

Effect of Financial Inclusion on Entrepreneurial Growth of the MSMEs in Gombe State

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Article DOI: 10.48028/iiprds/ijormsse.v10.i1.24

Abstract

The paper was an attempt to examine the effect of financial inclusion on the entrepreneurial growth of MSMEs in Gombe State. The survey research design was adopted and the population of this study is the Five Hundred and Thirty-Nine Thousand, One Hundred and Nine (539,109) Micro, Small, and Medium Enterprises (MSMEs) in Gombe State as reported by SMEDAN in 2017. The sample size as estimated using Taro Yamane's formula is 400 respondents. The method of data analysis adopted in this paper is descriptive analysis and the expected mean of 1, 2, and 3 is 2.0 for this study; a mean rating of 2.0 or above was regarded as significant while a mean rating less than 2.0 was regarded as insignificant. The findings revealed that the level number of bank branches in my area has helped my business activities of the MSMEs in Gombe State and the level of bank agent banking (POS, ATM) has helped my business activities of the MSMEs in Gombe State. However, the level of access to loans by MSME has fairly increased my business activities of the MSMEs in Gombe State while, the interest rate charged by the banks on MSMEs loans have helped to increase business activities, on the other hand, the loan conditions for MSMEs by banks have fairly helped to increased business activities of the MSMEs in Gombe State. Finally, the study revealed that there is a positive and significant effect of financial inclusion on the entrepreneurial growth of the MSMEs in Gombe State. Therefore, the study recommended that Banks should design a mechanism to increase the number of bank branches and agent banking (POS, ATM) also, banks should adopt favourable interest rates and loan conditions that will encourage the entrepreneurial growth of MSMEs in Gombe State.

Keywords: *Financial Inclusion, Bank Access, Agent Banking, Entrepreneurial, Growth*

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Background to the Study

Micro, Small, and Medium Scale Enterprises (MSMEs) are assumed to be the engine of growth of most economies. For both developing and developed countries (Duru & Lawal, 2012), MSMEs play important roles in the process of industrialization and economic growth. Apart from increasing the per capita income and outcome, MSMEs create employment opportunities and enhance sectoral economic balance through industrial disposal and the promotion of resource utilization. Kadiri (2012) indicated that microcredit schemes impacted positively the social and economic lives of SME operators. The businesses were able to increase their capital, and assets and expanded the MSEs, which reflected in their social lives.

Also, other MSEs were set up to create employment for the unemployed, and the savings culture of the small-scale business was enhanced by using the savings as a condition for granting business credit to the enterprises. Imoughele and Ismaila (2014) indicate that the informal sector is often regarded in the literature as the bedrock of indigenous African industrialization and its increasing size and significance in the national economy have been emphasized. NBS & SMEDAN (2013) observed that MSMEs represent a high potential for job creation and are a matter of concern for policy makers and practitioners.

Therefore, Financial access is a very vital tool that government uses in stimulating the activities of MSMEs because of its ability to expedite the efficient allocation of productive resources, thus reducing the cost of capital (Sharma, 2016). This practice can also be referred to as an inclusive financing system as it improves the daily activities pertaining to the management of finances, and also reduces the growth of non-formal sources of credit (such as money lenders), which are often found to be manipulative or exploitative (Onalapo, 2015). Efficient and prudent allocation of resources by the financial system through financial inclusion is critical for increasing productivity, boosting entrepreneurial activities, enhancing equality of opportunity, and reducing poverty. Financial inclusion is, therefore, the process of ensuring access to financial services, and timely and adequate credit where needed by vulnerable groups such as weaker sections, low-income groups, and MSMEs at an affordable cost (Rangarajan, 2008). It refers to a process that ensures the ease of access, availability, usage, and knowledge of the formal financial system for all members of the economy, especially the MSMEs.

In Nigeria, various governments have engaged in reforms to increase access to finance by MSMEs, and thus, financial sector reforms began in Nigeria with the deregulation of interest rates in 1987 (Duru & Lawal, 2012). Since then far-reaching policy measures had been initiated and implemented, among these measures are the licensing of new banks, the capital market reforms, and the direct monetary controls undertaken by the central bank. The last few years have witnessed the creation of new banks through mergers and acquisitions, which were intended to help mobilize domestic savings, deepen and broaden intermediation, improve the allocation of resources and help mobilize foreign investments and facilitate business credit availability (Achugo & Jemilohun, 2015). Also, the Financial Inclusion Strategy is considered significant in accomplishing the Central

Bank of Nigeria's (CBN's) goals such as safeguarding external reserves and protecting the international value of the Naira. These goals among others that are attached to achieving economic growth are assumed to be realistic, as financial inclusion brings about better access to finance for micro small, and medium-scale enterprises, leading to increased productivity, greater non-oil export, and subsequently stabilize demand for the Naira.

The Gombe state government established the Buba Yero Micro Finance bank and has partnered with the bank of industry in addition to already existing SHONGOM Micro Finance Bank, Tangale Microfinance Bank, and other banks operating in the area to provide increased access to bank credit for the MSMEs. Despite the efforts of various stakeholders, lack of access to business credit is perceived as a key problem facing MSMEs. These business credit constraints operate in a variety of ways in Nigeria, where under developed capital market forces entrepreneurs to rely on self-financing or borrowing from friends or relatives. It also forces them to rely on high-cost short-term finance which is also complicated and which in essence indicates low availability of business credit from the capital market (CBN, 2020). For those MSMEs that have accessed credit, there is a need to assess the impact of such on their growth. Therefore, this paper is to examine the effect of financial inclusion on the entrepreneurial growth of the MSMEs in Gombe State, Nigeria.

Material and Methods

Conceptual Review

The World Bank defines MSMEs as businesses with less than 300 employees and \$15 million in assets. The Inter-American Development bank on the other side describes MSMEs as businesses with a maximum of 100 employees and less than \$ 3 million in revenue (Dalberg, 2011). National Policy on Small and Medium Enterprises (2017) defined Micro Enterprises as firms with less than 10 employees and less than 10 Million Naira as the total value of assets excluding land and building and they defined Small Enterprises as firms with 10 to 49 employees and 10 to less than 100 Million Naira as the total value of assets excluding land and building while, they defined Medium Enterprises as firms with 50 to 199 number of employees and 100 to than 1000 Million Naira as the total value of assets excluding land and building. According to this definition, in case of a conflict in classification between employment and asset criteria, the employment-based classification will take precedence.

On the other hand, Financial inclusion refers to a “process whereby opportunities are created for all persons receptive to financial services, especially poor and underprivileged, to enjoy financial services suited to their condition in life at their convenience and at their time of need” (Christabell & Raj, 2012). According to Borgohain and Borah (2015), financial inclusion is a process that ensures easy access to financial services in an economy. According to them, ease of access is measured by proxies such as the number of bank branches or ATMs per 1,000 adult population. Ene and Inemesit (2015) contended that promoting financial inclusion, in the wider context of economic inclusion, can improve financial conditions and uplift the living standard of the poor and

the disadvantaged. According to the author, financial inclusion can both improve the efficiency of intermediation between savings and investments and facilitate change in the financial system configuration.

Empirical Review

Oleka, Maduagwu, and Igwenagu (2014) investigated the effect of microfinance banks' financing of small and medium enterprises in Nigeria. The study used both primary and secondary data generated from questionnaires and annual reports of 300 randomly selected SMEs that have accessed funds from microfinance banks in Nigeria and regression analysis was to determine the relationship between the study variables. The results showed strong evidence that access to microfinance significantly enhances the growth of small and medium enterprises in Nigeria. In another study, Oladele, Oloowokere, and Akinruwa (2014) examined the effects of financial sources on small and medium enterprises' performance in the Ado-Ekiti metropolis. The questionnaire was used and was administered to 225 respondents in 45 conveniently selected registered SMEs in the Ado-Ekiti metropolis. The study used multiple regression and showed that each of the financial sources has a reasonable level of connection with the performance of SMEs.

While Nwanne (2015) examined the sustainability of financial inclusion for rural dwellers in Nigeria using descriptive study and content analysis. The study observed that the sustainability of financial inclusion for rural dwellers in Nigeria remains the mainstream for economic growth in any country. The implication of this study is that economy cannot grow fast without the proper implementation of financial inclusion in rural areas in Nigeria. In another study, Adamu (2015) examined the impact of microfinance institutions on the development of small and medium enterprises (SMEs) in the Gombe State of Nigeria. The sample size for the study was 200 SMEs, questionnaires were administered to the 200 SMEs and descriptive statistics were used to analyze the data. The findings revealed, among other factors, that microfinance institutions have contributed immensely to the development of SMEs through the provision of loanable funds for the expansion of SMEs in the study areas.

Also, Kibet, Achesa, and Gideon (2015) assessed the effects of microfinance credit on the performance of SMEs in Uasin Gishu County, Kenya and the sample size for the study is 47 SMEs. Data were analyzed using descriptive and inferential statistics and the study showed that microfinance credit has a positive effect on the performance of SMEs with a level of significance of less than 5%. It was also revealed that to enhance sustained and accelerated growth in the operations of SMEs, credit should be client-oriented and not product-oriented. While Hadiza and Philip (2017) examined the role of financial inclusion on the relationship between Small and Medium Scale Enterprises (SMEs) and inclusive growth in Nigeria. They used Fully Modified Ordinary Least Square ((FMOLS) and Ordinary Least Square (OLS) methods and the results showed that agricultural loans, insurance, and finance, rural loans, domestic savings, and credit to private sectors, when interacted with SMEs, promoted inclusive growth, while the interaction of SMEs

with domestic credit, rural deposit, and financial sectors failed to promote inclusive growth in Nigeria.

In another study, Jaradat, Taha, Zin, and Zakaria (2018) examined the impact of financial accessibility constraints and government regulations on the organizational performance of small-and-medium-sized enterprises and a quantitative study was carried out in Jordan using a sample composed of 291 Jordanian SMEs. The study showed that financial accessibility constraints negatively influence organizational performance, while government regulations are not significantly linked with organizational performance.

Gulani and Usman (2020) examined the challenges Small and Medium Scale Enterprises (SMEs) face in financing new or existing businesses in Gombe State. The population of the study consists of all SMEs operating in Gombe State. However, the study adopted purposive and simple random sampling techniques to draw the sample from the population. SMEs were then randomly drawn from three (3) local government areas; namely, Akko, Dukku, and Gombe. Out of ninety (90) questionnaires distributed, sixty-five (65) were returned and analyzed using the chi-square method. The result of the analysis revealed that: There is no significant difference in the difficulties SMEs face when accessing finance from various sources, but there is a significant difference in the level of awareness of MFIs by SMEs.

Theoretical Framework

The study adopted the Financial Intermediation Theory as its framework and this theory was proposed by Gurley and Shaw in 1960. It explains how banks act as intermediaries between borrowers and savers. As financial intermediaries, banks provide access, financial diversification, and financial utilization. The extent of inclusion influences the level of stability as confirmed by literature. According to Ndebbio (2004), financial intermediation theory explains the role of commercial banks in bridging the gap between deficit-spending customers and surplus-spending customers in the market.

Therefore, the evolution of financial development, innovations, growth, and integrated income models are closely related to assisting financial inclusion. Through intermediation, banks can create and supply specialized financial products to meet the needs of all types of customers. This happens whenever banks establish that they can supply the financial products for higher returns which cover all costs. In addition, banks as financial intermediaries find the reason for their existence in market imperfections. Thus, given a perfect market position, where transaction and information costs are missing, banks would not exist. Demirgüç-Kunt and Klapper (2012), in their argument on financial intermediation, observed that reducing financial market imperfection results in expanded individual opportunities hence, creating a positive incentive effect.

Methodology

Population and Sample Size of the Study

The population of this study is the Five Hundred and Thirty-Nine Thousand, One Hundred and Nine (539,109) Micro, Small and Medium Enterprises (MSMEs) in Gombe

State as reported by SMEDAN and NBS Collaborative Survey Selected findings (SMEDAN & NBS, 2017). The stratified sampling technique will be used across Gombe State for the survey and to ensure a more realistic result using primary data obtained. Yamane's formula for calculating the sample size of a finite population shall be used. i.e.

$$n = \frac{N}{1 + N(e)^2}$$

Where, n = Sample Size, N = Population, 1 = Constant, and e = exponential (usually 5% or 0.05).

$$\therefore n = \frac{539109}{1 + 539109(0.05)^2} = 399.704 = 400$$

Using Taro Yamane's formula, the sample size is approximately 400 respondents the MSMEs owner-managers in Gombe State who are the entrepreneurs who will be involved in the survey.

Method of Data Analysis

The method of data analysis adopted in this paper is descriptive analysis by using a table, charts, graphs, and a simple percentage of the primary data. Also, using the Statistical Package for Social Science (SPSS) the frequency distributions of the various response categories will be calculated to arrive at the mean. To obtain the item and section mean ratings, frequencies were weighed in the following manner: Yes - 3 points, No - 2 points, No Sure -1 point. The mean ratings of the various responses were calculated and used to answer the research questions. The expected mean of 1, 2, and 3 is 2.0 for this study; a mean rating of 2.0 or above was regarded as significant while a mean rating less than 2.0 was regarded as insignificant in explaining the changes in the variables under study and the calculated mean value will be compared with the table mean value.

Data Presentation and Analysis

Presentation of Results

Table 1: The Gender of the Respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Gender	Female	184	46.0	46.0	46.0
	Male	216	54.0	54.0	100.0
	Total	400	100.0	100.0	

Source: Administered Questionnaires, 2022.

Table 1 shows the gender distribution of the respondents and the results show that 46 percent of the total respondents are female and 54 percent of the total respondents are

male. The result revealed that male respondents are more in the gender distribution of the study.

Table 2: The location of Respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Location	Village/Town	127	31.8	31.8	31.8
	LGAs	84	21.0	21.0	52.8
	State Capital	189	47.3	47.3	100.0
	Total	400	100.0	100.0	

Source: Administered Questionnaires, 2022.

Table 2 shows the location of the respondents and the results show that 31.8% of the total respondents are located in the village/Town, 21.0% of the total respondents are located in the LGAs, and 47.3% of the total respondents are located in the state capital. The results revealed that respondents located in the state capital are more in the location of Respondents of the study.

Table 3: The qualifications of Respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Qualifications	No formal Education	109	27.3	27.3	27.3
	Primary	77	19.3	19.3	46.5
	Secondary	73	18.3	18.3	64.8
	HCS/OND	81	20.3	20.3	85.0
	Bachelor/HND	49	12.3	12.3	97.3
	Master/PhD	11	2.8	2.8	100.0
	Total	400	100.0	100.0	

Source: Administered Questionnaires, 2022.

Table 3 shows the qualifications of Respondents and the results show that 27.3% of total respondents have no formal Education, 19.3% of total respondents completed primary education, 18.3% of total respondents completed secondary education, 20.3% of total respondents have HCS/OND, 12.3% of the total respondents have Bachelor/HND, 2.8% of respondents have Masters/Ph.D. The results revealed that respondents who have no formal education are more in the qualifications of Respondents.

Table 4: The Business Type of Respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Business Type	Micro Scale Enterprises	167	41.8	41.8	41.8
	Small Scale Enterprises	137	34.3	34.3	76.0
	Medium Scale Enterprises	96	24.0	24.0	100.0
	Total	400	100.0	100.0	

Source: Administered Questionnaires, 2022.

Table 4 shows the business type of respondents and the results show that 41.8% of total respondents use micro-scale enterprises, 34.3% of total respondents use small-scale enterprises and 24.0% of total respondents use medium-scale enterprises. The results revealed that respondents who use micro-scale enterprises are more the business type of respondents.

Table 5: The Number of years in Business

		Frequency	Percent	Valid Percent	Cumulative Percent
Number of years in Business	Less than 5 years	71	17.8	17.8	17.8
	6 - 10 Years	93	23.3	23.3	41.0
	11- 15 Years	87	21.8	21.8	62.8
	16 and Above	149	37.3	37.3	100.0
	Total	400	100.0	100.0	

Source: Administered Questionnaires, 2022.

Table 5 shows the number of years in Business and the results show that 17.8% of total respondents have spent less than 5 years in Business, 23.3% of the total respondents have spent 6-10 years in business, 21.8% of the total respondents have spent 11-15 years in Business and 37.3 % of total respondents have spent 16 years and above in business. The results revealed that respondents who spent 16 years and above have more years in Business.

Table 6: The number of employees

		Frequency	Percent	Valid Percent	Cumulative Percent
The number of employees	01-10	48	12.0	12.0	12.0
	11-20	113	28.3	28.3	40.3
	21-30	133	33.3	33.3	73.5
	31 - Above	106	26.5	26.5	100.0
	Total	400	100.0	100.0	

Source: Administered Questionnaires, 2022.

Table 6 shows the number of employees of respondents and the results show that 12.0 % of employees are from 01- 10, 28.3% of employees are from 11-20, 33.3% of employees are from 21-30, and 26.5% of employees are from 31 and above. The results revealed that 21-30 have more employees.

Table 7: The Capital Base of the Business

		Frequency	Percent	Valid Percent	Cumulative Percent
The Capital Base of the Business	Less than 99,999	20	5.0	5.0	5.0
	100,000-499,999	34	8.5	8.5	13.5
	500,000 - 999,999	33	8.3	8.3	21.8
	1,000,000 - 4,999,999	113	28.3	28.3	50.0
	5,000,000 - 9,999,999	97	24.3	24.3	74.3
	10,000,000 and Above	103	25.8	25.8	100.0
	Total	400	100.0	100.0	

Table 7 shows the capital base of the business and the results show 5.0% of total respondents are less than 99,999, 8.5% of total respondents are from 100,000 - 499,999, 8.3% of total respondents are from 500,000- 999,999, 28.3% of total respondents are from 1,000,000- 4,999,999, 24.3% of total respondents are from 5,000,000- 9,999,999 and 25.8% of total respondents are from 10,000,000 and above. The results revealed that 1,000,000- 4,999,999 have more for the capital base of the Business.

Table 8: Do you have any bank account?

		Frequency	Percent	Valid Percent	Cumulative Percent
Bank account	Not Sure	23	5.8	5.8	5.8
	No	49	12.3	12.3	18.0
	Yes	328	82.0	82.0	100.0
	Total	400	100.0	100.0	

Source: Administered Questionnaires, 2022.

Table 8 shows respondents' perceptions if they have bank accounts. And results show that 5.8% of the total respondents are not sure, 12.3% of the total respondents answered No, and 82.0% of the total respondents answered yes. The results revealed that the number of respondents that answered Yes is more for the question asked " Do you have any bank account"?

Table 9: Is your bank account in use and functional?

		Frequency	Percent	Valid Percent	Cumulative Percent
Bank account in use and functional	Not Sure	20	5.0	5.0	5.0
	No	93	23.3	23.3	28.3
	Yes	287	71.8	71.8	100.0
	Total	400	100.0	100.0	

Source: Administered Questionnaires, 2022.

Table 9 shows respondents' perception of whether the bank account in use is functional. And the result shows 5.0 Percent of the total respondents are not sure, 23.3% of the total respondents answered No and 71.8% of the total respondents answered Yes. The results revealed that the number of respondents that answered yes is more for the question asked " is your bank account in use and functional "?

Table 10: Do you have easy access to bank services in your area?

		Frequency	Percent	Valid Percent	Cumulative Percent
Easy access to bank services	Not Sure	44	11.0	11.0	11.0
	Yes	356	89.0	89.0	100.0
	Total	400	100.0	100.0	

Source: Administered Questionnaires, 2022.

Table 10 shows respondents' perception of access to bank services in your area. And results show that 11.0% of the total respondents answered not sure, 89.0% of the total respondents answered Yes. The results revealed that respondents who answered Yes are more that have access to bank services in their area.

Table 11: Do you have access to POS, ATM, and other agent banking in your area?

		Frequency	Percent	Valid Percent	Cumulative Percent
Access to POS, ATM, and other agent banking	Not Sure	8	2.0	2.0	2.0
	No	121	30.3	30.3	32.3
	Yes	271	67.8	67.8	100.0
	Total	400	100.0	100.0	

Source: Administered Questionnaires, 2022.

Table 11 shows respondents' perception of the access to POS, ATM, and other agent banking in your area. And the results show that 2.0% of the total respondents are not sure, 30.3% of the total respondents answered No, and 67.8 of the total respondents answered yes. The results revealed that respondents that answered yes have more access to POS, ATM, and other agent banking.

Table 12: Do you have access to bank loans for your business in your area?

		Frequency	Percent	Valid Percent	Cumulative Percent
Access to bank loans for your business	Not Sure	8	2.0	2.0	2.0
	No	225	56.3	56.3	58.3
	Yes	167	41.8	41.8	100.0
	Total	400	100.0	100.0	

Source: Administered Questionnaires, 2022.

Table 12 shows respondents' perception of access to bank loans for their business in your area. And results show that 2.0% of the total respondents are not sure, 56.3% of the total respondents answered No, and 41.8% of the total respondents answered Yes. Results revealed that respondents who answered No are more that don't have access to bank loans for their business.

Table 13: Do you think the rate of interest in your area allows more MSMEs to have access to loans?

		Frequency	Percent	Valid Percent	Cumulative Percent
Rate of interest and MSMEs access to a loan	Not Sure	28	7.0	7.0	7.0
	No	245	61.3	61.3	68.3
	Yes	127	31.8	31.8	100.0
	Total	400	100.0	100.0	

Source: Administered Questionnaires, 2022.

Table 13 shows respondents' perception of the rate of interest in your area allows more MSMEs to have access to loans. And the results show that 7.0% of the total respondents are not sure, 61.3% of the total respondents answered No, and 31.8% of the total respondents answered Yes. Results revealed that more respondents who answered No are more.

Table 14: Do you think the conditions of the loan to MSMEs encourage more people to have access to loans?

		Frequency	Percent	Valid Percent	Cumulative Percent
Conditions of loan to MSMEs encourage more	Not Sure	24	6.0	6.0	6.0
	No	249	62.3	62.3	68.3
	Yes	127	31.8	31.8	100.0
	Total	400	100.0	100.0	

Source: Administered Questionnaires, 2022.

Table 14 shows respondents' perception of the conditions of the loan to MSMEs encourage more people to have access to loans and the results show that 6.0% of total respondents are not sure, 62.3% of total respondents answered No, and 31.8% of total respondents answered Yes. Results revealed that the number of respondents that answered No is more.

Discussion of Result and Hypotheses Testing

Table 15: Descriptive Statistics on Financial inclusion and entrepreneurial growth of the MSMEs in Gombe State

	N	Minimum	Maximum	Mean	Std. Deviation
The level of number of banks branches in my area has helped my business activities	400	1.00	3.00	2.4175	.66656
The level of bank agent banking (POS, ATM) has helped my business activities	400	1.00	3.00	2.5225	.55250
The level of access to the loan as MSME has increased my business activities	400	1.00	3.00	2.2375	.73651
The interest rate charged by the banks on MSMEs loans has helped to increase business activities	400	1.00	3.00	2.4775	.59192
The conditions for MSMEs by banks have helped to increase business activities	400	1.00	3.00	2.2375	.67989
Average Mean	400	1.00	3.00	2.3785	0.6445

Source: Administered Questionnaires, 2022.

Table 15 shows the indicators of financial inclusion and entrepreneurial growth of the MSMEs in Gombe State. The results revealed that the level of a number of bank branches in my area has helped my business activities given the mean value of 2.4 which is greater than the expected mean value of 2.0 and this implies that the more bank branches the more entrepreneurial activities of MSMEs in Gombe State. Similarly, the results revealed that the level of bank agent banking (POS, ATM) has helped my business activities given

the mean value of 2.5 which is greater than the expected mean value of 2.0 and this implies that the more bank agent banking (POS, ATM) the more entrepreneurial activities of MSMEs in Gombe State.

Also, the results revealed that the level of access to the loan as MSME has fairly increased my business activities given the mean value of 2.2 which is fairly greater than the expected mean value of 2.0 and this implies that more access to loans by MSME the more entrepreneurial activities of MSMEs in Gombe State. Similarly, the results revealed that the interest rate charged by the banks on MSMEs loans has helped to increase business activities given the mean value of 2.4 which is greater than the expected mean value of 2.0 and this implies that the more favourable interest rate charged by the banks on MSMEs loans will help to increased business activities of MSMEs in Gombe State.

Finally, the results revealed that the conditions for MSMEs by banks have fairly helped to increase business activities given the mean value of 2.2 which is fairly greater than the expected mean value of 2.0 and this implies that the more favourable loan conditions for MSMEs by banks on MSMEs loans will help to increased business activities of MSMEs in Gombe State. However, the approximated average mean value of 2.4 suggested that there is a positive effect of financial inclusion on the entrepreneurial growth of the MSMEs in Gombe State, and since the actual average means of 2.4 is greater than the expected mean of 2.0 the paper concluded that financial inclusion has a significant effect on the entrepreneurial growth of the MSMEs in Gombe State. Therefore, the H_0 : which stated that financial inclusion has no significant effect on the entrepreneurial growth of the MSMEs in Gombe State is **Rejected**.

Conclusion and Recommendations

In conclusion, the revealed that the level of number of bank branches in my area has helped my business activities of the MSMEs in Gombe State and the level of bank agent banking (POS, ATM) has helped my business activities of the MSMEs in Gombe State. However, the level of access to loans by MSME has fairly increased my business activities of the MSMEs in Gombe State while, the interest rate charged by the banks on MSMEs loans have helped to increase business activities, on the other hand, the loan conditions for MSMEs by banks have fairly helped to increased business activities of the MSMEs in Gombe State. Finally, the study revealed that there is a positive and significant effect of financial inclusion on the entrepreneurial growth of the MSMEs in Gombe State. Therefore, the study recommended the following as measures for increasing the entrepreneurial growth of MSMEs in Gombe State.

- i. Banks should design a mechanism to periodically which can be yearly to increase the number of bank branches and quarterly increase the level of bank agent banking (POS, ATM) as means of increasing the entrepreneurial growth of MSMEs in Gombe State.
- ii. Banks should come up with more products for access to loans by MSMEs to increase the positive effect on the entrepreneurial growth of MSMEs in Gombe State.

- iii. Finally, banks should adopt favourable interest rates and loan conditions that will encourage the entrepreneurial growth of MSMEs in Gombe State.

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Appendix I
QUESTIONNAIRE

Effect of financial inclusion on entrepreneurial growth of the MSMEs in Gombe State

Bio-data of the Respondents

1. The Gender of the Respondents: Male [] Female []
2. The location of Respondents: Village/Town [] LGAs [] State Capital []
3. The qualifications of Respondents: Non-formal Education [] Primary [] Secondary [] HCS/OND [] Bachelor/HND [] Master/Ph.D. []
4. The Business Type of Respondents: Micro Scale Enterprises [] Small Scale Enterprises [] Medium Scale Enterprises []
5. The Number of years in Business: Less than 5 years [] 6 - 10 Years [] 11- 15 Years [] 16 and Above. []
6. The number of employees: 01-10 [] 11-20 [] 21-30 [] 31 – Above []
7. The Capital Base of the Business Less than 99,999 [] 100,000-499,999 [] 500,000 – 999,999 [] 1,000,000 – 4,999,999 [] 5,000,000 – 9,999,999 [] 10,000,000 and Above []

Information on Financial inclusion of the Respondents

8. Do you have any bank account? Yes [] No [] Not Sure []
9. Is your bank account in use and functional? Yes [] No [] Not Sure []
10. Do you have easy access to bank services in your area? Yes [] No [] Not Sure []
11. Do you have access to POS, ATM, and other agent banking in your area? Yes [] No [] Not Sure []
12. Do you have access to bank loans for your business in your area? Yes [] No [] Not Sure []
13. Do you think the rate of interest in your area allows more MSMEs to have access to loans? Yes [] No [] Not Sure []
14. Do you think the conditions of the loan to MSMEs encourage more people to have access to loans? Yes [] No [] Not Sure []

Financial inclusion and entrepreneurial growth of the MSMEs in Gombe State.

15. The level number of banks branches in my area has helped my business activities Yes [] No [] Not Sure []
16. The level of bank agent banking (POS, ATM) has helped my business activities Yes [] No [] Not Sure []
17. The level of access to the loan as MSME has increased my business activities Yes [] No [] Not Sure []
18. The interest rate charged by the banks on MSMEs loans has helped to increase business activities Yes [] No [] Not Sure []
- 19 The conditions for MSMEs by banks have helped to increase business activities Yes [] No [] Not Sure []