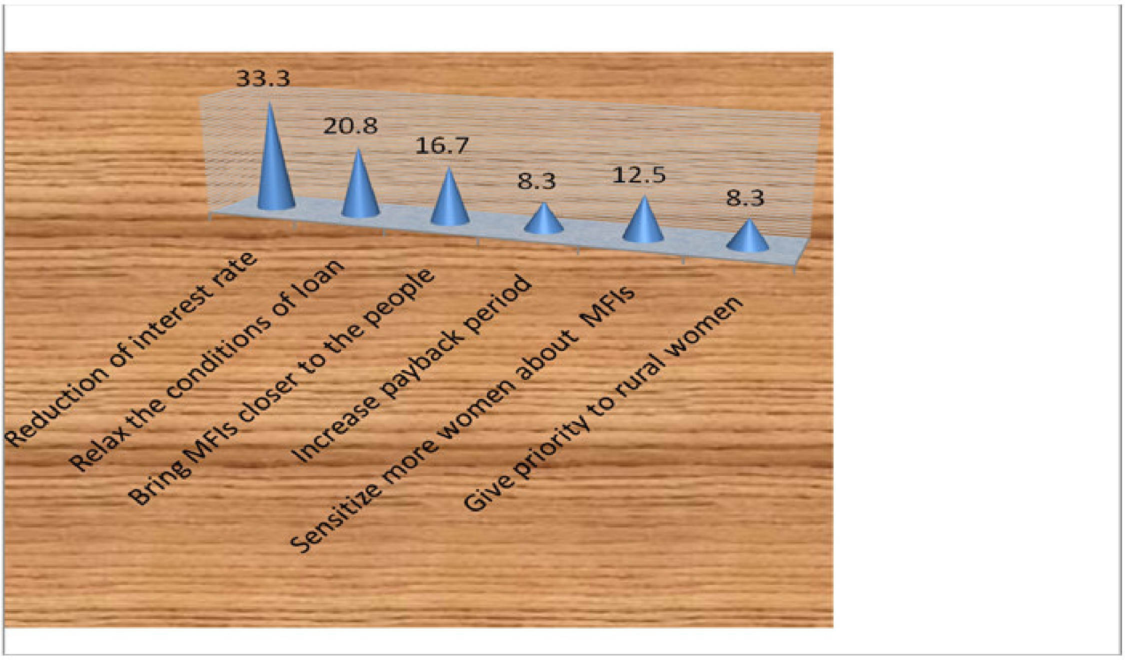

Figure 1: Strategies for improving Access to microfinance services by women entrepreneurs in Bayelsa State

The results in table 8 and figure 1 show the opinion of the respondents on the strategies to improve access to microfinance services by women entrepreneurs in Bayelsa State. The results show that the majority of the respondents (30.0%) were of the view that the interest rate on borrowing should be reduced. This is followed by those whose opinion is that there should be policy to relax the conditions inherent in loan access through the microfinance banks. This group represents about twenty-one percent (20.0%) of the respondents. However, about seventeen percent (16.7%) of the respondents were of the view that microfinance institutions should be brought closer to the people. This may not be unconnected with the fact that the three microfinance institutions identified during the study are domiciled in Yenogoa, the State capital which is completely urban. This may bring a lot of difficulties on the part of rural dwellers in accessing microfinance services. On the other hand, about thirteen percent (13.3%) of the respondents were of the opinion that more women should be sensitized about microfinance services, while 10.0% each of the respondents were of the opinion that giving priority to women entrepreneur and increasing the payback period of microfinance loan are strategies to improve access to microfinance loan.

4. Conclusion

The study of constraints to access to microfinance services and strategies for improvement in Bayelsa State is very timely. Given the impact microfinance has made in other economies of the world like the Bangladesh, and the recent drive by the federal government of Nigeria towards using the small and medium scale industries as vehicles for economic development, microcredit scheme become a major plank in federal government policy for accelerated growth of the economy. The program has dual intent; poverty reduction and economic growth. The result showed that women entrepreneur in Bayelsa State were faced with some constraints in accessing microfinance services, such constraints include; Technical, management, economic, and social constraints in accessing microfinance services. The result equally revealed some strategies that can be used to improve microfinance services. Such strategies include: Interest rate reduction, relaxation of the conditions inherent in microfinance access, bringing microfinance services closer to the people, more public enlightenment for women entrepreneur about microfinance services, reducing the payback period for microcredit.

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