



**Assessment of Women Owned Enterprises Performance through Microfinance
Credit in Erifun Area of Ado Ekiti, Ekiti State, Nigeria**

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Abstract

Micro finance credit plays a vital and significant role in the performance, survival as well as growth of enterprises. It is concerned with the provision of fund to the marginalized segments of the economies such as women. A large number of women in Erifun derived their sources of livelihood from micro and small enterprises (MSEs). However, lack of access to fund from the conventional institutions posed a huge constraints on their growth and performance. Assessment of women owned enterprises performance through microfinance credit in Erifun area of Ado Ekiti, Ekiti state, Nigeria was examined. The study employed a descriptive research design. The population were women owned enterprises in Erifun area of Ado Ekiti while a sample of 96 respondents was determined using Cockran's sample size formula. Data were collected through a structured questionnaire and analyzed using descriptive and inferential statistics. The study revealed that usage of microfinance credit has a positive and significant effect on the performance of women owned enterprises and that level of awareness of microfinance credit has significant influence on performance among women owned enterprises. It was concluded that women owned enterprises that utilize micro finance credit will experience upper enterprises performance. It was recommended that women owned enterprises in Erifun area of Ado Ekiti should embrace the use of microfinance credit to enhance their enterprises performance as well as sustainability. Also, public education and awareness on the aids and usage of microfinance credit should be augmented among women owned enterprises to enhance better performance of their enterprises.

Keywords: Micro Finance Credit, Women Owned Enterprises, Performance, Erifun and Ekiti State.

1.0 Introduction

Micro finance credit has materialized as a significant strategy for poverty reduction, especially in disadvantaged populations such as women. It involves extending small credit to individuals outside the reach of traditional banks, enabling them to pursue business or livelihood opportunities (Nkamnebe and Oladipo, 2024; Dhungana and Ranabhat, 2022). Micro finance credit is the provision of loans in smaller amounts to small entrepreneurs meant to boost their business operations and it is vital for rural women micro and small entrepreneurs (Lubabatu *et al.*, 2024; Dhungana and Ranabhat, 2022). Women-owned enterprises are an essential component of Nigeria's informal and formal economies, significantly contributing to employment generation, household welfare, poverty reduction as well as economic development (Kasumu *et al.*, 2024). These women owned enterprises in micro and small enterprises often face significant barriers such as limited access to credit, lack of collateral and high interest rate among others (Adetiloye *et al.*, 2020). Micro finance credit not only facilitates their economic activities but also has the potential to enhance business performance.

The outcomes on the data in the study by Amran and Mwasiagi (2019) confirmed and established that access to funds, savings mobilization, and financial competence are strong determinants of small-scale enterprise performance. Moreover, Lubabatu *et al.*, (2024) study found that the more women businesses are using micro-credit the more their development. Mbotto *et al.*, (2023) emphasized that Micro finance credit as a form of financial service is offered by microfinance institutions (MFIs) to support entrepreneurs and small enterprises. Yet, the Nigerian financial sector has experienced systemic instability, largely due to inadequate capitalization and governance failures, leaving low-income groups excluded from credit facilities. Dhungana and Ranabhat (2022) highlighted that microfinance intervention have brought remarkable improvements in micro-business and enterprise development through access to microcredit. They noted that microcredit has boosted investment, enhanced revenue and profits, and contributed to business expansion as well as job creation. The effective use of micro finance credit is essential for ensuring the growth, success, and long-term sustainability of microcredit enterprises. Furthermore Sahu, *et al.* (2024) emphasized that financial assistance provided through microcredit schemes has been recognized as vital in promoting entrepreneurship and empowering individuals, particularly women and that micro finance credit has contributed to enhancing women's livelihoods by fostering economic, psychological, and social empowerment. Nevertheless, challenges such as limited access to affordable loans, insufficient capital, lack of small-scale financing, and stringent collateral demands hinder the growth and sustainability of these small enterprises in semi- urban community.

Erifun is one of the semi- urban community in Ado local government area of Ekiti state where migrants from Benue state reside. It is home to a growing number of women engaging in small scale enterprises which includes food vending, petty trading, tailoring, agribusiness among others. Despite their growing presence and economic potential, women-owned enterprises in Erifun area of Ado Ekiti continue to face persistent challenges, particularly in accessing formal financial services necessary for start-up, operation, business sustainability, growth and expansion. In response, various financial and policy instruments have been introduced at state and federal levels, including the provision of microfinance credit. In spite of these efforts, evidence shows that this issue has not been successfully addressed. Moreso, there remains a research gap in evaluating the performance of women owned enterprises, particularly in localized contexts like Erifun. This research makes several significant contributions to the literature on micro credit (MC). Firstly, the research targeted women enterprises who were underprivileged in their financial services as well as lacking comprehensive studies in Ekiti State. Second, the study investigated the level of awareness and how access and usage of micro finance credit influences performance of women owned enterprise in the area and how they correlate with one another. It is hereby hypothesized that, there is no significant influence in the level of awareness and usage of microfinance credit and women owned enterprises in the study area. Understanding how access to micro finance credit influence the sustainability and profitability of women-owned enterprises is critical for designing effective gender-inclusive policies and development programs. Therefore, this study sought to assess Erifun women owned enterprises performance through micro finance credit in Ado Ekiti, Ekiti State, Nigeria. By grounding the study in the Erifun context, this research contributes to the broader discourse on gender, rural enterprise development, and financial inclusion in Nigeria. It seeks to generate actionable insights that can inform policy, programming, and practice aimed at fostering women owed enterprise growth not only in Erifun but across other similar semi-urban communities in the country. The remainder of the study is as follows: there is the literature reviews, empirical reviews, methodology of the study, results and discussions and finally conclusion as well as recommendations.

2.0 Literature Review

2.1 Conceptual Review

Under this section, relevant literature were reviewed on the major constructs of the study to provide conceptual clarification for the study.

2.1.1 Microfinance Credit

Microfinance services serve as a tool for expanding economic involvement to comprise marginal groups (Ude, 2024). Globally, microcredit is essential in driving economic and social development in the twenty-first century. Microcredit has been described as a small institutional loan provided without collateral, aimed at promoting self-employment and income generation, and access to it has been noted to empower women by enabling them to become entrepreneurs (Dhungana and Ranabhat, 2022). According to Fabian, (2023) microcredit is the provision of small loans along with financial and social services to low-income individuals in rural, semi-urban, and urban areas with the aim of improving their living standards. It is usually granted without collateral, either to individuals or groups, to support business start-ups or expansion. In addition to small loans, microcredit also encompasses other financial services such as savings options, cash advances, and insurance targeted at poor entrepreneurs who are typically excluded from formal credit systems due to lack of collateral or credit history. Microcredits are the important engine that helps such uneducated entrepreneurs who are not qualified for conventional banking credits (Lubabatu et al., 2024). Mbotto et al., (2024) reported that Microcredit is widely regarded as a major innovation in poverty alleviation, offering small loans to individuals who are often excluded from conventional financial institutions. The core idea is that access to financial resources empowers low income individuals to undertake productive ventures, which in turn boosts their income and enhances their overall livelihoods. Since women's entrepreneurship plays a vital role in the economic growth of every nation, access to financial services becomes an essential element in supporting such enterprises (Anoke, 2023). However, the effectiveness of microfinance credit depends largely on the level of awareness and usage by women owned enterprises. According to Sajan (2021) awareness means knowledge of a situation and the ability of people to see things with more clearness and considerate. In the context of this study awareness refers to the extent to which women owned enterprises have knowledge about the existence of microfinance credit. Without adequate awareness, women may remain uninformed, thereby limiting their participation in accessing microfinance credit to enhance the performance of their enterprises. Conversely, usage involves the extent to which women owned enterprises apply for, access, and utilize microfinance credit in their business operations. Thus, the effectiveness of microfinance credit depend on the awareness as well as the usage to enhance the performance and sustainability of women owned enterprises.

2.1.2 Women Owned Enterprises

In developed and developing economies, women-owned enterprises are undoubtedly among the major drivers of economic growth. It has been recognized as making a substantial contribution to job creation and overall economic prosperity across various sectors through innovation (Anoke, 2023). It has been recognized by The Master card Index of Women Entrepreneurs 2021 that women entrepreneurs accounted for 37% global GDP. Investment in

women entrepreneurs is an investment in future economic growth. According to Muhammed *et al.* (2025) women entrepreneurs are crucial to global economic growth and social

development, as their involvement in business promotes job creation, stimulates innovation, and enhances the quality of life within communities. Nonetheless, women entrepreneurs encounter several obstacles such as limited access to funding and inadequate financial literacy which constrain their performance and reduce their economic contributions, especially in developing countries. Therefore, making business finance available for the growth and development of women-owned enterprises is essential to enhancing women's socio-economic status and supporting their income-generating activities (Wombo *et al.*, 2020).

2.1.3 Business Performance

The term performance refers to how MSEs conclude to achieve a goal. Business performance is defined as the amount to which a specific business task is completed in contrast to the ultimate output at the end of the business term (Bozic, 2023). Performance of MSEs can be measured through financial, mixed and non-financial indicators such as profitability, employment rates in SMEs, SMEs growth and level of sales, customer retention among others (Agaba and Mugarura, 2023). According to Sulaimon *et al.* (2020) performance is associated with the overall success of an enterprises. The study of Hadji *et al.* (2020) assess business performance through metrics such as increased sales, employee satisfaction, profitability and market growth. According to Olu-Alonge (2025) performance is a key indicator of success and that organization's performance determines whether its goal is achieved or fall short.

2.2 Theoretical Issues

This research draws on several theoretical frameworks, including the Market Failure Theory, the Credit Constraint Theory, and the Microfinance Theory of Change. The Market Failure Theory suggests that the inability of formal financial markets to cater to the needs of marginalized groups has resulted in the emergence and adoption of Microfinance Institutions (MFIs), which bridge the gap by offering microcredit and related financial services to disadvantaged populations (Kumari, 2020). The Credit Constraint Theory highlights that many enterprises encounter considerable obstacles in securing access to traditional financial services, thereby restricting their growth potential (Al-Maamari *et al.*, 2025). In addition, the Microfinance Theory of Change (ToC) emphasizes that access to financial resources, complemented with capacity-building support, empowers entrepreneurs to expand their ventures, boost productivity, and enhance profitability (Musah, 2025). These theoretical perspectives provide the foundation for this study by linking microcredit to the performance of women-owned enterprises within the research context.

2.3 Empirical Evidence

Empirical review of the study is done by recognizing similarities as well as differences transversely the various economies studied by prior researchers. Factors influencing women enterprises performance have been empirically examined by many authors, especially in the developed economies. Semeon and Bishnoi (2021) investigated the impact of microcredit on the performance of micro and small enterprises (MSEs). Using a survey research design, they randomly selected 340 MSEs, while average sales volume measured performance. The t-test results revealed significant differences in sales, total assets, employment, and net profit among MSEs that accessed microcredit loans. Pushpanathan and Swarnika (2021) studied the impact of microfinance services on the performance of microenterprises in the Pilimathalawa region of Sri Lanka. Data were collected from a sample of 100 micro-entrepreneurs via questionnaire. Correlation, regression and factor analysis were conducted. The results showed that microcredit, micro-savings, and micro-training exert strong positive effects on the performance

of the microenterprises. Shafique and Khan (2020) in their study titled the impact of micro credit financing on the socio-economic status of small agriculturists in Pakistan. Cluster sampling approach was employed. Questionnaire was administered to a sample of 693 rural small scale farmers. Data were analyzed using anova, sem, kmu. The results indicated the microcredit financing played a positive role in enhancing the socio-economic status of smallholder farmers after accessing the loans.

A study by Renabhat and Dhungana (2021) explored how micro-credit influences the growth of small and micro-enterprises in Kaski district, Nepal. Descriptive and analytical approaches were adopted. A total of 170 participants were purposively selected for the study. The findings revealed that access to micro-credit motivated clients to engage in micro-business ventures and enterprise development activities. Ayanle *et al.* (2022), in their work The Role of Microcredit and Micro savings for Raising Microfinance Sustainability in Somalia, examined the contribution of microcredit and micro saving to the sustainability of microfinance, using Amal Bank as a case study. Data analysis was conducted with SPSS and Excel, with results presented in tables. The study established a positive relationship between microcredit, micro saving and the sustainability of microfinance. Furthermore, the findings indicated that expanding access to microcredit and micro saving for low-income populations not only strengthens microfinance sustainability but also creates employment opportunities. Longe (2023), assessed the effects of Microcredit on Micro, Small and Medium Enterprises Performance in Tanzania. A descriptive research design was applied and data were analyzed using a quantitative approach. The results demonstrated a statistically significant relationship between access to initial capital and the performance of MSMEs.

Mboto *et al.* (2023), investigated the effect of Microcredit Finance on Women Empowerment in Cross River State. A survey design was adopted, with data primarily collected through questionnaires. Data were analyzed using the ordinary least squares regression technique. The results showed that microcredit finance had a significant positive effect on women's empowerment in Cross River State. Mohammed *et al.* (2023), in their study Impacts of Microfinance Credit on the Performance of Small and Medium Enterprises in Yobe State. An ex-post facto research design was applied and data were analyzed using regression techniques. The study focused on 300 registered entrepreneurs. The results indicated that microfinance credit exerts a positive influence on the performance of SMEs in Yobe State. Udobi-Owoloja *et al.* (2020) assessed Microfinance Banks' Credit and the Performance of Micro, Small and Medium Scale Enterprises in Lagos State, Nigeria. The research adopted a cross-sectional survey design. Data were analyzed using descriptive statistics and Pearson chi-square tests. The findings indicated that credit obtained from MFBs not only had a positive relationship with the productivity of MSMEs but also played a significant role in their expansion and overall growth. In a similar line of inquiry, Adebisi *et al.* (2024), studied the impact of microcredit on poverty reduction in Nigeria. Secondary data covering the period from 2003 to 2022 were sourced from the Central Bank of Nigeria (CBN) Statistical Bulletin. The study employed an ex-post facto design. Data were analyzed using regression analysis with ordinary least squares on the time series. The analysis indicates that microcredit and interest rates significantly reduce poverty and enhance living standards across Nigeria. Consequently, the review shows that sales, total assets, employment, net profit and poverty reduction are the criteria used to measure performance by most researchers. However, a search in the literature on this study indicates that only scanty empirical research using the disadvantaged groups such as women and semi urban community can be found in Nigeria. The empirical literature reveals that micro finance credit plays an essential role in the financing of disadvantaged enterprises but its efficiency depends on the level of awareness as well as the usage by women owned enterprises which were not captured by the review. Therefore, the study contributes to the literature by exploring

how micro finance credit influence the performance of women enterprises in the study area with concentration on level of awareness as well as usage.

3.0 Methodology

This study adopted a descriptive survey research design. The target population comprised women who either owned or managed Micro and small enterprises (MSEs) in Erifun Area of Ado Ekiti in Ekiti State, Nigeria. Since the population for the study is unknown, the sample size is determined using Cockran's sample size formula. $n_0 = Z^2 \cdot \sigma^2 / e^2$, Where: n_0 = The initial sample size, Z = Z-score (1.96^2 for 95% confidence level), σ = estimated standard deviation of the population (for this study it is 10) and e = desired margin of error (2). $1.96^2 \cdot 10^2 / 2^2 = 3.8416 \times 100 / 4 = 384.14 / 4 = 96.04 = 96$. The sample of the study consisted of ninety six respondents. Purposive random sampling was employed in the selection. Specifically, the reason for choosing these location is because they have an existing high level of entrepreneurial development activities. Data were gathered through structured questionnaire. A research instrument seeking to elicit information on assessment of women owned enterprises performance through microfinance credit in Erifun area of Ado Ekiti, Ekiti - State, Nigeria was administered to 96 respondents on a five points rating Likert scale thus: Strongly Agreed (SA), Agreed (A), Moderately Agreed (MA), Strongly Disagreed (SA), Disagreed (D), The items were scrutinized in terms of relevance, language coverage of the scope of the study and suitability. Reliability of the instrument was established using Cronbach's Alpha, which produced a coefficient of 0.83, indicating strong internal consistency. The collected data were analyzed using quantitative techniques, specifically mean and standard deviation. Hypotheses were tested through regression analysis at a 0.05 level of significance

4.0 Results and Discussion

Question 1: What is the level of awareness of microfinance credit among women owned enterprises in the study area?

The low level of awareness of microfinance credit among women owned enterprises was measured by calculating the difference between the mean score and the standard deviation. ($15.54 - 3.59 = 11.95$). The moderate level of awareness of microfinance credit among women owned enterprises was measured through the computed mean score of responses on awareness of microfinance credit among women owned enterprises in the study area (15.54) while high level of awareness of microfinance credit among women owned enterprises was determined by adding the mean score and the standard deviation score of the responses on awareness of microfinance credit among women owned enterprises ($15.54 + 3.59 = 19.13$). Therefore, the low level of awareness of microfinance credit among on women owned enterprises starts from 5.00 to 11.95; the moderate level of awareness of microfinance credit among women owned enterprises starts from 11.96 to 15.55 and the high level of awareness of microfinance credit among women owned enterprises is from 15.56-25.00. The level of awareness of microfinance credit among women owned enterprises in the study area is presented in Table 1:

Table 1: Level of awareness of microfinance credit among women owned enterprises in the study area

Level of awareness	Frequency	Percentage
Low (5.00-11.95)	25	26
Moderate (11.96-15.55)	49	51
High (15.56-25.00)	22	23

Total 96 100.00

Table 1 presents the level of awareness of microfinance credit among women owned enterprises in the study area. The result shows that out of 96 women owned enterprises sampled, 25 representing 26 percent had low level of awareness microfinance credit among women owned enterprises while 49 (51%) showed a moderate level of awareness. In comparison, 22 (23%) indicated a high level of awareness. These results suggest that, overall, the awareness of microfinance credit among women owned enterprises is moderate.

Question 2: To what extent does the usage of microfinance credit influence the performance of women owned enterprises in the study area?

The result on extent to which the usage of microfinance credit influence performance of women owned enterprises is shown in Table 2:

Table 2: Extent to which the usage of microfinance credit influence performance of women owned enterprises

S/N	Microfinance credit	SA	A	MA	D	SD	MEAN	STDEV.
1	I have accessed microfinance credit for my enterprises	31 (32.3)	25 (26.0)	19 (19.8)	12 (12.5)	9 (9.4)	3.36	1.310
2	I have received microfinance credit for my business growth and expansion	27 (28.0)	18 (19.0)	20 (21.0)	11 (11.0)	20 (21.0)	3.21	1.291
3	Microfinance credit has influenced my business networking opportunities	26 (27.0)	18 (18.0)	21 (20.0)	15 (15.0)	16 (16.0)	3.23	1.217
4	Microfinance credit has supported the diversification of enterprises services offered to my customers.	29 (30.2)	25 (26.0)	20 (20.8)	13 (13.5)	9 (9.3)	3.54	1.285
5	Microfinance credit has helped in my planning for long term business sustainability	33 (34.3)	23 (23.0)	23 (23.0)	10 (11.4)	7 (7.2)	3.67	1.239

Criterion mean = 3.00

Table 2 presents the extent to which the usage of microfinance credit influence the performance of women owned enterprises in the study area. Using the mean benchmark cut-off of 3.00 for the rating scale, all the items had mean scores above the cut-off point. This implies that the extent to which the usage of microfinance credit influence the performance of women owned enterprises in the study area is positive.

Hypothesis 1: There is no significant influence between level of awareness of microfinance credit and women owned enterprises in the study area.

The hypothesis was tested using Simple Linear Regression at a 0.05 significance level, and the outcome is shown in Table 3:

Table 3 Linear Regression showing the level of awareness of microfinance credit among women owned enterprises

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta (β)		
(Constant)	30.247	.681		44.395	.000
Level of entrepreneurial financing	.192	.036	.233	5.329	.000

Multiple R= 0.233, Multiple R²= 0.054, Adjusted R²= 0.052, F_{1,496} = 28.398

Table 3 shows that level of awareness of microfinance credit has significant influence on Performance among women owned enterprises in the study area (F_{1,496} = 28.398, p<0.05). Leading to the rejection of the null hypothesis. The results in the table indicate a significant positive correlation level of awareness of microfinance credit and performance of women owned enterprises (R=0.233, p<0.05).

Hypothesis 2: There is no significant influence between usage of microfinance credit and performance of women owned enterprises in the study area.

The hypothesis was analyzed through Simple Linear Regression at a significance level of 0.05, and the results are summarized in Table 4:

Table 4 Linear Regression showing the usage of microfinance credit and performance of women owned enterprises in the study area

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta (β)		
(Constant)	31.217	.300		104.031	.000
Microfinance credit	.316	.020	.588	16.185	.000

Multiple R= 0.588, Multiple R²= 0.346, Adjusted R²= 0.344, F_{1,496} = 261.968

Table 4 shows that Usage of microfinance credit has significant effect on the performance of women owned enterprises in the study area (F_{1,496} = 261.968, p<0.05). The null hypothesis could not be retained, as the findings reveal a significant positive correlation between microfinance credit and the performance of women-owned enterprises. (R=0.588, p<0.05). This implies microfinance credit is a factor that can exert influence on non-financial performance of women owned enterprises.

The analysis demonstrated that the level of awareness of microfinance credit among women owned enterprises is moderate. Contrary to these findings, Shah and Patel (2022) revealed that the awareness level about microfinance credit is low. Similarly, Shelkh (2021) indicated a minimal level of awareness.

The findings showed a positive correlation between usage of microfinance credit and performance of women owned enterprises. The finding is in agreement with the opinion of Shafique & Khan (2020), who reported that microcredit financing played an important role in improving the socio-economic conditions of small-scale farmers in Pakistan. Also, Sajan (2021) revealed that utilization of microfinance generated income for various purposes.

The finding however affirmed that level of awareness of microfinance credit had a positive and significant influence on women owned enterprises in the study area (F_{1,496} = 28.398, R=0.233, p<0.05), leading to the rejection of the null hypothesis. In line with this finding Sajan (2021) revealed that the borrower were well aware of the benefits of microfinance credit. Kawimbe (2024) also affirmed that microfinance is particularly suitable for small business enterprises because it provides the working capital necessary for sustainability. Also, Ndidi, Magnus, Jude and Ononye (2022) discovered that provision of micro-credits and easy access to micro-credits have favourable impacts on poverty alleviation. The implications of this finding is that microfinance credit should be emphasized as key strategies for improving enterprises outcomes.

In addition, the study revealed a strong positive association between the use of microfinance credit and performance of women owned enterprises (F_{1,496} = 261.968, R=0.588, p<0.05), with

the null hypothesis again rejected. In line with the finding, Goel (2024) revealed that microfinance services create employment opportunities and foster improved economic conditions. In a similar direction, Obadeyi et al. (2020) emphasized its strong relationship with the growth of micro and small enterprises. Supporting this, Semeon and Bishnoi (2021) demonstrated significant differences in sales, total assets, employment, and net profit among MSEs that accessed microcredit loans compared to those that did not. Moreover, Al-Maamari et al. (2025) found that microcredit significantly contributes to women's employment creation and boosts revenue among microenterprises operating in the informal sector. Similarly, Ranabhat and Dhungana (2021) showed that microcredit has a positive relationship with initial investment, revenue generation, business expansion, employment creation, and profit enhancement. Collectively, these studies reinforce the central role of microfinance credit as a catalyst for enterprise growth, empowerment, and broader socio-economic development.

5.0 Conclusion and Recommendations

The paper investigates microfinance credit and performance of women owned enterprises in Erinfun area of Ado Ekiti. Theoretical as well as empirical reviews were employed to support this study. Both descriptive and regression analysis were used for the study. The study concluded that the extent to which the usage of microfinance credit influence the performance of women owned enterprises in the study area is positive and that level of awareness of microfinance credit among women owned enterprises is moderate among Erinfun women owned enterprises. Furthermore, the findings demonstrated that both the utilization and the level of awareness of microfinance credit exert a positive and significant effect on the performance of women-owned enterprises in the study area. It has been revealed that usage and level of awareness of microfinance credit is crucial for maintaining a higher performance of women owned enterprises. On this note, the study recommended that women owned enterprises in Erinfun area of Ado Ekiti should embrace the use of microfinance credit to enhance their enterprises performance as well as sustainability. The study further recommended that public education and awareness on the benefits and usage of microfinance credit should be increased among women owned enterprises to enhance better performance.

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