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# Exploring the Strategies for Accessing Microloans Used by Small and Medium Enterprises

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This is to certify that the doctoral dissertation by

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Abstract

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MSc, University of Abuja, 2011

BSc, Ahmadu Bello University Zaria, 1988

Dissertation Submitted in Partial Fulfillment

of the Requirements for the Degree of

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Abstract

The inability of small and medium enterprises to access microloans from microfinance banks is a major concern in business growth and development in Nigeria. The purpose of this descriptive phenomenological study was to explore strategies for accessing microloans from microfinance banks by owners of small and medium enterprises for business growth and survival. Using the conceptual framework on social capital theory, I selected 20 small and medium enterprises owners who have accessed microloans from microfinance banks and have operated their businesses beyond 5 years with significant growth were interviewed using face-to-face semistructured interviews. Data were collected using semistructured interviews and reviews of company documents. The use of member checking strengthened the trustworthiness of the interpretation of the participants' responses. A phenomenological approach was used for the qualitative interview with data analysis using a descriptive method. Nine themes emerged from this study: Obtaining a saving account before accessing microloans, group members serving as collateral, business social networks, business sustainability strategies, historical financial health, maintaining loan repayment deadlines, archiving business documents, use of competent guarantors, and strength and weakness analyses. The findings of the study may contribute to positive social change to create awareness among SMEs leaders in federal and state government, and individuals on how to gain access to microloans, thereby improving profitability, generating employment, reducing poverty, and enhancing standards of living among SME owners in Nigeria.

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## Dedication

I hereby dedicate this dissertation to my Heavenly Father and his son, Jesus my Lord and my Mum, Late Chief (Mrs) Mary Adebanjo Ayodele Kazeem, who despite all odds decided to pull all her fortunes together to sponsor my early education. A devoted woman of virtue and honor and a mother of mothers, who once said “I will sell my last cloth to pay your school fees, if and when the need arises”. My mother was the bedrock of my confidence; she taught me the true meaning of lasting success. My Mum, if you can read these words, then just know that they are a bit of what I can write, for no word in this world can describe nor explain your contribution to my life and success, I am just profoundly grateful for your loving kindness. I like to also dedicate this study to my wife and children who have been very supportive, Funmi, Doyin, Oyinkansola, KingDavid and Lola. You have made the journey very pleasant and smooth. Your valuable contributions have added to the success factor.

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# Chapter 1: Introduction to the Study

Microfinance banking is designed to provide small size loans, otherwise called microcredit, to economically active poor individuals to alleviate poverty through the provision of microloans to low-income earners (Njeru & Gongera, 2014). Small and medium enterprise (SME) business owners contribute significantly to the development of any country, including Nigeria (Nyamboga, Nyamweya, Abdi, Njeru, & Gongera, 2014). Microfinance products are designed as tools for poverty reduction (Mohhamad, 2005). Microfinance products include microcredits, money transfer, savings, and microinsurance (Koku, 2015). The notion that microfinance banks can provide the poor with financial services that may improve their economic status is grounded on the premise that the poor can be alleviated from poverty if given access to financial services like the rich (Marakkath & Attuel-Mendes, 2015; Mohhamad, 2005). Noruwa (2012) revealed that the concept of microfinance may not provide the expected solution to the poor even when given access to financial services. Nyamboga et al. (2014) said many people from developing and transition countries do not have access to formal financial institutions, and instead they rely on informal financial intermediaries such as moneylenders who handle small amounts of money and charge very high interest rates.

Microfinance services could collaborate with entrepreneurial development to have an impact on poverty reduction and creation of employment through the granting of microloans to intended entrepreneurs (Noruwa, 2012). Nyamboga et al. (2014) said that the inability of entrepreneurs to provide collateral to secure microloans had restricted access to microfinance loans for both individuals and SMEs. This study is about the lived experience and strategies owners of SMEs in Abuja use to access microloans from microfinance banks to improve growth and business survival and tangible factors that contribute to SME owners in Abuja accessing microloans from microfinance banks in Abuja. The findings may provide information to all stakeholders in the microfinance subsector, specifically microfinance banks, the central bank of Nigeria (CBN), SME entrepreneurs seeking microcredits, and respective government agencies regarding how to provide and access microfinance services. The findings in the study may provide knowledge to SMEs who may have lacked access to microloans in microfinance banks by revealing the strategies and methodologies used by those SME owners who had access to microloans in microfinance banks. In Chapter 1, I will discuss the background of the study, problem statement, and purpose of the study, research questions, and the conceptual framework. I will also include the nature of the study, definition of terms, assumptions, limitations and delimitations, and the significance of the study.

## Background of the Study

Gbandi and Amissah (2014) appraised SMEs as businesses with less than 250 employees and revenue less than $50 million in turnovers. SMEs are regarded as the relevant agents for economic development, capable of generating about 100 jobs per unit, with capacities for generating employment and reducing poverty in a country (Agwu & Emeti, 2014). One of the reasons for the high rate of unemployment in Nigeria is due to the poor performance of SMEs in generating employment, arising from inability to access microloans from microfinance banks (Agwu & Emeti, 2014). Other reasons are unfavorable government policy and lack of adequate education. The purpose of this study was to explore strategies used by SME owners in accessing microloans from microfinance banks in Abuja for business growth and survival. SME business owners in Nigeria contribute significantly to the economic development of the country (Agwu & Emeti, 2014). The International Labor Organization (ILO) in 1972 recognized SME businesses in Nigeria as employers of labor (Nyamboga et al., 2014). Kiska and Mwema (2014) found that from 2005 to 2010, the SME sector contributed 58% of total employment and 40% of new jobs in Nigeria. SME business owners have helped to create jobs in Nigeria, reduce poverty, and enhance the standard of living (Oladokun, Larbani, & Mohammed, 2015). Despite the significant role SMEs played in the economic development of Nigeria, the challenges that confront SME owners are lack of access to microloans from microfinance banks and lack of collateral to access credits from commercial banks (Jacinta, 2013).

Lemma (2015) discovered that SME business owners' lack of access to microloans had affected the business survival and growth of SMEs in Nigeria. The failure to access microloans from microfinance banks tends to create financial constraints, resulting in SME owners' inability to operate businesses beyond 5 years after inception (Lemma, 2015). Koku (2015) found that inability to access microloans from microfinance banks has resulted in the slow growth and failure of SMEs in Nigeria. The objective of this qualitative phenomenological study is to explore strategies some SMEs in Nigeria used to access microloans from microfinance banks to improve business survival and growth of SMEs in Nigeria, sustain businesses, create employment for SME employees, and improve the standard of living among citizens of Nigeria.

## Problem Statement

SMEs' inability to access microloans from microfinance banks is a major concern in business growth and development in Nigeria (Olaosebikan & Adams, 2014). Eighty-nine percent of SMEs in Nigeria fail within the first 5 years of operation as a result of their inability to access microloans from microfinance banks (Koku, 2015). The general problem is that the lack of access to microloans from microfinance banks by owners of SMEs has resulted in business failure and slow growth of SMEs in Nigeria. The specific problem is that 94% of SME owners in Abuja, Nigeria lack strategies to access microloans from microfinance banks required for business growth and survival. Despite the fact that previous studies addressed issues on microloans and delays in loan disbursement from microfinance banks, there appear to be none that have studied the strategies SMEs in Abuja, Nigeria use to access microloans in microfinance banks.

## Purpose of the Study

The purpose of this descriptive phenomenological study was to explore strategies used by SME owners in accessing microloans from microfinance banks in Abuja for business growth and survival. The study may be relevant to SMEs in federal capital territory (FCT) who currently lack information on how they can access microloans for business growth and survival. The study may also be relevant to the federal, state, and local government in formulating policies on accessing microloans for growth and survival among SMEs. The objective of the study is to create awareness among SME owners in federal capital territory (FCT) on how to access microloans to enhance their business growth and survival. The study is relevant because it will address an under researched area: Access to microloans for SME growth and survival in Abuja, Nigeria.

## Research Questions

Onwuegbuzie and Leech (2012) explained that research questions provide a guideline to the problem of study that the researcher wants to investigate. The overarching research questions are the following:

*RQ1:* What are strategies owners of SMEs in Abuja use to access microloans from microfinance banks to improve growth and business survival?

*RQ2:* What are the tangible factors that contribute to SME owners in Abuja accessing microloans from microfinance banks?

## Conceptual Framework

The conceptual framework serves as a lens guiding the data collection process. The conceptual framework for this study is the social capital theory (SCT) developed in 1916 by Hanifan. Social capital can be described as the aggregate of the actual or potential resources which are linked to possession of a durable network of more or less institutionalized relationships of mutual acquaintance and recognition (Kaasa, 2015). SCT is based on the concept that poor borrowers can rely on their social network and translate same to capital or collateral for the purpose of securing microloans from microfinance banks (Kaasa, 2015). Hanifan appraised SCT as the intangible factor that contributes most to the daily activities of people such as the goodwill created by an individual, (b) mutual respect and sympathy, and (c) network and social interactions among members of a community. Three theories that explain SCT are structured, cognitive, and relational capital Individuals are included or excluded in relation to the given society, a place or an institution (Oxoby, 2009). In using an agency, an individual is included or excluded through the acts of an agency; the insurer may act inclusively or exclusively, towards insure of different genders and races (Oxoby, 2009). Individuals are not excluded solely because of their current state of welfare but due to limited prospects for the future (Oxoby, 2009).

## Nature of the Study

I used a descriptive phenomenological approach to understand the strategies used by owners of SMEs to access microloans from microfinance banks in Abuja. I will use a semistructured interview to collect data from the selected SME leaders. The qualitative research method allows for in-depth exploration, and semistructured interviews were used. Participants were 20 Nigerian SME owners in Abuja, who are registered with the Corporate Affairs Commission in Nigeria and have accessed microloans from microfinance banks to improve their businesses. The exact number of participants would depend on when saturation occurs from the interview responses. Saturation usually occurs when no new data emerges from any additional participant (Denham & Onwuegbuzie, 2013).

For the research, I used a descriptive phenomenological interview that included participation between the interviewer and the interviewee along with questions that provided meaning to the topic of interest. Following the phenomenological research traditions of Husserl, Merleau- Ponty, and van Manen, Giorgi’s descriptive method included the use of bracketing, reduction, imaginative variation, and searches for essential psychological structures within the phenomenon (Dowling, 2007; Giorgi, 1997). Interpretive phenomenology is another type of phenomenological study which is not suitable for this study because the study involves the provision of a detailed explanation of how a particular person in a given context or situation makes sense of a given phenomenon around the particular person.

The qualitative research method is appropriate for this study. Plakhotnik (2012) said that the qualitative method is appropriate for an investigation into human behavior through responses of participants to open-ended interview questions. The qualitative research method allows the researcher to explore the concept of human understanding through open-ended interviews (Marshall & Rossman, 2011). The quantitative method is not suitable for the study as the quantitative method is used to study numerical relationships, statistical elements, and variables (Borrego, Douglas, & Amelink, 2009). Gill (2014) described qualitative research as an inquiry that explores a social problem and is useful for describing trends in research. Neither quantitative nor mixed methods approaches are appropriate for the research, because mixed methods comprise both the qualitative and quantitative methodologies. The quantitative methodology is used when testing a hypothesis and identifying relationships between variables (Hammer, 2011). In quantitative research, numeric descriptions are used to experiment with samples for description and clarification of events (Upjohn, Attwood, Lerotholi, Pfeiffer, & Verheyen, 2013). I considered all qualitative designs before deciding that descriptive phenomenology was most appropriate.

The phenomenological design enables the researcher to study the lived experiences of the participants (Moustakas, 1994). The phenomenological design is most appropriate for this study because the purpose of this study was to explore the strategies as experienced by the participants. The phenomenological design is more appropriate for this study than other designs including case study, narrative, ethnography, or grounded theory. The case study design provides an opportunity to acquire a perspective on an ongoing occurrence and represent a critical test of the occurrence (Yin, 2013). Ethnography as a design is used when the focus of the study relates to cultural inquiries (White, Drew, & Hay, 2009). Grounded theory is also not adequate as the study is not aimed at developing a theory from the data collected. Narrative design is not adequate for the study as a narrative is used when the mode of data collection is by storytelling. The phenomenological design with semistructured interviews will allow respondents to share thoughts and experiences that give insight into the lived experience of the strategies they used in accessing microloans from microfinance banks in Abuja, Nigeria.

The phenomenon that is the focus of this study is the strategies SME owners used in accessing microloans from microfinance banks in Abuja, Nigeria. The qualitative research method is holistic; all aspect of the participants' lived experiences regarding the strategies are evaluated. The one-on-one approach of the qualitative method is an advantage, particularly interviewing participants in their real-life environment, which were relevant for achieving an understanding of the research problem. Purposeful sampling is appropriate for participant selection in this study. Patton (2002) stated that what a researcher wishes to know that will result in credibility, use of resources, and time, is more important than the sample size in a phenomenological study.

Twenty SME owners who are senior managers with more than 5 years of experience in operating a business at the executive level in Nigeria were the central focus of this study. The financial performance of the selected SME owners formed the basis for the selection of participants. Some SME owners with declining financial performance were not selected for semistructured interview. The phenomenological approach with semistructured in-depth interview protocol will make it easy for the participants to describe strategies used in accessing microloans in microfinance banks. The participants' interviews were digitally recorded. Validation of responses will occur through member checking and probe questions if required.

## Definitions

*Area Councils:* Area councils are local government areas of the FCT. There are six Area Councils in the FCT: Gwagwalada, Kuje, Abaji, Bwari, Kwali, and Abuja Municipal.

*Central Bank of Nigeria (CBN):* The CBN is the apex bank or bankers to the banks, charged with the responsibility of supervising and regulating financial institutions in Nigeria (Ekhator & Anyiwe, 2016).

*Collateral:* Collateral is an asset a lender is required to deposit to secure a loan from microfinance banks. The CBN requires that all SME loans must be secured with collateral (Ekhator & Anyiwe, 2016).

*Federal Capital Territory (FCT):* The FCT is the administrative capital of the Federal Republic of Nigeria. The FCT is subdivided into six area councils. The total population is about 2 million (Onanug, Igbeneghu, & Lamikanra, 2014).

*Microfinance Bank:* Microfinance bank is a specialized financial institution with the focus on social economic development of the small and medium enterprises (SMEs). Microfinance is operated by the provision of small scale financial services to people who are financially excluded from the traditional banking system. Principal among these services are the provision of small loans to their clients with the mission of developing and expanding new or existing business (Singh & Bhar, 2016).

*Small and Medium Enterprises (SME)*: SMEs as explained by are businesses with less than 250 employees and with revenue less than $50 million turnovers (Gbandi & Amissah, 2014). SMEs are regarded as the relevant agents for economic development; capable of generating about 100 jobs per unit, stimulating employment generation, and poverty reduction (Agwu & Emeti, 2014; Lee & Wong, 2015).

*Poverty:* According to the United Nations (UN), the poverty line is defined as anyone living on less than $2 per day. Poverty includes a sense of voicelessness and powerlessness in the institutions of state and society (World Bank, 2011).

*Poverty Reduction:* Poverty reduction is a means of alleviating poverty among individuals or community through the systematic provision of services, funds, goods, and other inputs that can improve the standard of living of the targeted population (Sehrawat & Giri, 2016; World Bank, 2011).

*Social Capital:* Social capital as a collateral is a way of conversion of personal involvement in a group, community, or association in presenting a self-worth that could be considered for the purpose of qualification as an asset in securing microloans (Leung, Kier, Fung, & Sproule, 2013). The rejection of an individual from a social group lowers their social capital value and hence the ability to access financial services from microfinance banks (Kawachi, Kennedy, Lochner, & Prothrow-Stith, 1997; Vogt & Johnson, 2011).

## Assumptions

The first assumption is that the information that SME owners in Abuja require to access microloans from microfinance banks exists. The second assumption involves responses to interview questions; I assumed that all the selected participants would provide a response to the interview questions effectively and accurately. The third assumption involves the causes of SME failure; I assumed that SME failure might result from the inability to access microloans from microfinance banks. I assumed that once I made a suitable arrangement for the interview venue, the interview environment would be comfortable and interviewees would consent and be available for the interview. Finally, I assumed that the inclusion criteria used to select participants for the study are appropriate and sufficient to realize the objective of the study.

### Scope and Delimitations

The scope of the study defines the boundaries of a study (Krokstad et al., 2013). In this section, I will discuss the scope that defines the boundary of the study and the delimitations.

**Scope**

In the study, the boundaries are SME businesses in Abuja, Nigeria. The participants are SME business owners who have accessed microloans from microfinance banks in the last 5 years in the FCT. Each of the interviewees had experience in accessing microloans. The interviewees were asked to provide answers to open-ended questions through semistructured interviews. To address transferability in the study, I will offer a detailed explanation of the results of the study and provide descriptions to allow readers and future studies to make decisions on transferability of the findings.

**Delimitation**

The sample size is limited to 20 SME business owners who have used microfinance microloans from microfinance banks in the last 5 years. The inclusion criteria were SME businesses that have accessed microloans from microfinance banks in the FCT. The study has been restricted to the FCT to have an in-depth understanding of the case being studied. The semistructured interviews will take place in a favourable environment for participants.

## Limitations

The limitation of a study means the possible procedural weaknesses attributed to a study (Mitchell & Jolly, 2013). The focus of the study is SME business owners in the FCT; SME business owners from other parts of Nigeria are excluded from the study as the study is limited to the six Area Councils of the FCT. I will record the interview responses, analyze the data, and interpret the data findings. The research may be biased as a result of some discrepancies if the researcher is not sufficiently detailed to monitor details (Bray, Lanza, & Tan, 2015). Podsakoff, MacKenzie, and Podsakoff (2012) stated that personal bias could diminish by using bias predictor to reduce or eliminate bias.

## Significance of the Study

The study may be significant to SME owners in the FCT who may apply the findings and recommendations of the study to improve accessing microloans from microfinance banks to increase growth and profitability. The high rate of unemployment in Nigeria may be addressed through the study as strategies for accessing microloans are revealed in the study. The purpose of this qualitative phenomenological study was to explore strategies used by SME owners in accessing microloans from microfinance banks in Abuja for business growth and survival. The study may help the CBN in reviewing the supervisory and regulatory framework for microfinance banks in Nigeria.

### Significance to Practice

SMEs in Abuja that could not operate business beyond 5 years due to inability to access microloans from microfinance banks may benefit from the study using the findings to identify strategies required in gaining access to microloans in microfinance banks. The government of Nigeria and the Minister of the FCT may also benefit from the study by applying the findings in solving the problem of unemployment in Abuja. Employers and other stakeholders of microfinance banks may also benefit from the study by using the information from the study to train staff or students on strategies for accessing microloans from microfinance banks that may enhance business survival and growth.

### Significance to Theory

Future researchers may benefit from the study by extending the body of knowledge on how owners of SMEs can explore microloans from microfinance banks. SCT serves as a lens in this study for preparing the interview questions. The study may contribute to the body of knowledge on SCT as means for providing microloan access to SME owners. The gap in literature may also be filled as a result of the study. The SCT may be further explained in the study that might provide meaning to future research. The study may also contribute to strategies adopted by owners of SMEs in Abuja.

### Significance to Social Change

By adopting the recommendations in the study, based on research findings, there may be a paradigm shift in the ways SME owners view business growth and survival. Increased access to microloans from microfinance banks for owners of SMEs may potentially enhance the socioeconomic development of Abuja, Nigeria. The study may also be replicated for youth and female unemployment and retirees in Nigeria. SME owners may receive new insight as a result of the study. Federal and state governments may find the result relevant in policy formation.

The social unrest in the Northern part of Nigeria may also be addressed as a result of the study as the outcome may help in policy formulation, strategy development, and incentives to facilitate access to microloans for SME business owners. Positive social change may be promoted through the study; as more jobs may be created since owners of SMEs may have access to microloans from microfinance banks.

## Summary and Transition

In Chapter 1, I presented the problem statement, purpose statement, research question, and conceptual framework. The population for the study is 20 SME owners in Abuja, Nigeria who have accessed microloans from microfinance banks and operated their businesses beyond 5 years with significant growth. The purpose of this qualitative phenomenological study was to explore strategies used by SME owners in accessing microloans from microfinance banks in Abuja for business growth and survival. Chapter 2 contains a review of literature. Chapter 2 contains the literature review, analysis, and synthesis of previous studies. I will review the conceptual framework that serves as a lens for the study. Chapter 2 will also contain previous peer-reviewed studies on basic l, relational, and cognitive capital, as well as goodwill of an individual to access microloans.

# Chapter 2: Literature Review

The specific problem is that 94% of SME owners in Abuja, Nigeria lack strategies to access microloans from microfinance banks, required for business growth and survival. The inability of 94% of SMEs in Nigeria to access microloans from microfinance banks has led 75% of SMEs to fail within the first 5 years of operations, as microfinance banks finance established SMEs and not start-ups (Koku, 2015). The purpose of this descriptive phenomenological study was to explore strategies used by SME owners in accessing microloans from microfinance banks in Abuja for business growth and survival. The objective of the literature review is to identify relevant literature that may support and synthesize knowledge on this topic. I will discuss relevant literature on SCT, structural capital theory, relational capital construct, goodwill microloans, microfinance banks, goodwill of an individual to access microloans, SME access to microloans, entrepreneurial education and training of SMEs, impact of access to microloans, and firm characteristics to access microloans. Other topics are microfinance bank, challenges, and the prospect of microfinance bank in Nigeria, analysis of poverty indices in Nigeria among SMEs, multiple bank relationship, group lending, microfinance in Nigeria, global microfinance practices, and government regulation and microfinance bank development.

## Literature Search Strategy

I accessed peer-reviewed journal articles through library databases such as EBSCOhost, Business Source Complete, ABI/INFORM, Emerald Management, ProQuest and SAGE Premier. The keywords are *social capital theory (SCT), structural* *capital theory*, *relational capital construct*, *cognitive capital construct*, *goodwill of an individual to access microloan*, *entrepreneurial education and training of SME*, *impact of access to microloan on SME performance*, *firm characteristics to access microloans*, *microfinance bank concept*, *MFBs in Nigeria*, and *challenges and prospects of MFBs in Nigeria*.

## Conceptual Framework

The conceptual framework serves as a lens guiding the data collection process. The conceptual framework for this study is the SCT developed in 1916 by Hanifan. Social capital is the network of relationships among people who live and work in a particular society, enabling that society to function effectively (Kaasa, 2015). SCT is grounded on three concept: Sstructural capital, cognitive capital, and relational capital (Mwangi & Ouma, 2012). Individual are included or excluded in relation to the given society, place, or institution (Oxoby, 2009).). Individuals are not excluded solely because of their current state of welfare but due to the limited prospects for the future (Oxoby, 2009). In this study, the microfinance clients and the individuals who require access to microloans for business growth and sustainability are the other parties.

### Social Capital Theory

Hanifan used SCT to explain how members of the rural school community accumulate their social capital to improve school performance (Bourdieu, 1986). SCT has been expanded into business to represent how poor people accumulate their social capital to access resources to improve the performance of their business (Granovetter, 1983; Jonsso & Lindbergh, 2013; Kontinen & Ojala, 2012; Nahapiet & Ghoshal, 1998). People who network are more likely to accumulate their social capital and achieve more than those who do not network. Adama and Nadif (2013) stated that individuals accepted in a social or economic group are likely to use such membership to influence their access to financial resources.

Despite the support for the SCT, several authors have levelled criticism against Hanifan's theory (see Adama & Nadif, 2013; Adler & Kwon, 2002; Carlos & Pinho, 2013; Kontinen & Ojala, 2012; Light & Dana, 2013; Schulman & Anderson, 1999; Woolcock & Narayan, 2000), stating that social capital is uneven among groups, making it difficult for some firms to access resources to sustain their businesses. For example, Light and Dana (2013) found that powerful groups exploit resource monopolies to lock less powerful groups out of business. Dominant groups within a network may use their powers to influence accessibility to resources, causing the subordinate groups to quit the business because of lack of funds. Woolcock and Narayan (2000) revealed that despite 200,000 community groups in rural Kenya, social capital could not help them access external resources or reduce poverty. Firm owners may form social networks to access resources for their businesses, but without proper use of these resources, social capital is meaningless (Light & Dana, 2013). Further findings from this study may reveal strategies on how the SCT may lead to an in-depth understanding of how SMEs can access microloans for business growth and survival.

Urgegbhe (2013) investigated Microfinance Investment Vehicles (MIVs), funded by public money and socially inclined investors. The main thrust of the study was to seek to know if the MIVs are part of the causes of the subsector crisis especially in India

(Urgegbhe, 2013). The analysis indicated how microfinance institutional investors integrate social performance in their investment decisions. Rathore (2015) analyzed interviews held with microfinance fund managers based on a framework of recognized impediments to a socially responsible approach in investing. Rathore (2015) demonstrated that there are many impediments such as the tendency to believe that microfinance is a philanthropic venture that lack standardization in commercial activities, and also a loose regulation regarding social reporting. Hassan (2014) in this study are limited, due to the relatively small sample size and the focus on fund managers' answers only (Hassan, 2014). Future research could investigate the viewpoints of different stakeholders in the investment process, such as the investors of microfinance funds or the regulatory institutions.

Sohail and Routray (2013) investigated the relationship between social capital and microfinance by testing the role of social capital in the ability of the poor in Pakistani rural communities to access microcredits under group lending methods. Sohail and Routray inquired if the social standing of a poor borrower in Pakistan has a relationship with access to financial services, especially microloans. Akram and Routray (2013) obtained data from rural communities of Pakistan; the data were evaluated using the principal component analysis (PCA). The research was first of its kind in Pakistan. Akram and Routray (2013) found out that there is a relationship between social capital and the ability of poor rural dwellers in Pakistan and the microfinance banks. Okello, Bongomin, Ntayi, Munene, and Nabeta (2016) referred to social capital as social collateral arising from the benefits to participants for being a member of a community, society, group, or association. Okello et al. (2016) explained that the membership of a community or a group could lead to more acceptances of risk criteria, such that microfinance banks are more comfortable to deal with an individual, because the bank believed that debt recovery should be easier from the group perspective than for the individual borrower. A social capital index was constructed from the result of the multiple logistic regressions. Okello et al. (2016) revealed an exclusive rural agricultural area of Pakistan called Killasafullah, located in the Northeast of Pakistan. The survey was conducted with the assistance of local researchers within the districts of the selected area of Pakistan. Akram and Routray (2013) explained that 21 villages were selected by applying stratified random sampling using equal allocation. From the villages, households were randomly selected, and a total of 210 households were included in the sample. All the selected households were members of the microfinance credit program, and nonhouseholds who did not need credit facilities were screened out. Akram and Routray (2013) used PCA and multiple logistics regressions to construct and compute the result on which their conclusions were drawn.

The survey questionnaires were drawn up in the local languages by the researcher, but were also supported by local researchers to administer the questionnaires (Akram & Routray, 2013). Akram and Routray (2013) appraised the step to mitigate the bias or risk associated with the use of local researchers. The study is strengthened by the fact that only household interested in credit facilities were considered. Hassan (2014) evaluated some limitations; the restriction on the study in respect of social capital on the credit program of Microfinance only. There are lots of other factors that affect the poor aside credits, things like environmental effect, social performance and quality of life. Data were collected only from male respondents, no female was included in the survey and data collection, and hence there is an opportunity for future research covering the female folks in the same communities (Hassan, 2014). Hassan (2014) considered social capital as a mean and Microfinance as an end, reversing the assumptions creates opportunity for further study of the relationship between social capital and microfinance banks. Rathore (2015) investigated further to mitigate some validity issues, but failed to address risks associated with use of other researchers to conduct a study, especially the possibility of personal bias and researchers personal influence and interest on the data gathering and collection. SCT has been used to describe how a group could use a collective advantage as resources in making a bargain (Hassan, 2014). There appear to be no studies on how SCT is a strategy for accessing microloan in microfinance banks in Abuja, Nigeria.

**Structural Capital Construct**

Simen (2013) established how Chinese foreign firms use social capital to establish collaborative networking to facilitate international business operations. For example, Chinese business owners use kinship network to establish contacts with the local business people in the host country to create a favorable business environment, which facilitates international operations. Networks promote trust and cooperation among their members by providing sanctions against those who deviate from the norms of the group. Nahapiet and Ghoshal (1998) explained that firms within a network could use referrals to access information and facilitate the exchange of knowledge to improve the performance of their businesses. Today one needs a referral to get a good job or buy a prime parcel of land, a sign that social capital is still applicable. Despite the benefits, social networks contain certain limitations. Chazdon, Allen, Horntvedt, and Scheffert (2013) stated that members of weak bridging networks tend to experience conflict among separate insider groups vying for control of decision-making. Networks comprise individuals who have more or limited powers, making it difficult to function smoothly. For example, lack of trust and cooperation among group members may result in internal conflicts, which affect the performance of the cooperatives.

**Relational Capital Construct**

This construct contains an emphasis on the behavioural aspects of an individual including respect and friendship. People who trust and respect each other tend to work together to meet the obligations of others within the network. Nahapiet and Ghoshal (1998) stated that norms of cooperation allowed members of a network to create a strong foundation to facilitate the exchange of intellectual capital to access resources for the business. Pearson, Carr, and Shaw (2008) found that personal bonds facilitate cooperation and communication to achieve a common goal. Lu, Feng, Trienekens, and Omta (2013) used the relational dimension of social capital to describe how strong guanxi (relationships) network and interpersonal trust significantly contribute to high performance in Chinese firms.

Despite the significance, the relational construct of social capital theory has some limitation. Lack of trust among the members of a network may result in poor personal relationships, which affects cooperation and communication. SME business owners need to develop strong personal relationships to facilitate communication and cooperation among members of a network to access financial resources for their businesses.

**Cognitive Capital Construct**

Pearson, Carr, and Shaw (2008) used the cognitive dimension of social capital to describe how the family and the firm merge to create collective understanding and cooperation to achieve long-term goals. When people have a shared vision, nothing will stop them from working together to achieve a common purpose. However, the cognitive dimension of social capital has its limitation. Lack of new knowledge affects motivation, resulting in many members leaving the network. SME business owners need to share knowledge, values, and systems to create a collective understanding and collaboration to facilitate access to information and financial resources to achieve long-term sustainable performance. The social capital theory contains the constructs that small businesses can apply to develop strategies to overcome resource constraints by mobilizing other forms of capital and facilitating trust and cooperation (Bhatt & Altinay, 2013). Stam et al. (2013) discovered that firms use social capital to obtain resources to exploit new business opportunities and achieve long-term sustainable performance. Social capital helps new business to have recognition as the new business owners depend on the reputation of the social capital (Bhatt & Altinay, 2013).

**Goodwill of an Individual to Access Microloan**

While it is evidenced that individuals who win awards and increase their goodwill receive significant increase in wages in an organization, there is hardly any evidence regarding the way in which these increases are transferred to the rest of the team in an organization (Sanchez-Marin & Baixauli, 2014). Goodwill is an individual attribute that serve as social capital in acceptance or the absence of it that result to rejection of loan in microfinance banks (Sanchez-Marin & Baixauli, 2014). Zinko, Gentry and Laird (2016) categorized goodwill into (a) task, (b) social, and (c) integrity. Task contributes to goodwill in form of a good negotiator developing a reputation for their level of success at negotiation. The social aspect of goodwill is the goodwill that accumulated as social units work together towards common valued goal or objective; the ability to repeat such collaboration interdependently (Rodriguez-Arinza, Martinez-Ferrero & Bermejo-Sanchez, 2016). Integrity is shown as leaders keep to the vision and mission statement of the organization. Goodwill of an individual may serve as social capital in acceptance or rejection from a group, such an acceptance may be used for economic advantage such as accessing microloans (Rodriguez-Arinza et al., 2016). The study failed to explain if goodwill is a strategic factor in gaining access to microloans in a microfinance bank.

## Small and Medium Enterprises Access to Microloan

Mwobobia (2012) found that lack of planning and poor management were constraints to gaining access to credit. That majority of SMEs have no clear business plan on how to sustain their profitability, which hinders their access to credit. Nkonge (2013) studied the challenges facing SME business owners bidding for tenders in Nigeria. Nkonge revealed that rigid financial regulations, shortage of financial resources and poor access to information constrained SMEs from participating in the tendering process. Small and medium enterprise (SME) business owners play a significant role in the Nigeria economy. These business owners contribute to job creation, income generation, and poverty alleviation (Hassan, 2014; Njeru, 2012; Osoro & Muturi, 2014). For developing countries, the United Nations Industrial Development Organization (UNIDO) defined small and medium enterprises as those employing between one and 99 workers (Narteh, 2012). The research studies include the constraints facing Kenya SME business owners and managers in accessing credit over the past decade. Despite their significance, Nigeria SMEs face financial challenges that affect their profitability and growth. Several studies (see Gaitho, 2013; Gichuki, Njeru, & Ondabu, 2014; Makena, Kubaison, & Njati, 2014; Moyi, 2012; Mwobobia, 2012 Onyango & Achieng, 2013) revealed a lack of collateral as a constraint to gaining access to credit. Although these researchers' findings were similar, they had other varying findings. In addition to the lack of collateral, Gichuki et al. (2014) found high processing fees and short repayment period constrained SMEs' access to credit. Makena et al. (2014) found cultural norms as a barrier to accessing credit as a unique finding. None of these authors reveal the strategies SME could use in accessing microloans in microfinance bank in Abuja, Nigeria. In reviewing entrepreneurial education and training of SME, strategies may emerge for gaining access to microloans in microfinance banks in Abuja, Nigeria.

**Entrepreneurial Education and Training of SME**

Ndedi (2013) identified that policy development, operational, and pedagogic impediments confront the development of entrepreneurship training and development among SME business owners in Africa. Ndedi (2013) described entrepreneur as a person who possesses the ability to inspire others and who does not accept limitations of boundaries to take action of change. The training of youth on entrepreneurship could help to eradicate poverty, create employment, and contribute to social and economic empowerment among the citizens of a country. Bager, Jensen, and Nielsen (2015) agreed that entrepreneurship training could enhance growth and promote sustainability of social economic welfare of a community. Bager et al. (2015) suggested that entrepreneurship development could be provided by business association, private organization, local colleges, and public authorities to increase the participation and effectiveness of the training. Blenker, Elmholdt, Frederickson, Korsgaard, and Wagner (2014) categorized entrepreneurship education into quantitative studies and qualitative case studies; quantitative studies helps  to compared variables, and generalize the findings, while qualitative studies involves contextual sensitive descriptions of phenomenon under review. Noruwa (2012) explained that Microfinance may not benefit the entrepreneurs without adequate training to support the financial resources, that growth and sustainability is not limited to provision of funds.

**Impact of Access to Microloan on SME Performance**

Mahmood, Hussain, and Matlay (2014) described poverty as lack of income, assets, resources, and deprivation from social amenities. Women’s deprivation has also contributed to poverty increase (Mahmood et al., 2014). Some of the factors that have contributed to deprivation are gender inequalities, income inequalities, access to credit, control over poverty or earned income, and gender biased in labor market (Mahmood et al., 2014). Kariv and Coleman (2015) revealed that factors such as gender, ethnicity or employment status do not determine access to microloan in microfinance banks. Toindepi (2016) discriminated that the business priorities of commercial microfinance banks is different from that of developmental microfinance banks. Access to microloans from microfinance banks is determined by the priorities of the microfinance banks (Toindepi, 2016). Toindepi (2016) opposed the fact that microfinance banks reduces poverty by granting access to loan as their activities are market driven and not poverty alleviation.

**Firm Characteristics to Access Microloan**

Kariv and Coleman (2015) appraised microloan as a tool used in supporting necessity-based entrepreneurs rather than opportunity-based entrepreneurship. Kariv and Coleman (2015) described the necessity-based entrepreneurs as those entrepreneurs that are pushed into entrepreneurship to avoid been unemployed or having alternative career to secure loss of job, while opportunity-based entrepreneurs are those entrepreneurs that identified a gap in the market and have created a product or service to fill the gap. Sarwoscri, Romer, and Musshoff (2016) identified that gender can also play a role in getting approval to microloan. Female farmers in Madagascar recorded a higher rate of loan application approval compared to male farmers. Ocasio (2016) converged that the infrastructure accessible to the farmers and household labor assets are such characteristics to enterprise development. Use of rural credit as a production input is important in augmenting revenue for the non-farm enterprise. Sama and Casselman (2013) discriminated that MFIs excessive high interest rate is one reason that makes SMEs owners avoid microloan. Lack of financial literacy by owners of is another reason that makes SME owners avoid microloan (Sama & Sasselman, 2013). The abusive loan recovery practice of MFIs also contributes to the reason why many SMEs do not access microloan (Sama & Casselman, 2013).

**Microfinance Bank Concept: History of Microfinance banks in Nigeria**

The Nigerian banking industry is regulated by the Central bank of Nigeria; the power to regulate these companies is vested by the relevant Acts. The financial industry is made of Commercial banks or Deposit Money banks (DBM), Development financial institutions, Microfinance banks, Finance companies, Bureau de Change companies (BDC), Discount houses and Primary Mortgage banks (PMB). As at 2010 there are 24 DBMs, 5 Discount houses, 5 Development finance institutions, 1598 BDCs, 101 PMBs, 107 finance companies and 876 Microfinance banks. The evolution of the banking system commenced since 1890, before then was the time of trade by barter, there was less monetization of goods and services (Ebomuche, Ihugba, & Bankong, 2014).

Small and mmedium eenterprises form the bedrock of Nigerian economy, contributing about 70% of the GDP and employing over 75% of the population in both rural and urban communities of the country (Ebomuche, Ihugba, & Bankong, 2014). The Federal Government of Nigeria identified microfinance as an effective tool for economic development by facilitating access financial resources for the poor and small business owners in every part of Nigeria( Noruwa 2012). The realization of the effectiveness of Microfinance as a tool for poverty alleviation and social economic development led to the introduction of Microfinance banks by the federal Government through the Central Bank of Nigeria (CBN) in 2005. The microfinance policy seeks to achieve a number of objectives: Increase access to microloans by the poor and SME businesses, improve women’s access to microloans, promote financial inclusion, expand the formal financial system, encourage savings and increase investment in rural communities of Nigeria (Ebomuche, Ihugba, & Bankong, 2014).

**Challenges and Prospects of Microfinance Banks in Nigeria**

The United Nations International Covenant of Economic, Social, and Cultural Right (2008) Article 1-IV described poverty as inadequacies of food, shelter, health care, education, and social security. Gounder (2013) appraised poverty as multidimensional and interpreted on economic, social, psychological, and technological perspective of an individual, group and countries. The National Poverty Center (NPC, 2011) described poverty for an individual as an income below United States $2 a day for developing countries. Gounder (2013) identified programs to poverty alleviation to include (a) upgrading of squatters' settlements, (b) government assisting farming, (c) remission of school fees, (d) grant to NGOs, (e) micro-finance schemes and safety coverage for the destitute to include individuals and family. Sayvaya and Kyophilavong (2015) inferred that microfinance is a vital tool used for providing financing for the poor, lower-income people in developing countries. The access to financial services provides low-income people the opportunity to build asset, create jobs, enhance income capacity, and migrate out of the poverty line (Sayvaya & Kyophilavong, 2015). According to the Central Bank of Nigeria (CBN) credits from Microfinance Banks are categorized to Micro credits and SME (Eniola, 2014). Eniola stated that micro credits in line with CBN (2013) guidelines are any loan less than N500,000 (Five hundred thousand Naira only), while any amount above N500,000 is regarded as SME loans and that individual are restricted to a maximum of 1% and group or corporate SMEs are limited to 5% of shareholders' fund unimpaired (Eniola, 2014).

**Analysis of Poverty Indices in Nigeria among SME**

Nigeria experienced economic growth from 2005 to 2014 with GDP average of 6.08% (Mustapha, Said, & Sidique, 2015). Despite the fact that the economic operations in Nigeria increase from 2005 to 2014, the industrial sector did not have the same level of increase within 2005 to 2014 (Mustapha et al., 2015). The Nigerian poverty profile indicated that the urban poverty increased from 19.6% in 1980 to 37.8% in 1985, while the rural poverty increased from 28.3% in 1980 to 51.4% in 1985 (Mustapha et al., 2014). A program that had contributed to the increase in poverty in Nigeria is the structural adjustment programs (SAPs) in 1986 (Mustapha et al., 2014). In an attempt for the government of Nigeria to reduce the level of poverty, introduced the National Economic Empowerment Development Programs (NEEDs) in 2004 with the objective to create wealth, increase employment among youth, reduce poverty, and value reorientation (Mustapha et al., 2014).

Affandi and Astuti (2014) correlated a country poverty level with corruption level. A country with a high corruption rate will tend to have high poverty level (Affandi & Astuti, 2014). Other factors that could lead to increase poverty are (a) inability of the financial institutions to bridge the gap from the surplus institutions to the deficit unit where resources are needed, and (b) inadequate government intervention in optimizing the provision of public goods to the society (Affandi & Astuti, 2014). Haneef, Pramanik, Mohammed, Amin, and Muhammad (2015) categorized poverty alleviation measures into

(a) positive measure such as income growth; even distribution of income and equal opportunity, (b) preventive measures such as control of ownership and prevention of corruption and malpractices, and (c) corrective measures such as compulsory transfer; charity and state responsibility (Haneef et al., 2015).

Weber and Musshoff (2013) investigated how credit access probabilities and loan volume rationing magnitudes for farmers change if the MFI switches to offer flexible microfinance loans, which can account for agricultural production specifics. Mustapha, Said, and Sidique (2015) estimated profit models for the probability of receiving a loan and Heckman models to investigate the magnitude of volume rationing for all micro loan applications and disbursements of the MFI, differentiating between farmers with standard microfinance loans and farmers with flexible microfinance loans. Mustapha et al. (2015) found that agricultural firms with flexible microfinance loans have significantly higher credit access probabilities than non-agricultural firms and agricultural firms with standard microfinance loans. Again, those agricultural firms with flexible microfinance loans are stronger volume rationed than non-agricultural firms and agricultural firms with standard microfinance loans (Oni and Adepoju, 2014).

Kazeem (2013) noted some limitations, that even access to credit for agricultural firms in Madagascar can be enhanced by the provisioning of flexible microfinance loans, the investigated MFI only introduced flexible microfinance loans in 2011 and currently only offers them through five branch offices. Thus, the product is new to the MFI, and results might change with increasing outreach to other geographic regions in Madagascar. Furthermore, the conditions for agricultural production in Madagascar are unique, and the results might change in different country contexts, which provide opportunity for future studies (Kazeem, 2013; Otusanya, 2014).

**Multiple Bank Relationship**

Kang, Zardkoohi, Paetzold, and Frazer (2013) found that social networks encourage inclusion among economic factors to pursue relationships characterized by trust and reciprocity to access information and financial resources to sustain the business. Such studies as (Berger, Goulding, & Rice, 2014; Gambini & Zazzaro, 2013; Maenpaa, 2012; Narteh, 2012; Shikimi, 2013 Wambua & Mugambi, 2013) revealed that developing multiple banking relationships allows SMEs to gain access to credit to improve their businesses. Although these researchers' findings were similar, they had other varying results. In addition to gaining access to credit, developing multiple banking relationships is relevant to avoid premature withdrawal of services in case the main bank fails to deliver (Berger, Goulding, & Rice, 2014). Wambua and Mugambi (2013) agreed that SMEs develop multiple banking relationships to help access services in case the main bank is distressed or fails to deliver. Additionally, Berger et al. (2014) revealed that SMEs that lack access to information depend on several banks including their bank to gain access to credit and other financial resources.  Gambini and Zazzaro (2013) found similar results when they conducted a study to examine the effect of banking relationship on the growth of SMEs. Gambini and Zazzaro (2013) revealed that SMEs that have poor access to information developed multiple banking relationships to gain access to credit. Additionally, Gambini and Zazzaro (2013) revealed SMEs that develop multiple banking relationships are more likely to grow faster than those that do not. In addition to access to credit, Narteh (2013) noted that some SME owners develop multiple banking relationships to facilitate cash collection, transfers, bank guarantees, and advisory services. No other studies indicated this finding. Narteh (2013) revealed that older SMEs use multiple banking relationships to gain access to credit than new ventures because of availability of information. Shikimi (2013) found unique results when they conducted a study to examine the effect of multiple banking relationships on the cost and availability of credit to SMEs. Shikimi (2013) revealed that multiple banking relationships allow SMEs to gain access to credit despite the high transaction costs. Conversely, Maenpaa (2012) found that SME business owners operate multiple banks to help meet the changing needs of their customers, and not gain access to credit. Despite the different schools of thought, SMEs need to develop strong multiple banking relationships to enhance access to credit and other financial resources to improve the performance of their businesses.

**Group Lending**

Small and medium enterprises (SMEs) that have no adequate collateral can use group-lending strategy to gain access to credit for their businesses. Mukherjee and Bhattacharya (2015) found that social capital allows members of a network to develop strong personal relationships that provide the basis for trust and cooperation to achieve a common purpose. Social capital allows people who have no tangible assets as collateral to form organized groups to reduce uncertainty and gain access to credit to sustain their businesses. Several studies (Kiragu & Sakwa, 2013; Kong, Turvey, Channa, & Peng, 2015; Mwangi & Ouma, 2013; Kong et al., 2015; Nawai & Shariff, 2013 Wanambisi &

Bwisa, 2013) revealed that organized groups allow SMEs to gain access to credit because of joint liability. Kiragu and Sakwa (2013), Jones, Escalante, and Rusiana (2015), and Nawai and Shariff (2013) found that joint liability allows group members to screen, monitor and enforce each other's loan habits. Group monitoring helps improve loan repayment, which facilitates further credit. Additionally, Kiragu and Sakwa (2013) explained that group lending mechanisms allow entrepreneurs to acquire administrative and supervisory skills thereby facilitating access to credit. Mwangi and Ouma (2013) established that majority SMEs were unable to access credit because of poor access to information, forcing financiers to ask for guarantors. Groups allow members to share information and guarantee one another, which facilitates access to credit and repayment of loans. In addition, to the joint liability, Wanambisi, and Bwisa (2013) revealed that SME business owners should join groups to enhance access to credit for their businesses. Conversely, Jones et al. (2015) studied the experiences and perceptions of Swaziland Women's Finance Trust regarding group lending. Jones et al. found that large sizes of groups, insufficient information, and poor design and implementation affected group lending.

Mukherjee and Bhattacharya (2015) revealed that high presence of family members within the group and poor management affected repayment of loans, which constrains access to further credit. Despite the contrary, groups remain an effective strategy for SMEs that have inadequate collateral to access credit for their businesses. SMEs that have group strategies are more likely to access credit and manage loan repayment because of a joint liability than those that do not have.

El-Gamal, El-Komi, Karlan, and Osman (2014) investigated the model of Microfinance Institutions that allows greater access to credit. El-Gamal et al. (2014) noted that, Microfinance institutions (MFIs) have continued to grow overF the past few decades, both in numbers of clients and portfolio sizes. The growth of these MFIs has enabled greater access to credit in many of the world's less developed nations (El-Gamal et al., 2014). Many of the poor especially Muslims remained unbanked where a significant number of people living in Muslim countries do not have access to microloan as a result of lack of collateral. An alternative microfinance model which aims to establish credit unions for the poor in which the bank plays the role of a guarantor in the familiar rotating savings and credit association have been suggested as a means to guarantee access to microloan. The performance of this model against a stylized sequential Grameen-style microcredit provision in a laboratory experiment in the field conducted in poor Egyptian villages.

Jose and Robert (2013) investigated the perception of microfinance clients on the service quality offer to borrowers. Jose and Robert (2013) surveyed the working poor who are microfinance borrowers, examining their perceptions of customer satisfaction and corporate social responsibility. Mukherjee and Bhattachrya (2015) carried out the research by analyzing validated scale measures which were presented in a cross-sectional field study survey of 201 respondents. OLS regression was used after determining factor loadings and reliabilities. Kong, Turvey, hanna, and Peng (2015) found out that customers are dissatisfied with the microfinance product, lack of commitment from lender's staff, and dissatisfaction with informational support, were all significantly related to future purchase intentions. Only dissatisfaction toward the firm's people was significantly related to perceptions of CSR. Kong et al. (2015) noted that dissatisfied poor would prefer to buy elsewhere, even if they find the seller to be socially responsible. However, attitudes and behaviors of the firm's agents convey low CSR. Microfinance customers were sensitive to customer service. Service quality was also significantly related to their perceptions of CSR (Brewer, Wilson, Featherstone, & Langemeier, 2014). The study took into account some limited parameters in arriving at their conclusion, the inclusion of other variables, like the customs, traditions and sex of respondents may alter the result, thus this provides opportunity for future study (Hu, Lian & Su, 2016).

**Strategic Planning**

Effective strategic planning is fundamental to the success of the business. A strategic plan provides a road- map that leads an organization from where it is now to where it would like to be in the future (Kariuki, 2015). A well-developed strategic plan allows the business to implement its policies and monitor the operations to achieve the desired performance. Awino (2013) discovered that CEOs with internal evaluation of control outcomes, implement the structures and processes of environmental monitoring to meet the contingencies of their chosen strategies. SME business owners that have a clear vision and business plan are more likely to gain access to credit and other resources than those that do not have. Several studies (Awino, 2013, Jaoua & Radouche, 2014; Kagwathi, Kamau, Njau, & Kamau, 2014; Kariuki, 2015; Mitchelmore & Rowley, 2013; Njoroge & Wario, 2015 Sandada, Pooe, & Dhurup, 2014) revealed that lack of strategic planning was a constraint to SMEs' gaining access to credit to improve the performance of their businesses.

Awino (2013) found SMEs that use strategic planning were more likely to gain access to credit and other financial resources than those that do not, which results in sustainable business performance. Jaoua and Radouche (2014) agreed that strategic planning allows companies to access credit to improve the performance of their businesses. Kagwathi et al. (2014) found SMEs lack risk mitigation strategies, which affects their credit scorecards. Kagwathi et al. (2014) revealed that a credit score allows SMEs to access formal credit that matches the risk and performance of the business. Firms that have strategic planning are more likely to mitigate risks and increase their credit score than those that do not have, and thereby gaining access to credit. Kariuki (2015) found that SMEs have no clear vision of what they desire to accomplish and how which limits their access to credit. Majority SMEs lack a clear business plan on what to do and how to do it to achieve profitability as a requirement for accessing credit. Kariuki (2015) studied the effects of corporate processes of strategic change in the performance of family-owned single individual, which affects decision-making on how to pursue financial resources to sustain the business. Napoli revealed that individuals who do not belong to the dominant family had a positive influence on the strategic change of the business. Jaova and Radouche (2014) agreed that individual values and lack of strategic planning were a constraint to accessing credit among SMEs. Family-owned firms need to develop a strategy of hiring a non-family member to help attract external financial resources to sustain their businesses. Mithelmore and Rowley (2013) found that strategic planning allows SMEs to set goals and allocate resources to realize these goals. Mitchelmore and Rowley revealed SMEs that neglect strategic planning is more likely not to achieve their potential performance and growth than those that do not. Sandada, Pooe, and Dhurup (2014) found similar results in their study to determine the relationship between strategic planning and performance of SMEs. Sandada et al. revealed that SMEs that have strategic planning were more likely to attract financial resources than those that do not have. Strategic planning allows SMEs to make decisions on how to improve the profitability of their businesses to help access credit and other resources. SME business owners need to have strategic planning to determine where they are and where they would like to be in the future. A good strategic plan provides the financiers with the assurance that the business is committed to making profits to repay their principal and interest.

## Microfinance in Nigeria

Microfinance are sets of socioeconomic agents used to address poverty and inequality by providing the less privileged with financial services that will enable them grow out of the poverty threshold. These agents come in different forms; they could be regulated or non-regulated. The regulated ones are the microfinance institutions under the control of the Central bank of Nigeria, which include the Microfinance banks. The unregulated are the Microfinance Institutions that are not under the supervision of the Central bank of Nigeria, they include the non-governmental organization, who are usually non-deposit taking institutions. Microfinance banks are also categorized along the capital base into three broad types: Unit microfinance banks, State Microfinance banks and National Microfinance banks. Microfinance has the following characteristics: Loans are made in smaller amounts, the beneficiaries do not require tangible collateral, the duration of the loans are usually short say between six months and one year. The beneficiaries could be organized to groups to access microloans, documentation for the loans are usually basic and not complex (Bateman, 2014).

Janda, Rausser, and Svárovská (2014) examined the contribution of microfinance investment funds to a sustainable financial portfolio. The dependence of microfinance funds' returns on the performance of stock and fixed income markets in developed and emerging economies have negative correlation when measured by the portfolio beta measure (Janda, et al., 2014). Using regression analysis, Janda. et.al, (2014) confirmed that returns on investment in microfinance investment funds exceed the returns on the market portfolio and that the result together with reported near-to-zero beta estimates as a proxy for the systematic risk may be taken to be a clear financial advantage of an inclusion of microfinance assets in a portfolio compared to pure stock or bond portfolios (Janda et al., 2014). Hassan and Saleem (2017) asserted that the results based on CAPM beta and Jensen's alpha is confirmed by mean-variance spanning test. Jacinta (2013) was able to show that the socially responsible investors may invest into microfinance without sacrifice with respect to pure financial indicators.

**Microfinance Bank and Electronic Mass Marketing and Client Acquisition**

Jaova and Radouche (2014) examined microfinance mobile banking platform and agency network in meeting the quest for financial inclusion of the unbanked, noting that about 2 billion telephone users can be financially included through their phone devices.

The poor requires access to secure sites to facilitate financial transactions using their mobile telephones to carry out financial transactions such as: credit assessment, transfers, payments, insurance and savings. That financial service can be extended to many poor people by the use of mobile phone, this poor people can grow their business from micro to SMEs (Jaova & Radouche, 2014).

Serrano and Gutiérrez (2014) explained that there is a relationship between level of income savings and investment; they explain that the strategy to reduce poverty is by encouraging savings among the poor, as the savings can be converted to investment in earning assets. Serrano and Gutiérrez (2014) contended that poor savings culture among the poor is partly responsible for their poverty and that Microfinance institutions have drifted in their mission to encourage savings and reduce poverty. Jaova and Radouche (2014) identified that mobile banking platforms are good in increasing financial inclusion, but the cost are out of the reach of the poor and that the impact of mobile banking could be substantial if the cost of transaction can be reduced by effective collaboration between the mobile phone operators and microfinance banks and also inferred that the critical mass required to sustain mobile banking could only be achieved if the cost permits high entrance of the poor to the mobile banking and agency network by considerable reduction in the cost of transactions. Mobile banking platform may provide a more convenient access to banking activities (Jaova & Radouche, 2014). The mobile banking platform would also ensure the financial inclusion campaign of the CBN in Nigeria (Serrano & Gutiérrez, 2014). No previous studies had revealed whether mobile banking or financial inclusion is strategies that would promote access to microloans in microfinance banks required for business growth and survival in Nigeria.

**Microfinance Banks Global Practices**

Concept and application of microfinance bank has become a global phenomenon (Hossein, 2014). Though the concept of microfinance derives it source from some traditional informal banking system which was documented by Mohammad Yunus, microfinance banking was further practice by Yunus (Bateman, 2014). The contribution of microfinance to economic development cannot be underrated, though it has not been able to address poverty problems completely (Bateman, 2014). The implication is a systemic acceptance of the concept as a tool for socioeconomic development. The concept is of more relevance in the developing world than in the developed world as the level of financial literacy is low in the former than the later, typically successful in India (Bateman, 2014). The realization that the formal banking system cannot accommodate the growing informal sector is partly responsible for the rapid development of Microfinance (Yahaya, & Osemene, 2011). Serrano and Gutiérrez (2014) explained that there is a relationship between level of income savings and investment; they explained that the reduction in poverty could be achieved by encouraging savings among the poor. They explained that the poor must preserve part of their income for further investment in order to reduce their cost of funding, create confidence in the lenders and banks.

Serrano and Gutiérrez (2014) asserted that the poor savings culture among the poor could be a contributory factor to their poverty and that microfinance banks need to develop savings products to help the poor people to come out of poverty, they noted that most institutions are drifting from the mission of savings mobilization, by concentrating only on loans and advances. Serrano and Gutiérrez (2014) explained that with gradual savings by the entrepreneur the habit of asset building in developed.

Mori and Mersland (2014) analyzed the influence of stakeholders (donors, employees, customers, and creditors), on board structure (board size and CEO duality), and on organizational performance. Using a global data set of 379 microfinance institutions from 73 countries, collected from rating organizations as supported by stakeholder theory, agency theory and resource dependence theory, Mori and Mersland (2014) inferred that the efficiency of the stakeholders can guarantee the effectiveness of microfinance banks. Stakeholders perform important role in the growth and survival of microfinance institutions. Zulkhibri (2014) noted that Microfinance Institutions provide financial services to poor people. Zulkhibri (2014) also noted that Governance of these organizations is important so that they can operate efficiently and sustainably. Zulkhibri (2014) found donors to be associated with small boards, non-duality and better performance. Employees are associated with large boards, while customers are associated with duality and good financial performance. Creditors opt for duality and better social performance. Abdallah (2016) noted that there are opportunities for future research on the subject of double bottom line and triple bottom line paradigm; financial, social, and environmental goals. This article may be useful in my examination of relationship between board structures and performance of microfinance banks.

Bassem (2014) investigated productivity changes of 33 Middle East and North Africa microfinance institutions over the period of 2006–2011 by using the Malmquist productivity index (MPI) method and a balanced panel dataset of 198 observations. Abdallah (2016) noted that the empirical findings indicated that the microfinance industry has reported overall productivity regress in the study period even though all the MENA MFIs have positive growth with the exception of the year 2010–2011. In addition, Bassem (2014) indicated that over the period the Malmquist productivity change experienced by the MENA microfinance industry as a whole has averaged 4.9% annually which was mainly attributed to technical efficiency change. They asserted that the industry as a whole has exhibited a decline in technological change (2.9% decreases over the period) and suggested that there has been a deterioration in the performance of the best practicing MFIs (Koku, 2015).

Osei-Assibey (2015) found that by decomposing the Malmquist index, the result showed that during the study period the MENA MFIs have experienced mainly an increment of pure technical efficiency (improvement in management practices) rather than an improvement in optimum size. Abdallah (2016) confirmed that overall, an essential strategic implication for the MENA microfinance industry is that they need to pursue a technological progress in order to meet the dual objectives of reaching many poor people and financial sustainability. Kamukama and Natamba (2013) examined the extent to which social intermediation influences access to financial services in Uganda's microfinance industry.  (Kamukama & Natamba 2013) defined social intermediation as the group, society and community the borrower belongs. Koku (2015) investigate the relationship between social intermediation and access to finance by adopting analysis of moment structures (AMOS), a form of structural equation modeling (SEM) to test hypotheses. Despite the study on relationship between social intermediation and access to finance by adopting analysis of moment structure, there appear to be a gap in literature regarding the strategies owners of SMEs in Abuja use to access microloans from microfinance banks to improve growth and business survival.

Zulkhibri (2014) found that social intermediation together with antecedents of social capital and managerial competence, account for 32 percent of the variance in access to financial services in the microfinance industry.  Only a single research methodological approach was employed and future research through interviews could be undertaken to triangulate (Koku, 2015). Furthermore, the findings from the present study are cross-sectional, future research could be undertaken to examine the social intermediation and its effects on access to financial services across time. Bateman (2014) introduced the concept of microfinance banks as encouraging savings culture among the poor, and the granting of loans to SMEs. Zulkhibri (2014) introduced the social capital concept in managing access to financial services in the microfinance industry. Stakeholders such as the government, investors, competition, and customers have also been identified to perform important roles in the sustainability of the activities of microfinance bank in the creation of wealth SMEs. Despite previous studies on microfinance banks global practices, there appear to be no previous studies on global microfinance banks strategies in accessing microloans from microfinance banks required for growth and survival.

**Government Regulation and Microfinance Bank, SME Development**

Hossein (2014) identified the challenges of microfinance institutions and Government regulation from the perspective of productivity and efficiency of the organization, pointing out that the recent application of same prudential guidelines on the banks and non-banks have impact on both social and financial performance of the Financial Non-Governmental Institutions (FNGIs). Hossein (2014) explained that the Bank of Ghana took the decision to regulate the FNGOs without empirical basis and that the model adopted was considered unsuitable for FNGOs as the regulations could impede the growth and sustainability of the institutions. The conclusion is that applying same mode of guidelines to banks and FNGOs could lead to inability of the FNGOs to discharge their financial and social mandate, which may affect the poor people who look unto the institutions for financial services, having been excluded from the formal sector (Hossein, 2014).

Hartarska, & Nadolnyak, (2007) explained that microfinance banks that are less leveraged revealed a more sustainable tendency than the unlevered one. Hartarska and Nadolnyak (2007) found out that MFIs that are regulated may benefit the clients in terms of returns on their deposits and savings, but not a guarantee for outreach and sustainability. Government regulation may affect the spread and operations of microfinance banks in Nigeria and it determines the location of their business offices (Ihugba, Bankong, & Ebomuche, 2013). Agarwal, Lucca, Seru, and Trebbi, (2014) asserted that inconsistent regulation has negative effect on the growth and sustainability of banks, that banks perform better under predictable and consistent government policy.

Where the policies are fairly consistent, banks are able to adjust their pricing and model to mitigate risks associated with the policy direction and outcome (Agarwal et al., 2014).

Stream, D'Espallier and Mersland (2014) examined the relationship between female leadership and MFI performance and governance. Stream et al. (2014) investigated the relationship between female leadership, firm performance, and corporate governance in a global panel of 329 Microfinance Institutions (MFIs) in 73 countries covering the years 1998–2008. Abdallah (2016) explained that the microfinance industry is particularly suited for studying the impact of female leadership on governance and performance because of its mission orientation, its entrepreneurial nature, diverse institutional conditions, and high percentage of female leaders. Kong et al. (2015) found female leadership to be significantly associated with larger boards, younger firms, a non-commercial legal status, and more female clientele. Kong et al. (2015) found that a female chief executive officer and a female chairman of the board are positively related to MFI performance, but that the result is not driven by improved governance. They found that the better performance is not driven by improved governance. Ihugba et al. (2013) identified how government could regulate the activities of microfinance bank in a country. The appointment of a female leader to head the affairs of microfinance bank in a country has also been identified in previous literature (Kong et al., 2015). There is no existing study on how government regulation and the appointment of a female chief executive officer as a leader of a microfinance bank could provide strategy in accessing microloans from microfinance banks for business growth and survival in Nigeria.

**Analysis of Poverty Indices in Nigeria**

Nigeria had experienced economic growth from 2005 to 2014 with GDP average of 6.08% (Mustapha, Said, & Sidique, 2015). Despite the fact that the economic operations in Nigeria increased from 2005 to 2014, the industrial sector did not have the same level of increase within 2005 to 2014 (Mustapha et al., 2015). The Nigerian poverty profile indicated that the urban poverty increased from 19.6% in 1980 to 37.8% in 1985, while the rural poverty increased from 28.3% in 1980 to 51.4% in 1985 (Mustapha et al., 2015). A program that had contributed to the increase in poverty in Nigeria is the structural adjustment programs (SAPs) in 1986 (Mustapha et al., 2014). In an attempt for the government of Nigeria to reduce the role of poverty, introduces the National Economic Empowerment Development Programs (NEEDs) in 2004 with the objective to create wealth, increase employment among youth, reduce poverty, and value reorientation (Mustapha et al., 2014).

Affandi and Astuti (2014) correlated a country poverty level with corruption level. A country with a high corruption rate will tend to have high poverty level (Affandi & Astuti, 2014). Other factors that could lead to increase poverty are (a) inability of the financial institutions to bridge the gap from the surplus institutions to the deficit unit where resources are needed, and (b) inadequate government intervention in optimizing the provision of public goods to the society (Affandi & Astuti, 2014). Haneef, Pramanik, Mohammed, Amin, and Muhammad (2015) categorized poverty alleviation measures into (a) positive measure such as income growth; even distribution of income and equal opportunity, (b) preventive measures such as control of ownership and prevention of corruption and malpractices, and (c) corrective measures such as compulsory transfer; charity and state responsibility (Haneef et al., 2015). Despite all the analysis of poverty indicators in Nigeria, no previous studies exist that had revealed how these indices would be used as strategies in accessing microloan from microfinance banks in Nigeria.

## Gap in Literature: Access to Microloans in Abuja

The purpose of this qualitative phenomenological study was to explore strategies used by SMEs owners in accessing microloans from microfinance banks in Abuja for business growth and survival. The population to be interview are 20 SMEs owners in Abuja, Nigeria who have had accessed microloans from microfinance banks and have operated their business beyond 5 years with significant growth. Previous studies have been on financing village entrepreneurs in Bangladesh and how those funds has been used to promote small and medium enterprises (Ocasio, 2016). Bayalgen (2015) revealed the relevance of using microloan on political empowerment in developing countries, and Edoho (2015) appraised how microloan can serve as entrepreneurship and socioeconomic catalyst for transforming African in the 21st century. There seem not to be previous literature on the strategies for accessing microloan from microfinance banks by owners of SMEs in Abuja for business growth and survival. Edoho's (2015) study was on entrepreneurship activities in transforming African countries in the 21$^{st}$ century, while Bayalgen (2015) focused on microloans as a political empowerment in developing countries; In this study I will study the strategies that SMEs owners in Abuja would use in accessing microloans for business survival.

## Summary and Transition

The purpose of this qualitative phenomenological study was to explore strategies used by SMEs owners in accessing microloans from microfinance banks in Abuja for business growth and survival. The population of the study is 20 SME owners in Abuja, Nigeria who have had accessed microloans from microfinance banks and have operated their business beyond 5 years with significant growth. I reviewed past literature on social capital theory, structural capital construct, rotational capital construct, cognitive capital construct, small and medium enterprise access to microloan, and entrepreneurial education and training of SME.

# Chapter 3: Research Method

In Chapter 3, I will explain the methodology, design, tools, and analysis that I used in this study. The purpose of this descriptive phenomenological study was to explore strategies used by SME owners in accessing microloans from microfinance banks in Abuja for business growth and survival. I will collect data using semistructured interviews from 20 SME owners in FCT, Abuja who have lived there for at least 5 years, had assessed a microloan from microfinance banks, and have operated their businesses beyond 5 years with significant growth.

This chapter contains a discussion of the methodology and design of the study as they aligned with the problem statement, purpose statement, and research question. This chapter also includes the role of the researcher, discussion of strategies for selecting participants, and data collection tools. I conclude the chapter by explaining issues of trustworthiness and ethics concerning the study.

## Research Design and Rationale

The research design for the study is a phenomenological study design. The phenomenological study design is appropriate for obtaining answers to the research questions to have triangulation of data for data reliability, credibility, and dependability. I will use the qualitative phenomenological study design to explore the strategies owners of SMEs adopt to access microloans from microfinance banks in Abuja. The basis for choosing the research design is to explore the strategies SME owners use in assessing microloans from microfinance banks in Abuja for business growth and survival. Using the descriptive phenomenological design enables the researcher to study the lived experiences of the participants (Moustakas, 1994). The purpose of this descriptive phenomenological study was to explore strategies used by SME owners in accessing microloans from microfinance banks in Abuja for business growth and survival.

*RQ1:* What strategies do owners of SMEs in Abuja use to assess microloans from microfinance banks to improve growth and business survival?

*RQ2:* What are the tangible factors that contribute to SME owners in Abuja accessing microloans from microfinance banks?

The research questions are a reflection of the problem to be explored in the study. The research questions serve as a guide in the study on the strategies for assessing microloans from microfinance banks for owners of SMEs in Abuja for business growth and survival. While a phenomenological design is used to describe lived experiences of participants (Wagstaff & Williams, 2014), a case study is used to explore programs, events, and activities (Yin, 2014).

## Role of the Researcher

In this qualitative descriptive phenomenological study, I was the data collection instrument. My role as the researcher of the study is to select the appropriate research methodology and design, recruit potential participants, and analyze the data. The study commenced with an extant review of the literature to obtain an in-depth understanding of the research study topic. Peredaryenko and Krauss (2013) argued that researchers construct and bring meaning into the world through the qualities of sensitivity, responsiveness, and flexibility, making them the most appropriate research instrument for inquiries. From the literature review, I used data to address the research questions. The research questions for this study addressed the strategies owners of SMEs in Abuja use to access microloans from microfinance banks to improve growth and business survival. I will make telephone calls to 20 SME businesses in Abuja, Nigeria to present the research topic and ask for their participation. I had never been an SME business owner, and I have never worked for an SME business in Abuja, Nigeria. I knew SME business owners and entrepreneurs in the area because I lived in Abuja. I used to shop at these businesses in Abuja, so this topic is of particular interest to me. I have always had a passion for and interest in the SME businesses in the community. I will use a few long-term friends who stay in Abuja to help access the potential participants after receiving IRB approval. Whiteley (2012) described a researcher as an instrument of data collection who gives voice to the participants and preserves their official responses. A qualitative researcher should collect data as well as protect the participants to ensure a credible research process. Whiteley (2012) emphasized that qualitative researchers need to protect human subjects to ensure a smooth research process. I will protect the confidentiality of the participants.

## Methodology

For this study, I will adopt the qualitative method to explore the information on the strategies SME owners use in assessing microloans from microfinance banks in Abuja for business growth and survival. Qualitative research can be used as a means to add a different dimension to studies that cannot be obtained through measurement of variables alone (Saunders & Rojon, 2014).

**Research Method**

I used the qualitative research method for this study. Hazzan and Nutov (2014) said that qualitative research methods help researchers study social phenomena, situations, and processes that involve people, illuminating them from a variety of perspectives. The qualitative research method and phenomenological design enable the researcher to study the meaning and experiences of individuals or groups regarding a particular phenomenon within a natural setting. In this study, I will use a qualitative phenomenological study design approach to explore the strategies some SME business owners in Abuja use to access microloans to improve company profitability and growth. Qualitative inquiry means staying inductively open to the unknown while exploring and seeking information to enhance a deeper understanding of the social phenomena (Kaczynski, Salmona, & Smith, 2013). The qualitative research method provides the researcher with a framework for obtaining an in-depth understanding of the problem from the participants' perspective. The nature of the study aligned with the qualitative more than the quantitative research method because of the exploratory nature of the topic. Anyan (2013) argued that quantitative research methods focus on numerical data expressions and volume of data collected. Therefore, quantitative or mixed methods are not suitable because the purpose of the study was to obtain an in-depth understanding of the phenomenon, and not statistical information.

**Research Design**

Qualitative research methodologies include case study, narrative, ethnography, and phenomenology. For this study, I will use the phenomenological study design method to explore the strategies some SME business owners in Abuja use to access microloans for their businesses. The descriptive phenomenological study design is used to study the lived experience of the participants through in-depth data collection (Boblin, Ireland, Kirkpatrick, & Robertson, 2013). Sample size planning is useful in determining an adequate number of participants for the study design (Rao, 2012). A smaller sample size is sufficient in attempting to investigate a phenomenon (Rao, 2012). Robinson (2014) suggested that between three and 16 interviewees should be sufficient to achieve saturation in a phenomenological study. Furthermore, Trotter (2012) suggested that interview participants should include between three and 15 participants to explore a case extensively. Schenkel, Cochran, Carter-Thomas, Churchman, and Linton (2013) used 11 participants in a qualitative study to explore the phenomena about investor exit strategies. With these guidelines, I have decided to use 20 participants, knowing saturation is more conformable with 20 participants, which will lead to diverse responses yielding new themes and understandings.

Saturation occurs when data from participants becomes repetitive, no new themes emerge, and the study is replicable (Fusch & Ness, 2015; Morse et al., 2014; Walker, 2012). The phenomenological study design allows the researcher to obtain a better understanding of a specific or complex social problem through the interview, observation, and documentation techniques (Petty, Thompson, & Stew, 2012). The design is the logical sequence that connects the empirical data to a study's initial research questions and its conclusions (Yin, 2014). Additionally, a phenomenological study design allows the researcher to study a lived experience to obtain in-depth information about the phenomenon. Narrative research, ethnography, or phenomenology is not suitable because they do not provide an in-depth understanding of the problem. Narrative research focuses on the detailed stories or personal reflection of events from one or more individuals (Petty et al., 2012). The intent of this study is to understand the strategies some SME business owners in Abuja use to obtain microloan, and not to tell personal stories. I did not use ethnography because it contains guidance for capturing the cultural aspects of the research participants and not business problems.

Ethnography contains instructions the researcher can use to examine the shared patterns of behaviour, beliefs, and language within a cultural group (Petty et al. 2012). Researchers use descriptive phenomenological design to capture the worldviews and lived experiences of individuals relevant to the phenomenon (Moustakas, 1994). I used the phenomenological design because I am studying the worldviews and lived experiences of individuals. The focus of this study is to explore the strategies some SME business owners in Abuja uses to access microloan to improve company profitability and growth, and not the lived experience of individuals I will transcribe the interview data and shared the findings with the participants through e-mail to allow them to make any corrections to enhance the reliability and validity of the findings. Qualitative researchers often make decisions related to the adequacy of their sample based on the notion of data saturation (O’Reilly & Parker, 2013). I will also use member checking to confirm the responses of the interview recordings. Member checking ensures that the researcher has captured the accurate meanings and voice of the interview recordings (Houghton, Casey, Shaw, & Murphy, 2013). I will continue to interview the participants until no new themes emerge.

## Instrumentation

The primary data collection instrument in  qualitative research is the researcher (Ho, 2013). The data collection tool in the study is semistructured interview regarding the strategies for assessing microloan from microfinance banks by owners of SMEs in Abuja for business growth and survival. Descriptive phenomenological design through semistructured interviews, with 20 participants will ensure triangulation of data (Hoque, Covaleski, & Gooneratne, 2013). The selected participants will respond to the questions based on their previous knowledge, education, and experience on SMEs in Abuja. Open-ended questions are relevant to data collected as the participants were not limited to simple  yes or no responses. The semistructured interview process allows for follow up questions in the interview in providing an in-depth understanding of the interview responses (Yin, 2014). I will use the interview protocol (Appendix A) to ensure trustworthiness of the qualitative study. The interview protocols serves to ensure the direction of questions and uniformity in the interview process (Fakis, Hilliam, Stoneley, & Townend, 2014). The interview protocol serve to assist in removing personal bias and information from the interview process, thereby preventing the identification of the participants.

**Semistructured interview**. Anseel, Bealty, Shen, Lievens, and Sackett (2015) evaluated that using field test method of obtaining feedback from experts in research design is an effective way to constructing interview questions capable of generating data that will address the research question. Using the Faculty Expert Directory, I have sent the interview protocol for experts on phenomenological design to examine and give comments. The result of their comment had helped shaped the interview protocol (Appendix C). Using the semistructured interview as means of data collection, I may have an in-depth understanding of the strategies the 20 participants had used to access microloans from microfinance banks required for growth and business survival.

**Procedures for Recruitment, Participation, and Data Collection**

The steps involved in preparation for data collection in advance of data analysis were as follows:

- Obtained approval from the Walden University Institutional Review Board on the suitability of the letter of cooperation.
- Obtained consent from the three organizations to conduct the study.
- Obtained permission from Walden University Institutional Review Board to conduct research on the study.
- Visit SMEs in Abuja at random to ascertain of the falls within the inclusion criteria
- Obtained consent from the individual participants.
- Scheduled and conducted interviews with participants to collect data and to audio-record the interviews.
- Transcribed audio-recorded interviews.

- Performed member checking by allowing participants review the summary of the transcripts to ensure accuracy in researcher's interpretation and meanings of participants' interview responses
- Imported textual transcript into Microsoft Word for commencement of data analysis

**Data Analysis Plan**

Qualitative phenomenological study researchers can triangulate data from multiple sources until saturation is reached (Gill, 2014). In the study, I will use semistructured interview among 20 participants to triangulate data. Data triangulation allows a qualitative researcher to collect information from multiple sources to corroborate the same finding (Yin, 2014). Denzin (2012) stated that triangulation is the approaches in which the researcher must learn to employ multiple external methods in the analysis of the same empirical events. Triangulation is the method in which one explores different levels and perspectives of the same phenomenon (2012). To explore the strategies some 20 SME business owners in Abuja used to access microloan to improve company profitability and growth, I will use the interview questions to address the central research question. Qualitative interviews allow researchers to capture the voices of the participants to obtain insights into the phenomenon (Onwuegbuzie & Byers, 2014). I will ask the participants to email to me the company's business documents in the form of monthly cash flow and profit and loss statements as supplementary data for analysis. Methodological triangulation provides the researcher with a more comprehensive and quality evidence than relying on a single source of information (Yin, 2014). The overarching research questions for this study:

*RQ1:* What strategies do owners of SMEs in Abuja use to assess microloans from microfinance banks to improve growth and business survival?

*RQ2:* What are the tangible factors that contribute to SME owners in Abuja accessing microloans from microfinance banks?

I will use the following interview questions to address the central research question:

- Kindly introduce yourself to me and how long you have been in business.
- What strategies do you use to access microloans for your SME business?
- What are the main challenges to accessing microloan for your business?
- How does your relationship with other business owners help access microloan to sustain your business?
- How do you describe your relationship with the microfinance banks in obtaining microloan for your business?
- How does access to information help you to obtain microloan for your business?
- How does accessibility to microloan affect the performance of your business?
- What are the social capital factors that have helped you in accessing microloans from microfinance banks?
- What else would you like to share about your experience of how to access credit for your business?

- What other information would you like to share that has helped you to obtain microloan from microfinance banks in the past?

I will use transcript review to ensure the accuracy and validity of the data. I will transcribe the interview data and shared the findings with the participants through email to allow them to make any corrections to enhance the reliability and validity of the findings. In addition to transcript review, I will conduct member checking to confirm the responses of the interview recordings. Member checking ensures that the researcher has captured the accurate meanings and voice of interviews (Houghton, Casey, Shaw, & Murphy, 2013). I will continue interviewing until there were no new themes emerging. After the participants had confirmed the accuracy of the data, I will use the NVivo tool to organize and code data. I will use a data cleansing technique to remove all the irrelevant data that did not conform to the search criteria. The data cleansing process allows the researcher to detect the errors and inconsistencies in data to enhance the quality of information (Sarpong & Arthur, 2013). I will create unique alphanumerical codes for the participants such as Participant 1, Participant 2, Participant 3, Participant 4, and Participant 5 to help distinguish between participants, and maintain their confidentiality. Coding allows the researcher to index the texts containing raw data into codes to signify the occurrence of specific information assigned to segments of the text (Glaser & Laudel, 2013). Using codes allowed me to retrieve the text segments and group them on a thematic basis to address the research question. In this research study, I will use the social capital theory (SCT) to explore the strategies some SME business owners in Abuja use to access microloan to improve company profitability, growth and survival. I will also use the three constructs of the social capital theory (a) structural capital, (b) relational capital, and (c) cognitive capital to structure the interview questions concerning the strategies some SME business owners in Abuja use to access microloan for their businesses. The three constructs of the social capital theory helped in the understanding of the context of this research study and I will use the key themes to correlate to prior literature.

## Issues of Trustworthiness

### Credibility

Credibility is described as the process whereby a researcher engages in a study to ensure that findings are accurate (Houghton,Casey, Shaw, & Murphy (2013). Credibility is evaluated as the value and acceptability of the research outcomes that involves convincingly conducting the research and the ability to demonstrate that the processes are trustworthy (Houghton et al., 2013). I will maintain credibility within the context of the study by participants in a series of one-on-one interviews with the selected 20 participants. Data saturation is achieved when no new theme or concept emerged before concluding each interview. I will transcript the 20 individually recorded interviews verbatim and ensure participants received a manuscript of the transcribed interview for comment and correction.

Transcribing interviews verbatim was done to ensure that participants’ subjective statements and interpretations did not form the basis of the findings and conclusion. I will use transcript review by providing each participant a copy of the  transcription for closing any likely gaps or imprecise statements and return to the participants with any interpretation of what was said to ensure that I have captured the meaning for member checking. I will adhere to the rule of triangulation as a strategy for ensuring credibility; I will interview 20 participants through a semistructured interview to maximize the potential for an in-depth understanding and insight into the phenomena. Using individual interview, will ensure data saturation. The use of multiple data sources enhances credibility.

## Transferability

Transferability relates to the provisioning of the researcher's database to enable other researchers to transfer the findings to other settings (Marton, 2013). However, the transferability of the findings will depend on the intent of the research. In a phenomenological study, the goal of the researcher is to study the lived experience of the participants, and not extrapolate statistical generalizations (Yin, 2014). Qualitative researchers need to confirm their data to ensure the accuracy of the findings. The confirmation process facilitates the comparison of data from multiple sources to ensure verification of the findings (Houghton et al., 2013). I confirmed the data by running the frequencies of words and themes within NVivo software. In this study, I utilized methodological triangulation, transcript reviews, and member checking to achieve data saturation and enhance the credibility of the study results. The areas to include in the research description are the research methods, research design, data presentation, and research so that readers and future researchers can make their interpretations. The reader decides whether a study is transferable (Marshall & Rossman, 2016).

**Dependability**

Dependability relates to the extent to which the researchers replicate the study findings with similar participants in similar conditions (Cope, 2014). Qualitative phenomenological study researchers can use member checking and transcript review strategies to ensure consistency and reliability of their findings. After the interviews, I conducted member checking to confirm the responses to the interview recordings. Member checking ensures that the researcher has captured the accurate meanings and voice of the interviews (Houghton et al., 2013). I also synthesized the raw data and called each participant to ask them if the synthesis represented the answer to the interview question. Synder (2012) used member checking to confirm the participants' responses before honing the findings of the study. I continued interviewing until no new themes emerged. Afterward, I transcribed the interview data and shared the findings with the participants through email or telephone calls to allow them to make any corrections to enhance the reliability and validity of the findings.

**Confirmability**

Confirmability refers to the objectivity and correctness of data (Houghton et al., 2013). To ensure confirmability in the study, I maintained a qualitative objectivity within the study through entries in a reflexive journal (for personal presupposition) and a reflective journal (for an audit trail). The confirmation process facilitates the comparison of data from multiple sources to ensure verification of the findings (Houghton et al., 2013). I confirmed the data by running the frequencies of words and themes within NVivo software. In this study, I utilized methodological triangulation, transcript reviews, and member checking to achieve data saturation and enhance the credibility of the study results. Borrego, Douglas, and Amelik (2011) implied that transferability is how research findings and outcomes are useful to the environment, individuals, and a country. Participants selected for the study represented professionals and leaders in the organizational structure of the SMEs in Abuja. The outcome may not be transferable to the private sector, the goal of which is shareholders' share value maximization rather than ensuring the well-being of citizens of the country.

**Ethical Procedures**

Seidman (2013) appraised that interview process includes conceptualization of the interview plan, creating access and making communication with the sampled population, interviewing the sampled population, transcribing the data, and presenting the findings for all stakeholders who might find the study relevant. Protecting participants' right is paramount. I will inform the participants of their right to accept or reject the offer to participate in the study. The participants have the right to withdraw any time from the interview process without penalty as stated on the expression of interest form and the informed consent form. I will keep the data collected for 5 years in a locked file cabinet before destroying the flash drive. I will seek approval from the Walden University Institutional Review Board before the commencement of data collection process. I will also observe the local regulation to guide against exploiting participants. I will consider the ethical provision of banking in Nigeria to ensure the validity of the study. I will also observe the confidentiality of the banking records to protect all the participants in the study.

**Summary**

Chapter 3 contains the description of the phenomenological study design. I included a description of the qualitative method that served as a guide for the study. The purpose of this qualitative phenomenological study was to explore strategies used by SMEs owners in accessing microloans from microfinance banks in Abuja for business growth and survival. I will collect data using semistructured interview, from 20 SMEs owners in Abuja who have had access to microloans from microfinance banks and have operated their business beyond 5 years with significant growth. The research design contains in the study will serve as guide for the interview questions that are designed to obtain information to answer the research questions. The semistructured interview, was used to collect data that allows for exploring the research questions. Chapter 4 will cover the presentation of data collected and analyzed for the study, while Chapter 5 will contain the research findings, recommendations, and conclusion.

# Chapter 4: Results

The purpose of this descriptive phenomenological study was to explore strategies used by SME owners in accessing microloans from microfinance banks in Abuja for business growth and survival. Obtaining SME owners' perceptions of daily strategies to access microloans from microfinance banks may assist in better understanding what can aid in solving the problem of lack of strategies to access microloans from microfinance banks required for business growth and survival. The problem addressed in this study was that that 94% of SME owners in Abuja, Nigeria lack strategies to access microloans from microfinance banks. Two research questions and eight semistructured interview questions (see Appendix B) were used for the study. The research questions for this study were as follows:

*RQ1:* What strategies do owners of SMEs in Abuja use to assess microloans from microfinance banks to improve growth and business survival?

*RQ2:* What are the tangible factors that contribute to SME owners in Abuja accessing microloans from microfinance banks?

This chapter contains the result of the pilot study, the research setting, the participants' demographics, the data collection method, the data analysis method, evidence of trustworthiness, and the results of the findings. It concludes with a summary transitioning into Chapter 5.

## Pilot Study

To check the reliability and the credibility of the semistructured interview protocol, I conducted a pilot study using three experts in phenomenological study. Nine experts were contacted using the faculty expert directory from the Walden University portal. Three experts responded with comments, and their comments were used to review the interview protocol. The faculty experts for the pilot study were asked additional questions different from the interview questions to check the credibility and reliability of the actual interview questions. The questions were as follows: (a) Are the questions and instructions clear to answer? (b) Is there any sense of bias observed in the interview? (c) Is there a need to change anything in the interview protocol? The intention was to gain a feedback on possible fine-tuning the questions in preparation for the actual interviews. The results of the pilot study were not included in the final study results. Initially, confusion arose in understanding the meaning of internal challenges in RQ1 by some experts. Once explained to the faculty members, the faculty members raised no other issues, and no adjustments needed to be made to the interview questions.

Apart from the management of interview timing, none of the faculty members that responded recommended any major changes to the set of eight semistructured interview questions. From the pilot study, I observed the need to facilitate effective management of time needed for each interview in the main study. I observed that it was possible for participants to spend more time if I did not control their time management. There was difficulty in balancing time management while helping them to respond.

## Research Setting

Twenty business owners were selected from five microfinance banks selected at random for the study. As listed by the Financial Policy and Regulatory Department of the CBN, there were 1004 microfinance institutions in Nigeria as of October 31, 2017, which are categorized into national, state, and unit microfinance institutions (CBN, 2017). The category of the institutions determined the operational scope of each of the selected microfinance institutions, which in turn determined the level of challenges confronting their operations. For the study, the 20 participants that I interviewed were from three states and two national microfinance institutions. The microfinance banks did not participate in the recruitment process of the 20 participants.

The geographical location for the interviews was the central library in the central business district of the (FCT. The two geographical locations which have the highest concentration of microfinance institutions in Nigeria (are Lagos and the FCT (CBN, 2015). The 20 participants had offices in the FCT and had operated beyond 5 years. All the business owners were based in FCT, Nigeria.

## Demographics

The composition of the 20 participants is listed in Table 1. All participants held executive positions. Each selected participant was assigned a pseudonym number tag running from PB01 through PB20. The assigned pseudonym number was for research only and for confidentiality of the participants.

Table 1

*Participants' Demographics*

| Participants | Rank in Organization | Years of Experience |
|---|---|---|
| PB01 | Chief Executive Officer | Above 10 years |
| PB02 | Managing Director | Above 10 years |
| PB03 | | |
| PB04 | Executive Director | 8 years |
| PB05 | Sole Proprietorship | Above 10 years |
| PB06 | Managing Director | 6 years |
| PB07 | Director | 9 Years |

| | | |
|---|---|---|
| PB08 | Director | 7 years |
| PB09 | Managing Director | 8 years |
| PB10 | Supervisor | 8 years |
| PB11 | Business Owner | 9 years |
| PB12 | Managing Director | Above 10 years |
| PB13 | CEO | 8 years |
| PB14 | Executive Director | Above 10 years |
| PB15 | Chief Executive Officer | Above 10 years |
| PB16 | Founder | 10 years |
| PB17 | Managing Director | Above 10 years |
| PB18 | Director | 8 Years |
| PB19 | President | 8.5 years |
| PB20 | Director | 7 Years |

## Data Collection

### Participants

After conditional approval from Walden University IRB (No. 12-06-17-0475933), I recruited the 20 business owners who met the inclusion criteria from FCT. After IRB approval, the invitation letters (see Appendix C) were sent to 20 potential participants. Letters of cooperation were not required as the participants operated with microfinance banks; the focus of the study is the 20 participants’ strategies for obtaining microloans from microfinance banks. The letter of invitation asked participants to show their intentions to participate by completing and returning consent letters prior to scheduling the interview.

### Data Collection Technique

Data collection began immediately after receiving the signed informed consent forms and concluded after 14 days, which was slightly longer than the 10 days anticipated. I conducted face-to-face interviews with all 20 participants who participated in the interview process. Before the start of each interview, appreciation was expressed for their participation and a brief overview was provided concerning the background of the study. I approached each interview with an open mind to ensure that my past experiences, understandings, and biases were set aside not to prejudice the interview responses.

I used semistructured interview questions (see Appendix A) for the interviews and a review of the business owners' business documents. The use of face-to-face interviewing allowed for information sharing and capturing of lived experiences of the participants. In addition to the digital recording of the interviews, I recorded observations and other significant comments made by the participants during the interview in my field notes. The interview time ranged between 30 and 50 minutes, with an average of 30 minutes.

The transcriptions of collected data were completed within 72 hours of each interview. The interpretation of the data commenced with emailing the transcriptions of the interview responses to each participant. Participants were provided with an opportunity to review the transcripts for corrections and endorsing of facts contained within a specified period. The process of member checking ensured that collected data were correct and relevant to the study. Participants made no change during the member checking.

## Data Analysis

Organization and analysis of data began when I read the transcribed data of the 20 participants' responses enabling me to cluster common categories that emerged from the responses. The categories were used to develop the textural description using the Van

Kaam method of data analysis as suggested by Moustakas (1994) to provide textural and structural briefs of the interviews before using the NVivo software as follows:

1. Listed and grouped data collected that involved transcribing the data and identifying all expression relevant to the study.

2. Clustered data into categories by grouping the invariant constituents that involved organizing the themes that was relevant to the study.

3. Identified invariant constituents and themes that involved utilizing research protocols to organize categories from the transcribed interview using Microsoft excel.

4. Constructed textural-structural description for each participant's interview for the, meanings and essences of the 20 participants' experience.

5. Used the emergent themes to determine the meaning of the lived experiences that involved the key findings and recommendations for the study.

**Data Coding and Data Analysis Software**

The transcribed data were uploaded into NVivo 11 software. The process of loading data into NVivo ensured order, structure, and themes classification. The use of NVivo 11 assisted me in my interpretation of data through the development of nodes, clustered code similarity, and word frequency query. The NVivo software processed the coding of the data by segregating into units the frequency of occurrence of themes. Nodes were created in the process of inputting into NVivo, but as more data were inputted, some of the nodes were eliminated to reflect the main themes for the study. The use of the NVivo software clustered data into categories, theme linkages, and the removal of redundant units of data collection.

The coding in NVivo was achieved through assignment of headings for interview responses to the questions as normal standard text. The key terms arising from the interviews were used to develop the emerging themes and relating the themes to the lived experiences of the participants. When the coding was completed, the NVivo report revealed out relevant themes from the data. Ten themes emerged from the data analysis.

**Categories.** The NVivo 11 application software allowed me to restructure the information from the data collection, explore perceptions of the participants, and categorize data into different concepts for easier access for different information. The intention of the data analysis was to review the responses from the interviews to explore strategies used by SMEs owners in accessing microloans from microfinance banks in Abuja for business growth and survival.  By using NVivo 11 software, common elements of the same category were clustered together. The software further reduced the data into patterns, categories, and themes based on the research questions and the conceptual framework. The first set of categories was from the themes relating to the two research questions, while further categories were from the conceptual framework applicable to ethical banking operations framework. When code transcription was completed, the study disclosed no evidence of discrepant cases in the research data. Discrepant data are data from a study that did not align with the findings of the study.

## Evidence of Trustworthiness

### Credibility

I accomplished credibility through peer researchers, member checking, reflexibility and subjectivity, data saturation, and using the method of triangulation during the stage of data collection. I invited three faculty experts, apart from committee members, to review my dissertation and ask relevant questions for the improvement of the dissertation to eliminate any form of bias in my opinion in the study. I used bracketing to eliminate all forms of personal bias. Data saturation occurred during the data collection after the 10th participant, additional data were not leading to more information, but I followed through with interviews to the 20th participant.

Triangulation was achieved through collection of data from face-to-face interviews from multiple participants from different background and years of experience as stated in the demographic Table 1. The participants' activities are carried out in state and national microfinance institutions. Finally, participants were provided with opportunities to check the correctness of the information given during the interviews through member checking. I sent transcribed to participants via email within 24 hours of each interview for reviews and comments before the start of data analysis.

**Transferability**

Although transferability is left for the users to determine, full descriptions of the research procedures, method for selection of participants, and general assumptions central to the study were given to the participants to accomplish transferability. The descriptions gave the participants meaning into the phenomenon of the study and the relationships of participants' responses as related to other organizations. The demographic of the selected participants with their roles in their organizations, helped to obtain detailed description of roles from the selected participants. I compared the feedback from the different levels of participants to determine common areas of agreements on the phenomenon of the study.

### Dependability

The process of dependability was achieved by keeping detailed records of all the interviews conducted, responses of member checking through emails, field notes, and noting my experience of the research in memos during the interviews. Dependability was also achieved through the conduct of a pilot study to determine the acceptability of the questions and the interview process. The pilot study also served as expert validating the capability of the interview questions generating responses that would answer the research questions. The tape recording of the interviews, transcribing, and memos formed part of the method applied for dependability for the data collected.

### Confirmability

Systematic steps were followed for data collection, data analysis, and final findings to enable a reader to confirm the adequacy of the findings. All forms of personal bias were eliminated by bracketing to ensure validity; therefore, personal opinion and leading questions based on past knowledge were eliminated during the interviewing processes. To achieve confirmability, I used open-ended interview questions.

## Study Results

The results of the interview responses after analysis provided a thorough review of the detailed transcriptions of data collected. Ten themes were identified as relevant to the purpose of the study and the research questions. Table 2 shows the relationships between the participants' responses, coded themes, and the research questions. The themes are categorized in relationship to the research questions.

### Themes for Research Question 1

RQ1: What lived experience strategies do owners of SMEs in Abuja use to access microloans from microfinance banks to improve growth and business survival?

Six themes emerged from the data analysis that related to the lived experience strategies owners of SME in Abuja use to access microloans from microfinance banks to improve growth and business survival.

Table 2

*Emergent Themes* (N= 20)

| **Codes** | **Themes** | **RQ** | **Participants %** |
|---|---|---|---|
| 001 | Obtaining saving account prior to accessing Microloan | RQ1 & RQ2 | 100% |
| 002 | Group members serve as collateral | RQ1 & RQ2 | 100% |
| 003 | Networking with other small business | RQ1 & RQ2 | 100% |
| 004 | Business operation for 5 years and above | RQ1 & RQ2 | 100% |
| 005 | Book-Keeping Analysis | RQ1 & RQ2 | 100% |
| 006 | Maintaining Loan repayment deadlines | RQ & RQ2 | 100% |
| 007 | Keeping business documents | RQ1 & RQ2 | 100% |
| 008 | Use of competent guarantor | RQ1 & RQ2 | 100% |
| 009 | Strengths & Weakness Analysis | RQ1 & RQ2 | 100% |

**Theme 1: Obtaining Saving Account Prior to Accessing Microloan.** All 20 participants recognized obtaining saving account prior to accessing microloan was a strategy used by owners of SME in Abuja to access microloan from microfinance banks to improve growth and business survival. The owners of SME open savings account with

the intended microfinance where microloan is required. The savings account enables the owners of SME to have a financial relationship with the bank where the identity and business related activities are identified in the savings account form. The non-existence of a savings account between the owners of SME and the microfinance bank is a negative sign that could result to difficulty in accessing loan by owners of SME from microfinance banks. The following comments provided support to Theme 1:

- **PB01**. Opening savings account with a microfinance bank I intended to obtain loan was the first approach used to reach the bank. Some of the documentations such as identification card, utility bill, evidence of address, and references used during the account opening process of a savings account, were useful during the process of accessing loan from the microfinance bank. The initial documents I submitted with the microfinance banks were verified independently by the bank's legal team. I the course of loan request, most of the verifications done the savings account process were used as reference for the loan assessment.
- **PB04**. For the first time I approached the microfinance bank for loan, I was requested to open a savings account; opening savings account with the adequate documentation by the microfinance bank was the answer to the call to access loan without much verification or re-inventing the wheel. The savings account I opened prior to accessing the loan served as the documentary evidence of my credit worthiness.
- **PB12**. There is a big challenge in accessing microloan from microfinance bank as walk-in-customer. With an existing savings account I operated one year and five

months prior to accessing a microloan from the microfinance bank, I got my loan approved within 24 hours without much fresh processes as regards documentation

- **PB16**. There is a high level of fraud in loan process, hence microfinance banks are mindful of whom they grant loan, but operating a savings account for 3 years relaxed the process for me. Banks try to keep to the rule of know-your-customers (KYC) before any business relationship. But with a savings account opened and operated with the microfinance bank for 3 years and above, confidence could be obtain by the bank on such customer that have had regular cash flow on such savings account. The one strategy that I used in accessing a microloan from a microfinance bank was opening a savings account with the microfinance bank that was operated and funded for 3 years prior to making a loan request to the microfinance bank.

**Theme 2: Group Members Serving as Collateral. One h**undred percent of the participants interviewed discussed the issue of group members serving as collateral. Theme 2 aligned with the conceptual framework. Though microfinance in Nigeria is required to give short term loan at small scale without collateral, all microfinance banks ensure the loan given to customers are secured in one form or the other. One of the available security provided by client is social capital; a system whereby the reputation of members of the group lending serve as collateral of the loan. The chief executive officers and other senior managers freely described lived experience relating to the effect of group member acting as collateral for loan.

None of participants restrained from giving concrete opinions concerning the effective of joining a group that could serve for credibility in the process of obtaining loan in microfinance banks. The culture of most of the participants' organizations revealed a defined arrangement that defined the group that the participants belong where rules and regulations are clearly defined for members. Few of the participants complained about the bottle necks being created by the set-up bureaucracy involved in market union in FCT. The bureaucracy at times slows down operations of the organization and limits the performances of individual leaders, yet enhances the loan process for new members, and urgent loan process for members that have not personal collateral.

- **PB01.** As the Chief Executive Officer of my organization, we experienced that some microfinance banks we obtained loan from requested for the names of members of our marketing organization before they could evaluate our credibility for the loan. I have since then associated with credible good members in the same group, as credible members could be as good as material collateral. Belonging to a union or association is a huge criterion most microfinance banks use to grant loan to their customers.
- **PB10.** We belong to a credible trade union which has been a social capital in accessing loan. Associations or group membership is a means of collateral for accessing loan in microfinance bank as LAPO. My first loan from LAPO microfinance was made possible as a result of my belonging to association that served as collateral. The group member gives strict rules before one can become a

member. The group lending mechanism is effective as long as all members maintain the group rules and regulations.

- **PB12.** The first thing I did as a Director was to carry out a market survey. Part of that survey was market survey where I enquire the strategies to access loan from microfinance banks, commercial banks, and cooperative banks. Although both commercial banks and cooperatives refused my loan request due to insufficiency of collateral, the microfinance bank granted the loan as a result of my membership to one of the top four trade unions in the market. Since then, I have never approached a commercial bank for loan; rather, I maintain a stronger link with my union members, who served as collateral for me during loan request in a microfinance bank.

**Theme 3: Business Social Network**

All the participants interviewed pointed out that a business social network is a strategy to gaining access to microloan. The referral a business receives from other smaller business within the business environment serve as stronger factor as compared to bigger organizations that cannot be reached or appraise by the microfinance bank. Business social network serve as advantage such as information availability, referral to common financial institution, and belonging to same trade union as the occasion demands. Big organization and small organization have failed in business as a result of operating in isolation.

- **PB10.** As supervisor, networking with other small business had resulted to obtaining information on access to microloan in microfinance banks. The small businesses often access mini loans from microfinance and other unregulated finance settings, as such; they are privilege to useful information that can save you time and money in accessing loan from microfinance banks.

- **PB14.** Been an executive director had given me the opportunity to plan and execute strategic decisions intended to promote the wellbeing of the organization. One of such strategies implemented as networking with other small business, to find out how small loans could be access if large amount of loans are refused from the microfinance due to the requirement of operating business in the locality for more than one year. Since my business had not been operated in the environment for a year, I cannot access the SME loan but I can access a mini-loan by forming alliance with other two small businesses in the locality as co-debtor.
- **PB17.** Networking with other small business in my area had been a strategy for accessing microloans as the small business could act as co-debtor, or a reference for such loan. These other small businesses had given vital information that serve as checklist for my loan process.

### Theme 4: Business Sustainability Strategy: Operating Business for 5 Years and Above

One hundred percent of the participants agreed that operating business for 5 years and above is paramount in accessing loan from microfinance bank. The strategic planning and execution of operating business for 5 years and above goes beyond a company reaching this height, rather, the members of the loan team such as group lending can be appraised based on the theme above. As stated by participants, operating business from 5 years and above is significant o loan decision by the microfinance banks.

- **PB09.** Operating a business for 5 years and above create some level of comfort for microfinance banks to give loan for business growth and expansion. Staying in business in business for 5 years and above is not an easy task but creating a positive perception in the business cycle is very important. I have had progress in accessing bank loan for more than 5 years consecutively without any refusal.
- **PB13.** Consistency in business is the key to success. After operating my business for a period of 8 years from inception, I have built a good will and reputation. I have also had profitable result for five years and above. Not all business can survive till five years and above. But if you want to use other people's funds to build your business, I think the sacrifice is staying in business for five years and above to have quick access to microloan in microfinance banks.
- **PB18.** To be in business for couple of years is a huge advantage to accessing microloan from microfinance banks. I have been an MD for 8 years and since then I have enjoyed access to microloan for three years and above. Staying in business for 5 years and above in Nigeria is benchmarks that speak volume. But the microfinance banks and the regulators feel comfortable to give out loan to SME's that have stayed in business for 5 years and above

**Theme 5: Historical Financial Health**

Generally, it was easy for participants to determine that adequate book keeping was a strategy that enhance access to loan from microfinance banks. One hundred percent of the participants discussed that book-keeping is a sure strategy to having all documents ready for accessing loan from microfinance banks. The organization policy that helped book keeping effective was dual control; no one in the organization has a sole right to initiate a transaction and ends it without intervention from a second officer. This practice of dual control had been effective is keeping documents which are most required as transactional history during accessing loan from microfinance banks. All participants agreed that by practicing book keeping they had enjoyed favourable business of accessing loan and repayment. All participants believe that the books of the company should be kept in the vault for regulatory and transactional purpose.

- **PB09.** We ensure all sales transactions are kept and recorded; all previous loans document with other banks are kept and recorded and all bank payment to vendors and third parties are recorded. By keeping financial records, a refusal of loan on the ground of lack of capacity may be successful as a result of financial transactions evidences. The book keeping practice for 9 years practice paid up when I wanted to access loan in my year four in business. I was require to bring some documentation of previous loans, repayment plan, asset books, and salary paid to staff. Upon providing my historical records, I was able to access microloan which was a major boost to business expansion and build of trust between the microfinance and my business.
- **PB17.** For more than 10 years in business, I have stopped using my funds to finance business. It all started when I had the first loan access break because I was keeping financial records for my business. The financial history when appraised

showed competence, diligence, and credit worthiness. I have come to appreciate the relevance of keeping financial records for rainy days.

- **PB20.** Keeping financial record in business cannot be over-emphasized. I make sure all my staff abides with the rules of double entry principles; every credit entry must have a corresponding debit. By having such records, the auditors can simply have a clean audit on your business which would serve as third party clean report of inspection which microfinance can verify in the future before granting loan. Loan can be seen as a means to take opportunity in business. It can also be a financial distraction when the loan is not appropriately utilized. By maintaining book keeping in the office, all transactions and all sales, price, historical transactions, and monetary transaction can be traced to its root

**Theme 6: Maintaining Loan Repayment Deadline**

One hundred percent of the participants interviewed recognized the theme maintaining loan repayment deadline as strategy for accessing microloan in a microfinance bank. The strict implementation of loan repayment cycle by microfinance banks makes it mandatory to maintain a record of customers with good history and bad history. All participants identified high rate of loan interest, poor documentation of clients’ records, snatching of employees from other organization, non-respect for client, poor loan recovering methods, disregarding of clients’ debts with another microfinance institution, and other unorthodox sharp practices are reasons also prevented by microfinance in maintaining good business relation with all stakeholders. Clients no longer trust microfinance institutions as being client’s friendly or friend of the poor once a deadline is not respected. In general businesses are lost and result into low level profiting for individual organization if loan repayment cycles are past due. One hundred percent of the participants perceived that the maintenance of loan repayment deadline is a major strategy to obtaining regular loan from microfinance bank.

- **PB07.** I always make sure my loan repayment deadline is respected to be able to have a clean report on a particular microfinance bank. Especially now that the CBN require all microfinance bank to give daily report of outstanding loan to the CBN arms in charge of bank supervision. At time a business owner might want to access loan from more than one microfinance bank. One of such practices that made it possible to approach more than one microfinance bank for loan is when owners of business maintain loan repayment deadlines.
- **PB11.** To ensure a business has a clean record or clean line for accessing loan, all record for maintaining loan repayment deadline must be clean. I was able to access loan from a microfinance bank for a major business expansion because I maintain loan repayment deadlines. Also the friends I introduced to the microfinance bank had easy way to loan due to the culture of maintaining loan repayment deadline philosophy.
- **PB15.** My bank had never had reason to refuse my microloan as I maintain loan repayment deadlines. I always ensure I maintain loan repayment deadlines with my microfinance bank. If the deadline falls on weekend, I ensure I make payment on the last working day prior to the deadline which is on weekend. Although my account officer had assured me that the bank would not change me any penalty for

deadlines that are due on weekend, I have an ethical side of the business that I always ensure I keep my side of the transaction clean. I have had access to microloan for several reasons, one of which is due to the fact that I maintain loan repayment deadline.

**Theme 7: Archiving Business Documents for Financial Stability Evidence**

All 100% participants expressed that archiving business documents for financial stability evidence is a strategy that facilitate access to microloan from microfinance bank in Abuja, Nigeria. The theme emerged from a critical analysis of the semistructured interview and document review of the financial statement of the business organization. An organization that can justify the need of the loan, and the cash flow and plan of repayment is certain to receive such loan as requested.

- **PB09.** All business documents use from inception of business to the date of making loan application is important especially when the viability of the business to repay the loan is in question. Documents such as growth trend, annual business plan, and expected income from sales are all relevant in evaluating a loan request from a business. I keep all relevant documents in a special archive which I update from time to time. The documents are archived has been a great resource in making application such as loan applications.
- **PB15.** Archiving business document for financial stability has been a strategy maintained by my organization for more than five years. The strategy of archiving business documents for financial evidence stability evidence has saved the organization from a major financial setback experience during the currency

exchange rate disparity. At a time we stopped sources funds from our foreign partners, we needed to source for funds locally and one of those strategy we used was to archive all the documents on previous loans from foreign partners and how those loans were repaid. My presenting document as archived, we were able to present the company's financial stability as evidence for the loan

- **PB16.** All I required to present during the loan application to the first microfinance bank I obtained loan from was my financial record from business inception to date of the loan application. My practice of archiving all documents for proving financial stability played out as evidence which made the application a success.

**Theme 8: Use of Competent Guarantor**

The eighth theme that emerged after a critical analysis of the interview questions and document review was use of competent guarantor for loan application. Having a competent guarantor became a strategy as I always do my findings to ensure any loan guarantor has a good financial history with other microfinance banks. This strategy of using competent guarantors became a phenomenon as all the guarantors came together to form an association of competent guarantors. This strategy had made all members of that guarantor's cluster have access to microloan from microfinance bank and made financial expansion in their businesses.

- **PB10.** I simply became a member of the competent guarantors in Abuja Nigeria. Belonging to this association facilitated access to microloan from microfinance bank. The association of competent guarantor is a reputable organization that is duly registered by corporate affairs commission (CAC) and the constitution governing the guarantors' association limit members from fraudulent activities.

- **PB16.** I realized that the microfinance banks have names of defaulted customers as well as guarantors. Before you access microfinance bank, it is important that you use only a competent guarantor whose reputation can serve as referral in the loan process.
- **PB18.** Using a competent guarantor is a quick method when applying for a microfinance loan. The banks grant loan also based on the reputation of the guarantors and the co-debtors. I always try to use guarantor whose reputation will not make my evaluation negative, rather a guarantor who have been given loan in previous financial transactions

**Themes for Research Question 2**

RQ2: What lived experience intangible factors that may contribute to SME's owners in Abuja to access microloans from microfinance banks in Abuja, Nigeria?

**Theme 9: Strengths and Weakness Analysis**

All 100% expressed their comment over their experience of intangible factors that also enhance loan assessment from a microfinance bank. The strengths and weaknesses of an organization are intangible factors, yet the strength and weaknesses are determining factors when evaluation customer's loan request. For instance, while a company's strengths could be the management team, the weakness could be high turnover or inability to retain competent employees. Participant 1 and 2 mentioned that

> To be able to have access to microloan, I had to strengthen our strengths and weaken the weaknesses of the organization. One of the weakness that we had was lack of effective delegation Our strength is the ability to meet customers' product demand within four working days; customers often said we are the best in the hospitality industry in Abuja, Nigeria.

**PB01.** Although I pay more attention on the organization's strengths which is low cost of production, a weakness identified is lack of succession planning. I have mitigated the weakness by ensuring that every manager works with an officer who serves to understudy the manager for possible takeover after the retirement of the leader.

**PB05.** An intangible factor I have used to access loan was presenting the strengths of the organization which are reputable management team, history of loan quick repayment, and evidence of positive financial activities.

**PB06.** We emphasize the organization strengths such as having affiliate in foreign countries that serve as suppliers of quality products, such as international syllabus used in Nigeria schools. We also ensure we reduce our weaknesses by organizing routine training for all new and old staff to ensure the organization maintains a positive philosophy only.

## Summary

The chapter contains a discussion of the data collection methods and data analysis of data collected through face-to-face interviews, using eight semistructured interview questions from 20 business owners in FCT that have accessed loan from microfinance institutions. The 20 participants were recruited through purposive sampling from state and national microfinance institutions in Nigeria. A pilot study using three faculty experts on phenomenology to test the validity of the interview questions for the study was conducted. The results of the pilot study were not included in the data analysis of the study. The participants in the pilot study raised no issues concerning the interview questions, and no adjustments were made to the interview questions. NVivo 11 application software was used for the data analysis of the data collected, which generated 10 themes that were related to the research questions and the conceptual framework of the study. Responses to the interviews as related to each of the research questions were presented. The chapter also includes steps taken to ensure the validity of data collected in the study. Chapter 5 includes the conclusions and recommendations from the results of the study.

# Chapter 5: Discussion, Conclusions, and Recommendations

The purpose of this qualitative phenomenological study was to explore strategies used by SME owners for accessing microloans from microfinance banks in Abuja for business growth and survival. In addition, I will develop an increased understanding of access to microloans among SMEs in FCT, Nigeria. The qualitative research method with a phenomenological design was used for the study and involved the use of eight face-to-face semistructured interview questions to collect data from 20 participants operating microfinance accounts in state and national microfinance banks in FCT. All participants held executive positions. The findings of my study revealed that themes such as obtaining a savings account before accessing microloans, group members as social capital, networking, business continuity, book keeping analysis, response to deadline payment, keeping business documents, competent guarantor, strength and weaknesses analysis, and use of donor funds with zero interest are the strategies for ensuring SME owners have access to microloans from microfinance banks in FCT. The results further revealed a consensus from 100% of the participants that there is a need for government intervention to provide better infrastructure and adequate regulatory controls in Nigeria. Chapter 5 contains the interpretation of findings, limitations of the study, recommendations, implications for positive social change, and the conclusion.

## Interpretation of Findings

The research questions for this study were as follows:

*RQ1:* What strategies do owners of SMEs in Abuja use to assess microloans from microfinance banks to improve growth and business survival?

*RQ2:* What are the tangible factors that contribute to SME owners in Abuja accessing microloans from microfinance banks?

**Emergent Theme 1: Obtaining a Savings Account Prior to Accessing Microloans**

I found that obtaining a savings account prior to applying for credit in a microfinance bank was a criterion most existing customers had used to access microloans from a microfinance bank. Akanga (2017) said that savings accounts are the first contract between a customer and the bank, where the demographic data of the prospective client would have been collected and verified by the bank. The savings account creates relations between the bank and the customer where other banking transactions can be based (Akanga, 2017). The justification of using savings accounts to prove a walk-in customer has been debated over the years as an unjustifiable means of proving the authenticity of the client (Brunie, Rutherford, Keyes, & Field, 2017); the bank must do a know-your-customer (KYC) due diligence prior to extending credit to the client. The findings revealed that most customers open a savings account which qualifies them as potential customers before making further requests from the bank such as insurance services, loan applications, and transfer services. Weber and Mushoff (2013) evaluated the activities of microfinance banks in Madagascar and found out that farmers operating a flexible savings account had significantly higher credit access probability than farmers without flexible savings accounts. In order to promote economic development in developing countries, microfinance banks supported individuals who could not obtain loans from conventional banks (Weber & Mushoff, 2013). Microfinance banks operators are aware that customers who have existing saving accounts have their identity verified prior to loan request; as such, the default rate is low.

**Emergent Theme 2: Group Member Serves as Collateral**

Felicio, Couto, and Caiado (2014) found that the status of the individual in society and the social relationship and social network are important to ensure conditions of influence and accentuate social difference level of knowledge and cognitive capabilities. Individual belonging to a social network could access loan using the social network as collateral. Some of the intangible factors that may contribute to SME owners in Abuja accessing microloans from microfinance banks in Abuja, Nigeria, are attitudes towards loans, group guarantees, risk aversion, and social network (Kong et al., 2015). The second theme that emerged was group members serving as collateral. Microfinance banks have two major objectives: Creating easy access to loans for the poor and financial viability of the microfinance bank institution to grant the loan (Mukherjee & Bhattacharya, 2015). To ensure both objectives are achieved, microfinance bank operators developed the idea of social collateral or group lending (Mukherjee & Bhattacharya, 2015). Though the poor individual lacks any assets that can serve as collateral, group lending strategy had made it better and safer for loan process (Mukherjee & Bhattacharya, 2015).

**Emergent Theme 3: Business Social Network**

Most SMEs use their business partners as guarantors or co-debtors in accessing loans from microfinance banks. Using business social networks is a major factor that limits most micro entrepreneurs’ access to microloans from microfinance banks. Business social networks are a valuable resource that can facilitate individual and collective action and help improve business performance. Business social networks are uniquely generated in family enterprises due to the stability, interdependencies, interactions, and closure that exist in family business. Using business social networks, SMEs can inherit, access loans from microfinance banks, source additional funds, and build upon and use social capital to gain a competitive advantage (Apa, Grandinetti, & Sedita, 2017). Bogren, von Friedrichs, Rennemo, and Widding (2013) explored the kind of contacts and networks women find supportive in their role as business leaders and support their business towards accessing microloans. Personal networks are seen as more supportive assets than business networks (Bogren at al., 2013). Business networks aer described as a formation where business individuals or organizations have a linkage that is used to provide crucial channels for the acquisition of information and resources (Fernandez-Perez, Alonso-Galicia, Fuentes-Fuentes, & Rodriguez-Ariza, 2014). As stated by participants, for women entrepreneurs to participate actively in a business social network, they should know the constitutions of the business social network. The integrity of members is a criterion for membership, and any member found unreliable is evicted for the good of the organization. Fernandez-Perez et al. (2014) said that business networks can create access for the woman entrepreneur to key resources necessary to discover and exploit opportunities and improve effectiveness for entrepreneurs, particularly when such resources are scare.

**Emergent Theme 4: Business Sustainability Strategy**

I found out that an intangible factor that may contribute to SME owners in Abuja accessing microloans from microfinance banks in Abuja, Nigeria was business sustainability strategy. All SMEs interviewed have operated their business for more than 5 years. Teh and Corbitt (2015) described organizational business sustainability as the ability of the organization to meet the current needs of both the organization and the stakeholders while being able to meet the future needs of stakeholders. Business sustainability also refers to the enterprises capacity to maintain economic prosperity without compromising its environmental responsibilities and social responsibilities (Galpin, Whittington, & Bell, 2015). Building a sustainable business is a major factor that determines SME ability to access loan from microfinance banks. Business sustainability strategy is central to all business goals (Eriksson & Svensson, 2016). Business sustainability is described as inter-generational wellbeing of a business, highlighting transformational and long-term change, rather than short-term planning cycle and strategies (Hogevold & Svensson, 2016). Hogevold and Svensson (2016) added that business sustainability includes the environmental, social and economic elements of the business; confront the challenges involved in the business survival and expansion. Ericksson and Svesson (2016) described business sustainability as the concern with business improvement which includes economic, environmental, and social aspects of the present state of business without compromising the ability of future generation to meet their own needs. The findings confirmed that when women focus on business sustainability, other businesses such as microfinance banks could grant loan for the business activities, knowing the business live in perpetuity.

**Emergent Theme 5: Historical Financial Health**

The fifth theme resulted from an analysis and interpretation of the data collected from the semistructured interview question. I found out that most SME that have accessed microloans from microfinance banks had historical financial stability and consistent bank statement of accounts. Microfinance banks evaluate the financial health of individual SME using the financial ratio as tools for such evaluations. Farh and Fell (2017) revealed that the financial model of microfinance is important, regardless of whether the objective is to enhance microfinance financial system resilience or to moderate the financial cycle, macro prudential policies are more effective than monetary policy. Microfinance banks appraises the financial position of SME and produce a prudential report to evaluate the credibility of the SME in terms of cash flow to repay the loan as at when due (Abildgren, 2016). Accessing microloan from microfinance bank means that the financial records of the individual or SME must be updated and worthwhile for credit. The financial record of a business determines the business wellbeing. Keeping the historical financial position of the business impressive is a strategy to accessing microloan from microfinance banks. Meier, Bozec, and Laurin (2013) revealed in their study that companies such as Microsoft and Google has no debt in their historical financial record, rather keep large cash position. Lending companies such as microfinance companies would easily grant loan to companies that appear to pose zero threat to default in repayment of microloans (Meier et al., 2013). Firms that focus on financial flexibility such as no-debt but large cash position, do so to seize future investment and lending opportunities for significant projects (Zahirovic-Herbert, Gilbler, & Chatterjee, 2016). The finding in this study confirmed that historical financial health of a company is sustain by practices such as credit management, savings, and investment practices (Merer et al., 2013; Zahirovic-Herbert et al., 2016).

**Emergent Theme 6: Maintaining Loan Repayment Deadlines**

The sixth theme resulted from an analysis and interpretation of the data collected from the semistructured interview question. I found out that most SME that accessed microloans from microfinance banks maintained a loan repayment deadline all through their loan cycle. Microfinance use the term *overdue* or *delinquent* to describe a loan that was paid after the scheduled deadline. Lassoved (2017) described loan repayment deadline as the last date in the payment calendar as contained in the customers' contract letter for the loan agreement. Customers that maintain a loan repayment deadline is more likely to loan renewal or fresh loan application than a default customer (Ramady, 2015). Having access to microloan mean the discipline to loan repayment as at when due. Maliti (2014) investigated and reported that 55% of Tanzania population is without formal or informal access to financial services due to no payment loan history. A comparison with Kenya revealed that 25% are without access to microloan due to past failure to repayment of loan (Maliti, 2014). The village savings and lending association (VSLA) as a microfinance based methodology structure was introduced to help Tanzania understand the importance of self-management of loan and maintains loan repayment timeline (Maliti, 2014). Quayes and Hasan (2017) found out that microfinance institution reduced credit disbursement to customers that fail to maintain their loan repayment timeline and as such some of those companies struggle to survive in business. The findings of this study aligns with Quayes and Hasan (2014) and Maliti (2017) who appraised microcredit as a viable financial alternative for people with no access to credit from formal financial institutions who has the discipline of loan repayment within the loan repayment timeline.

**Emergent Theme 7: Archiving Business Documents**

The seventh theme resulted from an analysis and interpretation of the data collected from the semistructured interview question. I found out that most SME that have accessed microloans from microfinance banks said they kept archive of business documentations such as company registration, directors of business, list of stakeholders, audited statements of financials and records of sales and purchases. Leyer and Hollmann (2014) evaluated that individuals preserve their digital assets to document personal life history, occasions of achievements, and identity construction evidence for future gain. Such gains could be accessing microloans to improve on business. Sinn, Kim, and Syn (2017) inferred that lack of proper documentation and record keeping can lead to a company running the risk of losing thousands of records and financial losses. Archiving documents has been found as a strategy to retaining all activities for future use which may serve as evidence in the future for microloan assessment or refuse (Sinn et al., 2017). Leyer and Hollmann (2014) noted that individuals preserve their digital assets to document personal life history, occasions of achievements, and identity construction evidence for future gain. A loss of evidence can deny an individual or a business unit the opportunity of investment, contract, or engagement of service in future (Leyer &

Hollmann, 2014). The findings in this study confirms the previous literature on why a company require to archive business document to take advantage of business opportunities in the future such as having access of microloan from microfinance bank (Leyer & Hollmann, 2014; Sinn et al., 2017).

**Emergent Theme 8: Use of Competent Guarantors**

The eighth theme resulted from an analysis and interpretation of the data collected from the semistructured interview question. I found out that most SME that have accessed microloans from microfinance banks had competent guarantors. A competent guarantor could be described as someone who have no criminal records and whose credit worthiness is sufficient as evidence to the microfinance to serve in the capacity of a guarantor. Gai, Lelasi, and Rossolini (2016) described a guarantor as an individual or a government who agrees to pay the debt at the event of default by the customer who accessed the loan. Having a competence guarantor such as a banker, a clergyman, a respected individual in the society could enhance access to SME. Gai et al. (2016) evaluated how personal guarantee can be compared with the public credit guarantee schemes (PCGS) which government provides to reduce banks' financial losses in the event that borrower default. The ability of a business to provide co-guarantees or counter guarantees enhances the chances to accessing microloan from microfinance bank (Gai et al., 2016). Repousis (2015) described a competent guarantor of loan as someone who has the credibility, capital, and character to pay back loan when the borrower defaulted. A competent guarantor could be someone who has a stake when the reputation is in public doubt; a public service officer, a religious leader, or an educational proprietor (Gai et al., 2016). The findings align with previous literature; using a competent guarantor is a strategy to enhance a business chances to loan when the guarantor has adequate financial records to cover the liability of the borrower should there be a default (Gai et al., 2016; Repousis, 2015).

**Emergent Theme 9: Strengths and Weakness Analysis**

The ninth theme resulted from an analysis and interpretation of the data collected from the semistructured interview question. I found out that an intangible factor that may contribute to SME's owners in Abuja to access microloans from microfinance banks in Abuja, Nigeria was a well-defined strengths and weaknesses analysis by such SMEs. An SME may recognize some strengths such as social capital, competent guarantor, having existing savings account with the microfinance bank, and having a historical financial records that may serve as sufficient for the loan application process. An SME could also reduce the effect its weaknesses by identifying such weaknesses ahead of time and explaining how to mitigate such weaknesses in order to have access to microloans from microfinance banks. Olander, Hurmelinna-Lauklcanen, & Heilmann (2015) identified SME strengths as innovativeness, and highly visible top management while the weaknesses are lack of skills, lower job security, and less strategic thinking and planning. Using these criteria, SME could access loan when the SME's strengths appears to outweigh the weaknesses. Dehouche (2017) inferred that solving a multi criteria decision problem such as granting loan to SME can consist of selecting the most desirable alternative. Evaluating the strengths and weaknesses of a business helps microfinance banks make critical decisions that are related to planning and risk management

(Dehouche, 2017). The result from analyzing SME strength and weaknesses can provide managers with input for creating strategic plans and identifying key factors that may require a specific attention to grant loan or refuse the loan to SME (Dehouche, 2017). Gonzalez-Ramirez, Gasco, and Taverner (2015) described strength of an SME as the positive tangible and intangible attributes, internal to an organization and within its control which may help in the attainment of its objectives. Weaknesses are internal conditions or events within an organization controllable detract from its ability to attain business objectives (Gonzalez-Ramirez et al., 2015). Evaluating an SME's positive factors against the negative factors can reveal why microfinance would justify their decision. Findings in this study confirms previous literature of Gonzalez-Ramirez et al. (2015) who identified the strengths of SME as (a) qualified management team, (b) improved organizational performance, and (c) motivated staff. The weaknesses of an SME are (a) technological deficit, (b) inability to manager time effectively, and (c) high rate of staff turnover (Gonzalez-Ramirez et al., 2015).

## Limitations of the Study

The study findings, sample size, and issues of trustworthiness may present certain limitations in a study. The first limitation of this study was the honesty of the participants. The participants were encouraged to be truthful in their answers and encouraged to elaborate on responses when deemed necessary, absent time constraints. The prolonged engagements with participants during the face-to-face interview added credibility to the study. The recorded and transcribed responses of the participant's perspectives were verified with member checking. The method allowed the participants to check their transcripts contained all issues discussed.

The second limitation for this study was the sample size of 20 participants who were from the same geographic locations of Nigeria. The sample size reduced the capacity to transfer the findings of the study beyond the study participants. Despite the use of purposeful sampling to identify the participants from states and national microfinance institutions, securing additional participants was a challenge. The third limitation of the study is time constraints. Data collection from face-to-face interviews held over a period of 14 days. The timeline and the schedules for the interviews conflicts with official working hours of some participants and interviews were rescheduled to accommodate participants' availability.

## Recommendations

The purpose of this qualitative phenomenological study was to explore strategies used by SMEs owners in accessing microloans from microfinance banks in Abuja for business growth and survival. In addition, I will develop the increase understanding of access to microloans among SME in FCT, Nigeria. The study may be relevant to SME in FCT who currently lack information on how they can access microloans for business growth and survival. The study may also be relevant to the federal government, state government, and local government in formulating policies on accessing microloans for growth and survival among SME. I recommend further studies on effects of government policy on high interest rate to create a better business atmosphere for business owners. I also recommend the harmonization of the objectives of the microfinance banks, the government and microfinance development agencies, regulators and the SME clients that use microloans. The focus of the study was on the lived experience of SME business owners who have accessed microloans from microfinance institutions that can represent the views of major business leaders in Nigeria. The responses by participants were on their small business rather than on the microfinance.

The results of the study did not reveal much on the relations between high interest rate and borrowing interest of business owners but there appears to be a need for future research on how government can reduce interest rate for small business owners confronted with lack of strategies to access microloan from microfinance banks in Nigeria. Government intervention on enforcing the Microfinance Policy, Regulatory and Supervisory Framework for Nigeria was noted as a way of improving the responsibilities of leaders in microfinance institutions and all other stakeholders. A better understanding of the Microfinance Policy, Regulatory and Supervisory Framework for Nigeria will enhance productivity of both leaders and SME owners in the industry. Future research is necessary on the importance of the Microfinance Policy, Regulatory and Supervisory Framework for Nigeria on SME owners accessing loan in microfinance institutions. There is a need for consideration of changing the methodology for future research. Conducting a study using a case study method instead of a phenomenological study could be useful in comparing the effects of high interest rate and access to microloan in microfinance bank in Nigeria.

The selection of leaders from FCT who have accessed microloan in microfinance institutions is not sufficient to reach a conclusion for the study. Apart from expanding the scope of the research, future research must expand selection of participants to include other participants from other industries in Nigerian private and public sector. The opportunity to select different participants would give such future research the opportunity to triangulate the research for better reliability and ability to replicate the study in other developing nations.

## Implications to Positive Social Change

SME owners' lack of strategy to access microloan from microfinance bank has been a major challenge across business environments in developing nations. The significant findings of this study confirmed that obtaining savings account, group members advantage, networking, business sustainability, book keeping analysis, repayment of loan on timely bases, record keeping, competent guarantor, strength and weaknesses analysis, and use of donor funds with zero interest rate may assist in creating access for SME owners to access microloan in microfinance banks, therefore, raising the economy of the country and in turn increase the quality of life for citizens. My study did not focus on microfinance banks structure and interpersonal relationships with SME owners, rather on the lived experience strategies owners of SMEs in Abuja use to access microloans from microfinance banks to improve growth and business survival. The opportunities provided by SME owners have the potential of increasing the employment rate and encourage achievements of goals from all level of staff in an organization.

The ability of SME owners to connect strategies, organizational performance, and organization's environment would lead to more stability across the industry. SME owners would focus more on standards and codes of conduct of the industry rather than maximization of profits. Further, the findings of the study provided a direction for future research in strategies to access microloan from microfinance banks and serves as a model for countries that share the same identity with Nigeria. The findings of the dissertation study may help to bridge the gaps in literature in the areas of SME loan assessment. This study provides insight into the strategy used by SME owners in FCT to access microloan from microfinance banks. The social unrest in the Northern part of Nigeria may also be addressed as a result of the study as the outcome may help in policy formulation, strategy development and incentives to facilitate access to microloans by SME business owners. Positive social change may be promoted through the study; as more jobs may be created since owners of SME may have access to microloans from microfinance banks. Unemployment reduced, life expectancy increased, and economic development enhanced.

## Conclusions

The purpose of this qualitative phenomenological study was to explore strategies used by SMEs owners in accessing microloans from microfinance banks in Abuja for business growth and survival. In addition, I developed the increase understanding of access to microloans among SME in FCT, Nigeria. For the study, I explored the existing literature, applied a qualitative research method with phenomenological design, and used eight semistructured interviews questions with 20 SME owners in FCT who have had access to microloan in microfinance institutions in Nigeria and have operated their business for at least 5 years as participants. Ten themes were generated from the interview responses that related to the two research questions of the study. The findings of my study obtaining savings account, group members advantage, networking, business sustainability, book keeping analysis, repayment of loan on timely bases, record keeping, competent guarantor, strength and weaknesses analysis, and use of donor funds with zero interest rate may assist in creating access for SME owners to access microloan in microfinance banks, therefore, raising the economy of the country and in turn increase the quality of life for citizens. I concluded that findings of the study provided a direction for future research in strategies to access microloan from microfinance banks and serves as a model for countries that share the same identity with Nigeria. Government intervention in providing better infrastructure and adequate regulatory control for all industries in Nigeria is critical for organizational success in Nigeria. The overall conclusion is that the SME business owners could have access to microloan in microfinance banks when the SME owner operate a saving s account, belong to group members, network with peers, have a good business model, keep records, make regular payment when owing the bank, use competent guarantee, and explore donor funds with zero interest rate. There are opportunities for further research with a different scope and methodology.

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## Appendix A: Interview Questions

Participant Code: __________ Date of Interview: ________________________

Interview Mode: Face-to-face_____________ Audio Recording________________

Telephone_______________ Others (please specify) ____________________________

Guidance notes:

- Explain the purpose of the study to the participant.
- Retrieve signed informed consent forms
- Write the label assigned to the participant on top of the interview sheet to ensure confidentiality.
- Audiotape the interview and assign same label to identify the data.
- Watch for non-verbal queues
- Ask follow-up probing questions to get more in-depth information

Wrap up interview thanking participant

1. What strategies do you use to access microloans for your business?
2. What are the main challenges to accessing microloans for your business?
3. How does your relationship with other SME business owners help you obtain microloans for your business?
4. How would you describe your relationship with banks in obtaining microloans for your business?
5. How does access to information help you obtain microloans for your business?
6. How does accessibility to microloans affect the performance of your business?
7. What else would you like to share about your experience of how to access

credit for your business?

8. What other information would you like to share that have aided you to access microloans in the past?

## Appendix B: Interview Protocol

What strategies do you use to access microloans for your business?

2. What are the main challenges to accessing microloans for your business?

3. How does your relationship with other SME business owners help you obtain microloans for your business?

4. How would you describe your relationship with banks in obtaining microloans for your business?

5. How does access to information help you obtain microloans for your business?

6. How does accessibility to microloans affect the performance of your business?

7. What else would you like to share about your experience of how to access credit for your business?

8. What other information would you like to share that have aided you to access microloans in the past?