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Bank of Industry Lending Policy and Growth of Microenterprises in Anambra State: A Focus on the Leather-making Clusters

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[1]Christopher E. Obianagwa

[2]Emmanuel O. Ezeani

[3]Louiemarie A. Ifem*
(Corresponding Author)

[4]Elo-Oghene M. Borlin

&

[5]Samuel I. Ugwuozor

[1,2,3]Department of Political Science, University of Nigeria, Nsukka
[4]Department of Social Work, University of Nigeria, Nsukka
[5]Department of Political Science and International Relations, Godfrey Okoye University, Enugu

Abstract

Several studies have investigated the effect of commercial bank lending on the growth of micro, small, and medium enterprises (MSMEs) in Nigeria. At the same time, there is still a dearth of empirical literature examining the contributions of the Bank of Industry (BOI) to the growth of microenterprises in the country. Against this background, the study investigated the effect of BOI lending on the growth of microenterprises in Anambra State from 2015 to 2023. Although the microenterprises provide many channels for jobs and revenue sources in the state, they face funding challenges for business expansion. As a leading development finance institution in Nigeria, understanding the role of the BOI in the growth of microenterprises becomes fundamental. Methodologically, the study relied on the theory of government failure to interrogate the research problem. The study utilised an ex post facto research design and employed a survey method for data collection. A total of 109 leather clusters were selected for this study from a pool of 150 registered leather clusters in Anambra State. It was determined using the Taro Yamane formula (1967), while the purposive sampling technique was relied upon during the distribution of questionnaires and interview sections. Also, the study adopted descriptive statistics and qualitative descriptive methods to analyse the primary data generated through questionnaires and interviews. The study found that the BOI microenterprises lending scheme did not advance the growth of leather-making enterprises in the state. It recommends, among others, the need for the BOI to grant leatherworkers waivers on the provision of collateral and ranking guarantors in civil service as the basis for loan procurement. The findings and recommendations of this study would help the BOI to address the identified shortfalls and develop initiatives required to dismantle the current financial barriers facing small business growth in Anambra State.

Keywords*: *Bank of Industry, lending, microenterprises, leather clusters, government failure.

Introduction

The micro, small, and medium enterprises (MSMEs) have remained the bedrock of Nigeria's economy despite facing many challenges. Specifically, some of the problems militating against the overall growth of MSMEs in Nigeria were identified to include difficult access to bank credits (Gloria & Cosol, 2011), high-interest charges resulting from unstable and inconsistent monetary policies (Adnan, 2010), corruption and ineffective economic policies (Gbosi, 2007), misuse and abuse of funds (Odebiyi & Olaoye, 2012), and a dearth of essential infrastructure and amenities such as electricity, good roads, internet access, and safe and regular water supply in Nigeria (Idowu, 2010). Other studies, such as Akingunola (2011) and Saari (2020), highlight key changes hindering the growth of MSMEs in Nigeria. These challenges include inadequate funding, limited interest from young and educated individuals in developing small businesses, and insufficient support from government and institutional bodies.

The Bank of Industry (BOI) was established in 2001 to tackle key challenges facing private enterprise growth in Nigeria, including limited funding and inadequate government and institutional support. The BOI represents a significant government financial intervention in the private sector, designed to promote economic growth and development in Nigeria through MSME-led private enterprises. It is designed to catalyse the growth and development of private enterprises through sustained funding and improvement of MSMEs' output in the country. In the past decade, the BOI has implemented the disbursement of more than 1 trillion naira (the equivalent of 1 billion US dollars) to enhance the growth of MSMEs and large enterprises in Nigeria (BOI, 2022).

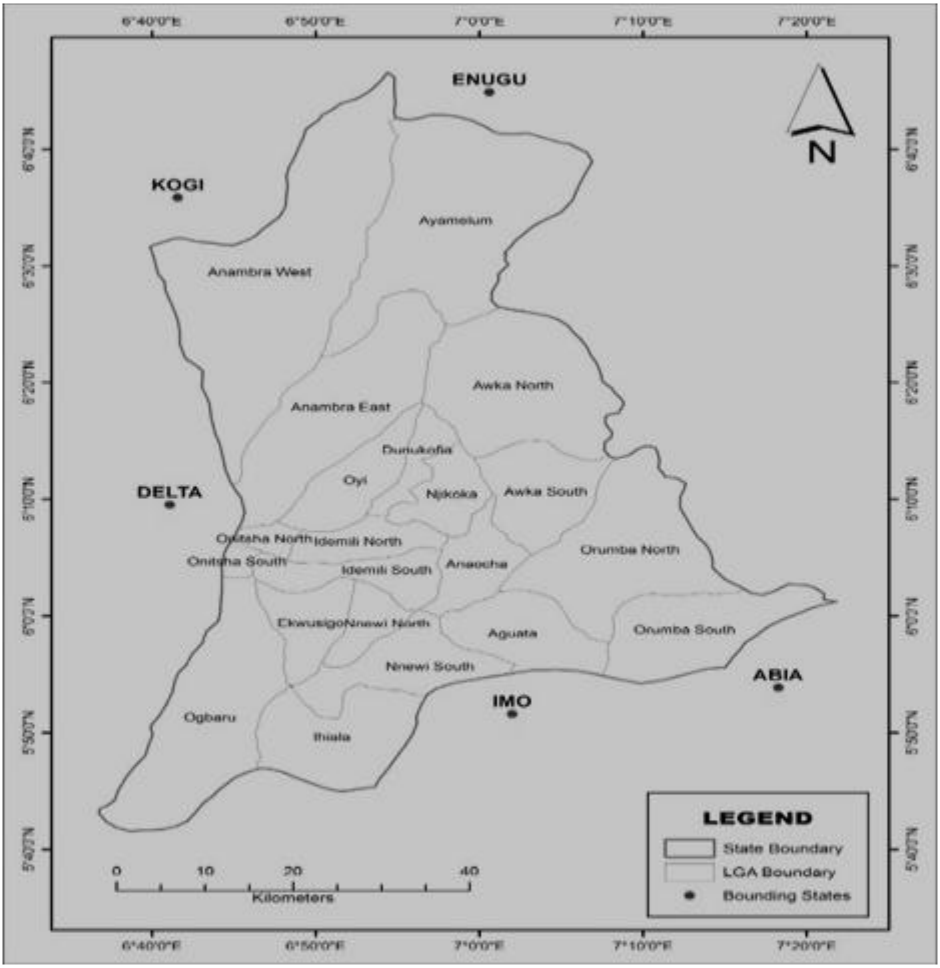
Numerous studies have evaluated the effect of bank credit on the growth of microenterprises in Nigeria, with some research specifically examining the link between commercial bank ending and the development of MSMEs in the country. These studies include Ogbo and Nwachukwu (2012) and Saari (2020). Others examined the effect of BOI financing on the growth of MSMEs at specific locations in Nigeria. Some of them include Abdullahi (2018), Ogunsanwo and Olowo (2020), Ojeleke and Aransiola (2022), Dangiwa, Shekarau, and Dogara (2022), and Yamma et al. (2023). Thus, the current research indicates a significant gap in empirical studies regarding the impact of BOI enterprise financing on the growth of specific MSMEs in Nigeria. The BOI represents a significant government financial intervention in the private sector, aimed at promoting economic growth and development in Nigeria through MSME-led private enterprises. In light of this context, the study examined the effect of the BOI lending policy on the growth of microenterprises, with a primary attention on leatherworkers in Anambra State from 2015 to 2023.

The study employed a survey research design, collecting primary data through a combination of questionnaire administration and in-depth interviews. This research was structured into distinct sections. The introductory sections (1 and 2) provided an overview of the study and its context. The subsequent sections (3, 4, and 5) delved into the literature review, theoretical framework, and research methodology, respectively. The latter part of the research (sections 6 and 7) presented the findings, discussed the results, and provided a conclusion, summarizing the key outcomes.

Study Area

Figure 2.1 shows the 21 Local Government Areas (LGAs) and 179 communities in Anambra State, with the state capital in Awka (the city of the historical blacksmith). Anambra State was chosen as the area for this research because it is a strategic industrial and commercial hub for leather manufacturing and distribution and a key player in Nigeria's economy, with over 2 million MSMEs and large businesses operating in the state (Osalor, 2012; Gbandi & Amissah, 2014; NBS, 2017). This makes it a top destination for business investors, including the BOI and other development finance institutions.

Figure 1: Map of Anambra State



Source: GIS Lab., Department of Geography, University of Nigeria Nsukka (2023).

Literature Review

Several studies have been conducted to determine bank credit's effects on business growth. For instance, Babajide (2012) examined the effects of microfinance on macro and small business growth in Nigeria, using panel data and multiple regression analysis to analyse a survey of 502 randomly selected enterprises. The key findings of the study revealed that microenterprise financing by microfinance banks did not enhance the growth and expansion capacity of micro and small businesses in Nigeria. Oduyoye, Adebola, and Binuyo (2013) investigated small business credit financing in Ogun State, focusing on the role of the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN). The study utilised a two-pronged approach to generate primary data by distributing questionnaires to a sample size of 140, which were analysed using inferential and descriptive statistics like simple percentages, rating indices, and student distribution. The study revealed that SMEDAN failed to enhance the performance of small and medium-sized businesses by providing them with affordable financing options. Cullen, Calitz, and Gaga (2014) conducted an exploratory study of small, medium, and micro enterprise (SMME) financing in South Africa. The study was done through a survey of 20 SMMEs with a sample size drawn from the manufacturing sector of Pretoria to determine the preferred method of finance.

The result shows that the operators of SMEs neither relied on commercial banks nor government funding as finance sources. On the importance of bank credit to MSMEs, Adeyemo and Olateju (2022) examined the impact of banking sector loans on business growth in Nigeria. Using a survey design and a sample size of 120 drawn from business owners in Ibadan North LGA of Oyo State, the study found that bank lending significantly enhances SME growth in Nigeria. Akinwumi, Omotayo, and Alani (2020) employed descriptive and ex-post facto research designs and a linear regression analysis model to examine the effects of bank financing variables on industrial sector performance in Nigeria. The result of the study shows that industrial sector growth is strongly impacted by bank credits in Nigeria.

Furthermore, some studies have investigated the roles of BOI credits on MSME growth in Nigeria. For instance, Nwankwo and James (2017) empirically examined BOI's impact on SME development in Nigeria, using the ex post facto research design model and the multiple linear regression analysis based on the classical regression methodology. The study's findings indicate that the impact of BOI lending on the output of Micro, Small, and Medium Enterprises (MSMEs) in Nigeria is not promising. Similarly, Yamma et al. (2023) adopted a survey design, with a sample size of 380 drawn from the population of 37,383 registered

SMEs, to study the effect of BOI on the performance of BOI in Abuja from 2014 to 2021. The data collected were analysed using frequencies and percentages, while hypotheses were tested using the chi-square statistical formula. Results revealed that the BOI is not doing enough to enhance the performance of SMEs in Abuja for adequate job creation.

Meanwhile, the results of some empirical research proved that the BOI business loans significantly and positively affect the performance of MSMEs in Nigeria. For instance, in an attempt to examine the contributions of BOI on the growth of SMEs in Kaduna State, Dangiwa, Shekarau, and Dogara (2022) administered structured questionnaires to 152 owners of SMEs in the state and employed the Binary Logistic Regression Model for data analysis. The result of the study shows that the BOI Fund and Government Assistant Scheme (GAS) positively influenced the performance of SMEs in Kaduna State. Ogunsanwo and Olowo (2020) conducted a similar study, assessing the Bank of Industry's (BOI) impact on entrepreneurial development in Nigeria. They employed a survey research design, utilising questionnaires for data collection and t-test regression analysis for data analysis. The result of the study shows that BOI plays a significant positive role in SME financing in Nigeria. Bello and Abdullahi (2018) used both quantitative and qualitative methods of data collection and analysis and selected 110 samples of SMEs to assess the role and impact of BOI towards SME development in the Kano Metropolis. The study revealed that the BOI loans enhanced the performance of SMEs in the study area.

The existing body of research is replete with studies examining the impact of commercial bank credits on the performance of Small and Medium-sized Enterprises (SMEs) in Nigeria. However, a review of empirical literature reveals conflicting findings on the effects of Bank of Industry (BOI) credits on the performance of Micro, Small, and Medium Enterprises (MSMEs). While some studies indicate that BOI loans positively impact MSME performance, others suggest the opposite. This inconsistency in research findings highlights a knowledge gap. This study aims to contribute to the existing literature by investigating the impact of BOI's microenterprise lending on the growth of leather clusters in Anambra State, covering the period from 2015-2023.

Theoretical Framework

This study adopted the theory of government failure as its analytical framework. This is because the theory provides suitable analysis frameworks for interrogating the failure of government policies and interventions, especially in the economy. Some of the political economy scholars who contributed to the development of government failure theory include Coase (1964), Posner (1969), Le Grand (1991), William and Michael (1991), and others. Thus, some of the assumptions of the theory of government failure are that:

i. Government failure occurs when interventions to remedy market failures lead to unanticipated distortions, inefficiency, and misallocation of scarce resources.
ii. Scenarios of inefficient government policies are considered government failure (William & Michael, 1991).
iii. Government failure can arise from uncertainty about the consequences of policies, which may be due to asymmetric information or the inability to predict the future impact of economic policies adopted (Vita, 2015).

A growing body of previous studies have utilised the theory of government failure to explain research problems similar to this study. For instance, Krueger (1990) drew insights from the theory to explain government economic interventions and policies that negatively affected economic activities and growth, especially in developing economies. Keech and Munger (2015, p. 1) argued that "many so-called market failures are government failures because government defines the institutions in which markets succeed or fail." The authours identified government failures, including the inability or unwillingness to maintain order, maintain sound fiscal and monetary policies, and reduce the risks of running businesses. Wiesner (1998) utilised the theory of government failure to explain the nexus between transaction cost economics and public sector rent-seeking in developing economies. In another study, Winston (2006) employed the theory to investigate microeconomic policy and business performance and x-rayed government failure versus market failure.

There is, thus, a clear connection between the principles of the government failure theory and the Bank of Industry's (BOI)ineffectiveness in enhancing the performance of leather clusters in Anambra State. One of the critical assumptions of the theory states that "active government failure occurs when the intervention of a government institution results in outcomes worse than if the government had done nothing." This statement explained why the BOI lending policy has not enhanced the growth of leather clusters in Anambra State. The study has shown that stringent conditions for the BOI loan have continued to undermine the performance of leather-making enterprises in Anambra State.

Methodology

The study adopted the ex post facto design to investigate the effect of the microenterprise lending policy of BOI on the growth of leather-making clusters in Anambra State. It relied on a survey design involving questionnaires and interviews to generate primary data for the empirical section. For the primary data, the sample size was 109, derived from a population of 150 registered leather clusters in Anambra State. The study relied on the Taro Yamane formula (1967) to determine the sample size from the above population. A purposive sampling technique was used to administer 109 copies of questionnaires based on gender identity (involving 20 females and 89 males) at various locations in Anambra State. These locations are: Abagana, Awka, Ekwulobia, Ihiala, Nnewi, Nkpor, Nnobi, Ogidi, Onitsha, Obosi, and Nkwelle Ezunaka. Out of the distributed questionnaires, 86 were completed correctly and returned. Relying on the purposive sampling technique, in-depth interviews were conducted with key in the leather-making clusters, such as the executive members of the Union of Shoemakers at the ultra-modern Shoes Manufacturers International Market, Nkwelle Ezunaka, in Anambra State; members of the Cobblers and Leather Artisans Association of Nigeria (CALAAN), Anambra chapter; and senior representatives of the BOI at its Awka office in Anambra State. This study employed a mixed-methods approach, utilising both descriptive statistics and qualitative descriptive methods to analyse the results. Quantitative data from the questionnaires were summarised using charts/figures, percentages, frequencies, and tables, while the Statistical Package for Social Sciences (SPSS) software facilitated data coding and analysis.

Leather making is a lucrative business with more than 10,000 direct and indirect jobs in Anambra State. Considering its strategic importance, the Anambra State Government built an ultra-modern Shoes Manufacturers International Market at Nkwelle Ezunaka, in the Oyi LGA of the State. Thus, this subsector of the economy becomes vital in assessing the impact of BOI business loans.

Interview Guide

The interview guide for this study was designed to draw insights from the participants on the key objective of the research. The guide covers a wide range of questions drawn from the themes such as the participants' biodata, scale and scope of business operations, major challenges facing the participants' businesses, sources of business funds, information about the BOI loan, and participants' assessment of the BOI loan requirements and loan accessibility. The interview guide also covered questions that explored the views of the BOI officials on the negative experiences of leatherworkers regarding access to BOI loans.

Nature of Interview

The study employed an unstructured (non-directive) interview (UI). Much like everyday conversation, the UI is flexible and enables one to explore informal and free-flowing information from respondents on specific topics related to the research objectives. Phone-audio recording and note-taking were combined to record participants' responses during the interviews. The interview results underwent thematic analysis using the qualitative descriptive method. This involved coding the qualitative data and examining the emerging themes to identify prevailing trends and meaning insights. This helped to ensure the rigour and reliability of the results. Qualitative descriptive data analysis provides a detailed presentation, explanation, and discussion of the interview's qualitative data. Specifically, verbatim transcription was employed to ensure a precise and detailed representation of the data, a crucial step in conducting rigourous qualitative analysis.

Results and Discussion

This section of the study focused on the presentation, description, analysis, and interpretation of field data generated from the population sample using questionnaires and interviews. The section is guided by the following subthemes:

- Analysis of data from the questionnaires
- Analysis of data from the interviews
- Discussion

Analysis of Data from the Questionnaires

This section elicited participants' socio-demographic and biodata information, while the second section related to the BOI's contribution to the growth of the leather cluster in Anambra State. Meanwhile, section three of the questionnaire focused on identifying the barriers faced by the leatherworkers in the state when attempting to access BOI loans. Finally, section four of the questionnaire explored the general sources of funding and challenges for leatherworkers in the state. With a structured questionnaire, eighty-six (86) leatherworkers in Anambra State filled out and returned the questionnaires.

Socio-demographic characteristics of respondents

Table 1: Percentage distribution of socio-demographic characteristics of respondents

Socio-demographic characteristics of respondents	Frequency	Percentage
Gender		
Males	13	15.1
Females	73	84.9
Total	**86**	**100**
Highest educational qualification		
First School Leaving Certificates	19	22.1
Senior School Certificates	50	58.2
Ordinary National Diploma- OND	3	3.5
National Certificate on Education- NCE	9	10.5
Higher National Diploma	2	2.3
First Degree	2	2.3
postgraduate degree	1	1.2
Total	**86**	**100**
Period operating on leatherwork		
Less than 1years	4	4.7
Between 1-5years	18	20.9
Between 6-10 years	18	20.9
11years and above	46	53.5
Total	**86**	**100**
Number of employee(s)		
None	10	11.6
1-3 employees	31	36.0
4-6 employees	30	34.9
7-9 employees	9	10.5
10 employees and above	6	7
Total	**86**	**100**

Source: Field Data, 2024

Table 1 above presents the socio-demographic characteristics of respondents. As shown in the table, the majority (84.9%) of the respondents were male, while 15.1% were female. The disparity reflects the male-dominated nature of the leatherwork industry in Anambra State, which may contribute to higher unemployment rates among females.

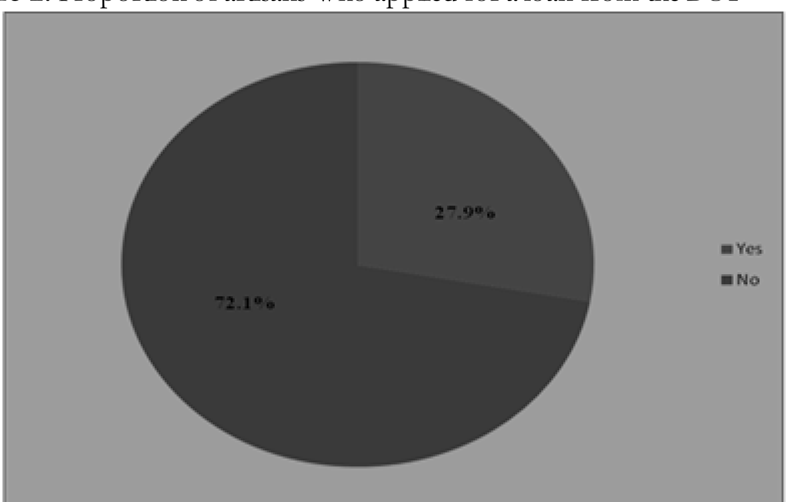
Also, Table 1 reveals the educational background of the respondents, with the majority (58.2%) holding Senior School Certificates. The remaining respondents held various qualifications, including First School Leaving Certificates (22.1%), National Certificate on Education (NCE) (10.5%), Ordinary National Diploma (OND) (3.5%), Higher National Diploma (2.3%), First Degree (2.3%), and postgraduate degrees (1.2%). Moreover, given that most leatherworkers in Anambra State have only a Senior School Certificate, it is clear that vocational training and public support systems are crucial for their livelihood and sustainability.

Furthermore, Table 1 above reveals that the majority (53.5%) of leatherwork respondents in Anambra State had extensive experience, operating for over 11 years. Additionally, 20.9% have been in the industry for 1-5 years, while another 20.9% have been in the involved for 6-10 years. Only 4.7% of respondents have less than one year of experience. The fact that the majority of respondents have over a decade of experience demonstrates their consistency and resilience. This remarkable dedication provides a strong basis for support from lending agencies and government institutions.

Table 1 further reveals the employment structure of leatherwork businesses in Anambra State. The majority of respondents (36.0%) employ between 1 and 3 workers, while 34.9% had 4 to 6 employees. Additionally, 10.5% of the respondents employed 7 to 9 people, and 7% had ten workers and more. Notably, 11.6% of respondents operate without any employees. These findings suggest that the leatherwork industry in Anambra State holds significant potential for job creation and revenue generation.

The contribution of BOI to the growth of leather-cluster in Anambra State

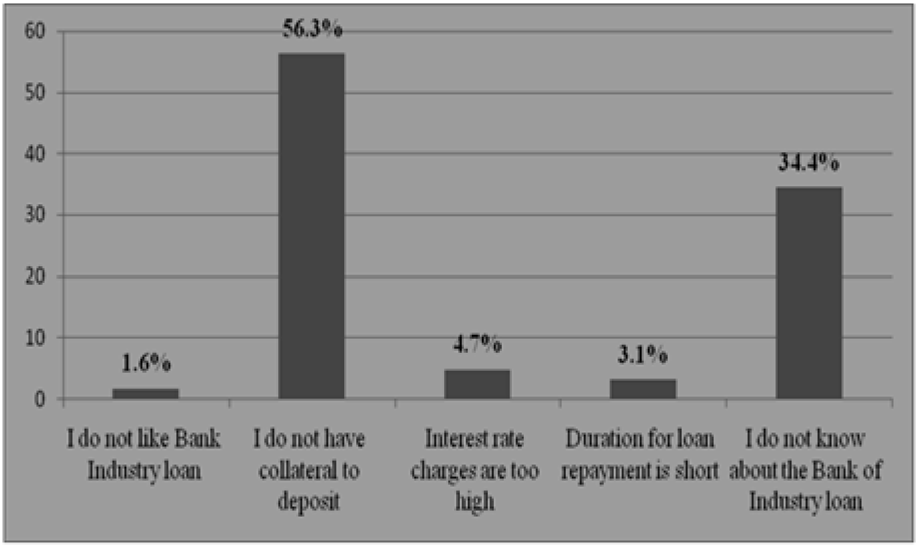
Figure 2: Proportion of artisans who applied for a loan from the BOI



Source: Field Data, 2024

Data presented in Figure 2 reveals that a significant majority (72.1%) of leatherworkers in Anambra State have not applied for the BOI loan, while only 27.9% of respondents have submitted applications. This low application rate may indicate a need for increased awareness, access, or incentives for leatherworkers to utilise BOI business financing, which could have implications for the productivity and growth of these businesses.

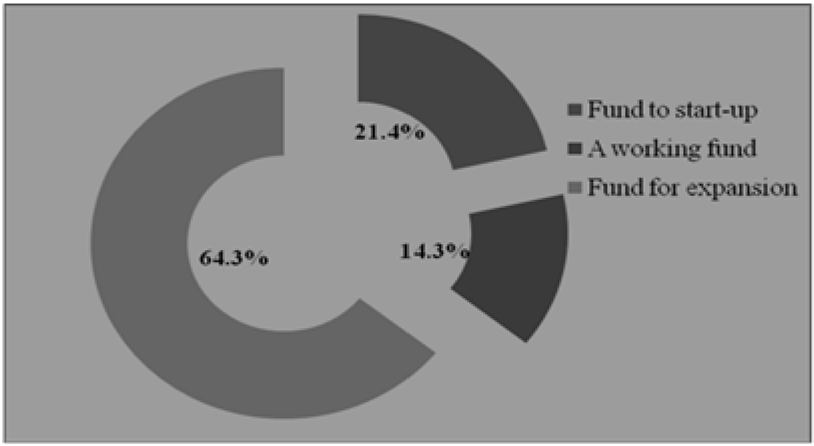
Figure 3: Percentage distribution of reasons for avoidance of the BOI loan among artisans



Source: Field survey, 2024

Data presented in Figure 3 shows that most of the respondents (56.3%) did not apply for the BOI loan due to inadequate collateral requirements, while 34.4% did not apply because of inadequate information about the operations of BOI in Anambra State. Other factors revealed by the respondents include high-interest charges (4.7%), short duration for loan repayment (3.1%), and dislike of BOI loans (1.6%). This shows that inadequate information about the BOI operations and stringent lending requirements hinder leatherworkers in the state from accessing the BOI credits.

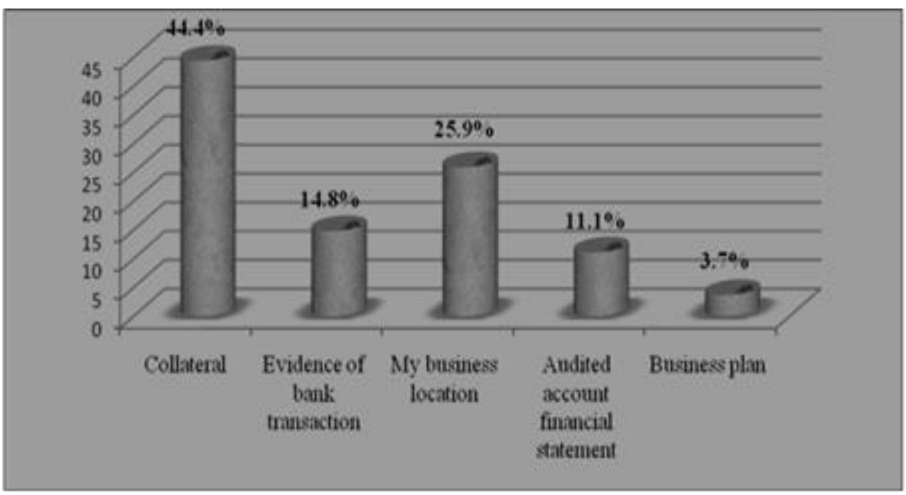
Figure 4: Percentage distribution of reasons for the BOI loan application among artisans



Source: Field survey, 2024

Data presented in Figure 4 shows that 64.3% of respondents who applied for the BOI loan did so to procure funds for the expansion of their enterprises, while 21.4% applied to secure start-up funds for their businesses. 14.3% of the respondents applied for the BOI loan to procure a working fund. The responses above show that most leatherworkers need the BOI credits for business expansion, which will in turn create more channels for employment and revenues.

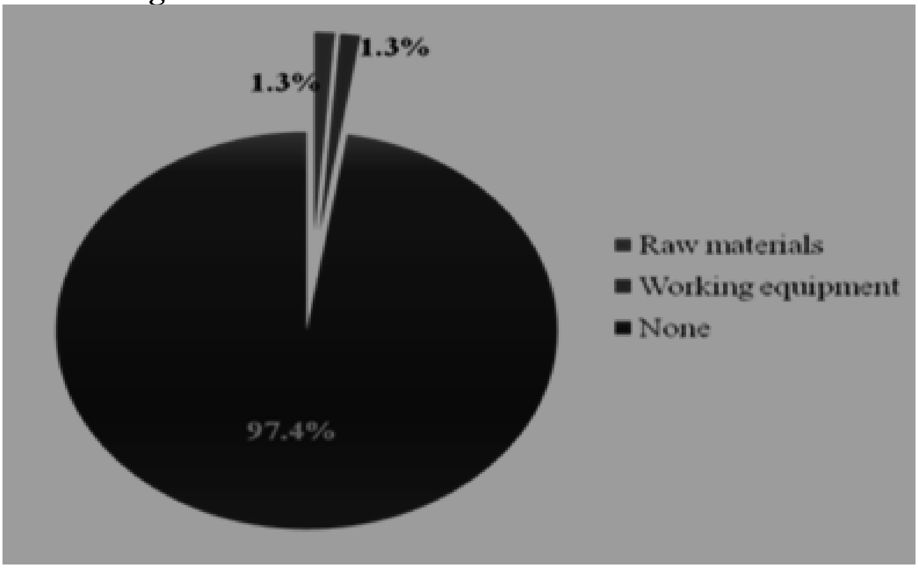
Figure 5: Proportion of requirements for the BOI loan among artisans



Source: Field survey, 2024

Figure 5 presents data on various requirements for accessing the BOI loan. 44.4% of respondents showed that the provision of collateral was the major requirement for accessing the BOI loan, while business location accounted for 25.9% of responses. On the other hand, 14.8%, 11.1%, and 3.7% of the respondents noted that evidence of bank transactions, audited account financial statements, and business plans were required for loan procurement from the BOI. The requirement of collateral for the BOI loan is at the top of the respondents' responses. The implication is that most of the leatherworkers in Anambra State face significant barriers in accessing BOI loans, primarily due to their limited financial resources and lack of collateral.

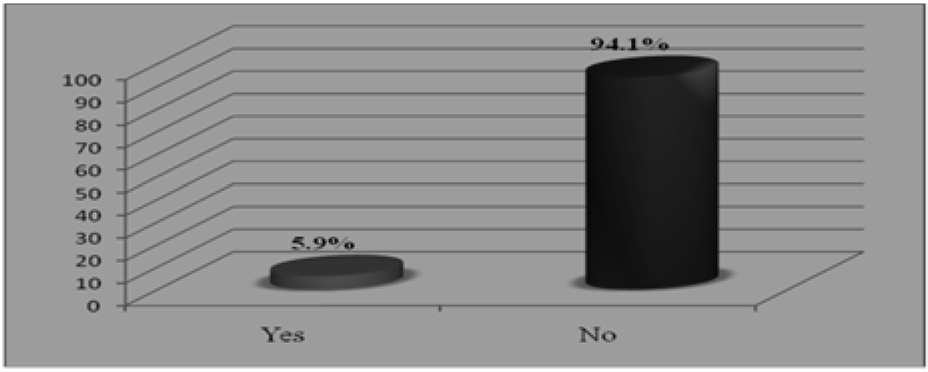
Figure 6: Proportion of non-financial support received from the BOI among artisans



Source: Field survey, 2024

Figure 6 shows that an overwhelming 97.4% of respondents did not received non-financial support from the BOI. Only 1.3% reported receiving raw materials and working equipment from the bank. The implication is This suggests that the BOI non-financial support for leatherworkers in Anambra State has been inadequate, indicating a significant gap in support for this sector.

Figure 7: Frequency of perceptions among artisans on the support of BOI to leatherworkers in Anambra State

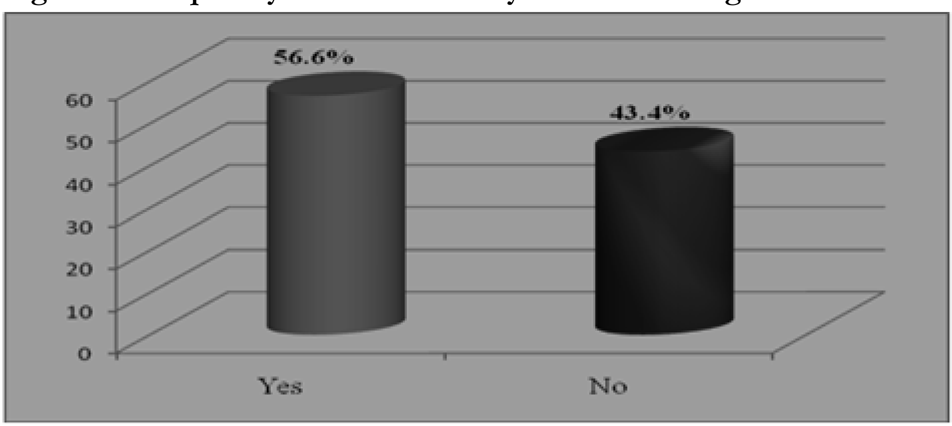


Source: Field survey, 2024

Figure 7 shows that 94.1% of the respondents perceived the BOI as unsupportive of the leatherwork industry's growth in Anambra State, with only 5.9% of the respondents holding a contrary view. This widespread perception of inadequate support from the BOI implies that many leatherworkers may be forced to operate at a subsistence level, rely on personal savings, or seek high-interest loans from commercial banks to remain in business, ultimately threatening the sustainability of their businesses.

The barriers faced by the leatherworkers in Anambra State in accessing the BOI loans

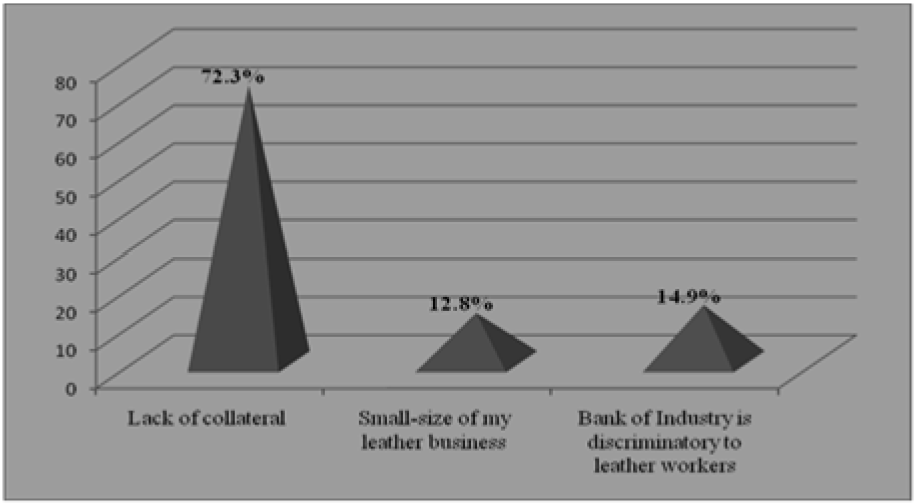
Figure 8: Frequency of loan denials by the BOI among artisans



Source: Field survey, 2024

Figure 8 shows that most respondents (56.6%) have been denied the opportunity to access the BOI loan, while 43.4% of them responded to the contrary.

Figure 9: Frequency of reasons for the BOI loan denial among artisans



Source: Field survey, 2024

Figure 9 indicates that a significant majority (72.3%) of respondents were unable to access BOI loans due to lack of collateral. Additionally, 12.8% and 14.9% cited discrimination against leatherworkers and the small scale of their businesses, respectively, as barriers to accessing BOI loans. The predominant obstacle to accessing BOI loans was the lack of collateral. This suggests that and vulnerable leatherwork businesses in Anambra State face significant challenges in securing BOI loans.

The general sources of funds and challenges to leatherworkers in Anambra State

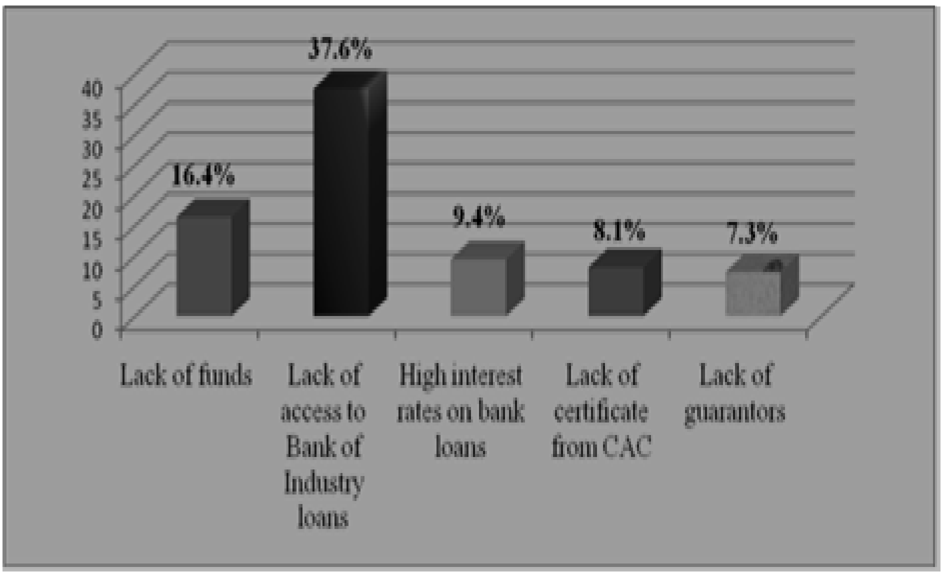
Table 2: Sources of funds to leatherworkers in Anambra State

Sources of funds	Initial funding sources	General funding sources
Personal savings	78 (90.6%)	69 (80.0%)
Family and friends	7 (8.2%)	12 (14.1%)
Commercial/other bank loans	1 (1.2%)	5 (5.9%)
Total	**86 (100%)**	**86(100%)**

Source: Field survey, 2024

Table 2 shows that 90.6% of respondents started their leatherwork with theirpersonal personal savings, while 8.2% leveraged from their family and friends. However, only 1.2% generated their business start-up fund through loans from commercial/other banks. Also, Table 6.1.4.1 shows that 80% of respondents relied on theirpersonal savings to run their businesses, while those who relied on funds from family and friends and loans from commercial/other banks accounted for 14.1% and 5.9%, respectively. This result indicates that both initial funding sources and general funding sources were majorly generated from personal savings. The implication of most leatherworkers procuring their business funds from their savings is that business expansion would be hindered, job creation will be limited and revenue generation will be restricted. With most respondents relying on their savings, slow growth of the leatherwork subsector is inevitable.

Figure 10: Major challenges facing the growth of leatherwork in Anambra State



Source: Field survey, 2024

Figure 10 presents various challenges affecting the respondents (leatherworkers) in Anambra State. These challenges include lack of access to BOI loans (accounting for 37.6% of the responses), lack of funds (accounting for 16.4% of the responses), high interest rates on bank loans (accounting for 9.4% of the responses), lack of a Certificate of Incorporation from the Corporate Affairs Commission (accounting for 8.1% of the responses), and lack of high-profile guarantors for BOI loans (accounting for 7.3% of the responses).

Thus, the survey results generated from questionnaires show that the BOI microenterprise financing scheme did not enhance the growth of leather clusters in Anambra State due to stringent loan requirements and inadequate information about the loan.

Analysis of Data from the Interviews

To supplement the survey findings and gain deeper insights, interviews were conducted with key stakeholders in the leather-making industry in Anambra State. The analysis of the interviews is structured around key themes as follows:

Socio-demographic characteristics of participants

Table 3: **Participants Codes and Biodata**

Participants codes	Business Location	Age	Educational Level	Average Monthly Income
RID1	Nnewi	57	FSLC	150,00
RID2	Nnewi	26	SSCE	90,000
RID3	Nnewi	45	SSCE	135,000
RID4	Nnewi	38	FSLC	120,000
RID5	Nnewi	34	FSLC	130,000
RID6	Onitsha	40	FSLC	100,000
RID7	Onitsha	25	OND	70,000
RID8	Onitsha	62	FSLC	110,000
RID9	Onitsha	41	SSCE	100,000
RID10	Onitsha	29	SSCE	130,000
RID11	Nkwelle	38	FSLC	120,000
RID12	Nkwelle	65	FSLC	100,000
RID13	Nkwelle	33	OND	150,000
RID14	Nkwelle	42	SSCE	170,000
RID15	Nkwelle	27	SSCE	80,000

Source: Researchers' Field work, 2024

The respondents come from low socio-economic backgrounds, experiencing financial instability and urgency regarding BOI loans. Demographically, they are:

- Aged 27-65
- Fluent in Igbo, Pidgin, or English
- Christian

- Limited formal education

Their businesses operate in Nkwelle Ezunaka Market, Nnewi Market, and Main Market Onitsha. Understanding these socio-demographic characteristics is crucial for developing targeted interventions to support the growth of leather businesses in Anambra State.

Years of Experience in Leatherwork

Interviews with leatherworkers revealed that many have at least 10 years of experience. Mr. Chukwuka, a union leader, shared that he had spent over a decade in leatherwork. Other participants also reported long-term involvement in artisanal leatherwork, with one noting, "I've made shoes for over 15 years, training workers and continuing to do so." This dedication and passion are key characteristics of successful leatherwork businesses.

Prospects of Leatherwork in Anambra State

Participants highlighted that leatherwork can be a profitable venture, provided necessary resources are available. One participant noted, "Shoemaking is a very lucrative business but taxing and demanding for physical, mental, and financial inputs." Another participant, Mr. Nnamani, echoed this sentiment, stating, "We produce a variety of footwear here, including boots, corporate shoes, leather slippers, sandals, etcetera; all that we need is the assistance of the government, and with that, we shall achieve more productivity." The viability of leatherwork underscores the need for public funding to support stakeholders in expanding operations, creating jobs, and generating revenue.

Challenges to Leatherworkers in Anambra State

The interviews with several participants reveal various challenges plaguing leatherwork in Anambra State. For reference, several participants disclosed critical challenges faced by the leatherworkers in Anambra State. These include lack of funds, electricity, working facilities, raw materials, and low patronage of local content. These challenges are considered to constrain the productivity of leatherworkers in the state. As one participant, Mr. Chukwuka pointed out:

> There are some challenges facing leatherworks in Anambra State. They include a lack of working equipment and the inaccessibility of external funds and raw materials. We do not have machinery, and we find it difficult to access bank loans because of the high interest rates. So, we are considering working with our meagre resources rather than receiving bank loans with high-interest charges.

Most of the challenges facing leatherworks in the Anambra State are attributed to a lack of business funding. As one respondent remarked, "Our major problem in leatherwork is inadequate access to loans, especially from government-owned financial institutions." Corroborating the views above, another interviewee, Mr. Uche, noted:

> Besides limited finances, another problem is inadequate working equipment or machines. If you go to Asia, Europe, or America, large-scale leatherwork is done with machines. In those technologically advanced countries, with little human labour in leather production, machines perform the rest of the tasks. But here, from morning to evening, everything we do in shoemaking is by manual labour and crude means.

Another participant emphasised that tech-driven leatherwork is tied to stable electricity. The respondent pointed out:

> If we have access to machines, we must also have stable electricity. This is because machines without electricity imply that we power them with gas, which will increase the cost of production. This amounts to nothing. Therefore, we need machines, and we need financial support from banks.

Notably, the participants identified the preference for foreign-made leather products over local ones as a major challenge facing leatherworkers in Anambra State. As one interviewee noted:

> We also face the problem of fierce competition from foreign leather products. Nigerians prefer to patronise imported leather products to the detriment of locally made ones, which are even better and stronger. This trend causes us to incur losses. During the COVID-19 pandemic, when the Nigerian borders were closed, we enjoyed enough patronage and made huge incomes, but the moment the borders were reopened, our fortunes reversed due to competition with foreign-made leather products.

These challenges reflect the miserable conditions that leatherworkers operate in and the need for urgent government interventions. With access to finance, leatherworkers can expand the scope of their operations, increase productivity, and create more jobs and revenue windows for unemployed people and the government.

Lack of Access to BOI loans

The interviews with leatherworkers reveal a widespread sense of frustration regarding the inaccessibility of BOI loans. For instance, Mr. Chukwuka, a local coordinator, expressed concerns about the stringent criteria required for obtaining a loan, particularly, the need for a high-ranking civil servant as a guarantor. This requirement is seen as a major obstacle for many leatherworkers, particularly those from humble or low-income backgrounds. As one interviewee remarked, "If my father had a high-value piece of land, I would sell it to invest in my business rather than give it as collateral for a loan that would put me under unbearable pressure." These stringent loan terms are perceived to scare leatherworkers away from approaching the BOI for credit facilities.

This sentiment is shared by other members of various associations of leatherworkers, who feel that BOI's requirements are disconnected from the realities of small artisanal businesses. Another participant, Mr. Uche, emphasised that despite multiple attempts to secure a loan, the bank's requirements make the process practically inaccessible. Specifically, Mr. Uche remarked:

> The truth is that I once visited the BOI office to apply for a loan, and they told me to bring collateral and provide a Certificate of Incorporation from the Corporate Affairs Commission (CAC) of Nigeria. I tried my best to register with the CAC to no avail. Coupled with the inability to provide collateral, I was unable to secure the loan. Stringent requirements are the major barriers to BOI loans that every leatherworker in this market faces. We have told the officials of BOI to simplify the conditions for the bank's loan, but they refused, making it a concern to us. So, we are appealing to the BOI and relevant stakeholders to lend us money. If they do so, we will do well. We are manufacturers, and we contribute to Nigeria's economy. We should be encouraged financially.

In the same vein, one interviewee noted, "We feel pained that the BOI is not supporting our businesses." This sentiment is corroborated by another participant who remarked, "We have made efforts as a union to draw the attention of BOI to this market, but nothing happened." Furthermore, several participants perceive the BOI loans as exclusive reserves for the few people in the society. For example, an interviewee, Mr. Ekperewerechi, asserted:

> If you 'don't' have "long legs" or parley with high-profile people in society, you cannot secure a loan from the BOI. Looking at the loan requirements, where you have to bring collateral and provide ranking guarantors, it is obvious the bank does not have us in mind. As a struggling leatherworker, where am I going to get a ranking civil or public servant (in the grade level or financial capacity expected) to be my guarantor?

These concerns reflect a disconnect between BOI policies and the needs of small businesses in the leather sector. The concerns also underscore the urgency for sustainable funding of this key economic subsector, which catalyses job creation, wealth, and revenue generation.

Lack of Awareness and Information Regarding the BOI Loan

Several participants mentioned a lack of information regarding BOI loan terms and non-financial services. For example, a member of the Shoe Manufacturers' Union noted that they had filled out forms several times to access loans with no tangible results. This frustration underscores an urgent need to improve communication between BOI and local artisans to ensure a better understanding of the services offered.

Major Sources of Funds to Leatherworkers

Many participants stressed that the absence of external funding from development finance institutions, such as the Bank of Industry (BOI), has forced them to rely on personal savings, as well as financial support from relatives and friends, to sustain their leather businesses.

As one of the participants revealed:

> All this while, I do leatherwork when I get a contract that requires huge financing for execution; I rally around my friends to borrow money from them and repay them immediately after project execution. I know many leatherworkers in the state rely on personal savings and funds from friends and relatives to operate their businesses.

The meagre sources of funds available to these small business entrepreneurs cast doubts on the ability of leatherworkers to expand their operations and increase productivity. Given the leather sector's potential for driving c economic growth and development, it is imperative to reassess the Bank of Industry's loans for small-scale artisan business owners.

Perspectives of the BOI Officials on the Inaccessibility of Loans to Leatherworkers

The interviews with the BOI officials at the Awka office exposed a striking lack of accountability, as they showed reluctance to take responsibility for the difficulties leatherworkers face in accessing BOI loans and non-financial services. A top BOI official remarked:

> The bank indeed considers lending to cooperatives through the Organised Private Sector (OPS) for micro-lending. However, we have observed that most of these cooperatives are multipurpose or thrift/lending in nature. These have no product synergy. This has led to the failure of the collective guarantee security arrangement. In the interim, the bank advises that these individuals approach as registered business names or enterprises. The bank will lend up to N10 million to these customers, with the provision of just two guarantors.

The interview results confirm that the Bank of Industry's microenterprise financing scheme has not contributed to the growth of leather clusters in Anambra State. This finding is consistent with the results obtained from the questionnaire survey. Both the interview and questionnaire results reveal that leatherworkers face significant barriers in accessing BOI loans and services, including strict credit requirements, lack of information about the bank's operations, and other challenges.

Discussion

Significantly, the result of this empirical research work was compared with related studies by other scholars. The survey result of this study parallels some empirical research findings. For instance, Yamma et al. (2023) investigated the effects of BOI business financing on SMEs in Abuja from 2014 to 2021. The authors distributed culpability between the BOI and operators of SMEs for the poor performance of the SMEs in the study area. Specifically, Yamma et al. (2023) found that the BOI is not doing enough to enhance the performance of SMEs in Abuja, while the SMEs are plagued with a lack of skills and necessary training to keep appropriate records of their businesses. In a related study, Ojeleke and Aransiola (2022) examined the financial contribution of BOI to SMEs in the Ikeja business district of Lagos State. The findings showed that the BOI financial support to SMEs in the study area is too minimal. A previous study by Nwankwo and James (2017) found that the impact of BOI lending on the productivity of micro, small, and medium-sized enterprises in Nigeria is not promising.

This study's empirical findings, however, contradict the results of several related studies. For instance, Dangiwa, Shekarau, and Dogara (2022) examined the role of BOI in small business promotion in Kaduna State. The study concluded that the BOI financing enabled small business owners to engage in productive investments, expand their businesses, acquire the latest technologies, and enhance their competitiveness. In the same vein, Sama'ila and Tahir (2012) examined the role of BOI on the growth of SMEs in the Bauchi Metropolis. The study found a positive correlation between the credit facilities collected by the SMEs from the BOI and the utilisation of those loans to achieve the intended objectives. Ogunsanwo and Olowo (2020) examined the role of BOI in small-scale entrepreneurial development in Ekiti State and found that BOI financing mitigates the challenges militating against SMEs. Bello and Abdullahi (2018) examined the roles of the BOI on SMEs in the Kano Metropolis. The findings showed that BOI financing plays a pivotal role in the development of SMEs in the study area.

Conclusion, Limitations and Future Directions

Conclusion

The survey results conclusively show that the Bank of Industry's microenterprise lending scheme failed to promote the growth of leather cluster enterprises in Anambra State between 2015 and 2023. This finding is supported by the overwhelming majority (94.1%) of respondents who believe that the BOI has not supported the growth of the leather industry in the state (see Figure 2.6). Both the questionnaire and interview results highlight that the BOI's stringent loan requirements and lack of transparency in its operations hinder leatherworkers' access to financial and non-financial services. Consequently, most leatherworkers rely on personal savings, support from relatives and friends, and limited commercial bank financing to fund their businesses.

Limitations

This study faced several limitations. Firstly, financial constraints. Since the study was self-funded, the scope was restricted to only small sample size, covering a limited area of Anambra State's 21 Local Government Areas. Another challenge was the limited time available from participants, who were accessible only during their working hours. Many were unwilling to participate, while those who did had divided attention, torn between work demands and our study. This compromised the quality and quantity of information gathered. Additionally, the participants' low educational attainment posed a limitation. Over 50% of respondents were Senior School Certificate holders, lacking familiarity with formal financial institutions like the BOI. Many also failed to grasp the study's significance to their business growth, leading to a lackluster attitude from some participants.

Future Directions

Based on the study's findings, it is recommended that the Bank of Industry (BOI) provide loans to leatherworkers through unions or cooperatives. This approach would minimise the risk of default or absconding, as the union or cooperative leadership would oversee their members' activities and serve as guarantors. This would facilitate easy access to BOI loans, enable progress tracking, and ensure timely loan repayment. This recommendation is particularly important, given that most leather workers in the state face financial constraints and struggle to provide the required collateral and guarantees for BOI loans. This study's findings will also serve as a valuable resource for future researchers exploring the role of BOI in promoting various sectors, including agriculture, waste recycling, and the application of artificial intelligence in industries such as automobile manufacturing and entertainment in Nigeria.

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