

ABSTRACT

This research study investigated the impact of microfinance on entrepreneurial development of small scale enterprise that are craving for growth and development in a stiffened economy called Nigeria. In an attempt to provide a basis for the research, a background of the study is provided and accompanied by a review of related literatures. A case study of small- scale enterprises in Lagos State, Nigeria was also undertaken in which questionnaire was administered on selected small- Scale enterprises on the object of this study. Tables and simple percentages were used in data presentation.

Available evidence shows that the bed rock of any nation's industrial development is entrepreneurial activities. Unfortunately, there is uneasy access to conventional loan from the commercial banks to start up a small or medium Scale enterprise. The resultant effect is that the underdevelopment situation of the country is getting worse while government seems incapable of taming the ugly incidence.

The evolution of microfinance is to break/he bam-ode to access capital by low income individuals for developmental purpose. To say that microfinance empowers the entrepreneurial spirits that exist among Small- Scale Entrepreneurs worldwide is not an exaggeration. Micro finance has the ability to strengthen micro enterprises and encourages best practices among operators of small and medium scale enterprise.

With the objective to determine whether or not, the activities of micro finance institution have played significant role in entrepreneurial development Nigeria an hypothesis testing procedure based on the Chi-square test is adopted as the method of data analysis the result of the test an appropriately interpreted, relevant conclusion are inferred and some recommendations are equally provided

CHAPTER ONE

1.0 Introduction

1.1 Background to the Study

The issue of sustainable development in the Third World countries like Nigeria has been a growing concern to both the government and the private sector. The huge amounts of money the government has been investing on this platform over the years have not yielded any meaningful result. Poverty is a characteristic of Nigerian households or individuals. It has been realized in the recent years that there are limits to which government can singly promote development. Most of the traditional functions being carried out by the government in most countries ranging from the provision of economic development are becoming increasingly difficult to accomplish. Nigeria as a nation has her own peculiar developmental challenges because of maladministration, corruption, infrastructural decay, insecurity of lives and properties, unstable macroeconomic regime and unpredictable fiscal policies by successive administration (Fasua 2008).

Thus, both the public and private sectors of the economy and every segment of the society need to be involve in the industrial development process of the country it is on this basis that government begins 10-engage in privatization policy within the view of allowing the private sector participate in the economic development of the

nation. Consequently, various governments of the nation begin to find pathways to involve the private sector in the developmental process of their country's economy.

One of the responses challenges of development in the developing countries IS the encouragement of entrepreneurial development scheme. Nigeria had even taken a more strongly robust stop by including

entrepreneurial studies in the academic curriculum of her educational system. The believe of such policy makers is that such decision will inculcate to fix an idea into someone's mind entrepreneurial spirit in the mind of people so as to prepare them for wealth creation through small scale enterprises (Fasua 2006). Small scale enterprises are very crucial to the development of a country's economy, especially countries like Nigeria. Entrepreneurship brought about fact that provides a strong base for something. It is bedrock of any nation's industrialization.

A number of studies have been carried out on the impact of micro finance on entrepreneurial development is evidenced by the fact that some academic journals have devoted special issues to research establishing this linkage. Some scholars focused on the mechanism by which poverty is reduced. Amin, Rai, and Topa (2003) their article on the ability of micro finance to reach the poor and easily named (vulnerable)

They focus their article in such a manner because of concerns that micro finance is only serving people slightly below or above the line of poverty, however the really poor and destitute having no money, no home, no food etc. are being systematically excluded, By contrast something that is very life to something else, a very notable difference between Copestake, Halokra and Johnson (2001) analyse the impact of micro finance on firm and individual wellbeing. Cope stake at all focus on business performance and household income to establish a link between the availability of micro finance and overall wellbeing of the poor.

Evans and Adams (1999) approach the microfinance question at a slightly different angle. However, they seek to explain non participation in the microfinance evolution, stating that while micro finance is used as a viable instrument in fighting poverty, more than 75% of the poor individuals choose not to participate for various reasons.

Ryne and Holt (1994) provide a meta-analysis of microfinance and focuses on women empowerment, intending to show while various studies conflict in their conflict in their conclusions as to the impact of micro finance bank on women empowerment, Park (2001) evaluation the actual micro finance programs in china using three(s) keys measure (targeting), sustainability and overall impact).

Thus both research and practice have seen an increasing concern about the impact of micro finance. In spite of this emphasis, current research did not provide sufficient justification for the link between micro finance and entrepreneurial development in the developing countries. Besides, the empirical evidences emerging from various studies about the effect of micro finance on entrepreneurial development have so far yielded mixed results that are inconclusive and contracting, thus, the question of whether micro finance improve or worsens entrepreneurial development is stills worthy of further research such as the one being undertaken in this study. In addition, the impact of microfinance on entrepreneurial development has not received adequate research attention in Nigeria. Research also shows most of the studies on impact of microfinance on entrepreneurial development that have .been reported were carried out industrialized countries. This means that there is a major gap in the relevant literature on developing countries including Nigeria, which has to be cured by research.

This research attempts to fill this gap by studying the situation of Nigeria and providing more empirical evidence on the effects of micro finance on entrepreneurial development,

1.2 Statement of the Problem

The role of entrepreneurial in the development of Nigeria cannot be ruled out. Entrepreneurial is sire qua non to national development, poverty eradication and employment generation. It is the bedrock of any nation's industrialization.

The importance of micro finance to entrepreneurial development made the Central Bank of Nigeria adopted it as the main source of financing entrepreneurship in Nigeria. Despite this, however finance is still considered as one of the major hindrances to entrepreneurship in Nigeria (Ubom, 2003). While government and non-government organizations (NGOs) have been engaging a number of programmes and policies to encourage entrepreneurship in the country. Nigeria is still on the list of the poorest countries in the world with unemployment level rising alarmingly. It is therefore necessary at this junction to undertake an assessment of the extent to which microfinance can impact entrepreneurial development in Nigeria.

1.3 Objectives of the Study

The broad objective of the study is to evaluate the impact of micro finance on entrepreneurial development in Nigeria.

Other Specific Objectives are to:-

1. Evaluate the importance of entrepreneurial activities to the sustainable development of Nigeria.
2. Evaluate the challenges of accessibility to capital for development of entrepreneurship in Nigeria.
3. Evaluate the relationships that exist between small scale business and micro finance bank.

1.4 Statement of Hypothesis

The null hypothesis (Ho) will be set against the alternate hypothesis (H1) in the study. This will call for either to reject or accept the hypothesis. The following shall be tested.

1. H_0 : There is no significant difference between small scale enterprises who use micro finance and those who do not in Nigeria.

H1: There is significant difference between small scale enterprises who use micro finance and those who do not in Nigeria.

- ii. H_0 : There is no significant effect of micro finance institutions activities in predicting entrepreneurial productivity.

H1: There is significant effect of micro finance institutions activities in predicting entrepreneurial productivity in Nigeria

- iii. H_0 : That micro finance institution activities are not effective in predicting entrepreneurial development.

H1: That micro finance institutions activities are effective in predicting entrepreneurial development.

1.5 Justification of the Study

The focus of the study is to investigate the impact of micro finance on entrepreneurial development of small scale enterprises that are strong desire craving for growth and development in a suddenly stop moving, especially when world real fact stiffened economy called Nigeria. The study is therefore rational and important at the time the country is tailoring herself toward a self-reliance economy. In view of this, the study is imperative because it will show the way.

Firstly, to increase the productivity and Income of vulnerable groups, especially women and the poor.

Secondly, to create employment and Income opportunities through the creation and expansion of micro enterprises.

Thirdly, to improve the standard of living of the citizens and push the economy of Nigeria towards industrialization. Therefore the role of entrepreneurship cannot be overemphasized it could be realized that several studies concluded so far indicated that finance constitute the major problem of entrepreneurship developed in Nigeria. How then this problem could be eradicated or minimized because the success of the firm will enhance the pace of economic recovery and growth.

There is no doubt the result of this study will be useful to the existing and prospective small scale enterprises in the country, general public, those willing to go into the small scale business and others.

1.6 Scope and Delimitation of the Study

The study focuses on the impact on micro finance on entrepreneurial development. The study will be limited to small scale enterprises using Lagos state as proxy to capture Nigeria.

1.7 Organization of the Study

The study is divided into 5 sections for easy exposition. Chapter one: deals with the general introduction of the case study which include essence of entrepreneurial development Chapter two: is concerned with the review of relevant literature. Chapter three: deals with the research methodology to provide a background to the study. Chapter four: with centre on the analysis and presentation as well as interpretation of data gathered. Chapter five: Is the summary, conclusion and recommendations.

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