

**Financial Barriers and Response Strategies  
to Support Women Entrepreneurs in Rural Nigeria**

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## Abstract

Women entrepreneurs play increasingly important roles in job creation and sustainable economic growth in developing economies, including sub-Saharan Africa. While Nigeria has made progress in closing gender gaps in women's employment rights, financial inclusion and access to resources remain challenges for many women who seek to start and grow businesses. Barriers to venture creation are particularly problematic for women entrepreneurs living in rural Nigeria. Yet, few studies have examined women entrepreneurs' access to capital in the context of rural Nigeria, including the perceived value of informal lenders and government support programs. This thesis informs the literature by reporting on women entrepreneurs who own and operate retail micro-enterprises in rural, South-West Nigeria, specifically Atakunmosa West, Osun State. The study findings demonstrate the value and limitations of informal lenders, such as *Ajo* and *Esusu*, in bridging institutional voids in banking practices and technology-enabled money services. Drawing on the social feminist and resource-based theory, the study advances a conceptual model of the gendered context of financial inclusion and considers the implications for research and policy.

**Keywords:** women entrepreneurs, financial inclusion, Nigeria, small business, micro-credit, micro-enterprise, finance, developing economies, Esusu, Ajo

## **Dedication**

This thesis is dedicated to God, who gave me the strength to successfully carry out the research. I also dedicate this study to small-scale women entrepreneurs around the world, especially to women living in rural areas of developing economies whose voices and needs are not yet heard. I thank these women for contributing to the economic and social sustainability of their communities and the world-at-large. Finally, I dedicate this research to my family, professional colleagues and friends who have supported me and hence, contributed to this thesis.

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My thanks to the women entrepreneurs who participated in this study, and without whom this work would not have been possible. I hope that this study helps to amplify your voices and contributes to building inclusive entrepreneurial ecosystems.

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## Table of Contents

<b>Abstract.....</b>	<b>ii</b>
<b>Dedication.....</b>	<b>iii</b>
<b>Acknowledgements.....</b>	<b>iv</b>
<b>List of Tables.....</b>	<b>viii</b>
<b>List of Figures.....</b>	<b>viii</b>
<b>Chapter 1: Introduction.....</b>	<b>1</b>
1.1. Background.....	1
1.2. Research Questions.....	2
1.3. Significance of the Study.....	3
1.4. Structure of the Thesis.....	4
<b>Chapter 2: Literature Review.....</b>	<b>6</b>
2.1. Status of Women in Nigeria.....	6
2.2. Women Entrepreneurs in Developing Economies.....	7
2.3. Capitalization of Women-Owned Businesses in Rural Nigeria.....	9
2.4. Financial Inclusion and Digital Financial Services.....	12
2.5. Small Business Financial Support Programs.....	17
2.5.1. Efficacy of Small Business Financial Support Policies and Programs.....	18
2.6. Theory and Practice: Resource-Based and Social Feminist Theory.....	20
2.6.1. Resource-Based Theory.....	21
2.6.2. Social Feminist Theory.....	23

<b>Chapter 3: Methodology and Research Design .....</b>	<b>28</b>
3.1. Research Design .....	28
3.2. Sampling .....	28
3.3. Data Collection.....	29
3.4. Data Analysis.....	30
3.4.1. Generating Initial Codes.....	30
3.5. Quality Control.....	31
3.5.1. Coding Procedures.....	32
<b>Chapter 4: Findings.....</b>	<b>33</b>
4.1. Description of Data.....	33
4.2. Barriers to Financial Inclusion.....	35
4.2.1. Individual Level Barriers.....	35
4.2.2. Institutional Level Barriers.....	38
4.2.3. Community Level Barriers.....	43
4.3. Integrated Models of Financial Exclusion.....	46
4.4. Response Strategies.....	49
4.4.1. Individual Level Response Strategies.....	49
4.4.2. Institutional Level Response Strategies to Financial Inclusion.....	50
4.4.3. Community Level Response Strategies to Financial Inclusion.....	51
4.5. Perceived Benefits and Limitations of Informal Lenders.....	56

<b>Chapter 5: Discussion of Findings.....</b>	<b>61</b>
5.1. Introduction.....	61
5.2. Profiles of Participants.....	61
5.3. Individual Barriers to Financial Inclusion.....	62
5.4. Institutional Barriers to Financial Inclusion.....	64
5.5. Community Level Barriers.....	65
5.6. Model of Barriers to Women Entrepreneurs’ Access to Capital.....	67
5.7. Implications for Research and Theory.....	68
5.7.1. Implications for Research.....	68
5.7.2. Implications for Theory.....	69
5.8. Limitations of the Study.....	70
5.9. Conclusion.....	71
<b>References.....</b>	<b>72</b>
Appendix A. Consent Letter.....	82
Appendix B. Interview Protocol.....	84
Appendix C. Ethics Certificate.....	88

## **List of Tables**

Table 1: Sources of Capital for Micro Enterprises in Nigeria in 2017.....	8
Table 2: Gender-Related Barriers to Financial Inclusion in Developing Economies.....	11
Table 3: Illustrative Fintech Companies Operating in Nigeria.....	15
Table 4: Small Business Finance Support Programs in Nigeria.....	19
Table 5: Summary Overview of the Literature.....	25
Table 6: Data Analysis Process.....	31
Table 7: Sample Profile.....	34
Table 8a: Individual Level Barriers to Financial Inclusion.....	37
Table 8b: Institutional Level Barriers.....	41
Table 8c: Community Level Barriers to Financial Inclusion.....	45
Table 9: Recommendations to Enhance Financial Inclusion.....	53
Table 10: Perceived Advantages and Disadvantages of Informal Lenders.....	58
Table 11: Perceived Limitations of Informal Lenders.....	60

## **List of Figures**

Figure 1: Factors Associated with Financial Exclusion of Women Entrepreneurs.....	47
Figure 2: Levels of Constraint: Financial Exclusion of Women Entrepreneurs.....	48
Figure 3: Barriers to Bridging the Gender Gap in Women Entrepreneurs' Access to Capital...	68

# Chapter 1

## Introduction

### 1.1. Background

The contributions of women business owners to the economic sustainability of Nigeria are well documented (Ekpenyong, 2014; Iyiola & Azuh, 2014; Mansur & Jamilu, 2017; Sajuyigbe & Fadeyibi, 2017; Tende, 2016). Women-owned businesses represent 23 percent of registered businesses (National Bureau of Statistics, 2019b) and 41 percent of early-stage entrepreneurial activity (GEM 2013 Global Report, p. 82). While Nigeria has made significant progress in closing the gaps in women's employment rights,<sup>1</sup> challenges remain with respect to women's financial inclusion and access to financial resources for starting and growing businesses.

Nigerian women associate the inability to develop their enterprises' capabilities with limited access to credit (Aladejebi, 2020; Balogun et al., 2014; Daniyan-Bagudu et al., 2016; Imhonopi et al., 2013; Sanusi, 2012). Like women entrepreneurs in other sub-Saharan African economies (White et al., 2015) and developed economies (OECD, 2021), women in Nigeria are significantly more likely to utilize informal sources of capital<sup>2</sup> to finance their businesses compared to men (Umar et al., 2019). Gender gaps in the use of formal financial services (Duvendack et al., 2011) and technology-enabled mobile money-services<sup>3</sup> remain. The United Nations estimates that less than one third (27.3 percent) of women in Nigeria retain accounts at financial institutions or with a mobile money-service provider (*UN Human Development Reports*, 2018).<sup>4</sup>

Low awareness about business support services and lack of confidence in their skills and capabilities further impede women's entrepreneurial endeavours (Nziku, 2016; Tende, 2016). The patriarchal nature of the entrepreneurship ecosystem is another challenge they face when starting

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<sup>1</sup> In 2018, discrimination based on gender or marital status with respect to access to credit was not prohibited by law. Legislation continues to prohibit women from working in the same industries as men and performing the same tasks at work as men (The World Bank Group, 2018, p. 120).

<sup>2</sup> *Informal financial capital* refers to personal savings, and loans from the family, friends and community members.

<sup>3</sup> Among 'unbanked' adults in Nigeria, the share with mobile phones is 10 percent compared to 25 percent globally (*2014 Global Findex Database*). *Unbanked* Nigerians are significantly less likely to have access to the Internet or to use mobile communications.

<sup>4</sup> In 2017, the percentage of women ages 15 and older who reported having an account alone or jointly with someone else at a bank or other type of financial institution or who report personally using a mobile money service in the past 12 months was 27.3 percent (*UN Human Development Reports*, 2018, p. 96).

their businesses. Women entrepreneurs have acknowledged misalignment between socially ascribed femininity and the embedded masculinity of entrepreneurship (McAdam et al., 2019). Barriers to venture creation are particularly problematic for women living in rural areas of Nigeria (Moses et al., 2015; Sanusi, 2012). These observations are important given access to microcredit (Eniola & Dada, 2018) and access to business support services (Okafor & Mordi, 2010) are significantly and positively associated with the continuity of women-owned businesses in Nigeria.

Moreover, the COVID-19 pandemic has amplified institutional barriers facing women entrepreneurs who seek financial capital (OECD, 2021), including those in rural Nigeria. Many continue to do business thereby exposing household members to the consequences of the virus.

As this study demonstrates, it is imperative that the experiences of rural women in sub-Saharan Africa are better reflected in reporting on the socio-economic impacts of the pandemic, including among micro-enterprises retailers. To do so, this study presents an inventory of constraints, opportunities, implications, and response strategies. It is notable that while this study identifies novel constraints and insights, it places documented constraints within the context of women entrepreneurs in rural Nigeria. The findings therefore contextualize the literature on entrepreneurial financing in the context of sub-Saharan Africa, particularly rural Nigeria. The study therefore helps to counter the preponderance of European and North American women's enterprise studies in the literature.

## 1.2. Research Questions

The overarching objective of this thesis is to explore strategies to increase financial inclusion and access to capital for women entrepreneurs in rural Nigeria.<sup>5</sup> To inform the research, the study examines two questions: **What are the barriers that militate against financial inclusion and access to capital for women entrepreneurs in rural Nigeria?** and **How might these barriers be surmounted?**

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<sup>5</sup> *Women's entrepreneurship* refers to the involvement of women in value creation and economic activities to "make ends meet or fulfill their entrepreneurial passion ... or to take advantage of a business opportunity" (Imhonopi, Urim & Ajayi, 2013, p. 4).

### 1.3. Significance of the Study

This study contributes to the literature in several ways. First, drawing on resource-based theory (Barney, 1991), the study examines formal and informal forms of financial inclusion as resources to business development.

An *inclusive financial ecosystem* is defined as “capital pools, financial vehicles and investment opportunities to support women-owned/women-dominated ventures” (Coleman et al., 2019, p. 301). The study then advances a conceptual model of inclusive financial ecosystems that incorporates *formal* financial intermediaries (such as banks, micro-lenders, mobile bank services, etc.) and *Esusu*, a traditional, informal form of economic cooperation in African societies (Ola-David & Osabuohien, 2018). The model depicts the bi-directional and interrelated ways by which institutional voids and personal constraints engulf women entrepreneurs.

Second, this study is among the first to employ a social feminist perspective in examining the experiences of women entrepreneurs in a sub-Saharan African economy. Social feminism assumes that women’s entrepreneurial knowledge and experiences are unique (Orser & Elliott, 2015). The work builds on the findings of Eniola and Dada (2018), who found that traditional indicators of human capital (proxied as level of education, entrepreneurial experience, perceived skills, and knowledge) have no direct association with firm continuity among Nigeria women-owned businesses. According to Eniola and Dada (2018), education has little effect on firm performance because it is not a requirement to be an entrepreneur.

Non-traditional estimates of human capital, defined as “women’s lived experiences” are documented. It is expected that women business owners in rural Nigeria retain traditional gender role knowledge, expectations, and behaviours, such as deferring to a husband or male household member in financial decision-making. The views of male household members are expected to take precedence over the entrepreneurial aspirations and commercial financial needs and decisions of some women business owners. Potential interventions to leverage women’s unique knowledge (human capital) while respecting traditional gender role expectations and behaviours are explored.

Third, this research aligns with calls by academics (Coleman et al, 2019; McAdam et al., 2019) and economic development agencies to examine institutional influences that impact women's entrepreneurship, including access to capital:<sup>6</sup>

*“Policy makers should therefore not aim to eliminate all differences between men and women entrepreneurs, but instead attempt to remove institutional influences that affect motivations and intentions and correct market failures that constrain women's entrepreneurship”* (Halabisky, 2018, p. 11).

This includes examining awareness of policies and small business support programmes among rural Nigerian women to ensure "commitment of adequate financial resources, and effective implementation of programmes" (Sanusi, 2012, p. 3). Moreover, industry associations, economic development agencies, advocates, and scholars have called for provision of gender-inclusive policies to strengthen entrepreneurial ecosystems, given the documented gender biases in small business finance policy and programming (Brush et al., 2019; Coleman et al., 2019; McAdam et al., 2019; Orser et al., 2019a). This research is expected to inform Nigerian small business/gender policies and donor investment strategies, such as those advanced by the *Women Entrepreneurs Finance Initiative* (We-Fi).<sup>7</sup>

#### 1.4. Structure of the Thesis

This research study is structured as follows. In this first chapter, I outline the gender gap in access to finance within the context of rural Nigeria. I also describe the study objectives, research questions and contributions to the literature. The next chapter presents the literature review on women entrepreneurs' access to capital. A description of the status of women in Nigeria and associated gender-related barriers to venture creation are also presented. To further establish the

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<sup>6</sup> Nigeria recognizes the resolutions of the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), and the Beijing Platform of Action adopted at the Fourth World Conference on Women in 1995; the adoption of the 2030 Agenda for Sustainable Development, the Africa Agenda 2063; as well as national priorities encapsulated in the Economic Recovery and Growth Plan (ERGP). "Ending all forms of discrimination against women and girls is not only a basic human right, it is also a crucial determinant of accelerated sustainable development, and it has been proven that the empowerment of women and girls has a multiplier effect on economic and inclusive growth in any country." (National Bureau of Statistics, 2019a, p. vii)

<sup>7</sup> The *Women Entrepreneurs Finance Initiative* (We-Fi, The World Bank) program seeks to support gender equality and the empowerment of women and girls in developing countries. Funded, in part, under Canada's *Feminist International Assistance Program*, Canada has contributed \$20 million (CAD) to support women-owned and women-led businesses in developing countries to access resources, including financial and technical assistance.

study context, emerging financial inclusion technologies and small business support programs in Nigeria are described. The theoretical perspectives employed in the study are then explained. The chapter concludes with a table that summarizes the reviewed literature. Chapter 3 describes the data and methods employed, including the study design, data collection procedures and data analysis strategy. Chapter 4 presents the description of data and findings. A social ecological model based on the identified perceived barriers to financial inclusion is presented. The thesis wraps up by discussing the implications of the study findings in Chapter 5. The chapter includes a summative model that depicts the interconnected ways in which structural voids and personal constraints engulf women entrepreneurs. Future research questions and study limitations are also discussed.

## Chapter 2

### Literature Review

#### 2.1. Status of Women in Nigeria

Nigeria is a multi-ethnic and culturally diverse society. With a population of approximately 199 million in 2017, the country is a key player in the West Africa region (National Bureau of Statistics, 2019a). Nigeria is bordered by Niger in the North, Chad in the Northeast, Cameroon in the East, and Benin in the West. The federation consists of 36 states and 1 Federal Capital Territory. The three major ethnic groups in Nigeria include Yoruba, Hausa and Igbo. The primary religions are Christianity and Muslim. Women constitute about half of Nigeria's population (National Bureau of Statistics, 2019a).

Despite being a petroleum exporter, poverty rates and income inequality remain high. "Large pockets of Nigeria's population still live in extreme poverty without adequate access to basic services and could benefit from more inclusive development policies." (World Bank Group, 2019, para. 10) Nigeria ranks low among human development indices. For instance, the 2017 *Women Peace and Security Index* ranked Nigeria 128th among 153 countries on dimensions of women's inclusion, justice, and security.<sup>8</sup> Nigeria also performs poorly on level of women's education, bias in favor of sons over daughters, and organized violence. In 2016, literacy rates among women and men, ages 15 to 24 years, were 59.3 percent and 70.9 percent, respectively (National Bureau of Statistics, 2019a, p. 17). "Women represent between 60 and 79 percent of Nigeria's rural labor force and constitute about 37 percent of active agriculture workers but are 10 times less likely to own their own land than men" (Hallum & Obeng, (Oxfam), 2019, p. 34). Men dominate politics: between 1999 and 2015, 94.2 percent of the National Assembly members were men.

To further situate the research, it is useful to report on the experiences of women entrepreneurs in developing economies, given that most academic studies about women entrepreneurs' access to

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<sup>8</sup> The *Women, Peace and Security (WPS) Index* offers a comprehensive measure of women's wellbeing and their empowerment in homes, communities, and societies more broadly. The index draws on international data sources to rank 153 countries on peace and security and women's inclusion and justice. Information about the WPS index can be found at <https://giwps.georgetown.edu/the-index/>

capital are situated within developed country contexts.<sup>9</sup> The next section summarizes observations about women business owners' access to capital in Nigeria.

## 2.2. Women Entrepreneurs in Developing Economies

Compared to women in developed economies, women entrepreneurs in developing economies are more likely to emphasize concerns about survival, enhanced nutrition, access to health care, and education for themselves, their families and society-at-large (Hanson, 2009; Minniti, 2010). Women in developing economies are also more likely to be *necessity entrepreneurs* (GEM, 2014),<sup>10</sup> and to start *subsistence* versus *opportunity-based* businesses, such as small agricultural businesses, street vending or domestic services (Hanson, 2009). Many women face psychological and cultural constraints (Adoho et al., 2014; GEM, 2014; Hessels et al., 2008). Entrepreneurship can be classified into four levels: micro, small, medium, and large-scale enterprises. Each has a distinct economic function, although they are often intertwined. More studies are needed to examine the financial needs of subsistence women entrepreneurs, particularly those conducting business in rural areas.

According to the International Development Research Centre (Genesis Analytics, IDRC, 2018), women in developing economies are less likely than men to engage in financial decision-making, use formal financial services, and retain ownership of land or property. In Nigeria, personal savings ranks first among all sources of finance for micro-enterprises, accounting for 61.2 percent of firms (Table 1). These characteristics limit the abilities of many women to obtain trade credit and commercial loans. Lower levels of education and low financial acumen further impede financial inclusion (UN Human Development Index, 2018; Orser et al., 2019b). Traditional gender role expectations about work and family affect women's time availability and types of paid activities (Imhonopi et al., 2013; McAdam et al., 2019; Sajuyigbe, 2017; Sanusi, 2012).

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<sup>9</sup> For reviews of the extant literature, see Coleman and Robb (2012) and Coleman et al., (2019).

<sup>10</sup> *Necessity entrepreneurs* are defined as individuals who start enterprises due to limited access to employment or alternative means of economic support (*Global Entrepreneurship Monitor*, 2014, p. 11).

**Table 1. Sources of Capital for Micro Enterprises in Nigeria in 2017<sup>11</sup>**

Sources of Capital	Number	Percent
Personal savings	31,931,514	61.2
Family source	12,325,244	23.6
Contribution (Esusu)	3,642,087	7
Loan	2,756,946	5.3
Co-operatives	681,550	1.3
Grants	344,991	0.7
Others	452,346	0.9
Total	52,134,678	100

Source: National Bureau of Statistics (2019b)

Research also suggests that the availability of early-stage capital for micro, small and medium-sized enterprises (MSMEs) in developing economies differs from that of developed economies (Imhonopi et al., 2013). Studies about the capitalization of women-owned businesses in developing economies, for example, emphasize the value of microloans and grassroots, small business support programs aimed at building entrepreneurial skills, confidence and networks. An illustrative study on the impact of such interventions for women entrepreneurs in Botswana, India and Peru reports on the importance of governmental programs, co-operatives and non-governmental (NGO)-sponsored initiatives (Hanson, 2009). Similarly, Sanyal (2009) describes microlending programs that help women develop social capital, community and sense of economic empowerment.

Pandula (2011) has examined factors associated with the *availability* of credit to MSMEs among developing economies, highlighting the influence of: (a) level of education, and (b) membership in a business association. As noted, women in Nigeria have less formal education compared to men (National Bureau of Statistics, 2019a). It is expected that women in rural Nigeria are less likely to retain membership in a business association. Membership likely reflects the availability of and access to industry associations in rural areas, time limitations associated with work/family responsibilities, and geographic distance required to travel to and participate in such organizations. These observations suggest the need to tailor financial inclusion policies and programs to women entrepreneurs' needs and preferences (Demirguc-Kunt et al., (World Bank), 2015). The next

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<sup>11</sup> Unit of analysis is households with micro-enterprises. The study coverage considered all 36 states in Nigeria.

section extends these observations by considering the capitalization of women-owned businesses in rural Nigeria.

### 2.3. Capitalization of Women-Owned Businesses in Rural Nigeria

Research about the capitalization of women-owned businesses in rural Nigeria is limited. The review of literature identified thirteen studies<sup>12</sup> about women entrepreneurs' access to capital in Nigeria. All were survey-based and predicated on resource-based or human capital theory. Empirical studies report a significant and positive association between access to capital and performance of women-owned businesses (Ekpenyong, 2014; Eniola & Dada, 2018; Fapohunda, 2012; Imhonopi et al., 2013; Okafor & Mordi, 2010; Sajuyigbe & Fadeyibi, 2017; Tende, 2016). Only one study examined informal borrowing and lending of credit (*Esusu*) in a Northern rural region. Access to informal credit was positively associated with household wealth (Urdu, 1990). The study made no reference to gender. No studies were identified that examined women entrepreneurs' financial inclusion or access to capital in rural Nigeria.

Yet, access to financial capital is a barrier to start-up and growth cited by women entrepreneurs in Nigeria (Adesua-Lincoln, 2011; Imhonopi et al., 2013). A study of barriers facing entrepreneurs in Akwa Ibom State (Nigeria), for example, reported that women entrepreneurs ranked "poor access to finance/start-up capital" as the most significant factor limiting their success, followed by (in order): "cultural, religious/traditional barriers, legal problems, high level of competition, poor motivation, lack of entrepreneurial experience, poor infrastructure/business environment, poor education, household chores and marketing problems" (Ekpenyong, 2014, p. 11).

Like women entrepreneurs in other sub-African economies, women in Nigeria are constrained by limited personal financial assets. Most resort to internal sources of capital, including personal savings and informal capital from family and friends (Adesua-Lincoln, 2011; Balogun et al., 2014). Compared to men, women are more likely to lack credit histories and collateral due to structure of their businesses and limited ownership of personal assets (Genesis Analytics (IDRC), 2018; Sanusi, 2012). Gendered perceptions assume that women business owners in Nigeria are risk

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<sup>12</sup> The thirteen studies include Adesua-Lincoln, 2011; Aladejebi, 2020; Daniyan-Bagudu et al., 2016; Ekpenyong, 2014; Eniola & Dada, 2018; Fapohunda, 2012; Imhonopi et al., 2013; Mansur & Jamilu, 2017; Moses et al., 2015; Odi & Ogonna, 2014; Okafor & Mordi, 2010; Sajuyigbe & Fadeyibi, 2017; Tende 2016.

averse (Moses et al., 2015). Women business owners in Nigeria are also observed to raise smaller amounts of capital and are more likely to depend on informal sources of capital compared to men (Fapohunda, 2012; Ng'weno et al., 2018).

With respect to the supply and demand for financial capital,<sup>13</sup> studies have reported on ‘smallholder households’ and entrepreneurs in Côte d’Ivoire 2016 (Anderson, 2017b), Mozambique 2015 (Anderson, Moler & Kretchun, 2016), Tanzania 2016 (Anderson, Collins & Musiime, 2016), and Uganda 2015 (Anderson, 2016). Generally, small business owners have better access to credit compared to farmers, particularly with respect to credit advanced by friends and family, microfinance organizations and financial institutions, such as banks. This observation hints that there may be unmet demand for formal financial capital in rural Nigeria. For example, 20 percent of businesses in Tanzania had taken out formal loans in the past year, whereas 80 percent of Tanzania entrepreneurs said they needed credit. Where available, credit was almost exclusively for working capital (Anderson, Collins & Musiime, 2016).

Investment capital was viewed as “impossible to source” and most came from personal or business savings (Ng'weno et al., 2018, p. 21). The need for working capital and loans was primarily met in the informal sector. When offered formal loans, for example, farmers tended to opt for informal lenders who are willing to re-negotiate terms if farmers face a bad harvest (Anderson, 2017a). In addition, men were found to be significantly more likely to make decisions about larger and longer-term loans (e.g., for irrigation, mechanization). Based on these studies, it is difficult to determine *gender differences* in credit needs given access and use of formal credit is limited.

Table 2 summarizes gender-related barriers for women entrepreneurs in developing economies that were identified in the literature.

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<sup>13</sup> Sources of information cited include: CGAP National Survey and Segmentation of Smallholder Households Côte d’Ivoire 2016 (Anderson, 2017b); CGAP National Survey and Segmentation of Smallholder Households Mozambique 2015 (Anderson, Moler, & Kretchun, 2016); CGAP National Survey and Segmentation of Smallholder Households Tanzania 2016 (Anderson, Collins, & Musiime, 2016); and CGAP National Survey and Segmentation of Smallholder Households Uganda 2015 (Anderson, 2016).

**Table 2. Gender-Related Barriers to Financial Inclusion in Developing Economies**

Barriers	Description
Institutional barriers to financial inclusion	<ul style="list-style-type: none"> <li>• Legal and societal restrictions (e.g., property rights)</li> <li>• Attitudes and practices of lenders (e.g., arrogance)</li> <li>• Availability and awareness of government funded business support services (e.g., urban bias)</li> <li>• Access to and availability of the Internet</li> <li>• Access to financial intermediaries</li> <li>• Cultural barriers</li> <li>• Religious barriers</li> </ul>
Human capital barriers to financial inclusion	<ul style="list-style-type: none"> <li>• Level of formal education (e.g., lack of formal education)</li> <li>• Level of financial literacy (e.g., limited knowledge about financial capital, financial management, pricing)</li> <li>• Lack of entrepreneurial experience (e.g., start-up, scaleup)</li> <li>• Sector or industry knowledge (e.g., low margin sectors)</li> <li>• Level of confidence (e.g., entrepreneurial self-efficacy)</li> <li>• Risk propensity (e.g., moderated risk)</li> </ul>
Social capital barriers to financial inclusion	<ul style="list-style-type: none"> <li>• Access to business networks or industry associations</li> <li>• Limited industry contacts, referrals</li> <li>• Access to lead customers</li> </ul>
Other influences	<ul style="list-style-type: none"> <li>• Status of women in the society</li> <li>• Family responsibilities, household demands, time availability</li> <li>• Deference to male household members, decision-makers</li> <li>• Perceptions of partner/spouse about business ownership</li> <li>• Perceptions of partner/spouse about borrowing or lending</li> <li>• Tribal norms, customs, culture that position within in the home versus paid economy</li> <li>• Level of competition: low barriers to entry</li> </ul>

## 2.4. Financial Inclusion and Digital Financial Services

Financial inclusion infers that business owners have access to affordable financial products and services that meet their needs, and that services (i.e., transactions, payments, savings, credit and insurance) are delivered in a responsible and sustainable way (Fareed et al., 2017; Uddin et al., 2017; World Bank, 2014). There remains a need for affordable financial services, including among vulnerable, disadvantaged, and low-income groups and individuals (Joseph, 2014; Morsy & Youssef, 2017).

Multiple influences impede the financial inclusion of women business owners in Nigeria.<sup>14</sup> Government underestimation of women's economic contributions, as well as "gender bias" rooted in tribal and cultural norms, impact practices of financial institutions when dealing with women (Adesua-Lincoln, 2011, p. 5348). Other gender-related barriers include women's inferior status in Sub-African countries (Adesua-Lincoln, 2011) and "household bargaining dynamics" (Chetty et al., 2018, p. 6), which suggest "cultural/religious barriers, legal problems, competition, and poor infrastructure" further impede Nigerian women entrepreneurs.

With respect to *financial sustainability*, Odi and Ogonna (2014) conclude that the Nigeria economy cannot grow quickly without financial inclusion of people living in rural areas. The researchers recommended that rural dwellers be educated on the importance of banking. In subsequent research, Adetunji (2017) examined *drivers of financial inclusion* in Nigeria. Income, education, age, gender, and urban-rural classification were associated with financial inclusion, where being a woman and living in a rural area had a significant and negative association with financial inclusion.

In response, mobile phone providers and digital-enabled technologies (such as, Automated Teller Machines, agent banking, mobile payments, and Internet-based services) have been identified as cost-effective mechanisms for delivering financial services to unbanked adults, particularly women entrepreneurs in developing economies (Manyika et al., 2016). Ameen and Willis (2016), for example, examine *how* mobile phones support women entrepreneurs in Arab countries. Mobile

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<sup>14</sup> An *inclusive financial* ecosystem is defined as "capital pools, financial vehicles and investment opportunities to support women-owned/women-dominated ventures." (Coleman, Henry, Orser, Foss & Welter, 2019, p. 301)

phones were used as platforms for Arab women to start, build and manage their businesses. Lack of formal education was overcome by provision of mobile learning through ‘short courses’ on how to become an entrepreneur and run a business. Hence, digital financial services were viewed as a means to overcome gender gaps in the provision of capital and inequality in education.

Digital financial services can also assist women in managing financial risk (Jack & Suri, 2014) by making it easier to receive money from distant friends and relatives and lowering the cost of receiving payments<sup>15</sup>. Switching from cash to digital payments can assist governments in minimizing corruption and improving transaction efficiencies.<sup>16</sup> Hence, digital financial services have been viewed by some as enablers of “risk mitigation, self-employment, business growth, asset accumulation, and wealth creation” and means to mitigate against shocks of unforeseen expenses” (CGAP, 2017 as cited by Ng'weno et al., 2018, p. 6).

Governments, NGO-sponsored programs, and financial institutions are therefore employing digital mobile-banking services as a strategy to accelerate financial inclusion of women entrepreneurs (Hawkins & Wilson, 2017). “Nowhere is this more evident than in sub-Saharan Africa<sup>17</sup> which has pioneered the use of mobile banking” (Genesis Analytics (IDRC), 2018). In a critical review of related literature, for example, Ng'weno et al., (IDRC, 2018, p. 21) comment on digital financial products and women’s entrepreneurship:

*“Despite small businesses being a fast-growing sector, there are few new financial products available to serve them. The traditional microfinance institutions (MFIs) that provide working capital loans to **women entrepreneurs** retain only a small share of the credit market and their growth is limited by their labor-intensive business model and low level of digitization. Some digital financial service providers that are advertised as micro-business loan providers (Branch, for instance) have a product offering that is not*

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<sup>15</sup> In a five-month relief program in Niger, switching the monthly payment of government social benefits from cash to mobile phones saved the recipients 20 hours on average in overall travel and wait time to obtain the payments (Aker et al., 2014).

<sup>16</sup> In India, when pension payments were made using biometric smart cards rather than cash, there was a 47 percent (2.8 percentage point) reduction in leakage (Muralidharan et al., 2016). In Niger, distributing social transfers through mobile phones rather than cash cut the variable cost of administering the benefits administration by 20% (Aker et al., 2014).

<sup>17</sup> Sub-Saharan Africa includes the economies of Angola; Benin; Botswana; Burkina Faso; Burundi; Cameroon; Chad; Congo, Dem. Rep.; Congo, Rep.; Côte d’Ivoire; Ethiopia; Equatorial Guinea; Gabon; Ghana; Guinea; Kenya; Lesotho; Liberia; Madagascar; Malawi; Mali; Mauritania; Mauritius; Mozambique; Namibia; Niger; Nigeria; Rwanda; São Tomé and Príncipe; Senegal; Seychelles; Sierra Leone; South Africa; South Sudan; Sudan; Swaziland; Tanzania; Togo; Uganda; Zambia; Zimbabwe (Women, Business and the Law, 2018, p. 24).

*appreciably different from mobile banking products like M-shwari. Innovation seems less active in small business than in agriculture, despite the higher penetration of mobile phone access and ownership among female entrepreneurs than female smallholders.”*

Ng'weno et al., (2018, p. 5) conclude:

*“Microfinance and savings and loans groups have had some success in increasing women’s savings and incomes, but their effects fall short of transforming livelihoods and lifting households out of poverty. There is limited evidence that financial services alone have a significant impact on women’s productivity. Women seem to get less return than men, for reasons we don’t yet understand. Rather than tailored “pink products”, women need financial tools that are accessible and broadly useful, but well matched to their generally low and unstable incomes and their concern with protecting household consumption and wellbeing. New technological innovations in financial services hold promise, especially for women farmers, but development lags in terms of products tailored to small business.”*

Insights are required to inform digital service development and small business support programs. Currently, Nigeria has more than 200 fintech companies<sup>18</sup>. Table 3 profiles some of the fintech companies currently operating in Nigeria. The summary suggests a broad range of financial services targeted at individual and commercial adopters. It is not clear, however, the extent to which women entrepreneurs are aware of these services, the associated costs of capital, or how emerging fintech companies are meeting the complex needs of women in rural Nigeria.

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<sup>18</sup> Fintech companies are businesses that use technology to provide financial services such as bill payments, money transfers, and other services that would otherwise be provided by banks.

**Table 3. Illustrative Fintech Companies Operating in Nigeria, as of June 2021**

Fintech Companies	Description
Paystack	Launched in 2015, Paystack is a payment processing company that helps businesses in Africa get paid by anyone, anywhere in the world. The firm offers a suite of payment options for customers to choose from. Getting started is easy and fast. Registration takes approximately 15 minutes. Businesses can receive local and international payments from customers and get settled in Naira or USD.
Kolopay	Kolopay is a mobile and web-based application to help one save money. The aim is to help people develop the culture of saving. It is free with no charges.
CowryWise	Cowrywise makes it easier to save and invest. Cowrywise's streamlined and user-friendly platform eliminates the hassle and preparation needed to save and invest on a regular basis. The platform also has an automated halal savings solution for Muslims who just want to save without earning interest.
E-tranzact	E-tranzact is a multi-application and multi-channel electronic transaction switching and payment platform that was launched in 2003. The platform supports every major network including VISA, AMEX, and MasterCard. E-tranzact is one of Nigeria's oldest fintech firms and it provides a solution to Nigeria's payment problems by allowing companies to accept payments online.
VoguePay	Established in 2012, VoguePay allows businesses including unregistered businesses to make and receive payments online. To get started, one will need a National ID, a bank account and a utility bill.
Opay	Opay is a mobile money payment service in Nigeria that allows users to pay bills, send and receive money, apply for loans, and save money using its app. According to the firm, it processes over 60% of all mobile money transactions in Nigeria.
Bankly	Bankly is a Nigerian fintech business focused on providing access to financial services for the disadvantaged. They see themselves as a link between Nigeria's informal and formal financial structures. Financing, savings, bill payments, and deposits are some of the suites of products that are available through Bankly.
Paga	Paga is a mobile payment service that enables users to send, receive, and pay bills. It provides a variety of services, including free money transfers, deposit to bank accounts, airtime buying/sending, bill payments, remittances, bulk disbursements, and collections, which are available via online platforms (web/app) or by dialling *242# on any simple mobile phone. Paga's mission is to make it simple for people to access and use money by providing smooth and stress-free money transfer experience.
Kiakia	Kiakia is a lending platform that enables users to borrow and lend money in real-time. The service gives one access to personal and small business loans and enables savers to lend funds at negotiated interests through intuitive conversations.
FairMoney	FairMoney founded in 2017, is a licensed online lender, that provides instant loans and bill payments. Its journey started with a group of three young men who were determined to make loans more available to everyone, particularly small businesses. It offers a platform that allows people access instant loans within 5

	minutes through its agents and android app. The company provides loans ranging from 1,500 naira (\$4.84 CAD) <sup>19</sup> to 500,000 naira (\$1,612.90 CAD) for a period of one to three months. Higher loan amounts and longer repayment can be provided for those who repay their loan on time.
Carbon	Carbon, formerly known as Paylater, is an online lending platform that provides short-term loans in Nigeria. The purpose is to help cover unexpected expenses or urgent cash needs. Available 24/7, the application process is fast and simple. Loans are often offered without collateral. Carbon also has an investment platform called Payvest which enables users to save money.
Branch	Launched in 2017, Branch is a mobile financial services provider for high-growth and emerging markets. Services include lending, savings, transfers and payments. To use Branch, customers download the application from the Google Play store, sign up, input information and select an offered loan amount and terms. Funds are deposited to the customer's bank account after checks and approval. Branch does not require guarantors. Customers gain access to higher loan amounts, lower interest rates and longer repayment schedules as they take and repay loans.
Piggyvest	Launched in 2016, Piggyvest is a savings and investment platform. Customers choose their preferred saving cycle (i.e., daily, weekly or monthly) and will not have access to their savings until an agreed withdrawal date. Withdrawals before the agreed period usually attract a 5 percent early withdrawal fee. The platform can be used by everyone to save towards a target goal.

In 2013, Diamond Bank, (financial institution in Nigeria) created an innovative savings product called a BETA account.<sup>20</sup> The aim is to replicate “*Ajo/Esusu*”<sup>21</sup> and attract borrowers who are underbanked or financially excluded from formal banking. The account is targeted at self-employed women and men who seek to deposit and save daily sales. Using a mobile phone application, agents known as “BETA Friends” visit customers at their place of business to open accounts and manage transactions, such as deposits and withdrawals. BETA accounts include features such as no minimum balance requirements, starter kit with ATM card, a reward plan with cash prizes, to name a few. Complementing financial institutions and mobile money-service providers, The Government of Nigeria, NGOs and donor agencies support numerous non-profit micro-finance services. Available and cancelled programs are now described.

<sup>19</sup> The exchange rate used in this study is \$1 CAD to 310 naira.

<sup>20</sup> In March 2013, the BETA savings account rolled out in 21 of Diamond Bank's 240 branches. BETA (meaning “good” in pidgin English) is a bank account that can be opened in less than five minutes and has no minimum balance or fees (Women's World Banking, 2014).

<sup>21</sup> Ajo/Esusu refers to traditional forms of cooperation in African societies, “whereby groups of individuals contribute to informal savings and credit association for their mutual benefit” (Ola-David & Osabuohien, 2018, p. 67).

## 2.5. Small Business Financial Support Programs

Consistent with the calls for financial policies and programs to support women entrepreneurs, including a need to strengthen credit histories and bridge financing gaps among traditional financial institutions, community and microfinance banks, and recently mobile money-service providers, several interventions have been introduced in Nigeria since the 1980s.

In 2018, the Nigerian government introduced *TraderMoni*, an initiative targeted at petty traders and artisans. Nigerian entrepreneurs are provided interest-free loans: “continuous loans for your petty business, making each loan bigger to enable you to grow.”<sup>22</sup> Under a similar Nigerian pilot program, *Government Enterprise and Empowerment Programme* (GEEP) advances interest free capital to “market women, traders, artisans and farmers.” With respect to regulatory reforms, to build women’s credit ratings and access to credit information, the Government of Nigeria also introduced legislation to distribute data from utility companies (The World Bank Group, 2018).

A review of Nigerian federal policies and programs suggest that most seek to promote and support an entrepreneurial class that will contribute to economic development and gender equality (Sajuyigbe & Fadeyibi, 2017). Most programs assume that women benefit from funding, without evidence or reporting. Few mainstream market interventions explicitly seek to address gender discrimination in access to credit or other forms of capital.

Consistent with studies of small business policies and support programs to increase women entrepreneurs’ access to capital (Coleman et al., 2019), a review of policies and programs in Nigeria suggests more measures are vulnerable to changes in government and political agendas. The *Better Life Programme for Rural Women* program, for example, was explicitly targeted at women entrepreneurs in Nigeria. Founded by the [then] President of Nigeria’s wife, the women-focused small business support program was discontinued following a change of government. Moreover, many programs targeted at women entrepreneurs in rural areas no longer exist.

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<sup>22</sup> Access information about *TraderMoni* at <https://www.tradermoni.ng>

### *2.5.1. Efficacy of Small Business Financial Support Policies and Programs*

The impact of Nigeria small business financial support policies and programs is mixed. Okafor and Mordi (2010, p. 48) report a positive association between government-funded services and women's economic development: "This indicates that women entrepreneurial competitiveness can easily be enhanced through the activities of business support services". However, government *policy* was significantly and negatively associated with firm performance. The literature also reports on program mismanagement. For instance, "The Bank of Agriculture saddled with the mandate of providing low-cost credit to smallholder commercial farmers, including small and medium rural enterprises, has now become the shadow of itself due to poor management and lack of commitment to organization's mandate over the years" (Agbota, 2017, para. 2). A review of financial interventions in Nigeria attributes 'limited impact' of financial interventions to: (a) the elitist nature of financial institutions, including 'intimidation' that makes it difficult for women entrepreneurs to approach lenders for credit; and (b) terms of short-term lending, such as strict collateral conditions which many cannot meet (Imhonopi et al., 2013).

Nziku (2016, p. 92) report in a study of gender-related policies to support Tanzanian women entrepreneurs that 69 percent of women respondents "did not feel that policies for promoting entrepreneurship activities in the country had influenced their decision to start up." The majority of women respondents knew nothing about policies related to the economic empowerment of women. Among those who were aware of policies, most did not understand the purpose, or had heard about the policies through radio and television but were unable to employ the policies in their business practices. Nziku (2016) also found that Tanzanian women entrepreneurs in urban areas were significantly more likely to be aware of the policies than women in rural areas. These findings provide initial evidence that women in rural regions may have little knowledge about policies and programs to support entrepreneurs, including increasing women entrepreneurs' access to capital. Table 4 presents a summary of small business finance support programs in Nigeria.

**Table 4. Small Business Finance Support Programs in Nigeria**

Program (Source)	Program Descriptions
Nigerian Association of Women Entrepreneurs*	Inaugurated in 1993, NAWE is a government-initiated organization for women devoted to entrepreneurship development. The program is run by women entrepreneurs who volunteer time, skills, insights and knowledge. NAWE is described as creating a powerful community that facilitates business and personal growth amongst members.
African Women Entrepreneurship Program (AWEP)*	AWEP targets women entrepreneurs to promote business growth; increase trade regionally and to U.S. markets through the African Growth and Opportunity Act (AGOA); and empower African women entrepreneurs to become voices of change in their communities. AWEP is sponsored by the U.S. Depart. of State to help women participate in international markets and take advantage of the benefits of AGOA.
The “W” Initiative, Access Bank PLC*	In 2014, Access Bank PLC announced the women’s banking initiative (coined ‘W’ initiative) to promote gender equality and economic development in Nigeria. Benefits include access to loan products and credit facilities, education on finance matters, health and family programmes, among other services. The ‘W’ initiative also offers support to women-owned SMEs. In 2019, the bank launched the Womenpreneur Pitch-A-Ton 2019, a capacity building initiative for 50 ‘winners’ to provide grants and ‘mini-MBA’ trainings in conjunction with the International Finance Corporation (IFC).
AWP Network*	The AWP Network organizes pitch competitions for young entrepreneurs, supports women farmers through agribusiness training program and organizes events on how to apply for business grants/competitions, pitch, write a business plan, pitch deck and connect to experts. The AWP Network platform serves as a vehicle for expanding linkages between investors and women-led enterprises and facilitating strategic opportunities for women-led businesses, researchers and investors.
Bank of Agriculture (BOA)*	Launched in 2000, BOA assumed the assets of the National Agriculture and Cooperative Bank, People's Bank and Family Economic Advancement Project. BOA provides credit facilities to small and large-scale farmers and small businesses within rural areas. An outcome of restructuring of government-sponsored microcredit institutions, BOA has struggled to control non-performing loans and sustainable support to the agricultural sector.
Family Economic Advancement Program** (Iheduru, 2002)	Established in 1988, the Family Economic Advancement Programme (FEAP) was a microcredit scheme. The objective was to harness resources in the rural areas and establish viable cottage industries and other projects. Though women were not specifically targeted, it was assumed that women benefited and were represented. Goals included: to provide loans to people at the lowest level with the capital needed to establish small-scale industries or enterprises; provide employment opportunities at the lowest (ward) levels of the society; to improve the standards of living; and to reduce the rural to urban migration that leads to the congestion of the cities and impoverishment of the rural areas.

Better Life Programme for Rural Women** (Udegbe, 1995)	Founded in 1987 by Maryam Babangida (wife of the former President of Nigeria), the program was discontinued following a change in government. Objectives were to provide income generating opportunities in agriculture and cottage industries, financial and technical support, integrate rural women into national development plans and develop educational training for women.
Country Women Assoc. of Nigeria** (Iheduru, 2002; Moses et al., 2015)	Founded in 1982, COWAN was an NGO based on the Grameen Bank model of lending. Activities spanned 32 states with 260,000+ members and 35,000 cooperative societies. COWAN clients were poor women in rural and urban areas. Goals were to promote “the wellbeing of women in agricultural, manufacturing, economic decision-making for the development of the capacities of women to contribute to self-reliance and sustainable development” (Iheduru, 2002). Objectives included: empowering rural women economically; promoting sustainable development; promoting participation and bottom-up approaches in decision-making; giving poor rural women a sense of belonging and opportunities to benefit from and contribute to the development of Nigeria; and providing youth with knowledge of technology, tradition and culture.
People’s Bank of Nigeria** (Anyanwu & Uwatt, 1993; Iheduru, 2002)	Established in 1988, People’s Bank of Nigeria (PBN) promoted rural financial intermediation. The budget of that year allocated start-up capital of 30 million naira (equivalent to \$1.36 million U.S) to the bank. Enabling legislation did not come into effect until 1990. The legislation charged the bank to: "meet the credit needs of small borrowers who cannot satisfy the stringent collateral requirements normally demanded by conventional banks." People’s Bank of Nigeria was also established to "provide small, quick, easy-to-obtain, short-term loans to small businesses without collateral requirement." The bank also provided microcredit for under-privileged persons to enable them to initiate small-scale industries. Bank's branches were restricted to rural areas. This changed with pressures from members of the political class. Anyanwu & Uwatt (1993) notes that the People’s Bank of Nigeria was characterised by inefficiency, ethnicity and maladministration which affected its performance.

Status: \*Available as of June 2021; \*\*Cancelled/no longer available

## 2.6. Theory and Practice: Resource-Based and Social Feminist Theory

This research incorporates two theoretical perspectives: resource-based theory of enterprise growth and social feminist theory. In summary, resource-based theory explains that a venture’s competitive advantage is based on its access to resources that are difficult to replicate. Feminist theory places gender at the center of the analysis, suggesting gender is a primary organizing characteristic in society (Ropers-Huilman & Winters, 2011). Each perspective is described in the context of this research study.

### 2.6.1. Resource-Based Theory

Barney (1991) advanced the resource-based theory to explain why some firms perform better than others, even when the businesses occupy similar environments. The premise of resource-based theory is that competitive advantage comes from a firm's effective use of tangible and intangible resources. Firms develop competitive advantage based on their ability to exploit the value potential of these resources. According to Barney (1991), resource combinations change over time to maintain competitive advantage.

Firm resources include all assets, capabilities, organizational processes, firm attributes, information, knowledge, etc. controlled by a firm that enable the founder to conceive of and implement strategies that improve efficiency and effectiveness. Resources can be grouped into human capital (level of education, entrepreneurial experience), social capital (defined as networks and contacts)<sup>23</sup> and financial capital (debt, equity or both).

In the context of this research, I assume the three categories of resources are associated with firm performance, and that women entrepreneurs in rural Nigeria have limited access to *formal* human, social and financial capital. *Esusu*, a traditional form of economic cooperation, is a primary source of social and financial capital. *Esusu* refers to traditional forms of cooperation in African societies, "whereby groups of individuals contribute to informal savings and credit association for their mutual benefit" (Ola-David & Osabuohien, 2018, p. 67):

*"Among the Yorubas, Esusu cooperatives operate as follows: a group of people team up to contribute a fixed and equal sum of money at specific intervals (i.e., daily, weekly, fortnightly, monthly or bi-monthly) enabling each member to collect the entire sum in rotation. When everyone in the group has benefitted from the pool, a new rotation cycle is launched. The order in which people get to draw the money is usually decided by means of a ballot or by consensus."*

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<sup>23</sup> *Social capital* refers to "features of social organization such as networks, norms and social trust that facilitates coordination and cooperation for mutual benefits" (Putnam, 1995, para. 3). Social capital helps to ensure a flow of information between lenders and borrowers which leads to less adverse selection and moral hazard in the credit market.

The motivation for the formation of these cooperative groups is to create.

*“In many developing countries, a large number of rural dwellers rely on the informal sector for their financial services on account of its relatively low transaction costs, ease of access to low-income groups, timeliness of operation, simplicity and flexibility in financial procedures.” (Olomola, 2002, p. 1)*

Ayodele (2015) has examined the role of Esusu, a revolving loan scheme, on socio-economic development of rural areas in Nigeria. The study revealed that “81.52 percent of the total respondents agreed that Esusu groups have served as substitutes for banks in their lives and so have no reason to do anything with banks due to the banks’ stringent and formal way of doing things” (p. 65).

Ogunrinola (2011) has reported on the role that social capital plays in the determination and distribution of business earnings among women entrepreneurs in rural communities of Ogun State, Nigeria. He notes that social networks are strong coping strategies among the poor in rural areas, particularly among women who have historically been neglected by governmental assistance. Many women in rural communities in Nigeria rely on the community-based, self-help and other traditional types of micro-finance to meet their financial needs for business and consumer purposes. Lenders rely on the social capital of borrowers to overcome the challenges associated with asymmetric information in credit markets.

*“Contractual mechanisms to alleviate the difficulties posed by information asymmetries are not necessary because credit flows through paths that take advantage of the extremely free flow of information within a rural community” (Udry, 1990, p. 267).*

Similarly, in a study examining gender variations in the association among informal sources of capital (credit from friends, family/relatives and informal money lenders), formal bank credit and financial outcomes in Kenya, gender variation in informal sources of finance led to improved sales among women-owned businesses to a greater extent than men-owned businesses. Women also preferred informal sources of finance compared to men (White et al., 2015).

With respect to social capital, according to Woolcock and Narayan (2000, p. 240), social capital is “the capital of the poor” because it provides the trust, networks and mutual confidence required

for credit in an informal credit market. Hence, informal social capital links to informal financial capital, which are collectively alternatives to formal financial intermediaries. It is expected that despite the establishment of mobile banking services and micro-finance lending in Nigeria, *Esusu* remains a preferred source of capital due to efficiencies, culture and tradition, particularly among low-income earners in rural communities.<sup>24</sup> Finally, with respect to human capital, it is expected that traditional (formal) proxies of human capital, such as level of education and years of entrepreneurial experience, will have little influence on firm continuity and sustainability among women entrepreneurs in rural Nigeria (Eniola & Dada, 2018). Rather, the study seeks to understand women entrepreneurs lived experiences as proxies of human capital.

### *2.6.2. Social Feminist Theory*

Feminist theory is founded on at least three principles (Ropers-Huilman, 2002): women have something valuable to contribute to every aspect of the world; as an oppressed group, women have not been able to achieve their potential or gain the related rewards of full participation in the society; and feminist research should work toward social transformation rather than merely critique. A social feminism which focuses on gender equality and economic empowerment of women is viewed as an approach to reduce poverty and build an inclusive, peaceful and prosperous economy in Nigeria. Women would be better able to integrate into the economy as employees and entrepreneurs, as well as consumers who can use credit to purchase goods and build assets if they have access to finance (Roberts, 2015). This will have the effect of empowering women and stimulating national economies where women's labour is still a vast and "untapped resource".

According to Orser and Elliott (2015, p. 18), "from the social feminist perspective, advocacy focuses on changing patriarchal structures and laws which favor males than females." Legislations include tax and investment schemes in sectors that systematically exclude women-owned businesses. In countries where laws and norms discriminate against women, research shows that women are also significantly more likely to be excluded from the formal financial services sector (Morsy & Youssef, 2017). Social feminism emphasizes the need for financial policies to be inclusive of all types and forms of enterprise. To do so, social feminism respects women's knowledge as unique and valid (Orser & Elliott, 2015). Socialist feminists critiqued the idea that

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<sup>24</sup> Within Nigeria, "Esusu" is also referred to as "Etoto" or "Isusu" in the Eastern Nigeria for the Igbos and "Adashi" in Northern Nigeria for the Hausas.

true equality is possible in a society built on inequality where institutional structures are fundamentally flawed.

Building on the work of Coleman et al. (2019), Orser et al. (2019a), and Orser et al. (2019b), it is argued that financial interventions, such as policies and programs, are needed to address systemic gender biases in capital market ecosystems. This includes the need for government to “formulate policies that refrain from legitimizing hierarchies of gender, class, and race through images, symbols and ideologies” (Pettersson et al., 2017, p. 54). A critical feminist social lens will be applied to the analysis of study findings and study recommendations.

**Table 5. Summary Overview of the Literature**

Author(s)/Year	Region	Purpose of Study	Instruments	Method of Analysis	Key Findings
Adesua-Lincoln (2011)	Lagos State, Nigeria	To examine the characteristics of Nigerian women entrepreneurs in terms of demographics, motivation for starting a business, and access to capital when starting or expanding a business.	Survey (questionnaire) and interview	Descriptive statistical analysis	Nigerian women entrepreneurs are constrained by a weak financial base and lack of collateral. Internal sources of finance are the main source of capital for women. The findings show that gender is extraneous to the practices of financial institutions when dealing with women entrepreneurs.
Adetunji (2017)	Nigeria	To identify the determinants of financial inclusion identified in the literature and determine their effects on financial inclusion in Nigeria.	Survey <sup>25</sup>	Pooled ordinary least squares, fixed effect and random effect regression models	Average income and level of education have a significant impact on the likelihood of 'being banked' in Nigeria. Results also indicate that young adults, women and people who live in rural areas are more likely to be financially excluded.
Akinbami & Aransiola (2016)	Southeast and Southwest, Nigeria	To examine cultural practices and the impact on women's entrepreneurship in rural regions, and ways in which cultural practices led to the failure of government initiatives aimed at promoting women's entrepreneurship in rural communities.	Focus group and case study	ATLAS.ti software	Most women are culturally excluded from participating in certain businesses. Corruption, poor planning and implementation, lack of continuity, and traditional beliefs further hamper the effectiveness of government initiatives.
Aladejebi (2020)	Nigeria	To examine the challenges that women entrepreneurs face in the southwestern region of Nigeria.	Survey (questionnaire)	SPSS statistics	Challenges identified include lack of adequate training, access to start-up capital, and poor family support.
Ayodele (2015)	Osun State, Nigeria	To examine the impact of the revolving loan scheme (Esusu) on rural socio-economic development.	Survey (questionnaire)	Simple percentage and chi-squared	Revolving loan scheme groups (Esusu) was found to be an adequate substitute for banking institutions. The findings also show various Esusu groups have contributed positively to the area's socio-economic infrastructure and growth.
Balogun et al. (2014)	Sokoto State, Nigeria	To investigate the potential of Islamic finance as a means of funding for Sokoto's women entrepreneurs.	Review of existing literature	Collection and analysis of existing literature	Finance is a major impediment for women entrepreneurs. Most rely on internal funding for start-up. Islamic finance, through microfinance products such as Mudarabah, Musharakah, Ijarah, and Murabahah also play an important role in financing women entrepreneurs.

<sup>25</sup> The survey data was sourced from the Enhancing Financial Innovation & Access' (EFInA) Access to Financial Services in Nigeria survey conducted in 2008, 2010, 2012, 2014 and 2016.

Author(s)/Year	Region	Purpose of Study	Instruments	Method of Analysis	Key Findings
Daniyan-Bagudu et al. (2016)	Lagos State, Nigeria	To investigate the challenges and issues that women entrepreneurs face in Nigeria.	Survey (questionnaire)	Descriptive statistics	A major challenge facing women entrepreneurs in Nigeria is lack of access to finance. Women entrepreneurs' success is also hampered by family constraints, lack of market exposure and education.
Ekpenyong (2014)	Akwa Ibom, Nigeria	To investigate the factors that affect the success of women entrepreneurs and their contribution to economic development in Akwa Ibom State and Nigeria as a whole.	Survey	T-test analysis	Women in small enterprises make substantial contribution to poverty reduction and economic development. Obstacles, such as lack of access to financial capital, poor education, and lack of good infrastructures impede them from realising their full economic potential.
Eniola & Dada (2018)	Ekiti State, Nigeria	To examine the impacts of human and financial capital on the performance of women entrepreneurs in small and medium-sized enterprises (SMEs).	Survey (questionnaire)	Descriptive statistics (SPSS)	Financial capital has a positive impact on the performance of women business owners. There was no association between human capital and the performance of women-owned SMEs.
Fapohunda (2012)	Nigeria	To examine the role of women in Nigeria's informal economy.	Desk and literature review; web-based research; survey	Descriptive statistics	Women's lack of access to affordable credit, formal education and training, information, technical advice and services prevents them from expanding their enterprises.
Iyiola & Azuh (2014)	Ota, Ogun State, Nigeria	To examine the impacts of women's entrepreneurship on poverty and contributions to city development.	Survey (questionnaire)	SPSS: frequency, regression analysis	Women entrepreneurs' activities have a significant impact on diminishing poverty in Ota, Nigeria.
Mansur & Jamilu (2017)	Yobe State, Nigeria	To identify the challenges that women entrepreneurs face including assessing government programs.	Survey (questionnaire)	SPSS; Regression analysis	Most women entrepreneurs are unaware of government programs that might help to grow their businesses. Women lack external support, relying on informal sources of finance.
Morsy & Youssef (2017)	N/A	To examine underlying causes of gender disparities in access to the financial services, with a focus on the banking structure and women's socio-economic participation.	Secondary data: 2011 Global Findex and Bankscope databases	Weighted least squares analysis	Women are more likely to be excluded from the formal financial sector in countries where: (i) laws and norms discriminate against women; (ii) women have lower participation in the labour market; and (iii) state-owned banks retain a larger market share in the banking system.
Moses et al. (2015)	Lagos, Ogun and Oyo State, Nigeria	To assess policy framework and challenges that women entrepreneurs face and also advance possible solutions.	Open-ended questionnaire	Descriptive statistical analysis; content analysis	Women entrepreneurs are constrained by a lack of financial capital. Other obstacles include uncondusive business environments, lack of good infrastructure and sexual harassment.
Nziku (2016)	Tanzania	To examine factors that influence the decision to start a business and perceived	Structured questionnaire	Descriptive analysis of frequency; Confirmatory	Motivating factors: presence of local successful businesswomen (role models) and regional economic conditions. Most employed personal

Author(s)/Year	Region	Purpose of Study	Instruments	Method of Analysis	Key Findings
		constraints among Tanzanian women entrepreneurs.		Factorial Analysis with Structural Equation Modelling (SEM)	savings in start-up. Differences among urban and rural regions: urban-based women were more aware of government policies and, programs (e.g., where how to access government-sponsored credit).
Odi & Ogonna (2014)	Nigeria	To examine the impact of financial inclusion on rural dwellers in Nigeria.	Questionnaire and interview	Descriptive statistics, content analysis	Financial inclusion can be beneficial to rural dwellers, if well managed.
Ogunrinola (2011)	Ogun State, Nigeria	To investigate the role of social capital in determination and distribution of income among women-owned micro enterprises in rural communities.	Secondary survey data collected in an earlier study	SPSS software; regression analysis	Among other factors, social networks have a major role in the establishment and operation of self-help groups, which are the primary source of micro-finance for rural micro-entrepreneurs.
Okafor & Mordi (2010)	Lagos State, Nigeria	To examine the impact of environmental factors on women entrepreneurial development in Lagos State, Nigeria.	Primary (survey) and secondary data	Correlation analysis	Entrepreneurial development is linked to psychological characteristics of entrepreneurs that are affected by environmental factors (e.g., link between environmental conditions and firm performance, whether conducive or unconducive).
Sajuyigbe & Fadeyibi (2017)	Nigeria	To examine the influence of women entrepreneurs on sustainable economic development in Nigeria, and primary barriers to women's entrepreneurship development in the country.	Survey (structured closed-ended questions), personal interviews	Descriptive statistical tools and inferential statistical tools (i.e., linear regression)	Women's entrepreneurship has a positive impact on economic development. Challenges include (in descending order of importance): lack of access to capital, work/home conflicts, lack of moral support from family, lack of entrepreneurial education, and lack of infrastructure.
Tende (2016)	Taraba State, Nigeria	To examine contribution of women entrepreneurs on national development and effect of skills, knowledge, capability, and resources on performance.	Survey (questionnaire)	Descriptive statistics and ANOVA F-test	Women entrepreneurs make a substantial contribution to national development. Access to resources impact profitability.
White et al. (2015)	Eldoret, Kenya	To investigate links between gender differences in the usage of financial resources and SME performance.	Survey and interview	Inferential statistics (ANOVA, T-tests)	Compared to men, women are more likely to use informal sources of finance.
Umar et al. (2019)	Kaduna, Bauchi, Nasarawa States, Nigeria	To examine the effect of entrepreneurial orientation and financial resources on the performance of women-owned enterprises.	Cross-sectional survey: structured questionnaire	Partial Least Squares SEM (PLS-SEM).	Women considered entrepreneurial orientation and financial resources to be critical to their business performance.

## **Chapter 3**

### **Methodology and Research Design**

This chapter describes the research design, including methodological rationale, data collection procedures, sample composition and data analysis. Thematic analysis was employed to inform the research question in a rigorous and credible way (Braun & Clarke, 2006). Thematic analysis entails a series of steps: (1) getting to know the data thoroughly by reading and rereading the interview transcripts; (2) categorizing and coding the data; (3) identifying key themes (Figure 1); (4) reviewing the themes; (5) defining and interpreting the themes; and (6) explaining and discussing the contribution and implications of findings (Kiger & Varpio, 2020).

#### **3.1. Research Design**

The objectives of the research are to examine barriers facing women entrepreneurs in rural Nigeria with respect to securing financial capital and to explore response strategies to enhance access to capital and financial inclusion. To do so, semi-structured interviews were employed (Miles et al., 2014). Qualitative research was employed to understand participants' perspectives embedded in their social context, including the richness, depth and complexity of social phenomena (Mason, 2002). Respondents participated in individual telephone interviews that lasted between 30 and 45 minutes. Interviews were audio-recorded with permission and transcribed.

#### **3.2. Sampling**

A purposeful sampling method was used (Patton, 2015). The population of interest was women entrepreneurs living in rural, South-West Nigeria. Criteria for inclusion adhere to the definition advanced by UN Women (2017) for a *women-owned business*: at least 51 percent unconditional ownership by one or more women; unconditional control by one or more women over the long-term decision-making and the day-to-day management and administration of the business operations; and independence from non women-owned businesses.

To control for sector influences, only women engaged in retail businesses were included in the sample. Sample selection criteria is consistent with the profile of women traders in Nigeria

(Akinbami & Aransiola, 2016). For example, in 2017, 56 percent of women-owned MSMEs<sup>26</sup> operated in retail trade (National Bureau of Statistics, 2019b). The women entrepreneurs operated in the region of Atakunmosa West<sup>27</sup>, Osun State, an area which is predominantly rural. Moreover, the principal investigator has extensive knowledge about the area and speaks the regional dialect. A research assistant facilitated data collection.

### 3.3. Data Collection

Data were gathered through in-depth telephone interviews. A research assistant assisted with the recruitment of participants. Potential respondents were identified using the criteria for inclusion specified in this study. The research assistant met potential participants at their place of business, described the purpose of study and determined interest in participating in the study. Six potential respondents declined. One non-respondent offered the explanation that doing business while participating in the interview would not allow her to fully concentrate on the interview.

Participants were asked to read and sign the University of Ottawa *Participant Consent Form* (Appendix A). Upon signed confirmation of interest, a date and time for the interview was fixed. All interviews were conducted over the phone. To facilitate participation among respondents who do not have a mobile phone, the research assistant provided a phone for the interview. The research assistant did not remain with the women during the interview in order to allow them to feel relaxed and free to share their experiences. Interviews lasted between 30 minutes and 45 minutes. Data collection occurred between December 2019 and February 2020.

A semi-structured interview guide was employed (Appendix B). The interview guide consisted of five sections: (a) description of the business; (b) objectives and motive of business start-up; (c) perceptions about financial inclusion and access to capital; (d) awareness and perceptions about small business support programs, training, and policies; and (e) gender-related barriers to accessing capital. The interview guide enabled me to gather as much information as possible to inform the research questions while remaining flexible to accommodate unanticipated issues and detailed accounts of participants' experiences.

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<sup>26</sup> MSMEs is an acronym for Micro, Small and Medium Enterprises.

<sup>27</sup> "Atakunmosa West is a Local Government Area in Osun State, Nigeria. Its headquarters are in the town of Osu in the north of the area at 7°35'00"N 4°37'00"E. It has an area of 577 km<sup>2</sup> and a population of 68,643 at the 2006 census" (Wikipedia, 2021).

The interview data was audio-recorded with the permission of participants. At the beginning of each interview, I explained the study objectives and procedures, including confirmation of participant anonymity. All electronic data (participant contact details and unique codes) were secured on the Principal Investigator's and Thesis Supervisor's password-protected computers. Passwords are required to access the files.

Interviews were conducted in the respondents' native language (Yoruba) and transcribed verbatim into English. The transcription process was facilitated using *Express Scribe*, a transcription software. Big English terms as well as some words that were spoken in respondents' native language were given to a Yoruba language teacher to help with the transcription. Transcripts were labelled with a filename for identification purposes. To preserve anonymity, identifiers such as participants' names were removed.

### **3.4. Data Analysis**

Thematic analysis of data was employed to identify, analyze, and report on common themes (Braun & Clarke, 2006). Managing textual data was aided using N'VIVO 12. The data analysis process is summarized in Table 6. Table 7 presents a profile of the study participants.

#### **3.4.1. *Generating Initial Codes***

Data analysis is based on immersion, including repeated reading of the transcripts, coding and iterative re-coding, and ongoing comparisons. To disassemble the data, codes were assigned to convey symbolic meaning (Miles et al., 2014). Following data collation and initial coding, the codes were sorted into themes. The data were coded inductively to create the "first-level codes" and then aggregated to "second-level codes." First-level coding involved breaking down the data into discrete parts and examining the extracted texts in order to identify the data that most exemplified responses to the research questions posed. The purpose of the second-level coding was to refine the data and narrow the focus to fewer themes.

The next phase of data analysis involved writing-up the summary findings. Tables and models are an efficient means to categorize and portray data in coherent presentation formats. Summative findings are presented into Tables 8 and 9. Figure 1 summarizes the themes associated with

financial exclusion of the study participants. Figure 2 presents a social ecological model of barriers to financial inclusion and bidirectional interactions among three levels of constraint. As illustrated, Individual and Institutional level constraints are embedded within Community constraints.

**Table 6. Data Analysis Process**

Stage	Phases of Analysis	Description of Analytical Processes
1	Familiarization	Transcribing interview data, reading and rereading transcripts, noting initial ideas and to familiarize myself with the data.
2	Disassembling and Coding	Disassembling data: codes were assigned to convey symbolic meaning. Each transcript was coded, and relevant segments of text highlighted. Potentially interesting segments of text were then organized into clusters. N’Vivo 12 software was used to aid the sorting and organization of the data set.
3	Generating key themes	This stage involved collating coded data extracts into potential themes. Patterns were identified among the codes and sorted into potential themes.
4	Reviewing the themes	This stage involved checking themes in order to be sure they were accurate representations of the data. Themes were reviewed by two researchers to ensure accuracy in reflecting meanings evidenced in the data set as a whole.
5	Defining and naming the themes	This stage involved defining precisely what each theme meant and determining how it helped to understand the data the more. Work involved coming up with clear and easy to understand labels for each theme. Perceived barriers to accessing financial capital were sub-divided into three levels: individual, institutional and community.
6	Explanation and contribution to practice, policy and theory	The final stage involved relating the analysis back to the research questions to ensure that the themes adequately answered the research questions. This stage also involved writing-up the study findings. Summative findings are presented into Tables 8 and 9.

### 3.5. Quality Control

In 2019, an ethics application was submitted to, revised, and approved by the University of Ottawa Research Ethics Board (ERB). Approval was received prior to commencing recruitment of the interview participants (Certificate #S-09-19-4731). See Appendix C for the certificate of ethics approval.

### **3.5.1. Coding Procedures**

Using a pen and notebook, notes were taken during the interviews to identify specific comments and to have a backup in case the technology (phone recording) failed. I took notes of perceived interesting or significant information that participants shared and when necessary, I clarified comments shared by participants to comprehend participants' points of view. This also helped to capture details verbatim statements to reduce researcher bias. In addition, the use of "first person" rather than "third person" was employed to reduce the odds of summarizing what the participants said rather than capturing verbatim. At the end of each interview, I reviewed my notes to fill missing gaps while the memory of the recordings is fresh in my mind. Notes have been deposited to the password protected document archive.

A two-coder approach (my thesis supervisor and I) was employed to enhance data reliability. The first step was to undertake independent coding of the transcribed documents. A preliminary code list was constructed. Thereafter, my thesis supervisor and I discussed and refined the coding scheme to clarify further the themes identified. In addition, quotes drawn from the data were extracted to offer a rich and thick description of key themes.

## Chapter 4

### Findings

#### 4.1. Description of Data

While all 25 interview participants were engaged in the retail sector, some operated from a building while others operated on a street. The average tenure of the businesses was 16 years. Five had operated business for less than five years, while the majority had operated for over 10 years.

I asked participants factors that motivated them to start their businesses. The majority (68%) of the women were *necessity-based* entrepreneurs. Except for one participant with elementary school education, the majority of participants were at least high school educated. Education ranged from elementary school (n=1), high school (n=12), diploma (n= 5), Bachelor's degree (n=4), and Master's degree (n=1). The women entrepreneur ranged in age from 29 years to 71 years. In terms of marital status, most of the women entrepreneurs (76%) were married.

I then asked participants to explain how they raised initial capital to start their business. Most participants (92%) stated the primary source of capital was personal savings, capital from family and friends and informal lenders (such as, Ajo or Esusu). Only one participant said that the initial source of finance was capital from a formal source (cooperative lending society). One participant stated her source of initial capital was mixture of formal and informal.

**Table 7. Sample Profile**

ID	Firm Profiles				Owner Profiles			
	Age	Sector	Emps.	Capital <sup>28</sup>	Type <sup>29</sup>	Age	Education	Marital
1	15	Retail: cassava, yam, plantain	0	Informal	2	62	B.A. Languages	Married
2	13	Computer centre: typeset, photocopy scan, laminate	5	Informal	1	46	High School	Widow
3	5	Retail soft drinks, cosmetics, etc.	1	Informal	2	37	High School	Single
4	29	Retail cassava, plantain, banana, melon	0	Informal	2	71	High School	Widow
5	2	Retail beverages- soya, Zobo, Millet	0	Informal	2	47	Diploma	Married
6	20	Farmer/Retail cocoa	0	Informal	2	68	Not educated	Married
7	10	Fashion design & tailoring	0	Informal	2	60	Diploma	Married
8	15	Retail: provisions, toiletries, pasta, tissue, non-alcoholic drinks	3	Informal	2	55	High School	Married
9	20	Manufacturing: bags	5	Informal	1	51	B.Sc.	Married
10	33	Retail: kitchen utensils	0	Formal: co-op society	2	59	B.Sc.	Married
11	20	Tailoring	0	Informal	1	43	High School	Married
12	4	Restaurant & beverages: bar	4	Informal	1	44	B.Sc. Agronomy	Married
13	24	Retail soft drinks, bread, palm wine	1	Informal	2	52	High School	Married
14	5	Retail: bean/Moin-moin pudding	2	Informal	2	45	Diploma	Married
15	11	Hairdressing, retail: bottled drinks	3	Informal	2	42	High School	Married
16	14	Retail store: groceries	0	Informal	2	46	High School	Widowed
17	10	Hairdressing	2	Informal	1	36	High School	Single
18	3	Retail: boutique selling work clothes	0	Informal	1	29	Diploma	Single
19	12	Retail: stationery e.g., educational materials, office supplies	0	Informal	2	43	Certificate in Education	Married
20	24	Retail: fabrics and fashion accessories	6	Formal and informal	1	58	M.Sc. Nursing	Married
21	20	Retail: foodstuff, cooked and raw food	3	Informal	2	48	Elementary	Married
22	15	Retail: rice, beans, yam, maize, potatoes etc.	1	Informal	2	49	High School	Married
23	16	Retail (B2B): computer accessories	5	Informal	1	46	High School	Married
24	30	Retail: clothes, shoes	0	Informal	2	61	Elementary	Married
25	30	Retail: farm produce, fruits, vegetables, etc.	0	Informal	2	63	High School	Married

<sup>28</sup> For the purpose of this study, formal sources of capital include commercial banks, co-operative societies and microfinance banks while informal sources of capital include personal savings, capital from family and friends, informal lenders such as Ajo, Esusu etc.

<sup>29</sup> (1) Opportunity-based enterprise; (2) necessity-based enterprise: opportunity-based entrepreneurs are those who voluntarily ventured into a business because they identified certain opportunities in the business while necessity-based entrepreneurs are those who ventured into a business because they do not have any other employment options.

## 4.2. Barriers to Financial Inclusion

Participants cited individual, institutional and community level barriers to financial inclusion. Individual barriers captured intrapersonal challenges. Institutional challenges incorporated interpersonal barriers, while community barriers reflected structural challenges. The antecedents of each are described. See Table 8a. Individual level barriers to financial inclusion.

### 4.2.1. Individual Level Barriers

At the individual level, emergent themes associated with financial exclusion included time management, psychological hurdles, and financial risk propensity.

#### Time Management Barriers

Time management statements incorporated perceptions that participants had little or no time to expend on managing their businesses given professional and personal demands. This theme reflected balancing the cost (risk) versus benefits (rewards) of time spent learning about mobile or digital banking. For example, four participants cited limited time to check their cell phones while at the same time attending to customers. Two participants stated that they had no need to learn how to use mobile banking given the lack of time to access banking information.

Another participant stated that she spent her “free time” managing family demands and preferred to not expend limited time applying for funding when she was uncertain about the outcome of the application (i.e., whether she would be successful or not). One participant was discouraged from investing time to secure financial support citing unrealistic expectations of government/funding programs. She noted that the application process was both time consuming and cumbersome. Even when assistance was provided, such as government representatives assisting in filling of forms, she stated that women are often disappointed when funding is not provided. According to participant 17, *“They asked different questions about how much we will pay and the like...but after a while, they put our mind at rest, that they will call on a particular date...And we even called them ourselves back then, but all the efforts were to no avail. We kept calling them and since they didn't respond, that was why I put my mind out of it”*.

## Psychological Hurdles

Participants cited *fear of rejection* of loan applications as a primary reason for not pursuing formal credit. This observation is consistent with the concept of borrower discouragement, defined as a creditworthy borrower who fails to apply for financing for fear that the loan application will be rejected. For example, according to Participant 23, “*I am usually afraid as I don't know what I will encounter when I get there...so that is why I didn't seek financial support*”.

A related psychological barrier was the *desire to retain peace of mind*. Several participants explained that they were stressed or exhausted from juggling their businesses and household responsibilities and hence, sought to avoid additional “burdens.” Applying for credit was perceived to increase vulnerability while diminishing wellbeing. As participant 13 stated, “*I don't want to borrow a large amount of money that I won't be able to have peace of mind*”. Social influences were evidenced. One participant stated that while she had friends who borrow from banks, she could not be “persuaded” to do so. Two participants saw themselves as running away from potential problems through not applying for credit. As participant 22 explained, “*Though, I have friends that are going into the bank to borrow money, but I didn't allow that to affect me because I know I actually ran away from problem by not going to the bank to borrow money*”.

One of the participants expressed concern about personal security (i.e., expectations of sex for access to capital) as a barrier. As she (participant 5) stated, “*In Nigeria these days, there is no one that is ready to help anyone...then if they want to help, they will say give what you have to get what you need as a woman. And I am someone especially as a married woman who cannot agree to such sexual advances, so, I have to look for other alternatives...*”.

## Financial Risk Propensity

A third theme within individual level barriers centered on risk propensity and personal autonomy. Nine participants stated that they prefer to rely on earned income rather than seek financial assistance from others, irrespective of how little or how much they earned. For instance, participant 3 stated, “*I want to rely on my own income. I don't want to borrow from others. I don't like borrowing money to do business. I like to raise my own money to do my business. I don't just like it...*”

**Table 8a. Individual Level Barriers to Financial Inclusion**

Identified Barriers		Individual Level Barriers as Reported by the Respondents
First-Order	Second-Order	
Limited time to monitor	<b>Time management</b>	<i>P13: I don't usually check my phone because my business did not give room for me to be checking phone.</i>
Limited time for meetings		<i>P22: People have informed me about it, but I have not really had the chance...like when it is time for the meeting and then it will be when I want to go and buy goods. So, I have not really had the chance and time to join any (i.e., co-operative societies).</i>
Time wasted: failure of provider to log calls   lack of call backs		<i>P17: They asked different questions about how much we will pay and the like...but after a while, they put our mind at rest, that they will call on a particular date...And we even called them ourselves back then, but all the efforts were to no avail. We kept calling them and since they didn't respond, that was why I put my mind out of it.</i>
Time wasted registering		<i>P19: No, I don't have much details about it (Tradermoni). I didn't participate in it...When we got to where we are to register, I met more than 100 people who came for the registration, so I had to leave the place.</i>
Time conflicts: domestic demands		<i>P22: I have not really had the chance...like when it is time for the meeting and then it will be when I want to go and buy goods. So, I have not really had the chance and time to join any (i.e., co-operative societies).</i>
Unrealistic expectations		<i>Expectation gaps between government/funding programs and WEs capacity (e.g., time consuming entry ramps, applications are cumbersome e.g., full day of training and yet no funding; travel to meet government representatives).</i>
Fear of unknown	<b>Psychological</b>	<i>P23: I am usually afraid as I don't know what I will encounter when I get there...so that is why I didn't seek financial support.</i>
Sexual harassment and concern about personal security		<i>P5: In Nigeria these days, there is no one that is ready to help anyone...then if they want to help, they will say give what you have to get what you need as a woman. And I am someone especially as a married woman who cannot agree to such sexual advances, so, I have to look for other alternatives...”.</i>

Stress given size of debt		<i>P13: I don't want to borrow a large amount of money that I won't be able to have peace of mind...</i>
Lack of mental safety due to asking for debt		<i>P24: ...that is why I don't want to ask for such money. Because one will not have peace of mind if one should ask for such kind of money.</i>
Fear of firm growth		<i>P14: Hmm, it is this money. If I go there, it is not that they will not give me, but the thing is I don't have the means to pay it back. I don't want them to be disturbing me. I don't want to lose my peace of mind because business is not moving very much in my state. But, if I am doing a very large business, and I have good source of income, then I can go there to borrow money.</i>
Will not be persuaded by friends' lending		<i>P22: ...There is a proverb that says when one is doing a business, one should always be wise about it...Though, I have friends that are going into the bank to borrow money, but I didn't allow that to affect me because I know I actually ran away from problem by not going to the bank to borrow money.</i>
Perceived as a mindset		<i>P16: I don't have the mind for borrowing money from the bank. That is why I have not gone there to ask for financial support.</i>
Self-reliance	<b>Autonomy</b>	<i>P3: I want to rely on my own income. I don't want to borrow from others. I don't like borrowing money to do business. I like to raise my own money to do my business. I don't just like it...</i>

**4.2.2. Institutional Level Barriers**

Ability to maintain control, social stigma, financial literacy, lack of financial resources, lending conditions, size of business, attitudes and practices of lenders, religion belief were identified as barriers to financial inclusion (see Table 8b).

**Ability to Maintain Control**

Several participants had declined opportunities to be members of co-operative societies due to negative experiences. For instance, one participant stated that she had to previously bear the financial burden of a defaulted member of a cooperative. In addition, five participants cited the risk of fraud within lending (informal) societies or concern about closure of lenders when members default on loans or run away with money. As participant 5 stated, “...Some will come as a good

*person in order to collect money and after collecting money, one will not see them again. Nowhere to find them...and because of that, cooperative societies can have bad debts”.*

Debt was perceived to be associated with large businesses and not the participants’ current operations. One participant stated that she would only have the *confidence* to seek financing from a bank when her business grows; she also acknowledges that she was contented with the little money that she had been using to sustain her business.

### **Social Stigma**

Social stigma was associated with lending. One participant stated that applying for credit with few sales can lead to embarrassing situations such as the lender troubling or arresting her if she is unable to pay back the borrowed money. She added that there was no way for her to repay credit. In order to avoid the stigma, she too preferred to manage the little she had versus apply for credit.

### **Financial Acumen**

A third emergent theme cited was lack of financial knowledge. Low financial literacy and confidence made it difficult for some participants to access and navigate information about applying for credit (e.g., application processes, terms of lending). As participant 20 stated, *“You know information is power...It is when you are informed, that you will know that something is going on somewhere...but if you don't have access to that information. How do you apply for it?”*

### **Lack of Financial Resources**

Lack of financial resources was another theme evidenced. Four participants stated that even if they were to open a bank account, they did not have money to deposit. Hence, there was little reason to have an account. One participant said she was not sure of when she would have enough money to deposit in an account. Another mentioned that she has survived without a bank account for a long time. The lack of change in income further contributed to lack of confidence in taking the step of opening an account and embracing digital banking.

## Terms and Conditions of Lending

In Nigeria, only a fraction of the land and buildings are owned by women. This makes it difficult for women to provide collateral to support a loan application. Legislation that disproportionately favors men in terms of inheritance and family regulations further contributes to lack of assets and collateral as experienced by the women. As participant 3 stated, *“If I ask for financial support from the bank, they will ask me to bring collateral...they can say documents of building and I don't have any of such...so, that did not even allow me to go there”*.

In addition to lack of collateral, six participants stated that they are not interested in seeking financial assistance from banks because of high interest rates and charges. As participant 9 stated, *“Well, it is because of the interest they normally put on the money. It is usually too expensive”*. Several participants suggested that lending institutions charge women higher interest rates and fees compared to men. Several perceived that most women receive little or no financial support.

## Size and Sector of Business

Financial inclusion was associated with firm size and sector. While all study participants operated in retail, access to credit was more likely to be associated with goods. Five participants perceived that since they were not engaged in manufacturing, financial assistance did not make sense. Others believed that *if* their businesses were to grow, they would seek credit. As noted, until then, some preferred to manage the little that they had. As participant 14 stated, *“Hmm, it is this money. If I go there, it is not that they will not give me, but the thing is I don't have the means to pay it back... business is not moving very much in my state. But, if I am doing a very large business, and I have good source of income, then I can go there to borrow money”*.

## Attitudes and Practices of Lenders

Many participants were unfamiliar with the procedures to apply for credit. Others stated that the application process for credit was complicated. Several had sought third-party assistance with credit applications, explaining that intermediaries often cheat applicants since they knew more about application and repayment processes. Several participants cited frustration in the application process, stating that it was futile as third-party intermediaries charged fees to register the business

for a loan application – without securing funds. As participant 23 stated, “People helped us to do it online and they collected money from us, but we didn't get any money and ...like they said they want to help us to fill form.... they collected like 250 naira (\$0.81 CAD) but still they didn't give us any money...”.

## Religion

One participant stated that she had not sought financial assistance from banks because it is against Islamic doctrine: “I can't say much about them in the sense that most of the microfinance banks usually charge interest and as a Muslim that I am, it is in our doctrine that we should not move near anything that will make us to pay interest of certain amount of money apart from when one engages in business and realizes profit”.

**Table 8b. Institutional Level Barriers**

Identified Barriers		Institutional Level Barriers as Reported by the Respondents
First-Order	Second-Order	
Vulnerable to fraud	<b>Ability to maintain control</b>	<i>P5: ...Some will come as a good person in order to collect money and after collecting money, one will not see them again. Nowhere to find them...and because of that, cooperative societies can have bad debts.</i>
Vulnerable to others' debts		<i>P21: One of the problems I faced is that...if no member repays the money owed, then I will be the one to repay or all the other members, they will deduct it from everybody's contribution and then the leader will bear the majority of the default...</i>
Vulnerable to fund closure		<i>P25: I stopped because among us, some people did some stuff...and then those who started the society said they will close the group... For instance, if some collect other people's money, then they will run away with the money.</i>
Leaders bear financial risk		<i>P21: One of the problems I faced is that...if no member repays the money owed, then I will be the one to repay or all the other members, they will deduct it from everybody's contribution and then the leader will bear the majority of the default...</i>

Wait for firm growth		<i>P18: What happened is that the bank wahala (trouble) is too much and I don't have the strength and I am always afraid to borrow money from others. The one I am still doing is okay with me for now...maybe when my business grows a bit, then I can borrow money but for now...I am contented with what I have.</i>
Embarrassment	<b>Social stigma</b>	<i>P19: It is because of the experience I had before...If I should apply for a loan, and then there is no sales and I am not able to return the money as at when due, then it will be an embarrassment and I don't like anything that will cause trouble or bring embarrassment for me...so I'd rather manage the little I have...instead of one to be facing embarrassment. That is the reason why I didn't apply for any loan.</i>
Lack of outreach/knowledge	<b>Financial literacy</b>	<i>P12: Sometimes, I will need money for my business but because I don't know how to do it and because none of them have never come to me, that is why I am on my own.</i>
Inability to access to information		<i>P20: You know information is power...It is when you are informed, that you will know that something is going on somewhere...but if you don't have access to that information. How do you apply for it?...</i>
Inability to deposit regularly	<b>Lack of financial resources</b>	<i>P25: You know because there is no enough money, at least if one opens an account, one will need to be putting money there every month. Since, I don't have enough money to put in the bank for now, that is why I didn't open any bank account.</i>
Cost: interest too expensive	<b>Lending: conditions/terms</b>	<i>P9: Well, it is because of the interest they normally put on the money. It is usually too expensive.</i>
Revenue too low		<i>P22: It is just when I collect little money and the interest will be high when repaying.</i>
Collateral		<i>P3: If I ask for financial support from the bank, they will ask me to bring collateral...they can say documents of building and I don't have any of such...so that did not even allow me to go there.</i>
Documentation		<i>P5: The reason is that I know bank do ask for collateral and it must be someone that is rich that can stand for one...and they will need maybe documents of building or car that will serve as collateral. And when someone does not have everything, then one will have to manage whatever one has”.</i>

Interest rate is problematic		<i>P22: It is just when I collect little money and the interest will be high when repaying. And there is a proverb that says when one is doing a business, one should always be wise about it...Though, I have friends that are going into the bank to borrow money, but I didn't allow that to affect me because I know I actually ran away from problem by not going to the bank to borrow money.</i>
Unable to repay debt	<b>Size of business</b>	<i>P14: Hmm, it is this money. If I go there, it is not that they will not give me, but the thing is I don't have the means to pay it back... business is not moving very much in my state. But, if I am doing a very large business, and I have good source of income, then I can go there to borrow money.</i>
Wait until I grow business		<i>P18: What happened is that the bank wahala (trouble) is too much and I don't have the strength and I am always afraid to borrow money from others. The one I am still doing is okay with me for now...maybe when my business grows a bit, then I can borrow money but for now...I am contented with what I have.</i>
Cost to register (fraud)	<b>Attitudes and practices of lenders</b>	<i>P23: ...People helped us to do it online and they collected money from us but we didn't get any money and ...like they said they want to help us to fill form....they collected like 250 naira (\$0.81 CAD ) but still they didn't give us any money...</i>
Not asking for loan because it is against her doctrine	<b>Religion belief</b>	<i>P20: I can't say much about them in the sense that most of the microfinance banks usually charge interest and as a Muslim that I am, it is in our doctrine that we should not move near anything that will make us to pay interest of certain amount of money apart from when one engages in business and realizes profit...</i>

### 4.2.3. Community Level Barriers

Community level barriers to financial inclusion included lack of networks and connections, political instability, the small amount of financing offered, authority of men (i.e., patriarchy) and sense of disruptive relationships. See Table 8c. Community level barriers to financial inclusion.

#### Lack of Networks and Connections

Nepotism, godfatherism and favoritism make it difficult for women entrepreneurs in rural area to access to government funding and other assistance. Participant 2 stated, “No, I have never been a beneficiary...not in this country...apart from those that are politicians or related to the

*politicians...because everything in Nigeria is all about connections...If you don't know anyone, you cannot get anything*". Yet, many are entrepreneurs who may benefit most from government support. Seven participants stated that they felt neglected due to a lack of sincerity among officials responsible for funds and credit application processes. Participants noted that adjudication of funds was not based on merit or "those in need" but rather on "whom you know" which disadvantaged many women.

### **Political Instability**

A second theme encapsulated at the community level was political instability. Changes in political leadership were seen to align with changes in government policies. Inconsistencies in policies lead to confusion among participants about how to go about the process of applying for financial credit particularly women entrepreneurs who were financially literate. As stated, because many participants had limited time, changes in policies and trying to adjust to policy and program changes presented additional time burdens.

### **Low Government Financing**

Another emerging theme identified under the community level barrier was "low government financing." Four participants stated that they have heard about *TraderMoni* (a federal program) but did not apply because the amount of money was too small and would not do anything for their business. As participant 16 stated, *"I didn't apply for it (i.e., Tradermoni) because there is nothing that 10,000 naira (\$32.26 CAD) can do for me. Because as I am now, I have four children and I am a widow...So 10,000 naira cannot do anything for my business."*

Participants were not motivated to apply for government funding or financial assistance since they perceived the stress associated with obtaining a loan or grant was not worth the effort.

### **Institutions Dominated by Men**

In Nigeria, few women occupy leadership positions in government. Few bureaucrats or other government representatives advocate on behalf of women entrepreneurs. As participant 8 stated, *"What I feel is that those at the top, there are more men than women. So, there is no woman that*

can fight for other women. Whenever there is a position to be filled, it is men that will occupy such positions. Women are supposed to be representatives in the government too”.

**Table 8c. Community Level Barriers to Financial Inclusion**

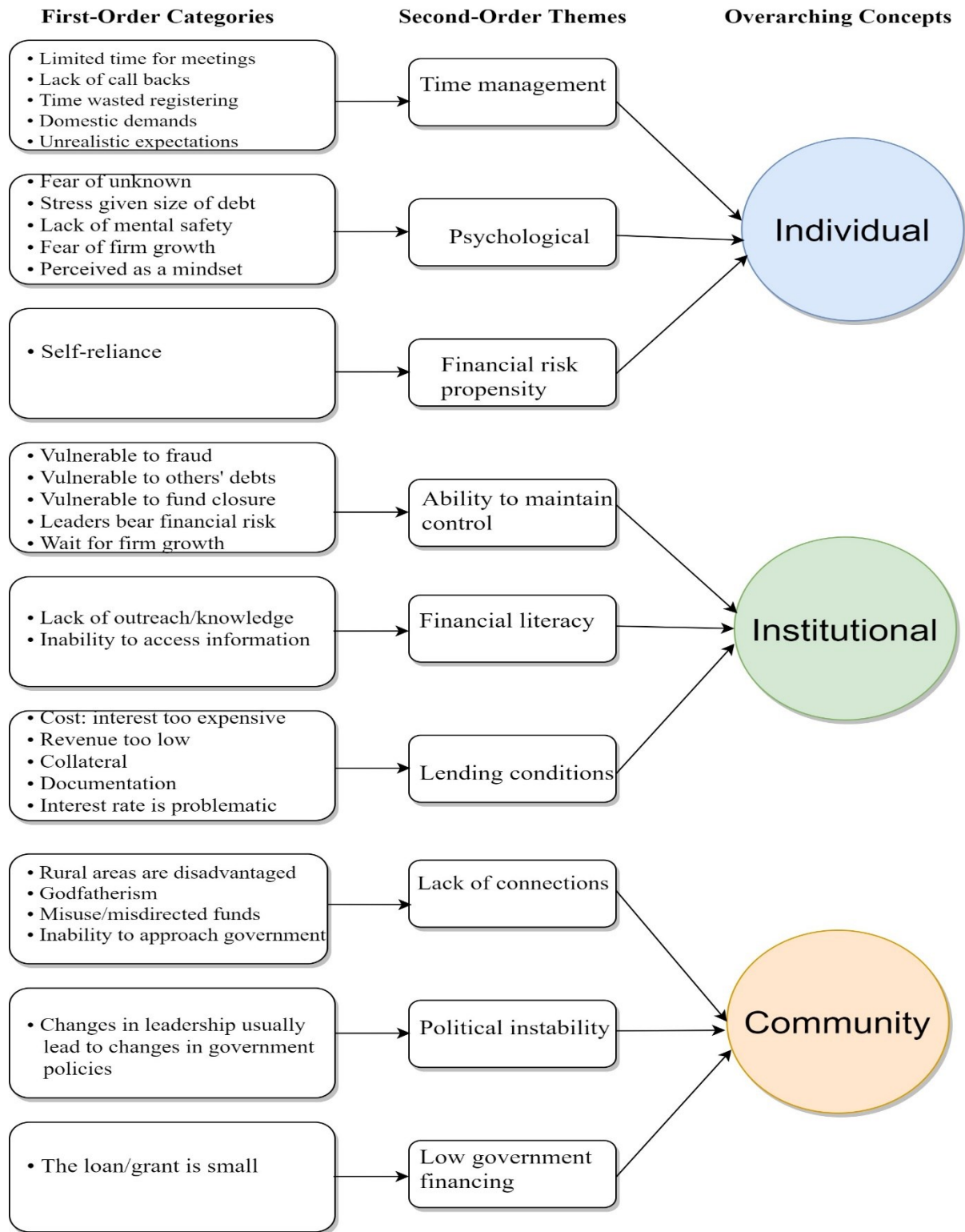
Identified Barriers		Community Level Barriers as Reported by the Respondents
First-Order	Second-Order	
Rural areas are disadvantaged	<b>Lack of connections</b>	<i>P1: The obstacles that I am aware of is that in securing any government assistance, until you know big people in their midst, you cannot get anything. And we that are living in rural areas, how can we know them...so it is difficult to get any financial assistance from they government because we are not in the town, so they neglected us.</i>
Only politicians have connections required		<i>P2: No, I have never been a beneficiary...not in this country...apart from those that are politicians or related to the politicians...because everything in Nigeria is all about connections...If you don't know anyone, you cannot get anything.</i>
Misuse/misdirected funds		<i>P10: The major problem, though the government has their faults... People are just going there to take money, even people that are not selling anything, they will take it and just use it for another thing. For instance, they gave out Agric loan and those that are not even Agric personnel also took the loan, because they know those ogas (bosses) that are working there. So, the money is being used for “man knows man” purpose.</i>
Godfatherism		<i>P20: ...the second one is the issue of godfatherism...the government of whom you know...most of the things is not on merit...it is about who you know... people who need help don't have anyone to speak for them...so they have no opportunity to get the assistance...but those people that are already stable...because they know people...out of greediness...they will still go and collect the benefit of those less privileged...and at times, you know geographical location...most of these things, it</i>

		<i>is people at urban areas that will benefit from it...most people in the rural areas won't be able to benefit...</i>
Inability to approach government		<i>P4: If the person does not know anyone there, one cannot go to the government to help them. It is not possible to just meet anyone there...If I know someone there, then maybe they can help me"</i>
Changes in leadership usually lead to changes in government policies	<b>Political Instability</b>	<i>P20: The first one (obstacle) is political instability...you know at times, one government may be into this side...another government will come and discontinue it that they don't want it...</i>
The loan/grant is too small	<b>Low government financing</b>	<i>P16: I didn't apply for it (i.e., Tradermoni) because there is nothing that 10,000 naira (\$32.26 CAD) can do for me. Because as I am now, I have four children and I am a widow...So 10,000 naira cannot do anything for my business...</i>
Preference to hire men	<b>Male-dominated authority (patriarchy)</b>	<i>P8: What I feel is that those at the top, there are men than women. So, there is no woman that can fight for other women. Whenever there is a position to be filled, it is men that will occupy such positions. Women are supposed to be representatives in the government too.</i>

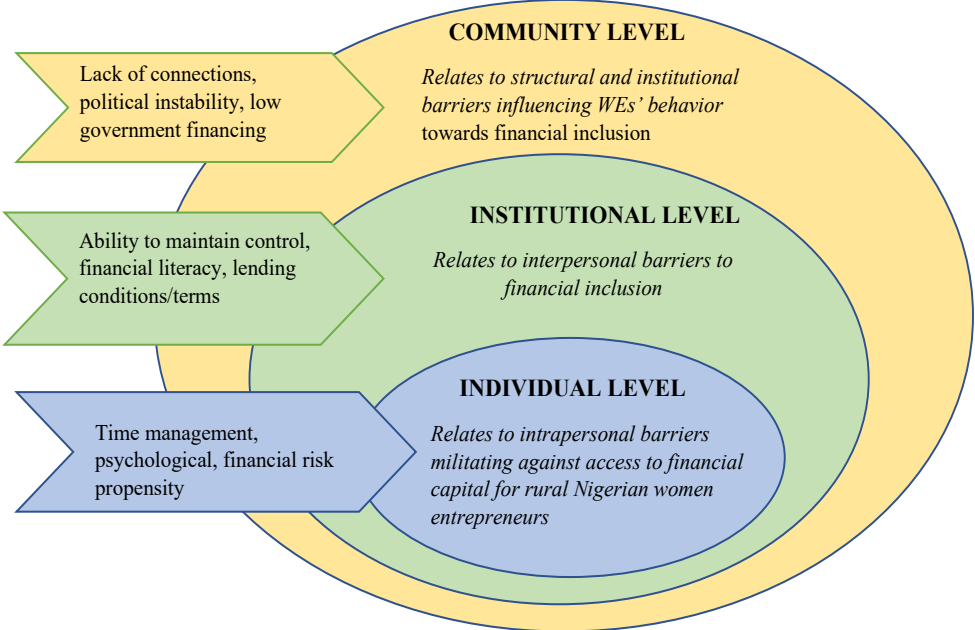
### 4.3. Integrated Models of Financial Exclusion

Figure 1 presents the themes associated with financial exclusion of women entrepreneurs in rural South-West Nigeria. Figure 2 depicts the social ecological model based on perceived barriers to financial inclusion. The social ecological model shows the interaction among the three levels of constraint to accessing financial capital (i.e., individual, institutional and community levels). The model summarizes perceived individual (time management, psychological, autonomy), institutional (ability to maintain control, social stigma, financial literacy, lack of financial resources, lending conditions, size of business, attitudes and practices of lenders, religion belief) and community barriers (lack of connections, political instability, low government financing, male-dominated authority) to financial inclusion among women in rural South-West Nigeria.

**Figure 1. Factors Associated with Financial Exclusion of Women Entrepreneurs**



**Figure 2. Levels of Constraint: Financial Exclusion of Women Entrepreneurs**



#### 4.4. Response Strategies

Following responses to cited barriers to accessing capital, respondents were asked, “*How might these barriers be surmounted?*” Respondents were then asked to describe ways in which they thought barriers identified to financial inclusion can be ameliorated. Response strategies were thereby aligned with individual, institutional and community level constraints. It is notable that while the women were able to describe the challenges faced, they identified very few solutions or response strategies.

##### 4.4.1. Individual Level Response Strategies

At the individual level, two themes emerged: training and development; and individualized relationship (see Table 9).

##### Training and Development

Three participants suggested that free financial training is needed, as most were not familiar with existing programs (i.e., types of government programs, available funding). Providing financial training will help to manage finances and improve performance of their businesses in general. In addition, financial training could help to increase the confidence of women and provide ways to connect them with other like-minded businesswomen thereby increasing their social capital (Coleman & Robb, 2012; Imhonopi et al., 2013). It is notable that most participants were at least high school educated and had been in operation for, on average, 16 years. The level of training should be commensurate with education and experience.

Furthermore, participants suggested that is important for services providers, such as trainers, to follow up with trainees as some could not apply what they were to have learned in seminars and workshops. For instance, as participant 8 stated, “*Yes, I attended a training program when we did the O-YES. They taught us how to use POS, electronic transfers and co...But there is no money to start or utilise what they taught us*”.

## **Individualized Relationship**

The second theme identified was “individualized relationship”. Two participants suggested that it is important for the government and private financial service providers to eliminate the use of intermediaries and to build one-on-one relationships with women entrepreneurs. One-on-one relationships were seen to help address both favoritism and nepotism in loan/funding application processes - that is, to ensure that funding gets to those who need capital most. As participant 10 reported, *“If the government wants to help us, they will meet us in our shop. They have employers that can go from shop to shop and give us the form to fill. And take it to where they are supposed to give us the money. But if one goes to local government, the chairman will just forward the names of his supporters to them”*.

### **4.4.2. Institutional Level Response Strategies to Financial Inclusion**

The themes that were reported at the institutional level include monitoring and follow-up and financial assistance (Table 9).

#### **Monitoring and Follow-Up**

The recommendation was made that only trustworthy people should be charged with disbursement of funds to rural entrepreneurs. This is because, in some situations, funds do not reach those who need them most (i.e., those at the bottom of the hierarchy, such as women living in rural area). Four participants stated that people embezzle money or offer funds to women who are related and do not need capital. Oftentimes, funders get away with this because government does not monitor disbursement of funds. As participant 7 stated, *“We are only hearing about the programs but it is some that are embezzling the money. So, it will not get to those that it should get to. But if the government monitors it, then the help will be helpful. But, if they choose people who are not trustworthy, then they will just embezzle it. So, I think they need people that will monitor it.”*. Therefore, it is important that government set up monitoring teams to oversee the implementation of credit schemes to ensure funds are disbursed effectively. This will help ensure that targeted funds impact the lives of women who are most excluded from financial markets.

## **Financial Assistance**

Another emerging theme was the need for financial assistance. Two participants suggested that loans and grants should be targeted specifically to rural women entrepreneurs as they were perceived to be in utmost need for funding to support their businesses. Terms of lending should include little, or no interest given interest payments discourages many women entrepreneurs from accessing funds. As noted, this point links to peace of mind. Small interest loans can help change this mindset about borrowing or seeking financial assistance.

### ***4.4.3. Community Level Response Strategies to Financial Inclusion***

Themes identified at the community level include provision of transportation, government policies should be people-friendly, and provision of rural banks (see Table 9).

## **Provision of Transportation**

In Nigeria, many rural areas lack essential amenities, such as good roads and public transportation. Lack of efficient transportation inhibits free movement, thereby preventing entrepreneurs from transporting goods and services to nearby villages and towns. One participant suggested that the government can support women entrepreneurs by making the movement of commodities and products to other villages easier for them to sell them. Participant 1 stated, *“There are so many ways that the government can do this for us. Even, starting from roads, when we get our commodities to sell, from one place to another...For example, in my own village where I am living right now, to get vehicle to transport most of these commodities to sell in another place is a difficult task and the government are not doing well for us...they neglected those in villages, they are not making impact in our villages, so it is difficult to gain access to them”*.

## **Government Policies and Funding Must Be User-Friendly**

Another theme that emerged is that government policies and program funding must be user-friendly, especially for women living in rural areas. Twelve participants (48 percent of the participants) shared the view that government funds should be for everybody and not based on “man-know-man” basis. They suggested that “nepotism” and “favouritism” is commonly

displayed when giving out funds to women entrepreneurs. This should be eliminated. Government funding should be for everybody and not based on knowing someone.

### **Provision of Rural Banks**

The third and final theme was establishing of rural banks for women entrepreneurs. For instance, one of the participants said that there are no micro-finance banks in her locality. Stemming from both the cost to access and lack of time due to family responsibilities, it is difficult for most of the women to travel to another town to seek financial support. In addition, one participant stated that she believes that microfinance banks are not as stringent in requirements for loan approval, however, no microfinance bank was located in her area. Again, this makes it difficult to access the benefits. She suggested establishing microfinance lenders near women entrepreneurs' places of work. This was seen as going a long way to solving obstacles faced by rural women entrepreneurs in accessing capital. As participant 3 buttressed, *"I feel they can set up community bank especially for the women...It will be very okay. In this my area, it will be very okay"*.

**Table 9. Recommendations to Enhance Financial Inclusion**

Response Strategies			Individual Level Response Strategies as Reported by the Respondents
Individual vs. Institutional vs. Community	First-Order	Second-Order	
<b>Individual level response strategies to financial inclusion</b>	Free financial training for rural women entrepreneurs	<b>Training/development</b>	<p><i>P18: ...Also they can organize seminars so that people will be aware of what is going on ...So that no one will be cheating another...</i></p> <p><i>P8: Yes, I attended a training program when we did the O-YES. They taught us how to use POS, electronic transfers... But there is no money to start or utilise what they taught us.</i></p> <p><i>P23: No, I have not done any training...The only training I did is the one that I did when I wanted to start the business.</i></p>
	Follow up with trainees		
	Non-use of intermediaries	<b>Individualized relationship</b>	<p><i>P10: If the government wants to help us, they will meet us in our shop. They have employers that can go from shop to shop and give us the form to fill. And take it to where they are supposed to give us the money. But if one goes to local government, the chairman will just forward the names of his supporters to them.</i></p> <p><i>P19: ...What I mean is that when government brings any program ...those who are co-ordinators will not allow the money to get to those who need the money. They will rather distribute it to their own people but if government can use individual accounts or their phone numbers...when they have gathered the women, they can contact them, they can speak with them...and inform the person that they want to give her a particular amount of money and they should transfer it to their account and not use a third-party. Because if they use a third-party, the money might not get to where it is supposed to get to. So, if they can use phone number and account number, then the money can get to where it is to get to.</i></p>

			<b>Institutional Level Response Strategies as Reported by the Respondents</b>
<b>Institutional level response strategies to financial inclusion</b>	Only trustworthy people should oversee disbursement of funds to rural women entrepreneurs	<b>Monitoring and follow-up</b>	<p><i>P7: We are only hearing about the programs but it is some that are embezzling the money. So, it will not get to those that it should get to. But if the government monitors it, then the help will be helpful. But, if they choose people who are not trustworthy, then they will just embezzle it. So, I think they need people that will monitor it.</i></p> <p><i>P21: ...Also, if they want to assist, they should ensure that the help get to the hands of those who are truthful. It should not get to the hands of those that will not release the money to people...so that people will not be wandering about and wasting time just because the government wants to assist. They are many like that that we will be writing names and they will just be wasting our time all because the government wants to assist us...</i></p>
	Loan with little to no interest	<b>Financial assistance</b>	<p><i>P8: The ways they can help is they can give women money so they can use it to start a business...either farming or poultry. For instance, I myself, I know about poultry, and I can do it if I am able to see the money to use.</i></p> <p><i>P12: If Federal government can loan each women entrepreneur a substantial amount with no interest, then that will be better to help their business.</i></p> <p><i>P18: What I feel is that if they can give women grants...and then those who are at the top should be people who are not greedy and those who are selfless so that the money can get to those who need them...</i></p> <p><i>P24: The way I can suggest is that they should give women entrepreneurs like a grant and not lend the person the money.</i></p>
	Funding (grant) specifically for rural women entrepreneurs		

			<b>Community level response strategies as reported by the respondents</b>
<b>Community level response strategies to financial inclusion</b>	Provision of transportation	<b>Provision of transportation</b>	<i>P1: There are so many ways that the government can do this for us. Even, starting from roads, when we get our commodities to sell, from one place to another...For example, in my own village where I am living right now, to get vehicle to transport most of these commodities to sell in another place is a difficult task and the government are not doing well for us...they neglected those in villages, they are not making impact in our villages, so it is difficult to gain access to them.</i>
	Government funding should be for everybody and not based on knowing someone at the top	<b>Government policies and funding should be people-friendly</b>	<i>P2: What I feel the government can do is that they should not say if you don't know anyone, that you cannot get anything...It should be for everybody...maybe it is form they will collect, that people should register...they should not let it be dependent on man knows man...In Nigeria, that is what is happening.</i>
	Setting up a community bank	<b>Provision of rural banks</b>	<i>P3: I feel they can set up community bank especially for the women...It will be very okay. In this my area, it will be very okay.</i>

Finally, I asked whether commercial banks or micro-finance lenders have disadvantaged or treated clients differently because of their gender. Most participants (92 percent) stated that they believe banks do not discriminate because of gender. They cited lack of collateral and guarantors and not because they were women.

In terms of intention, 15 participants mentioned business expansion as a goal for their businesses. As participant 18 stated, *“The plans I have is that if I have more money, I will expand my shop. I want a bigger shop so it can be like a big mall and then use the rest of shops to rent out to people so I can be collecting money from them”*. As participant 8 stated, *“The plan I have is for my business to expand. I am looking for money so I can be able to buy things I don't have now, as I want to be selling at a wholesale level too”*.

Furthermore, most noted that they need sufficient funds to achieve these goals. This demonstrates how important it is for women entrepreneurs in rural areas to have access to financial capital.

Therefore, efforts must be made to ensure that all women entrepreneurs have access to capital. This will benefit not only their businesses, but also their personal and family lives.

#### **4.5. Perceived Benefits and Limitations of Informal Lenders**

This section considers the benefits and limitation of informal lenders, as cited by the study participants. Two types of capital available to MSMEs and entrepreneurs are formal and informal capital.<sup>30</sup> For the purpose of this study, financial inclusion incorporates use of formal or informal financial intermediaries. Formal financial intermediaries include banks, micro-credit lenders, mobile bank-service providers and other types of not-for-profit and for-profit institutions that provide capital. Informal financial intermediaries include family, friends and informal lenders, such as *Esusu* cooperatives. Other alternative sources of finance available to entrepreneurs include crowdfunding, bootstrapping, angel investing and venture capital (Bruton et al., 2015; Coleman & Robb, 2012; Nitani et al., 2019; Riding, 2008).

Formal financial institutions, such as banks, prioritize clients with relatively high wages and personal savings through the collection of interest and deposits fees, with fewer branches being easily accessible to lower-income households (Martin, 2012). Without a car, getting to branch locations can be daunting and subject to public transport schedules, posing yet another obstacle to lower-income households in accessing capital. While inconvenience can sound insignificant to those who own a vehicle, it is a major obstacle in lower-income households. Sense of exclusion and abandonment by formal banking institutions is a component of the “culture of poverty” theory, and responsible for furthering the poverty cycle (Lewis, 1998). Hence, lower income earners are more likely to depend on informal sources of capital, as evidenced in this research.

Furthermore, negative experiences with formal institutions, distrust due to unexplained fees and complicated regulations, rudeness by service personnel, and sense of poor treatment contribute to the fear of loan rejection and mistrust of formal lenders. As a result, many women entrepreneurs are forced to or prefer to rely on informal sources of capital to fund their businesses. The findings of this research show that informal lenders, such as Ajo and *Esusu*, play a crucial role in bridging

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<sup>30</sup> For the purpose of this study, formal sources of capital include commercial banks, microfinance institutions, co-operative societies while informal sources of capital include personal savings and loans from family and friends.

the institutional voids in formal lending. However, as beneficial as these informal lenders are, they are not without their drawbacks. Perceived advantages and limitations of informal lenders are summarised in Tables 10 and 11.

**Table 10. Perceived Advantages and Disadvantages of Informal Lenders**

First-Order	Second-Order	Third-Order Advantages	Disadvantages	Quotes
Individual	Simple application process	Group-based lending (membership) Ease of lending Guaranteed, small amounts		<i>P8: To become a member, one will collect form and then you will submit. Then you will start with a minimum amount of 5,000 naira (\$16.13 CAD).<sup>31</sup></i>
	No request for collaterals and guarantors	Relationship-based lending No need to pledge assets		<i>P23: No, they do not ask for those [collateral, guarantor] except that they usually know where we are working [place of work].</i>
Community	Strong social focus	Group-based relationships Leaders known in community Avoids anonymity Community-based contributions	Locked-in transactional relationships; lack of privacy between household and commercial relationships	<i>P7: ...the person that they will use as leader will be someone that they know every in and out about. The person will be someone that the members know the house and everything about...They will know that the person cannot run away. And then anyone that indicates that he/she is interested will join the group and will start contributing.</i>
Individual	Convenience, access to funds when needed	Transactional relationship (daily) Convenience: lender comes to recipient Daily and ongoing interactions Lender acts a saving bank Funds available when needed	Male/patriarchal lending relationships	<i>P12: The one I am talking about is the daily contribution. I used to save money every day...The person collecting the Ajo is the one that will come to me, and he will come every day to collect it...and whenever I need money, he will give me out of the one I have saved.</i>
Community	Fosters trust-based relationships; risk is minimal	Mitigated risks among many Know loan recipients Small amounts Trust-based lending Harmony of interest Local stakeholders: neighbors	Limited to local geographical area	<i>P15: ...How it [AJO] usually operates is that we can get about fifteen of us that we know each other that we know that if the person should collect money, the person will not run away. People that we know in our neighborhood. We can start with 1,000 naira or 2000 naira [\$3.2 CAD/\$6.45 CAD)</i>

<sup>31</sup> The exchange rate used in this study is \$1 CAD to 310 naira.

First-Order	Second-Order	Third-Order Advantages	Disadvantages	Quotes
Institutional	Supplemental finance	Shared model of lending/borrowing Reciprocal relationship Multiple roles of recipients, collectors Empower recipient to participate in multiple supply chain roles	Multiple roles: recipient and collector. Brokering roles may be time consuming, stressful, destabilize sense of community given need to assert pressure on or power over other others	<i>P1: I have collected loan about 5 to 6 times from them. I will pay them and after finishing the one gotten, then I will take another one and I am using it to sustain my business too.</i> <i>P21: ...I did Ajo too...So I combined everything and used that to start the business.</i> <i>P23: I started saving in the thrift saving scheme (Ajo) and when I was able to save enough to buy some equipment, that is why I started small till I am able to buy some other equipment.</i>
Individual	Teaches financial discipline	Function as savings account Known application process Known loan amounts Reciprocal lending relationship Small recipient contributions	Entrance or application fees: unclear if fee entitles applicant to funds	<i>P23: To become a member, one will register with any amount that one is capable of and then the person will contribute to pay it for 30 days (i.e., a month)...so if one is able to contribute 500 naira [\$1.61 CAD] daily for instance, once it gets to 30 days, the person in charge [called alajo] will deduct the 500 naira [\$1.61 CAD] and give the remaining balance to the person...Also, if it is 1000 naira [\$3.23 CAD] daily that the person is contributing, then the alajo will collect 1000 naira and give the person the remaining balance. So, that is how it usually operates.<sup>32</sup></i>
Community	Relatively flexible	Flexibility in operation No formal contracts		<i>P25: If 10 people contribute 500 naira {\$1.61 CAD} for instance, then the total contribution made will be 5000 naira [\$16.12 CAD]. ...So they will give one person the total 5000 naira [\$16.12 CAD] in a week, and then give another person the next week and that is how they will be rotating it.</i>

<sup>32</sup> The “alajo” will typically collect remittances on a daily or weekly basis and earns a small commission for the service. Contributors are expected to make regular contributions but can contribute according to what they can afford. The contributor and alajo will mutually agree on how and when the contributor will receive his/her money. If the amount or contribution ‘matures’ at the end of the month, the alajo will return the balance of the contribution to the contributor, after subtracting a service fee that is typically equivalent to one round of collections.

First-Order	Second-Order	Third-Order Advantages	Disadvantages	Quotes
Institutional	Alternative source of finance	Just in time (daily) Convenience Simple fee-based collection method		<i>P12:..I am doing daily contribution. At the end of the month, whatever I gather from the daily contribution, I will deduct out of it for my business, for my own needs...and the remaining one I will save it...Whenever I need money, I will go back to it and collect it.</i>

**Table 11. Perceived Limitations of Informal Lenders**

First-Order	Second-Order	Third-Order	Quotes
Institutional	Uncontrolled by legal system; not regulated	Dilution of funds when needed Lack of regulations Absence of government oversight	<i>P7: “What I can explain about Esusu....I have done it before but it doesn't favour me. For instance, maybe it will almost get to my turn and then someone will run away with the money or that they will scatter the whole thing. Many people are not so faithful about the whole thing, so they will scatter. And since the government is not in charge of controlling such stuff, there is no one that one can call to help one”.</i>
Community	Lack security; risk of loss	Prefer bank to manage savings Fear of default by others	<i>P18: ... I don't do the Ajo own because some of them usually run away with people's money...So, I usually save my money in the bank only.</i>
Individual	Limited resources	Multiple recipients in lending process	<i>P2: ...What I know that made me not to be interested is that at the end of the day, you know it is a group that they will raise money, and then this month, someone will collect and then next month, another person...so when it gets to the turn of one person to collect, there will be no money because those that have collected might not be able to return and then money will not be available for those that have not collected...and it will cause problem...that is why I am not interested.</i>
Institutional	Limited access to additional finance	Limited to amount contributed	<i>P12: Yes, they will not add to it...I cannot collect more than I have with the alajo. I can only collect the actual amount I saved with him...not more than that.</i> <i>P25: No, there is no interest...It is what one contributes that one will collect...They don't give additional support with the Ajo.</i>
Institutional	Poorly defined	Unwritten or oral modus operandi	<i>P17: The daily own do not usually ask for collateral. We will do an agreement that we will return the money by the end of the month, and they will accept but if one does not fulfill the promise, then issue may arise.</i>

## Chapter 5

### Discussion of Findings

#### 5.1. Introduction

The overarching objective of the research is to explore strategies to increase financial inclusion and access to capital for women entrepreneurs in rural Nigeria. To do so, the study sought to inform two research questions: **What are the barriers that militate against financial inclusion and access to capital for women entrepreneurs in rural Nigeria?** and **How might these barriers be surmounted?** The findings inform the literature about individual, institutional and community constraints, including the perceived benefits and limitations of informal and formal sources of capital. It is noted that while all of the women entrepreneurs were able to speak about the challenges faced, few were able to identify response strategies. This chapter considers the implications of the study findings for practice, research and policy to enhance women entrepreneurs' access to capital in a sub-Saharan African context. A summative model that depicts the interrelated ways that institutional voids and personal constraints engulf women entrepreneurs is described.

#### 5.2. Profiles of Participants

Profile of the 25 study participants indicates that while all operated retail businesses, they were engaged in a variety of product and service categories, including tailoring, hairdressing, and the selling of local produce and computer accessories. The demographic profile indicates that most were educated. The majority retained at least high school education. Yet, the majority were *necessity-based* entrepreneurs. This observation suggests misalignment between level of education and career options, with limited opportunities for paid employment and opportunity-driven entrepreneurship among women in rural Nigeria. As a participant (p7) stated, “...*I learnt the work because after I graduated, I could not get any job, so I had to start my business due to that... I told myself that instead of just staying at home, it is better I learn tailoring so I can use that to manage*”. Participant 19 also stated, “*I started my business because I could not get a job. I wanted a teaching job but could not get any...So, since I know how to operate and use a computer, I decided to start a business that is related to it...*”.

Twenty of the participants operated instore businesses while five operated businesses on a street. Inclusion of both places enhances understanding about the ways in which women do business in rural regions. Situating the study in the two places of business reflects the common trade practices of women in rural Nigeria and avoids stigmatizing women who operate on-street from those who operate in-store. Furthermore, many technology-enabled lenders of micro-credit do not discern place of business (i.e., home-based, in-store or on-street).

The average age of the firms was 16 years. The findings reflect the perceptions of *seasoned* women entrepreneurs and not the views of entrepreneurs in the start-up phases of operation. As such, the findings inform why *established* women entrepreneurs in Nigeria do not seek capital using formal financial institutions or deploy financial banking technology in their lending relationships.

While the majority of the women stated expansion as one of their goals, few retained formal lending relationships. Without financial market innovations to fill the gaps between women entrepreneurs' aspirations and provision of capital, it will be difficult for most to achieve business growth. The tenure of the businesses and years of experience position these women as potential clients for government programs, formal financial institutions, and technology-enabled lenders. The participants demonstrated business stability, regional expertise, and ability to sell local-produced goods and services. In designing financial instruments and assessing life-time value of clients, tenure of operations and years of experience should be weighed against traditional markers of risk and performance, such as firm size and the rate of revenue growth. In designing financial instruments and programs that target rural women entrepreneurs, government, financial institutions and technology-enabled lenders should acknowledge these attributes as hallmarks of sustainable business practice.

### **5.3. Individual Barriers to Financial Inclusion**

A major barrier cited by the participants was time management. The ability to manage time was more important than the desire to learn how to use technology, such as digital or e-wallets access through cell phones. Time conflicts and limited time were the product of competing responsibilities and domestic demands. The women were unsure that using the digital technology would produce positive results, and hence unwilling to use already limited time to learn about the

potential benefits of the technology. There was no psychological link between the prospect of saving time and the anticipated value of the technology.

Another finding related to time management is the failure of service providers, including government officials, to log and return client calls and requests. These behaviors were associated with perceptions about lack of accountability and follow-through among officials, leading to further erosion of trust with formal financial institutions and government agencies. The finding suggests a need to examine the extent to which “lack of service accountability” is a systemic issue, particularly among agencies tasked with enterprise training or the disbursement of micro-credit targeted at women entrepreneurs. Another implication of the lack of accountability is the need for service standards among delivery agencies.

The latter finding suggests the need for protocols and guidelines to inform service delivery standards (e.g., what to say if a representative cannot help; what to say when a representative must refer potential client to another service). Protocols and guidelines will strengthen quality of initial interactions and better ensure that women do not bear the responsibility of chasing officials to have questions or requests answered. Taking the time to seek assistance and not receive help sets women entrepreneurs up to fail by wasting already limited time. A tolerance of low service standards has bidirectional impacts, discouraging women entrepreneurs while simultaneously wasting their time and eroding further their limited trust in financial institutions and government in general.

Another finding related to individual level constraints was sexual harassment and concern about personal security (i.e., expectations of sex for access to capital). Among the 25 participants, one woman shared her experience about sexual harassment. As she (participant 5) stated, *“In Nigeria these days, there is no one that is ready to help anyone...then if they want to help, they will say give what you have to get what you need as a woman. And I am someone especially as a married woman who cannot agree to such sexual advances, so, I have to look for other alternatives...”*.

Media cite increased fear and incidences of gender-based violence due to the COVID-19 pandemic. The #Me-Too movement has showcased sexual harassment in the workplace. My research shows that sexual harassment can also occur when women seek access to commercial capital. Gender-based violence associated with lending is under-researched and likely under-reported. It is important that future research examines the degree to which sexual harassment and gender-based violence are linked to access to capital (e.g., sex for micro-credit). Another

implication of this study is the need for reporting and response mechanisms that enable women to report instances of harassment anonymously, including those associated with government-backed lending. Interventions must ensure women have safe options and alternative sources and types of capital. The small amount of capital needed and associated psychological barrier must, however, be framed from rural woman entrepreneurs' points of view. As one participant stated, she is not interested in borrowing money because she would not have peace of mind. "Large amount of money" for these entrepreneurs are small amounts in most settings. Furthermore, many of the women were physically tired due to constant time demands and family responsibilities. They had a lot on their minds. Seeking capital was perceived to be an additional emotional burden which takes away their peace of mind. Securing capital was less about freedom and more about the psychological burdens of debt coupled with the loss of already limited personal autonomy.

#### **5.4. Institutional Barriers to Financial Inclusion**

A major finding with respect to institutional constraints is that many of the women were tired of trying. The attitudes and practices of formal lenders were not encouraging. Tensions were aggravated by the fact that despite the desire to expand the businesses, the women were *engulfed* in their present position. While they sought to grow the business, they were resistant due to multiple constraints. When they made efforts to try to pursue growth, they encountered the interrelated impacts of personal and institutional barriers, such as low financial literacy, attitudes of lenders, and anticipated onerous terms of lending. This study found evidence of bidirectional impacts, where personal constraints are reinforced by institutional that are amplified by community constraints.

In addition, some of the women fell back on dated assumptions and misperceptions about formal lenders. For instance, several stated that they are reluctant to seek capital from formal financial institutions as interest rates are "usually too high" however they did not know the interest rate. One of the respondents stated that she was not interested in seeking formal credit as it is against Islamic doctrine. Different types of capital relationships are needed. There remains the need to inform women who are Muslim about Islamic finance, including sources of capital and shariah-compliant terms of finance.

Finally, several respondents stated the inability to secure capital was linked to inability to deposit regularly. This can be solved by introducing seasonal or flexible loan repayment schedules or payment schedules over an extended period without repayment based on strict or single payment periods. New models of financing, outreach and relationship-based systems are needed.

## 5.5. Community Level Barriers

Frequent changes in government lead to frequent changes in policies and programming. To resolve instability of policy and programming to support women entrepreneurs, legislation is required to ensure provision of programs and capital targeted at rural women entrepreneurs. Government funding of women's enterprise organizations and women's advocacy groups are required. An illustrative online community dedicated to supporting women entrepreneurs is the *Lionesses of Africa*. There should be women enterprise representatives at local industry associations.

Another observation associated with institutional constraints is the small amount of funds made available in women-focused loan and grant programs. Government is encouraged to introduce graduated scale lending so that women can access appropriate amounts of credit, and to help women sustain or build their businesses, rather than small or fixed amounts of capital. A one size fits all strategy is not appropriate. This point reflects the recommendation of participant 2, who stated, *"The money should vary...it should not be the same amount that they will give everybody. It should vary depending on the types of business that the person is doing..."*

Male authority within formal financial institutions and government agencies is yet another barrier cited by the participants. To solve this issue, it is important that governments and financial institutions to embrace and advance women in leadership roles to drive change -- from senior management to frontline service representatives. As the thesis documents, there are many educated, rural women entrepreneurs who might be qualified and suitable to assume roles in inclusive financial ecosystems. It is important that governments include in program hiring criteria rural representation given women candidates. That is, hiring practices should incorporate an intersectional approach to include women entrepreneurs from rural regions.

Many of the women that I interviewed also felt that their voices were not heard by government officials. Women should be paid advisors to government agencies responsible for rural entrepreneurs (e.g., advising on ways to improve service delivery and provision of financial

capital). This implication responds to the finding that technology can help bridge this gap as most would be able to call into a meeting if paid to do so.

Lastly, embracement of technology by the women entrepreneurs depends on regional infrastructure, including access to affordable Internet, software and hardware. Lack of good roads made it was difficult for the women to access government services or to take goods to neighboring communities to sell. Reliable electricity to run businesses is also required. An implication is a need to recognize the importance of basic infrastructure to help women get goods, services and product to market safely and improve business performance.

The findings suggest that mature and well-educated rural women entrepreneurs are a neglected group for targeted programs, products and services. These observations suggest misalignment between the emphasis of government programs that target unemployed youth and the economic possibilities of programs targeted at mature, educated women entrepreneurs in rural settings. For instance, a common practice in Nigeria financial services sector is to specify an age limit in job adverts and in the conditions of hiring. Such criteria reflect a disconnect between financial institution workers and experienced women entrepreneurs –again a potential pool of clients. Given the perceptions voiced by women entrepreneurs about lack of approachability of formal lenders, it is important to ensure that mature individuals with local (rural) experience are reflected among frontline bank workers. Potential clients will also see themselves among service staff. Staff would also be more likely to relate to the challenges of women entrepreneurs and hence, able to inform and resolve financial and operational constraints.

The study offers explanations as to why some women prefer to work with informal lenders versus technology-enabled lenders and financial institutions. The principal reason is that the terms of lending meet current needs. Informal lenders were viewed as being convenient (just in time) and known community members. Hence, ease of approach and flexibility in the terms of lending (particularly with respect to unanticipated events) made them attractive to do business with. The women cited few reasons to change their sources of capital or terms of lending.

The findings suggest that despite efforts by formal lenders to leverage technology, the women entrepreneurs were *engulfed* in the constraints of time management, competing family and business responsibilities, past experiences of fraud and so forth. Technology alone was not enough to balance the emotional and other cognitive burdens associated with changing their ways and

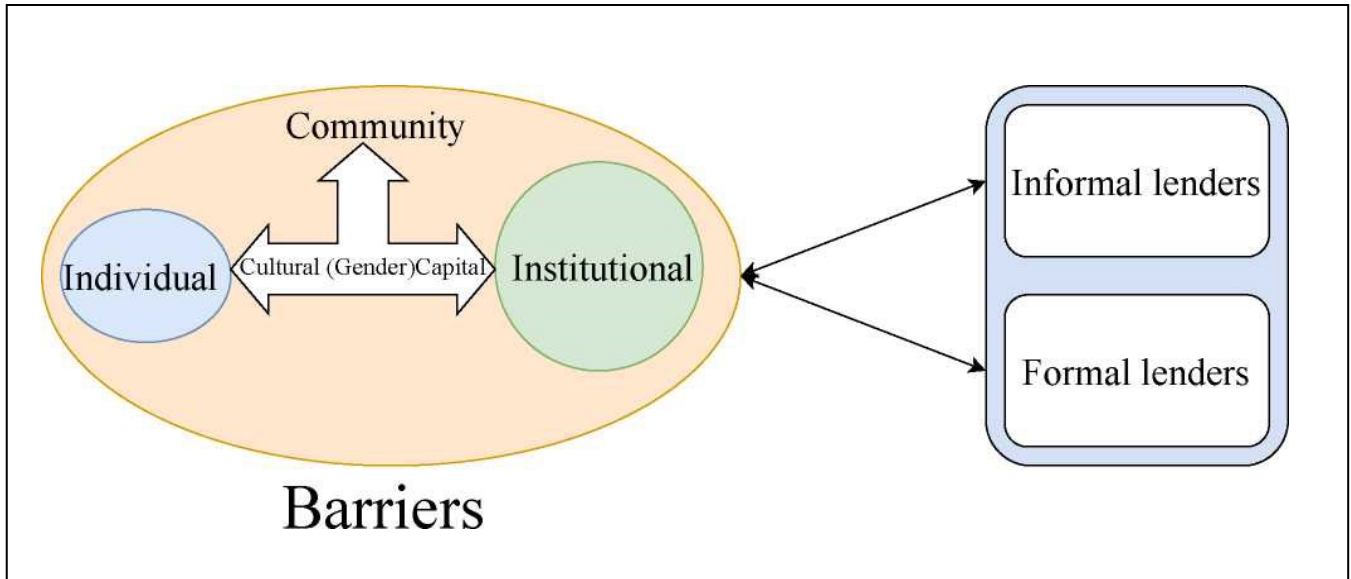
means of doing businesses, including seeking and employing financial capital. This point is illustrated in the observation that only one among the 25 women used a co-operative society to access financial capital. Compared to co-operative societies and formal financial institutions, traditional, established informal sources of capital, such as *Ajo* and *Esusu*, were perceived to be approachable, reliable and accessible, including from home or any place of business. Finally, many of women entrepreneurs perceived that they alone absorb the risks of seeking and securing financial assistance and capital from lenders. Innovative instruments and outreach strategies must meet the practical needs and situated places of women traders, on client terms and not on long-established assessment criteria of formal banking practices.

### **5.6. Model of Barriers to Women Entrepreneurs' Access to Capital**

A summative model that depicts the illustrative constraints that are associated with women entrepreneurs' access to and use of formal and informal lending is described. These constraints are grouped into individual, institutional and community barriers. In the context of South-West rural Nigeria, women entrepreneurs face personal, and proportionally larger institutional barriers, both of which are embedded in community barriers. All three categories of barriers are influenced by gender and culture. The model illustrates the issues posed by McAdam et al. (2019) in the context of women accessing capital in rural Nigeria, where contextualized insight is required. Access to small business support programs, such as financial and technical literacy training are subsumed within access to formal capital. The figure also illustrates that gender and cultural constraints have bidirectional impacts that are amplified and reinforced.

The study findings present evidence to explain why some rural women entrepreneurs prefer to access finance through informal rather than formal lenders. Collectively, the barriers make it difficult to bridge gender gaps in rural women entrepreneurs' access to and use of formal lenders, such as institutional banks, digital wallets and micro-credit programs. While limitations of informal lending were cited by the women entrepreneurs, this study present evidence about the importance and advantages of informal lending and the use of *Ajo* and *Esusu*, as this form of lending fulfills institutional constraints of formal lending.

**Figure 3. Barriers to Bridging the Gender Gap in Women Entrepreneurs' Access to Capital**



## 5.7. Implications for Research and Theory

### 5.7.1. Implications for Research

This thesis has presented insights about the lived experiences and challenges faced by rural women entrepreneurs in Nigeria in accessing capital for their businesses. The findings and the process of conducting the study present several implications for future research. First, the findings reveal that the women entrepreneurs in rural Nigeria were hardworking, established business owners who remain resilient despite numerous institutional constraints and personal challenges encountered in doing businesses. It is important that such voices be heard. The women described in this study are role models to others, particularly Black African women. Entrepreneurship scholars can help to give rural women entrepreneurs in Africa a voice. Research is needed to understand further women traders, including recognizing them as innovative entrepreneurs who make immense contributions to the Nigerian economy. Such research will inform two of the United Nations Sustainable Development Goals: gender equality and women economic empowerment.

My thesis documents that informal lenders, such as *Ajo* and *Esusu*, play a critical role in bridging institutional voids in formal lending. This includes practical and psychological limitations of

technology-enabled lending. Learning more about informal lenders is therefore of paramount importance. Research is needed to understand further the benefits and limitations on Esusu, Ajo and other informal traditional forms of lending.

The review of literature of articles published in top-tier journals found limited insights about the experiences of rural women entrepreneurs in a sub-Saharan Africa, including Nigeria. Much of the literature on women entrepreneurs is constructed within the European or North American contexts. This thesis informs the literature about racialized entrepreneurs. The findings demonstrate the rich and diverse character of women's entrepreneurship, entrepreneurs which include Black entrepreneurs, rural entrepreneurs, necessity-based entrepreneurs, among many others who play roles in a sustaining healthy inclusive entrepreneurial ecosystem. Another contribution of my thesis is documenting the intersectional influences that simultaneously impact women entrepreneurs in Africa.

Lastly, the thesis informs research in entrepreneurship education, insights as a Black African student and researcher in a Canadian graduate management degree program. It was in a first-year entrepreneurship research course that I became motivated to study rural women entrepreneurs in Nigeria. It was notable that in the program of study, Black women entrepreneurs (like women traders in rural African) are not celebrated or identified in course content. It is important that entrepreneurship educators develop learning materials (e.g., case studies) to integrate global insights, particularly from developing economies (such as, sub-Saharan Africa) so that entrepreneurship research students can better understand cross-cultural similarities and differences in the venture creation process.

### **5.7.2. Implications for Theory**

#### ***Resource-Based Theory***

My thesis provides insight on how rural women in Nigeria circumvent severe resource-constraints, showcasing their unique financial and managerial acumen to create and sustain enterprises. This thesis also demonstrates that limited access to capital, time management and culture create compounding and reinforcing affects on individuals, their enterprises and associated stakeholders

(institutions) within the broader entrepreneurial ecosystem. Furthermore, this thesis provides novel insights into the value of *Esusu*, a traditional form of economic cooperation, as a source of integrated social and financial capital when compared to fintech solutions and institutional (bank) lending. Finally, my thesis demonstrates that traditional lenders are preferred alternatives for these women traders because these informal lenders meet the women ‘where they are at’ – in their businesses and homes, as well as within their culturally constrained occupational roles.

### *Social Feminist Theory*

This thesis documents economic and social costs of patriarchy, systemic gendered ecosystem constraints in doing business, and how norms, values, customs and religion relegate women to cooking, family care and dependence on men. The findings also demonstrate that, when compared to traditional models of economic cooperation, emergent fintech solutions do not address fully underlying ecosystem constraints. Economic progress requires transformation in relationships and situated power within families and entrepreneurial ecosystems, including formal lenders, education/training organizations, and entrepreneurship policies. Above all, the thesis demonstrates that intersectional approaches are needed to mitigate the constraints that these women entrepreneurs face. This includes diversity hiring within government and financial institutions, as well as the advancement of rural women into leadership roles.

### **5.8. Limitations of the Study**

This study explored the strategies to increase financial inclusion and access to capital for women entrepreneurs in rural Nigeria. Based on the findings of the study, ecosystem barriers identified were grouped into individual, institutional and community constraints. However, it is also important to point out some limitations in the study. First, this research is qualitative in nature, with a non-probability sample, so it lacks external validity. Hence, the findings of this study may not be generalizable to other contexts due to its research nature. In addition, the sample size of 25 participants may not have been a fair representative of the population of women entrepreneurs in rural Nigeria. Moreover, it is important to acknowledge that the interview data unavoidably has a survivorship bias as the average tenure of the businesses of the women entrepreneurs was 16 years. Lastly, it is possible that some participants might have ignored or overlooked some information in their responses during the telephone interviews.

## 5.9. Conclusion

Women entrepreneurs play increasingly important roles in job creation and sustainable economic prosperity in developing economies. Entrepreneurial opportunities are evidenced through market expertise and resilience. Given these vital roles, it is important for women entrepreneurs to have access to affordable, accessible and sufficient financial capital.

Figure 2 captures the thematic concepts identified in the thesis. The social ecological model showed the interaction among the three main levels which the perceived barriers to accessing financial capital were subdivided into (i.e., individual, institutional and community levels). Figure 3 on the other hand depicts the interrelated ways that institutional voids and personal constraints engulf women entrepreneurs. The model depicts that rural women entrepreneur in Nigeria face personal and even larger institutional constraints, and that these constraints have bidirectional impacts as personal constraints are amplified and reinforced by institutional constraints. Drawing on the social feminist theory and resource-based theory, this study conceptualizes the gendered nature of these issues within the context of rural Nigeria.

While not prohibited or formally excluded, the findings also suggest that systemic barriers preclude rural women entrepreneurs' from accessing and benefiting from formal lending relationship, use of mobile money and government grants, such as TraderMoni. The women entrepreneurs documented in this thesis were significantly more likely to rely on informal intermediaries to access capital. The women perceived that the terms of lending of informal lenders were more flexible, reliable and less expensive compared to the formal and technology-enabled lenders. Hence, the thesis documents that informal lenders play a leading role in bridging personal constraints and institutional voids. This study also documents that market expertise and resilience are drivers of sustained entrepreneurship. To increase rural women entrepreneurs' access to capital, the study advances a series of evidence-based insights to strengthen rural entrepreneurial ecosystem of Nigeria.

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## Appendix A. Consent Letter

### **Title of the Study: Financial Barriers and Response Strategies to Support Women Entrepreneurs in Rural Nigeria**

**Name of Supervisor:** Dr. Barbara Orser, Full Professor

**Affiliation:** Telfer School of Management, University of Ottawa

**Name of Student Researcher:** Wuraola Peter

**Affiliation:** Telfer School of Management, University of Ottawa

**Invitation to Participate:** I am invited to participate in the above-mentioned research study being conducted by Wuraola Peter (student researcher), and Dr. Barbara Orser (supervisor).

**Purpose of the Study:** The purpose of the study is to examine the barriers faced by women entrepreneurs in accessing financial capital for their business enterprises in South-West Nigeria. The study will inform strategies to increase women entrepreneurs' access to capital, financial inclusion, and technical assistance in rural Nigeria. The study will employ interviews to collect data.

**Participation:** My participation will consist essentially of taking part in an individual interview lasting about one hour. The interview will be conducted over the phone. I agree to the session being recorded for better data collection purposes only.

**Benefits:** My participation in this study will give me the chance to talk about the obstacles that militate against access to financial capital for rural Nigerian women entrepreneurs. It will also help to expand knowledge on strategies to increase women entrepreneurs' access to capital, financial inclusion, and technical assistance in rural Nigeria.

**Risks:** All efforts will be made to guarantee participant anonymity in the published study results. There is a risk that I may disclose confidential information in my comments, since the participants will be quoted in the published results. However, the researchers will make every effort to minimize these risks.

**Confidentiality and Anonymity:** I have received assurance from the researcher that the information I will share will remain strictly confidential. Anonymity will be protected in the following manner. I have been assured that in written reports, my name and other details about me will be disguised. My comments may, however, be cited. I understand that the contents of the interview will be used only for data collection, analysis, and report writing. The results of the study will be presented in the thesis report, at academic conferences, and in journal publications or in a book.

**Conservation of Data:** The data collected (digital recording of interview and interview transcript) will be kept in a secure manner. They will be stored on a computer with secure password. Only the Student Researcher and the Supervisor, will have access to the interview data. The data will be conserved for five years.

**Voluntary Participation:** I am under no obligation to participate and if I choose to participate, I may withdraw from the study at any time and/or refuse to answer any questions. If I choose to withdraw, all data gathered until the time of withdrawal will be destroyed unless permission to use it is granted.

**Acceptance:** I, \_\_\_\_\_, agree to participate in the above research study conducted by Wuraola Peter whose research is under the supervision of Dr. Barbara Orser of the Telfer School of Management. I understand that by accepting to participate I am in no way waiving my right to withdraw from the study.

If I have any questions about the study, I may contact the student and/or her supervisor.

If I have any ethical concerns regarding my participation in this study, I may contact the Protocol Officer for Ethics in Research, University of Ottawa, 550 Cumberland Street, Room 154, Ottawa, ON K1N 6N5.

There are two copies of the consent form, one of which is mine to keep.

Participant's signature: \_\_\_\_\_ Date: \_\_\_\_\_

Researcher's signature: \_\_\_\_\_ Date: \_\_\_\_\_

## Appendix B. Interview Protocol

### Financial Barriers and Response Strategies to Support Women Entrepreneurs in Rural Nigeria: Interview Questions

*\*Before starting the actual interview, I will briefly introduce myself and explain the purpose of my study. I will also assure the respondent that every answer will be processed anonymously.*

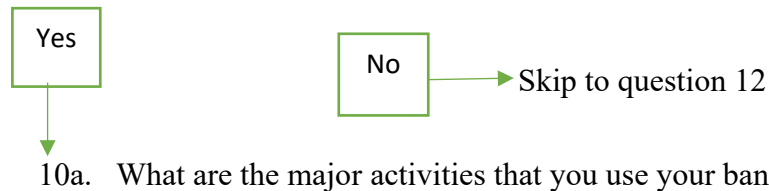
#### A. BUSINESS'S PROFILE & MOTIVATION

At the beginning of the interview, I will ask the respondent some questions about herself and her business's profile.

1. What year did you start your business?
2. What is your highest level of education?
3. What is your marital status?
4. What is your age range?
5. What kind of services does your business offer?
6. How many employees do you have?
7. What are the factors that motivated you to start the business?
8. Can you explain how you raised the initial capital to start the business?
9. What financial support did you get to start your business?

#### B. FINANCIAL INCLUSION

10. Do you have a bank account with a financial institution or mobile phone service provider?



11. In the past 12 months, to which extent have you made a transaction with money from a bank account using a mobile phone?
12. Why don't you have a bank account?

13. Can you explain what you know about *Esusu* group or any other cooperative groups?

14. Are you currently a member of the group? Have you been a member of the group?

Yes



14a. How do one become a member of the group?

14b. How has the group assisted you to access financial support for your business?

14c. If NO, why have you chosen not to join?

No



Skip to question 14c

15. Can you share any experience you've had with a microfinance bank in your area?

### C. BARRIERS AND ACCESS TO FINANCE

The purpose of my study is to examine the financial barriers facing, and remedial strategies to support, women entrepreneurs in rural Nigeria. Therefore, at this stage, I will ask questions that are related to the respondent's personal experience on the obstacles that she faced when trying to obtain finance for her business and for the ongoing operations of her business.

16. Have you ever approached any bank for financial support?

Yes



16a. Was the loan approved or declined?



Yes



16b. What are some of the difficulties that you encountered before the loan or credit was approved?

16c. What are the terms of credit for the loan?

No



Skip to question 17

No

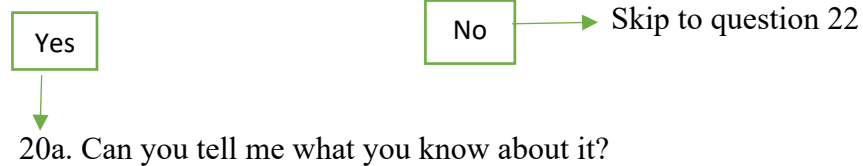


Skip to question 18

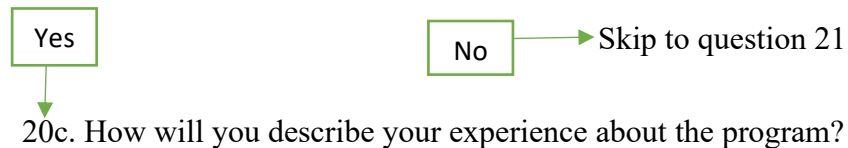
17. What are the reasons behind you not seeking bank financial support?
18. Why do you think the loan was not approved?
19. What is your opinion on whether being a member of a co-operative society can help to reduce the obstacles faced in accessing finance?

**D. PROGRAMS, POLICIES AND TRAINING**

20. The Nigerian Federal Government recently launched a scheme called “TraderMoni”, Have you heard about the program before?



20b. Are you a beneficiary of the scheme?



21. Is there any factor hindering you from being a beneficiary of the scheme?
22. What are some of the benefits that you have gotten from being a beneficiary of any other government programs?
23. In your opinion, explain the major obstacles to accessing government support for small scale businesses?
24. In your opinion, are there ways in which you think the government have helped in improving rural women entrepreneur’s access to finance?
25. What other things do you think the government can do to improve rural women entrepreneurs’ access to finance?

26. What type of training have you had in order to improve your business's performance?

27. When was the last time you undertook training to improve your management skills?

#### **E. GENDER-RELATED ISSUES**

This will enable me to know about the perceptions of women entrepreneurs on gender-related problems when starting their businesses.

28. Kindly share your opinion on the types of businesses that men can do and women cannot do?

29. In what ways do you think men run their businesses that are different from women?

30. Do you think banks (either commercial banks or micro finance banks) have once disadvantaged you because of your gender? If yes, can you share your experience?

#### **F. GOALS AND OBJECTIVES**

In conclusion, I will ask the respondent about her goals and objectives for the business.

31. In your opinion, will you say your business has been profitable?

32. What are your goals for your business?

33. How do you plan to achieve these goals?

34. What is your personal definition of success? When do you feel successful?

35. Finally, what advice would you give to women desiring to start their own businesses?

To conclude the interview, I will ask the respondent if there is any question that she thinks I should have asked but did not ask. I will also thank the respondent for her participation.

## Appendix C. Ethics Certificate

27/09/2019

**Université d'Ottawa**

Bureau d'éthique et d'intégrité de la recherche

**University of Ottawa**

Office of Research Ethics and Integrity

### CERTIFICAT D'APPROBATION ÉTHIQUE | CERTIFICATE OF ETHICS APPROVAL

**Numéro du dossier / Ethics File Number**

S-09-19-4731

**Titre du projet / Project Title**

FINANCIAL BARRIERS AND  
RESPONSE STRATEGIES TO  
SUPPORT WOMEN  
ENTREPRENEURS IN RURAL  
NIGERIA

**Type de projet / Project Type**

Thèse de maîtrise / Master's  
thesis

**Statut du projet / Project Status**

Approuvé / Approved

**Date d'approbation (jj/mm/aaaa) / Approval Date (dd/mm/yyyy)**

27/09/2019

**Date d'expiration (jj/mm/aaaa) / Expiry Date (dd/mm/yyyy)**

26/09/2020

#### Équipe de recherche / Research Team

**Chercheur /  
Researcher**

**Affiliation**

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Superviseur / Supervisor

Allan RIDING

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Co-superviseur / Co-supervisor

**Conditions spéciales ou commentaires / Special conditions or comments**

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