

# CONTEXTUAL FACTORS AFFECTING ACCESS TO SUSTAINABLE FINANCE BY FEMALE OWNED MICRO, SMALL AND MEDIUM SCALE ENTERPRISES: A CASE OF SHEA BUTTER PRODUCERS IN NIGER STATE, NIGERIA

Presenter: Indira Habiba Usman

Supervised by: Dr Sandra Einig

Department of Finance, Oxford Brookes Business School (OBBS)

E-mail: 19192236@brookes.ac.uk

April, 2023

## Background

While the number of micro, small, and medium-sized enterprises (MSMEs) founded by women in various developing economies has been rising at an increasing rate, significantly accelerating the creation of jobs and economic growth, the same cannot be said for the availability of the resources required to broaden their scope of operation.

### Research Aim:

To bridge the sustainable finance-related gap between the female Micro, Small and Medium Scale Entrepreneurs (MSMEs) and the suppliers of these finances in the agricultural sector of Nigeria.

## Research Objectives

- 1) To identify the major socio-economic factors that inhibit access of female-owned Micro Small and Medium Enterprises (MSMEs) to sustainable finance for starting and scaling up their shea butter processing business in Nigeria.
- 2) To identify the challenges facing Institutions in the provision of agricultural finance for female-owned MSMEs in the shea butter processing sector of Nigeria.
- 3) To explore the opportunities available to female-owned MSMEs in the shea butter processing sector of Nigeria to pursue growth and sustainability from 2012-2022
- 4) To provide a set of recommendations that would help female entrepreneurs in the shea industry in Nigeria to gain and improve access to finance that guarantees sustainability.

## Research Methodology

A mixed method approach was used by conducting convenience and snowballing selection procedures, the study identified 20 respondents, including female entrepreneurs, facilitators, financial institutions employees, and government institutional agents. Via paper-based surveys, telephone interviews, and Zoom sessions, their responses were gathered and descriptively analysed using NVivo 12.

Fig 1: Stakeholder pyramid

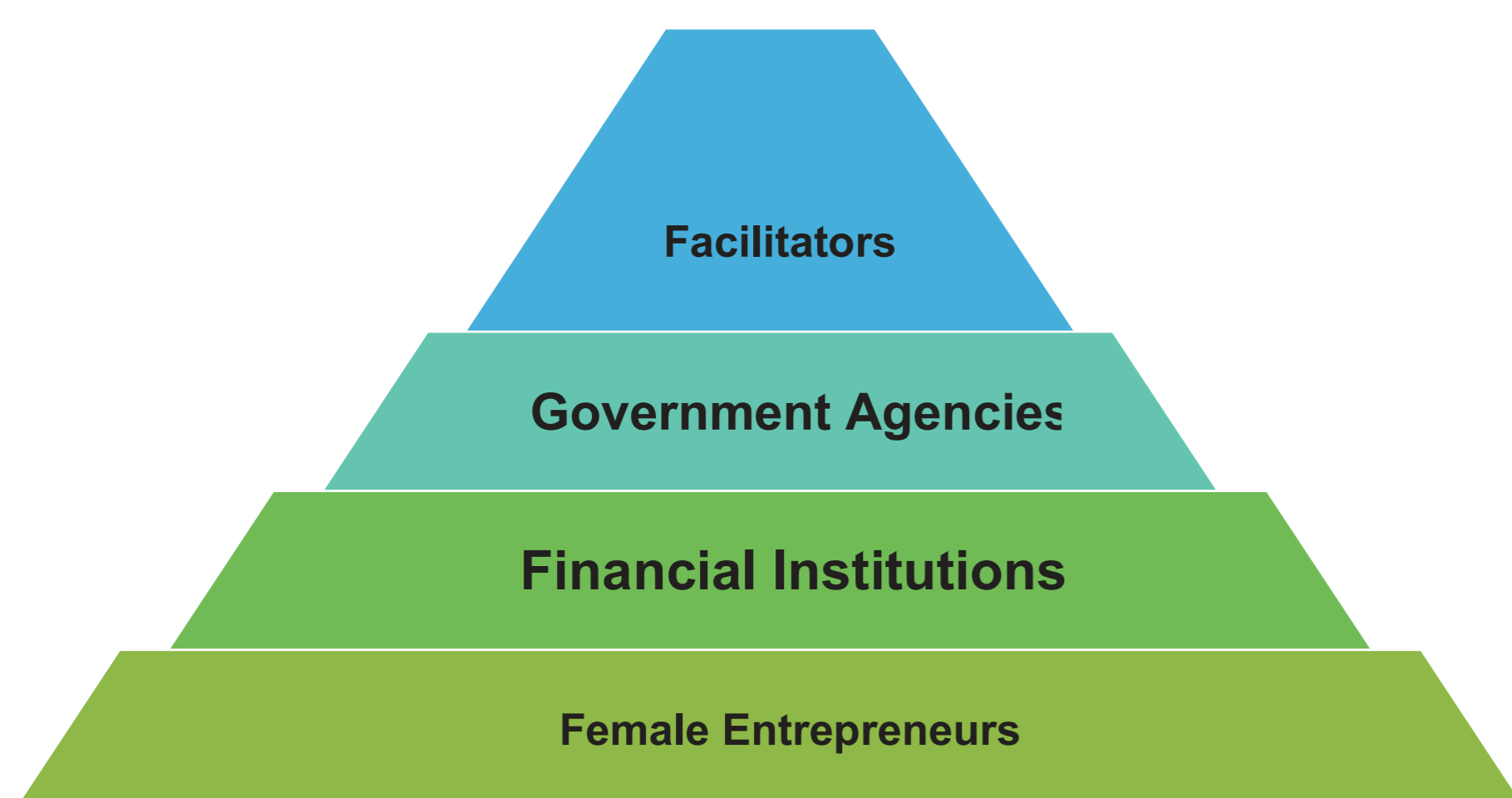


Fig 2: Respondents Age

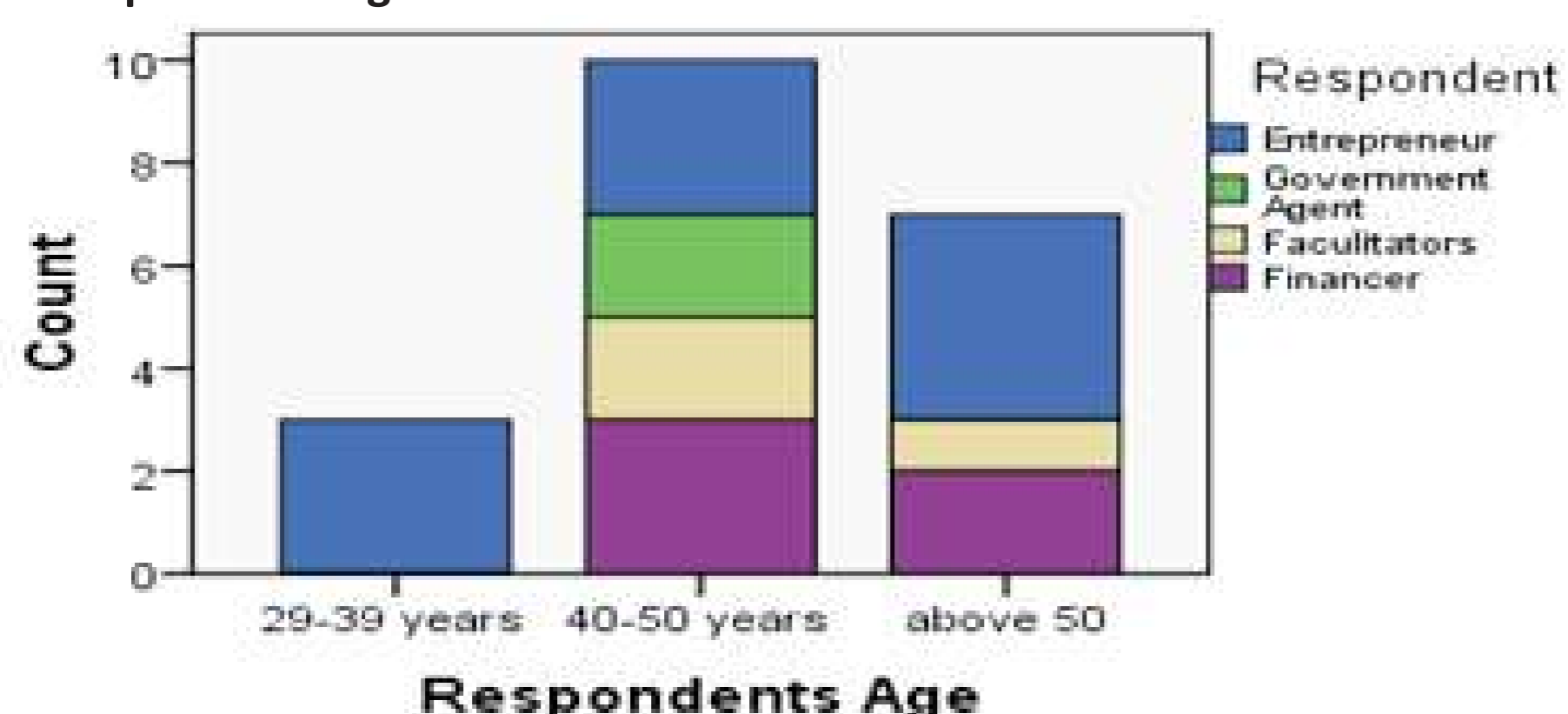


Table 1: Respondents Gender

Respondents Gender			Respondent			
			Entrepreneur	Government Agents	Facilitators	Financiers
Gender	Male	Count	0	1	1	2
		% Within Respondent	0.0%	50.0%	33.3%	40.0%
	Female	Count	10	1	2	3
		% Within Respondent	100.0%	50.0%	66.7%	60.0%
Total		Count	10	2	3	5
		% Within Respondent	100.0%	100.0%	100.0%	100.0%

## Key Findings

The study found that although women tend to have a good credit score when they can access finance, lack of business structure, information, credit-worthy guarantors, moveable collaterals, interest rates, the fear of diversion of funds, bureaucracy in financial institutions and cultural and religious factors were amongst the challenges hindering the female shea butter producers from accessing this finance.

Furthermore, the diversion of loanable funds amongst institutional agents to friends and family members instead of the target groups, preference for large scale entrepreneurs in the disbursement of loans, and lack of infrastructure in the rural communities were also found to limit institutions' ability to supply this finance.

## Conclusion

The nature of the finance demanded by female shea butter processors in Niger state, Nigeria can be linked to sustainable finance as it is required to improve access to finance and reduce the levels of poverty, gender inequality, impact of climate change, unemployment and poor health conditions in their communities. Although women were found to have a good credit scores amongst the institutional agents surveyed, access to finance is hampered by their inability to structure their business, cultural factors such as the land ownership system, religious factors such as the rejection of interest-related loans, bureaucracy in financial institutions, limited access to financial institutions and information, lack of creditworthy guarantees, non-membership of cooperatives, amongst others.

Furthermore, despite the available enabling financing policies, there needs to be proper implementation of these enabling policies and programmes which are geared towards improving access to sustainable and gender-linked finance for the female owned MSMEs in rural communities.

## Reference

Adesua-Lincoln, A., 2011. Assessing Nigerian female entrepreneur's access to finance for business start-up and growth. *African journal of business management*, 5(13), p.5348.

Ekpeyong, D.B. and Nyong, M.O., 1992. Small and medium enterprises in Nigeria: Their characteristics, problems and sources of fund. *African Economic Research Consortium*, Nairobi.

Imanche, S.A., Ze, T., Dalibi, S.G., Yuguda, T.K. and Kumo, H.A., 2021, June. The Role of Sustainable Finance in the Achievement of Sustainable Development Goals in Nigeria: A Focus on Chinese Foreign Direct Investment. In *IOP Conference Series: Earth and Environmental Science* (Vol. 793, No. 1, p. 012030). IOP Publishing.

Imhonopi, D., Urim, U.M. and Ajayi, M.P., 2013. Increasing the access of women entrepreneurs to finance in Nigeria.