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Impact of Microcredit Scheme on Entrepreneurial Development in North-Western Nigeria

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Abstract
This study examined the impact of microcredit schemes on the entrepreneurial development in the North-western Nigeria. The study investigated the microcredit scheme policy components and their relationship with the development of entrepreneurship in the region. The study employed both descriptive survey and correlational research methodology in a sample of 418 respondents, using data collected from primary sources through structured questionnaires. The study found that the microcredit schemes' loan terms and conditions has an insignificant positive relationship with entrepreneurship development in the North-western zone of Nigeria. The microcredit schemes activities has positively improved entrepreneurship development in the Northwest geopolitical zone, and the result is statistically significant. The results also suggests that, the microcredit schemes' job creation has positively improved entrepreneurship development in the Northwest geopolitical zone, and the result is statistically significant. The microcredit schemes' productivity has positively improved entrepreneurship development in the Northwest geopolitical zone, but the result is not statistically significant. The findings also show that, the microcredit schemes' service quality has positively improved entrepreneurship development in the Northwest geopolitical zone, and the result is statistically significant. The study recommends that government in Nigeria should review its National Policy on Micro, Small and Medium Enterprises by making it compulsory for microfinance institutions and other related programmes to provide full scale Business Development Services support in order to sustain the growth of supported businesses in the Northwest geopolitical zone. The policy makers should also increase budgets and supporting programs to the microcredit sector in the Northwest geopolitical zone. The limitation of the study has to do with the domain of the study as well as the complimentary use of both primary and secondary data which increased the robustness of the findings. The study therefore suggest that future research should focus on the role of microcredit schemes in technological development of entrepreneurship in Nigeria.

Keywords: Microfinance, Poverty, Income, Regression

1.0 Introduction
The role of entrepreneurship in economic growth and development of a nation cannot be overemphasized. It is one of the easiest way of fighting extreme poverty and job creation, which was firstly achieved by Muhammad Yunus (1976) through establishing Gramen Microfinance Bank in Bangladash. Since then, microcredit scheme received a worldwide attention and recognized by the United Nation (UN) as one of the major ways of poverty alleviation. Hermes &Lensink (2007).

The recent unprecedented shifts in population demographics, technological changes, fluctuating economies and other dynamic forces around the world have transformed societies, by

bringing new challenges and opportunities to the forefront. According to the Global Entrepreneurship Monitor (GEM), Governments and Non-Governmental Organizations (NGOs) around the world responded to these shifting forces by increasing emphasis on entrepreneurship GEM (2012). This is because policy makers agree that entrepreneurs play a critical role in the development and well-being of their societies. In the words of Wickham (2004) entrepreneurship is "what the entrepreneur does", while entrepreneur is an individual undertaking an activity that creates positive effects on economic systems.

However, despite the critical role entrepreneurship is playing in the economic growth and development of both developed and developing economies around the globe, high poverty and unacceptable levels of unemployment are prevalent in most African countries and some of these problems could be addressed through entrepreneurial activity. It is on this strength that Governments, NGOs, and researchers are of the view that entrepreneurship can most certainly form part of the solution to the problems posted by the ever increasing African population, technological changes and most appealing, the major economic downturn. Moreover, the ongoing economic downturn across most African countries suggests that people could no longer depend solely on large organizations and government as job creators. Recently, the focus of policy makers was directed towards broader awareness on people owning business to build jobs for themselves and employ others. Similarly, entrepreneurship has become a major focus of academic research over the last three decades, because of the direct relationship between entrepreneurship, job/wealth creation and economic development GEM(2012). This research is an effort to examine the role of National Policy on Micro, Small and Medium Enterprises (MSME) on the development of entrepreneurship in the North-West Geopolitical zone of Nigeria, visa-vi microcredit financing. The study is motivated by the series of policy reforms by different governments at different time with the goal of improving employment creation, wealth creation and poverty reduction in the domestic economy. However, North-western Geopolitical zone of Nigeria appears to be indifferent with the policies.

For instance, some of the prominent policies and credit delivery strategies by government in Nigeria include the National Economic Reconstruction Fund (NERFUND) established in 1989, Small and Medium Enterprise Equity Investment Scheme (SMEEIS) established in 2001, and the Small and Medium Enterprise Development Agency of Nigeria (SMEDAN) established in 2003. NERFUND was the first major credit delivery system to channel credit to MSME through selected participation banks, obtaining equity capital and soft naira loans from the Federal Government and foreign lines of credit from the African Development Bank Oteh(2009).

According to the National Population Commission (2006), North-Western geopolitical zone constituted 25.58% of the total Nigerian population with 35.92 million. The region's population comprises up of Kano State 9.40 million, Kaduna State 6.11 million, Katsina State 5.80 million, Jigawa State 4.36 million, Sokoto State 3.70 million, Zamfara State 3.28 million and Kebbi State 3.26 million. However, the distribution of the Micro financing resources in the country is not evenly distributed, for instance, Josephine and Igbani (2014) show that north-western Nigeria has the second least number of Micro finance institution with 58 in the country. On the other hand, the region has about 20.49% (3.54 million) micro enterprises and 5010 small and medium enterprises (4682 has employment size of 10-49, while 328 has the employment size of 50-199) SMEDAN & NBS(2012).

It is against this background that this study is design to investigate the impact of the micro financing scheme on the entrepreneurial development in North-Western region of Nigeria, in light of the high rate of economic activities in the region.

1.2Problem Statement and Justification

Micro, small and medium enterprises have played important roles in the development process in most countries, and have proved to be the most viable mechanisms for economic growth and development. The successes recorded in most countries were because of serious plans and efficient policies capable of providing future rewards from sustained investment in the sector Aruwa (2005). More so, MSME require relatively small capital to start due to their size and scope of operations, thereby offering relatively high labour-to-capital ratio. Additionally, the GEM Global Report 2012 indicated individual positive attitudes about entrepreneurship and intentional entrepreneurs in Africa at an average of 53%, and 44% in Nigeria, which is consistent with their positive perceptions about opportunities and capabilities. Based on the current economic status of most people in the North-West Geopolitical zone and Nigeria at large, these programmes have individually and collectively been unable to provide a sustainable micro-credit delivery system to the targeted people. This is apparent when one observed the level of unemployed youth and the social well-being of an average individual in the region. Although the region is rich with arable land, varying degrees of natural resources and market for consumable retail goods, it is hard to believe that the high rate of unemployment in the region was as a result of lack of entrepreneurial will on the side of the people in the region. Rather, the onus should be on the government policies purported to address the problem of unemployment and deliver high entrepreneurship through the large financial resources allocated to finance MSME in the region. Thus, this research is of the opinion in the absence of logical empirical studies that investigated the effect of micro financing on the development of entrepreneurship in the North-West Geopolitical zone, that the micro financing scheme could develop entrepreneurship and improve standard of living in the region. This is subject to the level of the scheme's outreach to the economically active youths in the region; robust credit terms that aid productivity and job creation and also enhances the entrepreneurial environment of the region. On this strength, this study intends to provide answers to the following research questions; what is the level of micro financing outreach to the economically active youths in the North-West Geopolitical zone of Nigeria? To what extent does micro financing scheme affect productivity of MSME in the North-West Geopolitical zone of Nigeria? Does micro financing scheme improve job and wealth creation in the North-West Geopolitical zone of Nigeria? How do the micro credit terms affect the development of entrepreneurship in the North-Western Geopolitical zone of Nigeria?

There are many justifications for investigating the problem of entrepreneurial development in north-western Nigeria in relation to financing. The main justification is that, there are so many opportunities for entrepreneurial activities in the region, ranging from agricultural activities to mining and wholesale and retail trading of consumer goods, due to the largest population of the region. The study is also necessary, because to the best of our knowledge there is no logical empirical research in the north-west Geopolitical zone that collectively investigates the relationship between micro financing scheme and entrepreneurial development.

1.3 Objectives of the Study

The main objective of the study is to evaluate the impact of microcredit financing scheme on the development of entrepreneurship in the Northwest geopolitical zone of Nigeria. The purpose is to examine whether the series of government intervention through micro credit policy has improved wealth creation through entrepreneurial activities in the region. The specific objectives of the study are:

i. To examine the access to microcredit schemes services by the economically active poor people

in the Northwest geopolitical zone in Nigeria.

ii. To determine the effect of loan credit terms on the entrepreneurship development in the Northwest geopolitical zone in Nigeria.

iii. To assess the impact of microcredit schemes' activities on the entrepreneurial development in the Northwest geopolitical zone in Nigeria.

iv. To evaluate the impact of microcredit schemes' productivity on the entrepreneurial development in the Northwest geopolitical zone in Nigeria.

v. To examine the impact of microcredit schemes' job creation on the entrepreneurial development in the Northwest geopolitical zone in Nigeria.

vi. To evaluate the impact of microcredit schemes' quality service delivery on the entrepreneurial development in the Northwest geopolitical zone in Nigeria

vii. To identify the challenges to entrepreneurial development in the Northwest geopolitical zone in Nigeria.

1.3 Hypotheses of the Study

The following hypotheses are formulated in null form for the study;

H_{01}:Microcredit schemes' loan terms and conditions has no significant impact on entrepreneurship development in the Northwest geopolitical zone in Nigeria.

H_{02}:Microcredit schemes' activities has no significant impact on entrepreneurship developmentin the Northwest geopolitical zone in Nigeria.

H_{03}:Microcredit schemes' job creation has no significant impact on entrepreneurship development in the Northwest geopolitical zone in Nigeria.

H_{04}:Microcredit schemes' productivity has no significant impact on entrepreneurship development in the Northwest geopolitical zone in Nigeria.

H_{05}:Microcredit schemes' service quality has no significant impact on entrepreneurship developmentin the Northwest geopolitical zone in Nigeria.

1.4 Significance of the Study

The current government's plan to fight poverty and create employment in Nigeria necessitated the need for this study. The study is significant in investigating how the existing Microcredit Schemes in Nigeria enhances the development of entrepreneurship in the Northwest Geopolitical zone States. The study is also relevant and timely in that the Northwest Geopolitical zone States adopted Microcredit Scheme in 2017 and since the adoption no organized empirical study has been conducted to find out the issues associated with it. Therefore, the study is expected to be useful to the Management of North-West Geopolitical zone State, Government, Students and Researchers, organizations in similar business with North-West Geopolitical zone States and the general public. Specifically, the study is expected to provide the ground for an evaluation of how Microcredit finance application in the day-to-day operations in North-western affected the employee's performance.

1.5 Scope of the Study

The area of this study is all the seven states in the North-West geopolitical zone of Nigeria. They are Jigawa, Kano, Kaduna, Kebbi, Katsina, Sokoto and Zamfara states; this will cover a total of 186 local government areas. (Jigawa 27; Kaduna 23; Kano 44; Katsina 34; Kebbi 21; Sokoto 23 and Zamfara 14). Three states will be sample among them based on peculiarity. The study will cover the Micro, Small, and Medium Enterprises across these states and their local government areas.The research work focuses on microcredit Scheme in the operations of the Micro, Medium and small scale business, traceable to employees with a view to getting the feedback on the remedial

course of action that led to the successful implementation of credit policies.

2.1 Literature Review and Theoretical Framework

2.2 Conceptual Analysis

Microcredit or microfinance according to Parker (2000) is the provision of small financial services such as saving, payment services, giving out microcredit, and micro insurance to the urban and rural poor individuals who could not access the banking services. World Bank see the concept as the provision of financial services to self-employed low-income individuals, and that microfinance is more than the provision of banking services, rather a tool for national development. In the words of Asian Development Bank (ADB, 1998) defined microcredit as the provision of financial services including loans, deposit, payment services, insurance services and money transfers to the low-income households and their small and micro-enterprises.

Microcredit is therefore regarded as the best alternative method for meeting the credit needs of the poor in their struggle to move out of poverty and improve their livelihood. It is an organized means of extending credit service to the financially excluded population. As such the clients of microcredit institutions are usually the low income individuals who are self-employed and hence engaged in Micro and Small Enterprises (Schreiner, 2002).

On the other hand, entrepreneurship as a concept was first used in the early 18th century, it is used generally in relation to innovation of modern industrial business leader, which describe an originator of a profitable business idea (Akanni, 2010). A literature review on entrepreneurship by Vanderwerf and Brush (1992), twenty-five definitions are reviewed, entrepreneurship refers to a business activity which include some characteristics like innovation, creativity, risk bearing, general management, and a desire to achieve high levels of growth. Entrepreneur is defined by Hornby (2006) as a person who generate money by running an enterprise or business, which involves risk taking. In the words of Drucker (1995) an entrepreneur is person who transfer economic resources from an area of lower into an area of higher productivity and greater yield.

However, entrepreneurship according to the United Nation Development Programme (UNDP, 2010) refers to the process of utilizing private initiative to transform a business concept into a new venture or to grow and diversify an existing venture or enterprise with high growth potential. In addition, entrepreneurs are those who can innovate, and seize an opportunity, mobilize managerial skills and money, take risks to open markets for new products, processes and services. Shane (2010) defined entrepreneurship with respect to entrepreneur who undertakes innovative activities, finances, and business initiatives to transform innovations into economic goods. Entrepreneurship is therefore an activity that involves innovation new products, new market, new production method, and new forms of organization for the purpose of gaining wealth (Akanni, 2010).

This study is underpin by the economic development theory of Schumpeter (1934), in which an entrepreneur was seen as an economic agent who bring together the other factors of production, convert them to finish products, selling it, and pay rents, wages and interests and remain with a profit. According to Schumpeter there are three pillars in economic development: the entrepreneur, the technological innovation, and credit for new investments.The combination of these pillars with the entrepreneur an agent of change economic development could be achieved, through the entrepreneurs' creative destruction, and vicious economic cycles to boost competitiveness and create opportunities. Hence, to achieve this, finances is a prerequisite to the entrepreneur to innovate and create wealth Hagemann(2013). In addition, this entrepreneurs need financial resources to invest in their operations, which is usually obtained in form of credit from banks and other financial institutions. The sources of finances include microcredit, as such this study is designed to examine the impact of microcredit schemes on

the entrepreneurial development in the Northwest geopolitical zone in Nigeria.

2.3 Review of Empirical Studies

Many studies are conducted on different aspects of microcredit and entrepreneurship in different countries using different methodology, but the results and findings are mostly contradicting and inconclusive to inform policy and decision. For example, Idowu, Ambali and Otunaiya (2008) empirically examined the effect of microfinance on piggery business in Osun State, Nigeria. The study employed descriptive statistics and Tobit regression techniques in a sample of three hundred and twenty (320) pig farmers from Osun State. The study found that majority of the pig farmers were still in their active age and they sourced for loan through cooperative society and have stocking of pens as primary motive. The Tobit result revealed that level of education, years of experience in piggery farming and number of pigs had significant positive effect on fund security.

In Ghana, Nanor (2008) examined the impact of Microfinance on households' income, profit levels and expenditure on children education for participating households. The study was conducted in four selected districts in the Eastern Region of Ghana using descriptive statistical method of analysis. The study found that there was significant difference in the expenditure made on households in all the districts except ManyaKrobo. The study also found that Microfinance had positive impact on the household income of households in the ManyaKrobo and West Akim districts. The findings indicated no any impact on income in two districts.

A similar study by Kobla (2009) also examined the impact of micro finance on Small Scale Enterprises in the South Tongu District by using descriptive statistics technique of analysis. The study found that microfinance has the ability to reduce poverty among entrepreneurs when the products given to them are incorporated with training, supply of equipment and regular monitoring. The study also found that beneficiaries who benefitted from the services and products of microfinance experienced increase in income, increase in equipment, creation of employment, and improvement in standard of living.

In another study by Magaji and Saleh (2010) who adopted regression and correlation analysis in their study to examine the role of Small Scale Industries in the economic development of Nigeria. The study found from the analysis conducted, a strong positive correlation between Nigerian gross domestic product and loan contribution to the Small and Medium Industries. The study concluded that microcredit schemes have contributed significantly to the Nigerian economy.

In Jordan, Al-Khazali (2011) examined the impact of Jordanian commercial banks in financing small scale projects using descriptive statistics and a sample of three bank (Arab Bank, Kuwait Bank, Cairo Bank). The study found from the statistical analysis and testing of the study hypotheses**,** a statistically significant relationship between the role of Jordanian commercial banks in financing small-scale projects and unemployment reduction. The study also found a statistically significant relationship between the role of Jordanian commercial banks in financing small-scale projects and poverty reduction.

Ayopo (2011) studied the effects of microfinancing on Micro and Small Enterprises (MSEs) survival, growth, productivity and performance in South-west Nigeria. The study adopted descriptive statistics and survey of four hundred and forty three (443) micro enterprises and one hundred and eighty (180) small enterprises which were randomly selected using random sampling technique. The study found that microfinance and microfinancing enhance survival of Micro and Small Enterprises (MSEs) but not sufficient for growth and expansion of such Micro and Small Enterprises. The study concluded that microfinance has positive effects on productivity and performance of local entrepreneurs.

Yahaya, Osemene and Abdulraheem, (2011) examined the effects of microfinance banks on poverty alleviation inkwara state, using t-test and Analysis of Variance (ANOVA). The study

found from the analysis conducted that microfinance has significant role to play in the economy, as it reduces poverty by providing financial services to the active poor, help in generating employment and also provide small loans to grow small businesses.

Suberu, Aremu and Popoola (2011) investigated the impact of microfinance institutions on small scale enterprises in Nigeria by using descriptive statistics and simple random sampling technique. The study found that significant number of the small scale enterprises benefited from the microfinance institution loan, but only few of them were suitable to secure the required amount needed. The study also found that microfinance institutions have substantially grown during the last ten years. The study concluded that majority of the small scale enterprises acknowledged positive contributions of microfinance institutions loan towards promoting their market excellence and overall economic competitive advantage.

A study by Opue, Anagbogu and Udousoro (2011) in Nigeria investigated the impact of microfinance bank operations on the socioeconomic development of rural communities in Cross River State. Descriptive statistics and the Ordinary Least Square techniques of analysis were employed and the study found that CBN credit policy has a significant effect on the supply of credit to institutional borrowers such as micro-finance banks. It is also found that microfinance bank operations has no significant effect on credit demand by small scale business enterprises, and that, the roles of microfinance banks has no significant effect on the socioeconomic development of rural communities in Cross River State.

Edafiaje (2011) conducted a study on the role of Microfinance Banks (MFBs) in small scale enterprises financing in Ozoro and Warri areas of Delta State by using descriptive statistics. The study found that Microfinance service, particularly, those sponsored by government, have resulted in an increased level of credit disbursement and gains in agricultural production and other activities. A similar study from Imo state by Onyeneke and Iruo (2012) who examined the effect of microfinance on small-scale poultry production, using descriptive statistics and regression analysis. The study found that microfinance contributes positively to poultry production in Imo State.

Oni, Paiko and Ormin (2012) assessed the contributions of Micro Finance Institutions (MFIs) to the sustainable growth of Small and Medium Enterprises, by means of descriptive statistical method of analysis. They concluded from the analysis that Micro Finance Institutions could contribute to the sustainable growth of SMEs in the country. The study also concluded that the outreach of MFIs services to SMEs at present is poor.

Oni and Daniya (2012) examined the role of government and other financial institutions particularly micro finance institutions in the development of small and medium scale enterprises in Nigeria. The study employed existing literature and record relevant to the study, and found that financial institutions provide the necessary financial lubricant that facilitate the development of Small and Medium Scale Enterprises. The study concludes that the government should do more in terms of policy formulation in order to achieve the financial institutions mission in developing entrepreneurship.

In a study of women entrepreneurship in Nigeria, Akande (2012) assessed the impact of Micro Credit on the performance of women owned micro enterprises in Oyo state. The study employed structured questionnaires and analyzed using tables, frequencies, percentages, charts while chi square was used to test the study hypothesis. The study found that 46.67 percent of the respondents were aware of the existence of the micro finance banks, but only 16.67 percent patronized them. The study concluded that the performance of those that patronized microfinance did not improve significantly, because of high interest rates and short repayment periods.

Odebiyi and Olaoye (2012) evaluated the role of Microfinance banks in the development of Small and Medium Scale Aquaculture

Enterprises in Ogun State using random sampling technique and a sample of 120 aquaculturists. The study employed descriptive statistics, budgetary analyses and profitability ratios, and found a positive impact of microfinance bank loan on small and medium scale aquaculture development as it increased the revenue of the farmers, reduced rural-urban migration and increased overall yield and even generate employment opportunities.

Madole (2013) examined the impact of microfinance credit on the performance of SMEs in Tanzania. Qualitative research methodology was used and the study found that credit obtained from microfinance institutions in Morogoro have been able to improve businesses in term of; increased sales turnover, increased employees, increased business profit, increased business diversification, increased business capital and assets, and poverty reduction among customers surveyed. The findings also indicates that collateral, age or experience of the SMEs owners, and, size of the firm influence the access of credit. The study concludes that bank loan from microcredit scheme plays a very crucial role to promote small business growth. Although some of the small businesses fail to repay bank loan due to various reasons such as grace period, moral hazard and high interest rate. It was recommended that microfinance institutions should increase credit and enhances participation in SMEs financing, in order to sustain the growth and maximal contribution to economic growth and development of the nation.

Waithanji (2014) investigated the effect of microfinance credit on the financial performance of small and medium enterprises in Kiambucounty, Kenya. The study was conducted using survey design of 60 sampled SMEs. The study found that a direct relationship between access to credit and financial performance of the sample companies. The study also indicates that the SMEs benefit from loans from microfinance institutions, and financial assistance from the MFIs due to interest rate, easy loan repayment and amount offered. The study concludes the need to provide an enabling environment for SMEs to grow and thrive.

Kibet, Kenneth and Omwono (2015) examined the effects of Microfinance credit on the performance of Small and Medium enterprises in UasinGishu County, Kenya. The study sample size was 47 SMEs. The study employed an ex-post facto design and an open and closed ended Questionnaires, observation and interview guide. The study found that microfinance credit have a positive effect on the performance of SMEs with a level of significant of less than 5%. The study concludes that to ensure the growth and development of SMEs microfinance institutions credits should be client-oriented and not product-oriented.

Joana (2016) answer the central question, can microcredit be considered as an entrepreneurial activity capable of creating innovative and value-added businesses rather than a self-employment movement with few effects on economic development? The study concludes that although microcredit does not nurture highly innovative businesses, it can in fact be considered as an entrepreneurial activity capable of creating value-added businesses that can have a role on job creation as well as in lessening of social exclusion, positively affecting economic development.

3.1 Research Methodology

3.2 Research Design

This study adopts descriptive survey design to examine the impact of microcredit schemes on entrepreneurial development in the Northwest Geopolitical Zone in Nigeria. The survey involves correlational research through survey research design, in which quantitative information that was summarized through statistical analyses will be generated to test the research hypotheses. The design is chosen because it is effective in finding out relationships; this is consistent with the study objective, of the effect of microcredit scheme on the development of entrepreneurship in the Northwestern Nigeria.

3.3 Population and Sample of the Study

The target population of the study comprises of all the 8,401,663 Entrepreneurs Operating the Micro, Small, and Medium Enterprises (MSMEs) across the Northwest Geopolitical Zone of Nigeria. The study population is therefore all the entrepreneurs operating with Microfinance Banks in the Northwest Zone according to the National Bureau of Statistics (NBS) and Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) 2017 Reports.

Probability sampling technique is adopted in this study; in which each subject has an equal chance of being selected for the study. The sampling unit of the study is all the Microfinance Institutions in all the seven states of the Northwest Geopolitical Zone; Jigawa 11 MFBs, Kano 40 MFBs, Katsina 6 MFBs, Kebbi 10 MFBs, Sokoto 4 MFBs, Zamfara 5 MFBs and Kaduna 40 MFBs (see appendix for details).

Sample is the subset of the population being studied, and it represents the larger population in drawing inferences and conclusion about that population. The study therefore will adopt simple random sampling in choosing the study participants. This method is adopted because it is scientific and offered equal chances for each member of the population to participate in the study. This also eliminate research bias.

However, a sample size of 400 respondents is arrived at for the study based on Solovin's Formula for sample size determination, as follows;

Sample Size (n) = $N/1 + N(e)^2$

Where e is the level of precision, which is 5%;

N is the population size

Based on the population, the sample size of the study is estimated to be around 399 and hence 500 questionnaires will be distributed to the participants. In order to ensure for representativeness, the respondents are selected from each state in proportion to their population size as follows;

Table 3.2: Sample Size of the Study

STATE	Percentage (%)	Sample Size
Jigawa State	10	50
Kaduna State	23	115
Kano State	22	110
Katsina State	20	100
Kebbi State	8	40
Sokoto State	8	40
Zamfara State	9	45
Total	**100%**	**500**

Source: Researcher

3.4 Sources and Method of Data Collection

This study uses primary sources of data, as it will allow the researcher to obtain first-hand information from the subjects about microfinance scheme. Primary data will also provide a bases for logical conclusions. Closed-ended structured questionnaires are used in the collection of the data for the study. The questionnaires are adopted with little modification as used by Reda (2016) and Gedion, Maizs and Toroitich (2016), because they are effective in collecting primary data, especially information on facts, experiences, opinion and other information.

Moreover, the use of close-ended questionnaire saves the researcher from the biases and difficulties of data reduction during analysis and interpretation. Closed-ended questions are efficient in providing timely and concise answers, with a chance of 100% response rate. This study used personal administration of questionnaire to avoid low responses associated with the other modes of administering questionnaire. The questionnaire for the data collection is a Likert-type scale with five alternative responses for each statement (Strongly agree, agree, disagree, neutral and strongly disagree). The questionnaire is divided into two major sections; the Demographic characteristics of the respondents in section "A", and the microcredit scheme and entrepreneurship development in section "B". The study conducts some tests on the research instrument to ensure its validity and reliability.

3.5 Reliability of Research Instrument

In this study, both face and content validity and Reliability of the questionnaire are considered. Face validity concerns with whether the questionnaire appears to contain the important

items, while content validity concerns with the adequate coverage of the scope of the research by the questionnaire Sekaran (1992). The questionnaire was designed with reference to relevant microcredit schemes literature and regulatory framework of microcredit policies, the wordings of questions, the categorization of variables and the general appearance of the questionnaire. The principles of wordings according to Sekaran, (1992) are how questions are worded and the level of Sophistication of the language, the type and form of questions asked and the sequencing of the questions, and the length of time it takes to complete the questionnaire. Therefore, this study used simple and self-explanatory language in wording the questions, using a logical sequential order, while the length and time it takes to answer the questions is very small as the answers requires a tick (√).

To ensure validity, the questionnaire was subjected to expert Judgment to ascertain the sufficiency of the content, and the appropriateness of the instruments, that is, to guarantee that the instruments facilitate the achievement of the research objectives. This study also applied statistical test to establish the instrument reliability using the reliability coefficient (alpha) which can range from 0 to 1, with 0 representing an instrument with full of error and 1 representing total absence of error. A reliability coefficient (alpha) of .70 or higher is considered acceptable reliability.

3.6 Method of Data Analyses

The study will adopt both the descriptive and inferential statistical technique in the analysis of the data collected for the study. Specifically, multiple regression technique of data analysis will be used, in addition to Pearson's correlation and frequency tables. The analysis will be conducted using Statistical Package for Social Sciences (SPSS Version 20.0).

3.7 Variables Measurement and Model Specification

The study therefore construct a model to measure the impact of microcredit scheme on the entrepreneurship development in the Northwest Geopolitical Zone. The measurement of the variables will be derived from the research questionnaire. The model indicates that entrepreneurship development is a function of microcredit schemes services and activities (Loan terms and condition, microcredit scheme activities, microcredit scheme job creation, microcredit productivity and microcredit service quality). The model is mathematically express as follows;

$$EPD_i = \alpha + \beta_1 MCT_i + \beta_2 MCA_i + \beta_3 MCJ_i + \beta_4 MCP_i + \beta_5 MCQ_i + \varepsilon_i \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots i$$

Where;

EPDi =the entrepreneurship development of respondent i

MCTi =the microcredit schemes loan term and conditions of respondent i

MCAi =the microcredit schemes activities of respondent i

MCJi =the microcredit schemes job creation of respondent i

MCPi =the microcredit schemes productivity of respondent i

MCQi =the microcredit schemes service quality of respondent i

α is the intercept, β_1 - β_5 are the coefficients and ε is the error term/residual.

4.1Results and Discussions

4.2 Data Presentation and Analysis

This section covers the presentation and the analysis of the qualitative data collected from the respondents. The section begins with the analysis of the questionnaires distribution and collection from the field to determine the response rate, as contained in Table 1 below;

Table 4.1: Distribution of Questionnaire

Region	Distributed	Returned	Percent (%)
Jigawa	50	41	8.2
Kaduna	115	98	19.6
Kano	110	86	17.2
Katsina	100	87	17.4
Kebbi	40	35	7.0
Sokoto	40	32	6.4
Zamfara	45	39	7.8
Total	**500**	**418**	**83.6%**

Source: *Field Survey (2019)*

Table 4.1 presents the questionnaires distribution; it shows that a total of 500 questionnaires were distributed to the respondents from the Northwest Geopolitical Zone; Jigawa, Kano, Katsina, Kaduna, Kebbi, Zamfara and Sokoto. The table indicates that 50 questionnaires were distributed to respondents in Jigawa state, 115 to respondents in Kaduna, 110 in Kano, 100 questionnaires in Katsina, 40 questionnaires each to Kebbi and Sokoto and 45 questionnaires were administered to respondents in Zamfara state. However, a total number of 41 questionnaires were filled and return from Jigawa state, 98 from Kaduna state, 86 from Kano state, 87 questionnaires from Katsina state, 35 questionnaires from Kebbi state, 32 questionnaires from Sokoto state and 39 questionnaires were properly filled and return from Zamfara state. A total number of 418 questionnaires constituting 83.6% of the total questionnaires distributed were filled and returned. This shows that the response rate is more than the benchmark of 50-60%. The response rate is sufficient to generate a valid outcome from the survey. The study therefore conducted the test for measurement instrument reliability using Cronbach's Alpha as presented in Table 4.2;

Table 4.2: Reliability and Validity Test of data

Variables
Number of Items
Cronbach's Alpha
Cronbach's Alpha (Standardized Items)
N

Source: *SPSS OUTPUT (Appendix)*

The study adopts a more scientific measure of data and measurement reliability and validity test. Cronbach's Alpha is applied to measure the internal consistency and reliability, that is, do all the items in the scale really tap into one construct. The results in table 4.2 show the Cronbach's Alpha reliability test statistics based on 50 items of 0.857, while the Alpha based on standardized items is 0.868. In the social science research,Cronbach's Alpha greater than 0.70 is considered acceptable. Thus, an Alpha of 0.857 is preferred and considered a good reliability of the questionnaire measurement.

4.3.1 Correlation Analysis

The correlation results of the study is presented in Table 4.53 as follows;

Table 4.53: Correlation Matrix

Variables	**EPD**	**MCT**	**MCA**	**MCJ**	**MCP**	**MCQ**
EPD	1.0000					
MCT	0.696 (0.000)	1.0000				
MCA	0.699 (0.000)	0.721 (0.000)	1.0000			
MCJ	0.630 (0.000)	0.595 (0.000)	0.780 (0.000)	1.0000		
MCP	0.623 (0.000)	0.715 (0.000)	0.574 (0.000)	0.580 (0.000)	1.0000	
MCQ	0.4791 (0.000)	0.781 (0.000)	0.674 (0.000)	0.593 (0.000)	0.725 (0.000)	1.0000

P-Values in Parentheses

Source: *SPSS Output (Appendix)*

The correlation matrix from Table 4.53 shows the relationships between the microcredit schemes components and entrepreneurship development in the Northwest geopolitical zone of Nigeria. The table shows a significant statistical positive relationship between entrepreneurship development (EPD) and

microcredit loan terms and conditions (MCT), from the correlation coefficient of 0.696 which is statistically significant at 1% level of significance (p-value of 0.000). This implies that as loan credit terms and condition increases, entrepreneurship development increase. The table also shows a significant statistical positive relationship between entrepreneurship development (EPD) and microcredit activities (MCA), from the correlation coefficient of 0.699 which is statistically significant at 1% level of significance (p-value of 0.000). This implies that as microcredit activities increases, entrepreneurship development increases accordingly. Table 4.53 indicates a significant statistical positive relationship between entrepreneurship development (EPD) and microcredit jobs creation (MCJ), from the correlation coefficient of 0.630 which is statistically significant at 1% level of significance (p-value of 0.000). This implies that as microcredit job creation initiatives increases, entrepreneurship development increase.

Similarly, the correlation results from the table shows a significant statistical positive relationship between entrepreneurship development (EPD) and microcredit productivity (MCP), from the correlation coefficient of 0.623 which is statistically significant at 1% level of significance (p-value of 0.000). This implies that as microcredit productivity initiatives increases, entrepreneurship development increase. Lastly, the table shows a significant statistical positive relationship between entrepreneurship development (EPD) and microcredit service quality (MCQ) initiatives, from the correlation coefficient of 0.791 which is statistically significant at 1% level of significance (p-value of 0.000). This implies that as microcredit quality service initiatives increases, entrepreneurship development increase. In view of the analysis of the correlation among the variables of the study, the regression results as well as the hypotheses testing is conducted in the following section.

4.3.2Regression Results and Hypotheses Testing

This section presents and analyzes the regression results of the model of the study. The section begins with the analysis from Table 4.54;

Table 4.54: Regression Model Summary

Variables	Statistics	P-Values
R	0.826	
R Square	0.683	
Adjusted R Square	0.679	
F-Statistics	177.420	0.000
Durbin-Watson	0.121	
Highest VIF	3.569	
Lowest Tolerance Value	0.280	

Source: SPSS Output (Appendix)

Table 4.54 presents the summary of the regression model of the study. Table shows an absence of perfect multicollinearity among the explanatory variables, as shown by the highest Variance Inflation Factor (VIF) of 3.569, and the lowest Tolerance Value. The decision criterion for the Variance Inflation Factor is that a value of 10 and above implies the presence of perfect multicollinearity. While the decision criteria for Tolerance Value is that a value of less than 0.1 implies the problem of multicollinearity. The table indicate the Durbin-Watson statistic of 0.121 which is very low, but the data is not a time-series, and as such the results is not affected by the effect of serial correlation.

The Table on the other hand shows a strong positive association between microcredit schemes and entrepreneurship development, from the coefficient of multiple correlation 0.826. It also indicates that the independent variables of the study explained 67.9% of the total variations in the dependent variable (Entrepreneurship Development), from the coefficient of multiple determination (adjusted R^2 value of 0.679). The table also shows that the model is fit from the F-Statistic of 177.420 which is statistically significant at 1% level of significance (as indicated by the P-value of 0.000).

Therefore, based on the overall fitness of the model of the study, the study examines the

impact of microcredit schemes on entrepreneurship development in the Northwest Geopolitical zone in Nigeria by the test of the hypotheses formulated for the study.

4.3.3 Hypotheses Testing

In this section, the study tests the hypotheses formulated for the study, Table 4.55 presents the coefficients of the variables of the study from which the hypotheses are tested.

Table 4.55: OLS Regression Estimators

Variables	Coefficients	t-values	P-Values
MCT	0.056	1.080	0.281
MCA	0.200	3.821	0.000
MCJ	0.116	2.519	0.012
MCP	0.012	0.277	0.782
MCQ	0.535	10.831	0.000
CONSTANT	0.664	8.176	0.000

Source: *SPSS Output (Appendix)*

The regression coefficients in Table 4.55 indicates that microcredit loans term and conditions (MCT) has an insignificant positive impact on the entrepreneurship development (EPD) in the Northwest geopolitical zone in Nigeria, from the coefficient of 0.056 with t-value of 1.080, which is not statistically significant at all levels of significance (p-value of 0.281). This result suggests that, the microcredit schemes' loan terms and conditions has positively improved entrepreneurship development in the Northwest geopolitical zone, but the result is not statistically significant. Based on this evidence, the study failed to reject the null hypothesis one (H_{01}) which states that, microcredit schemes' loan terms and conditions has no significant impact on entrepreneurship development in the Northwest geopolitical zone in Nigeria.

Table 4.55 also indicates that microcredit activities (MCA) has a significant statistical positive impact on the entrepreneurship development (EPD) in the Northwest geopolitical zone in Nigeria, from the coefficient of 0.200 with t-value of 3.821, which is statistically significant at 1% level of significance (p-value of 0.000). This result suggests that, the microcredit schemes activities has positively improved entrepreneurship development in the Northwest geopolitical zone, and the result is statistically significant. Based on this evidence, the study reject the null hypothesis two (H_{02}) which states that, microcredit schemes' activities has no significant impact on entrepreneurship development in the Northwest geopolitical zone in Nigeria. This is in contradiction with the findings of Oni, Paiko and Ormin (2O12) which reveals poor microfinance institutions' services to small and medium enterprises which in turn dampens the entrepreneurial development.

Similarly, the regression coefficients in Table 4.55 shows that microcredit schemes job creation (MCJ) has a significant statistical positive impact on the entrepreneurship development (EPD) in the Northwest geopolitical zone in Nigeria, from the coefficient of 0.116 with t-value of 2.519, which is statistically significant at 5% level of significance (p-value of 0.012). This result suggests that, the microcredit schemes' job creation has positively improved entrepreneurship development in the Northwest geopolitical zone, and the result is statistically significant at 95% confidence level. Based on this evidence, the study reject the null hypothesis three (H_{03}) which states that, microcredit schemes' job creation has no significant impact on entrepreneurship development in the Northwest geopolitical zone in Nigeria. This is in consistence with the findings of Onyenekeand Iruo (2012) who found that microfinance contributes positively to creation of poultry production.

Moreover, Table 4.55 shows that microcredit schemes productivity (MCP) has an insignificant statistical positive impact on the entrepreneurship development (EPD) in the Northwest geopolitical zone in Nigeria, from the coefficient of 0.012 with t-value of 0.277, which is not statistically significant at all levels of significance (p-value of 0.782). This result suggests that, the microcredit schemes' productivity has positively improved entrepreneurship development in the Northwest geopolitical zone, but the result is not statistically significant. Based on this evidence, the study failed to reject the null hypothesis four

(H_{04}) which states that, microcredit schemes' productivity has no significant impact on entrepreneurship development in the Northwest geopolitical zone in Nigeria. This is in consistence with the findings of Ayopo (2O11) which establishes that microfinance has positive effects on productivity and performance of local entrepreneurs which in turn positively impact on the entrepreneurship development.

Lastly, the Table shows that microcredit schemes service quality (MCQ) has a significant statistical positive impact on the entrepreneurship development (EPD) in the Northwest geopolitical zone in Nigeria, from the coefficient of 0.535 with t-value of 10.831, which is statistically significant at 1% level of significance (p-value of 0.000). This result suggests that, the microcredit schemes' service quality has positively improved entrepreneurship development in the Northwest geopolitical zone, and the result is statistically significant at 91% confidence level. Based on this evidence, the study reject the null hypothesis five (H_{05}) which states that, microcredit schemes' service quality has no significant impact on entrepreneurship development in the Northwest geopolitical zone in Nigeria. This is in contradiction with the findings of Opue, Anagbogu and Udousoro (2O11) which reveals that microfinance service quality has no significant effect on the socioeconomic development of rural communities in Cross River state. However, the result is in consistence with the findings of Edafiaje (2O11) which found that microfinance services, particularly those sponsored by government, have result in an increased level of credit disbursement and gains.

5.1 Conclusion and Recommendation

Emanating from the findings of this research, the study concludes that there are difficulties with the access to microcredits schemes by economically active poor people in the northwest geopolitical zone. The study also concludes that microcredit schemes' loan terms and conditions has an insignificant positive relationship with entrepreneurship development in the Northwest geopolitical zone. It also concluded that microcredit schemes activities has a significant statistical positive impact on the entrepreneurship development in the Northwest geopolitical zone. The study concludes that, the microcredit schemes' job creation has positively improved entrepreneurship development in the Northwest geopolitical zone. The microcredit schemes' productivity has positively improved entrepreneurship development in the Northwest geopolitical zone, but the result is not statistically significant. The study also conclude that, the microcredit schemes' service quality has positively improved entrepreneurship development in the Northwest geopolitical zone, and the result is statistically significant.

Based on the findings and conclusion from this research, the study recommends that government in Nigeria should review its National Policy on Micro, Small and Medium Enterprises by making it compulsory for microfinance institutions and other related programmes to provide full scale Business Development Services support in order to sustain the growth of supported businesses in the Northwest geopolitical zone. The policy makers should also increase budgets and supporting programs to the microcredit sector in the Northwest geopolitical zone. The Small and Medium Enterprises Development Agency of Nigeria should prioritize mentoring of entrepreneurs in the Northwest geopolitical zone in order to reduce the default rate and sustain the growth of supported businesses. The microcredit institutions across the Northwest geopolitical zone should involve in provision of nonfinancial services, like training and educating entrepreneurs on business development consistent with available resources and projects' financial needs.

Policy makers should improve on the accessibility of microcredit schemes in the Northwest geopolitical zone. That is, economically active poor in the Northwest should find it easier to access microcredit schemes, hence outreach should be increased and extended to both rural and urban areas of the zone.Policy makers should also establish a robust and flexible loan credit terms and conditions framework for entrepreneurs in the

Northwest geopolitical zone, which could recognize the peculiarities of individual entrepreneurs. Lastly, the Small and Medium Enterprises Development Agency of Nigeria should improve MSMEs productivity by conducting a periodic review of the markets and macroeconomic policies in the country, and advise entrepreneurs accordingly.

5.2 Limitation of the Study and Suggestions for Future Research

The findings from the study are therefore limited to the domain of the study. The study also is restricted to the use of primary data, complimenting with secondary data could have increase the robustness of the findings.

Therefore, the study recommends that future research in this area should focus on the role of microcredit schemes in technological development of entrepreneurship in Nigeria. Future studies should also make use of both the primary and secondary data to evaluate the extent to which microcredit schemes affect the development of entrepreneurship in Nigeria.

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Appendices

REGRESSION RESULTS

Descriptive Statistics

	N	Minimum	Maximum	Mean		Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Statistic	Std. Error	Statistic	Std. Error
entrepreneurial development	418	1.50	4.50	3.1037	.03433	.70192	-.407	.119	-.483	.238
loan terms and condition	418	1.33	4.33	2.6603	.03223	.65900	.378	.119	-.523	.238
microcredit activities	418	1.40	4.80	2.9330	.03840	.78506	.404	.119	-.270	.238
microcredit jobs creation	418	1.50	4.50	3.1722	.03803	.77753	.144	.119	-.635	.238
microcredit productivity	418	1.33	4.67	3.2544	.04064	.83098	-.281	.119	-.977	.238
microcredit service quality	418	1.50	4.50	3.1208	.04122	.84273	-.110	.119	-.950	.238
Valid N (listwise)	418									

Correlations

		entrepreneurial development	loan terms and condition	microcredit activities	microcredit jobs creation	microcredit productivity	microcredit service quality
entrepreneurial development	Pearson Correlation	1	.696**	.699**	.630**	.623**	.791**
	Sig. (2-tailed)		.000	.000	.000	.000	.000
	N	418	418	418	418	418	418
loan terms and condition	Pearson Correlation	.696**	1	.721**	.595**	.715**	.781**
	Sig. (2-tailed)	.000		.000	.000	.000	.000
	N	418	418	418	418	418	418
microcredit activities	Pearson Correlation	.699**	.721**	1	.780**	.574**	.674**
	Sig. (2-tailed)	.000	.000		.000	.000	.000
	N	418	418	418	418	418	418
microcredit jobs creation	Pearson Correlation	.630**	.595**	.780**	1	.580**	.593**
	Sig. (2-tailed)	.000	.000	.000		.000	.000
	N	418	418	418	418	418	418
microcredit productivity	Pearson Correlation	.623**	.715**	.574**	.580**	1	.725**
	Sig. (2-tailed)	.000	.000	.000	.000		.000
	N	418	418	418	418	418	418
microcredit service quality	Pearson Correlation	.791**	.781**	.674**	.593**	.725**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	418	418	418	418	418	418

**. Correlation is significant at the 0.01 level (2-tailed).

Variables Entered/Removed[b]

Model	Variables Entered	Variables Removed	Method
1	microcredit service quality, microcredit jobs creation, microcredit productivity, loan terms and condition, microcredit activities[a]	.	Enter

a. All requested variables entered.

b. Dependent Variable: entrepreneurial development

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.826[a]	.683	.679	.39768	.683	177.420	5	412	.000	.121

a. Predictors: (Constant), microcredit service quality, microcredit jobs creation, microcredit productivity, loan terms and condition, microcredit activities

b. Dependent Variable: entrepreneurial development

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	140.294	5	28.059	177.420	.000[a]
	Residual	65.158	412	.158		
	Total	205.452	417			

a. Predictors: (Constant), microcredit service quality, microcredit jobs creation, microcredit productivity, loan terms and condition, microcredit activities

b. Dependent Variable: entrepreneurial development

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95% Confidence Interval for B		Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	.664	.092		7.176	.000	.482	.845		
	loan terms and condition	.059	.055	.056	1.080	.281	-.049	.168	.288	3.468
	microcredit activities	.179	.047	.200	3.821	.000	.087	.271	.280	3.569
	microcredit jobs creation	.105	.042	.116	2.519	.012	.023	.187	.363	2.757
	microcredit productivity	.010	.037	.012	.277	.782	-.063	.084	.395	2.530
	microcredit service quality	.446	.041	.535	10.831	.000	.365	.527	.315	3.170

a. Dependent Variable: entrepreneurial development

Coefficient Correlations[a]

Model			microcredit service quality	microcredit jobs creation	microcredit productivity	loan terms and condition	microcredit activities
1	Correlations	microcredit service quality	1.000	-.036	-.348	-.399	-.158
		microcredit jobs creation	-.036	1.000	-.229	.084	-.612
		microcredit productivity	-.348	-.229	1.000	-.317	.120
		loan terms and condition	-.399	.084	-.317	1.000	-.362
		microcredit activities	-.158	-.612	.120	-.362	1.000
	Covariances	microcredit service quality	.002	-6.101E-5	.000	.000	.000
		microcredit jobs creation	-6.101E-5	.002	.000	.000	-.001
		microcredit productivity	.000	.000	.001	.000	.000
		loan terms and condition	.000	.000	.000	.003	.000
		microcredit activities	.000	-.001	.000	.000	.002

a. Dependent Variable: entrepreneurial development

Collinearity Diagnostics[a]

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions					
				(Constant)	loan terms and condition	microcredit activities	microcredit jobs creation	microcredit productivity	microcredit service quality
1	1	5.880	1.000	.00	.00	.00	.00	.00	.00
	2	.041	12.039	.81	.02	.01	.00	.02	.07
	3	.035	12.933	.06	.01	.17	.18	.14	.05
	4	.020	17.231	.08	.13	.05	.19	.58	.11
	5	.014	20.307	.01	.36	.08	.11	.09	.76
	6	.010	24.160	.05	.48	.69	.51	.17	.01

a. Dependent Variable: entrepreneurial development

Residuals Statistics[a]

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	1.8562	4.2665	3.1037	.58003	418
Residual	-.90672	1.31946	.00000	.39529	418
Std. Predicted Value	-2.151	2.005	.000	1.000	418
Std. Residual	-2.280	3.318	.000	.994	418

a. Dependent Variable: entrepreneurial development