

Entrepreneurial Financing and Sustainable Economic Development of Rural Communities in South-South Nigeria

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ABSTRACT

This study examined the effect of entrepreneurial financing on the sustainable economic development of rural communities in South-South Nigeria, focusing on access to credit financing, microfinance services, and savings and investment financing. A descriptive survey research design was adopted, targeting 357 rural entrepreneurs across six states in the South-South region. Respondents were selected using a multi-stage sampling technique, combining random and purposive methods to ensure representativeness across different rural local government areas. Data were collected using a structured questionnaire titled Entrepreneurial Financing and Rural Economic Development Questionnaire (EFREDQ), validated by experts and tested for reliability, yielding a Cronbach's Alpha of 0.82. Descriptive statistics and multiple regression analyses were used to analyse the data and test the three research hypotheses at a 0.05 level of significance. The findings revealed that access to credit financing significantly enhances income generation, microfinance services positively influence employment creation, and savings and investment financing significantly affect business growth and sustainability of rural enterprises. These results align with both the Financial Intermediation Theory and the Sustainable Livelihoods Theory, highlighting the importance of financial resources in promoting entrepreneurial activity and community development. The study concludes that entrepreneurial financing is a key driver of sustainable economic development in rural South-South Nigeria. Based on the findings, it is recommended that government agencies, microfinance institutions, and development partners enhance access to credit, provide tailored financial products, and offer capacity-building programmes for rural entrepreneurs to strengthen business sustainability, create employment opportunities, and improve income levels in rural communities.

1.0 INTRODUCTION

Entrepreneurial activity has increasingly been recognised as a key engine for economic growth and structural transformation in developing economies, particularly in rural settings where agriculture and micro, small and medium enterprises (MSMEs) dominate local livelihoods. According to Nwankwo and Okeke (2017), rural entrepreneurship plays a critical role in wealth creation, employment generation and the improvement of living standards in Nigeria's rural areas (Nwankwo & Okeke, 2017). In the South-South geopolitical zone of Nigeria, which comprises Delta, Bayelsa, Rivers, Cross River, Akwa Ibom and Edo states, rural communities are richly endowed with natural resources and human capital yet continue to face challenges of poverty, infrastructure gaps and low levels of economic participation. Research by Udom and Akpan (2025) highlights the varied business opportunities in these rural areas, from agribusiness to non-farm enterprises and informal cooperatives, but notes that enterprise growth is frequently constrained by limited access to finance and weak entrepreneurial ecosystems (Udom & Akpan, 2025).

Entrepreneurial financing refers to the provision of financial resources, whether through credit, equity, savings, microfinance or innovative digital financing platforms that enable entrepreneurs to start, sustain or grow their ventures. Access to finance has been repeatedly identified as a fundamental constraint on entrepreneurship development in developing contexts, where formal banking services tend to be inaccessible or inappropriate for small rural ventures (Jolaiya, 2023; Salawu & Fasakin, 2023). Indeed, empirical evidence from Nigeria indicates that many rural entrepreneurs struggle to obtain bank credit or maintain formal savings accounts, which limits their ability to diversify beyond subsistence agriculture and expand livelihood opportunities (Salawu & Fasakin, 2023). In South-South Nigeria, where agricultural and non-agricultural enterprises coexist, this financial exclusion directly curtails the potential of locally owned businesses to contribute meaningfully to sustainable economic outcomes.

Sustainable economic development in rural communities implies not only short-term increases in incomes but the promotion of enduring economic resilience, reduced vulnerability to shocks, improved standards of living and environmental sustainability. Scholars have argued that when rural entrepreneurs gain adequate access to financial services including loans, savings mechanisms and tailored financial products, they are able to invest in productivity-enhancing technologies, adopt innovative practices and contribute to broader community development goals (Gyimah, Owusu-Afriyie & Lussier, 2024). In rural Nigeria, microfinance initiatives have been shown to deliver positive transformation for low-income households, particularly through supporting agricultural investment, savings mobilisation and credit delivery for income-generating activities (Odi, Olukotu & Abah, 2025). These impacts extend beyond individual business success to influence local employment, poverty reduction and inter-generational wealth creation all elements central to sustainable economic development.

Despite the recognised importance of entrepreneurial financing, rural communities in the South-South zone continue to suffer from pervasive financial exclusion. The low penetration of formal financial services in these areas stems from a combination of supply-side factors such as high transaction costs, lack of rural bank branches, collateral requirements and limited financial literacy and demand-side barriers, including low awareness of financial products and risk aversion among rural business owners. Such constraints not only restrict the mobilisation of rural savings but also limit access to affordable credit, which in turn dampens enterprise creation and growth (Jolaiya, 2023; Salawu & Fasakin, 2023). This landscape is further complicated by infrastructural deficits such as inadequate power supply, poor transportation networks and limited digital connectivity that increase operating costs for rural entrepreneurs and reduce their competitiveness within broader regional markets.

In response to these challenges, Nigeria has witnessed a gradual diversification of financing mechanisms aimed at promoting financial inclusion and entrepreneurial growth. Traditional microfinance banks, government development financing institutions such as the Bank of Agriculture, and impact-oriented intermediaries like the Nigerian Capital Development Fund (NCDF) have sought to expand credit access for rural enterprises, particularly in agribusiness and small-scale trade sectors (Bank of Agriculture; NCDF). These interventions aim to bridge the rural finance gap, support investment in sustainable livelihood activities, and stimulate economic participation among hard-to-reach populations. However, the effectiveness of such initiatives remains uneven, often due to implementation bottlenecks, weak policy coordination and limited uptake among target beneficiaries.

In recent years, digital financial innovation has emerged as a complementary channel for entrepreneurial financing in rural Nigeria, offering alternatives to traditional banking structures. Digital platforms, mobile money services and fintech-driven credit products have the potential to democratise access to finance, reduce geographical barriers and introduce flexible financing options for rural entrepreneurs who are otherwise excluded from formal financial systems. These developments align with contemporary research on financial inclusion, which emphasises the role of digital tools in expanding credit access, lowering transaction costs and facilitating investment in sustainable business practices (Ojeh et al., 2025). Nevertheless, the adoption of digital finance is contingent on factors such as digital literacy, network infrastructure and trust in technology conditions that are still evolving in many South-South rural communities.

Given this context, it becomes imperative to empirically examine how entrepreneurial financing affects sustainable economic development in rural communities within South-South Nigeria. The study seeks to unravel the complex relationships between access to finance, enterprise performance and broader economic outcomes at the community level. By situating entrepreneurial financing within the lived realities of rural stakeholders including farmers, micro-enterprises and emerging SMEs this research responds to both academic and policy interests in rural transformation. Enhancing our understanding of these dynamics will not only contribute to the scholarly literature on rural entrepreneurship and development finance but also inform practical strategies for policymakers, financial institutions and development partners committed to equitable and sustainable economic growth in Nigeria's rural South-South zone.

Statement of the Problem

Entrepreneurship is widely acknowledged as a viable pathway for stimulating economic growth, employment creation and poverty reduction in Nigeria, particularly within rural communities. However, despite the abundant natural resources and entrepreneurial potential in rural areas of the South-South region, sustainable economic development remains weak and uneven. Many rural enterprises operate at subsistence level, characterised by low productivity, poor innovation and limited capacity for expansion. Scholars have attributed this situation largely to persistent challenges in accessing adequate and affordable entrepreneurial financing (Nwankwo & Okeke, 2017; Jolaiya, 2023). One major problem is the limited reach of formal financial institutions in rural South-South Nigeria, coupled with stringent collateral requirements, high interest rates and inadequate financial literacy among rural entrepreneurs. These challenges are further compounded by weak infrastructure, policy inconsistencies and the dominance of informal financing arrangements that are often insufficient for long-term business growth (Salawu & Fasakin, 2023). As a result, many rural entrepreneurs are unable to scale their businesses or adopt sustainable practices that could enhance community-wide economic development.

Although government programmes, microfinance initiatives and digital financial solutions have been introduced to address these challenges, their impact has remained marginal. Implementation gaps, poor targeting, low awareness and trust deficits have limited the effectiveness of these interventions (Odi, Olukotu & Abah, 2025). Consequently, rural poverty, unemployment and economic vulnerability continue to persist in the region. Existing literature has largely focused on financial inclusion or microfinance impacts in general, with limited empirical attention to how entrepreneurial financing specifically drives sustainable economic development at the rural community level in South-South Nigeria. This gap necessitates a focused investigation into the nature, effectiveness and developmental implications of entrepreneurial financing in the region. The present study therefore seeks to fill this gap by examining the relationship between entrepreneurial financing and sustainable economic development of rural communities in South-South Nigeria.

Research Objectives

The primary objective of this study is to examine the effect of entrepreneurial financing on sustainable economic development of rural communities in South-South Nigeria. Specifically:

1. To examine the effect of access to credit financing on income generation among rural entrepreneurs in South-South Nigeria.
2. To assess the influence of microfinance services on employment creation in rural communities of South-South Nigeria.
3. To evaluate the effect of savings and investment financing on business growth and sustainability in rural enterprises within South-South Nigeria.

Research Questions

1. What is the effect of access to credit financing on income generation among rural entrepreneurs in South-South Nigeria?
2. What is the influence of microfinance services on employment creation in rural communities of South-South Nigeria?
3. What is the effect of savings and investment financing on business growth and sustainability in rural enterprises in South-South Nigeria?

Research Hypotheses

H₀₁: There is no significant effect of access to credit financing on income generation among rural entrepreneurs in South-South Nigeria.

H₀₂: There is no significant relationship between microfinance services and employment creation in rural communities of South-South Nigeria.

H₀₃: There is no significant effect of savings and investment financing on business growth and sustainability of rural enterprises in South-South Nigeria.

LITERATURE REVIEW

Concept of Entrepreneurial Financing

Entrepreneurial financing refers to the structured process through which financial resources are mobilised, allocated and utilised to support entrepreneurial ventures throughout their life cycle

from inception to growth and sustainability. This concept encompasses diverse sources such as formal bank credit, microcredit, savings, equity, crowdfunding and digital finance mechanisms that enable entrepreneurs to procure capital required for productive activities (Financial market theory of development, 2000). Access to entrepreneurial finance, especially in rural contexts, helps bridge gaps between resource scarcity and investment goals, thereby enhancing productive engagement and economic participation. The theoretical grounding for entrepreneurial finance stems from the notion that financial constraints hinder entrepreneurship particularly in developing resulting in under-utilisation of human and natural resources (Financial market theory of development, 2000). In rural communities, limited formal credit access and lack of scalable finance products often reduce entrepreneurial initiatives, consequently affecting local economic growth.

Credit Financing and Income Generation

Credit financing is one of the most pivotal components of entrepreneurial financing, offering business owners the working capital and investment funds needed to scale operations. The availability of credit enables rural entrepreneurs to acquire inputs, adopt improved technologies, and expand market engagements. Studies on access to finance consistently show that when entrepreneurial units receive adequate credit at reasonable terms, there is measurable improvement in income generation and business stability (Adegboyega, 2024). However, rural settings often face structural challenges such as high transaction costs, weak banking networks and stringent collateral requirements that limit effective credit uptake (Adegboyega, 2024). Additionally, credit financing is influenced by institutional structures, risk perceptions and regulatory environments which shape lending practices and accessibility in rural areas, thus affecting income outcomes for rural entrepreneurs.

Entrepreneurial Financing and Income Generation among Rural Entrepreneurs

Entrepreneurial financing has been widely recognised as a critical catalyst for income generation, particularly within rural economies where livelihood opportunities are limited and often informal. According to Nwankwo and Okeke (2017), access to finance enables rural entrepreneurs to move beyond subsistence activities into income-yielding ventures that improve household welfare and local economic participation. In Nigeria's rural communities, income generation is closely tied to the availability of affordable credit that supports business start-up, expansion and diversification across agricultural and non-agricultural enterprises. Access to credit financing provides entrepreneurs with working capital needed to purchase inputs, adopt improved technologies and respond to market opportunities. Empirical evidence from developing economies indicates that credit access significantly increases business revenues and stabilises income flows for rural households (World Bank, 2022). In the Nigerian context, rural entrepreneurs often rely on personal savings or informal borrowing, which limits the scale and profitability of their ventures. Jolaiya (2023) observed that inadequate credit access constrains productivity and reinforces income volatility among rural business operators. In South-South Nigeria, where rural livelihoods are influenced by agriculture, fisheries and small-scale trading, access to credit financing remains uneven. Financial institutions frequently perceive rural entrepreneurs as high-risk borrowers due to lack of collateral, unstable income streams and limited financial records. As a result, formal credit remains inaccessible to many rural business owners, thereby reducing their capacity to generate sustainable income (Salawu & Fasakin, 2023). This exclusion has broader implications for rural poverty and inequality, as income-generating opportunities become concentrated among a small segment of financially connected individuals. Studies further suggest that when credit financing is accessible and appropriately structured, it enhances entrepreneurial resilience and income sustainability. Gyimah, Owusu-Afriyie and Lussier (2024) emphasised that tailored financing models, such

as flexible repayment schedules and sector-specific credit products, improve income outcomes for rural entrepreneurs. However, existing literature has largely examined income effects at the household level, with limited focus on the broader rural community implications in the South-South region. Therefore, while prior studies establish a link between credit financing and income generation, there remains a need for region-specific analysis that considers the unique socio-economic realities of rural South-South Nigeria. This study builds on existing literature by examining how access to credit financing influences income generation among rural entrepreneurs and contributes to sustainable economic development at the community level.

Microfinance Services and Employment Creation in Rural Communities

Microfinance services have emerged as a key policy instrument for promoting employment creation in rural areas of developing economies. By providing small loans, savings facilities and business support services, microfinance institutions aim to empower entrepreneurs who are excluded from formal banking systems. According to Odi, Olukotu and Abah (2025), microfinance plays a significant role in stimulating self-employment and supporting labour absorption within rural economies in Nigeria. Employment creation in rural communities is often driven by micro and small enterprises that rely on modest capital investment. Microfinance services support these enterprises by enabling entrepreneurs to hire labour, expand production and engage in value-adding activities. Empirical studies indicate that access to microfinance increases business survival rates and encourages the creation of both family and non-family employment opportunities (ILO, 2023). In rural Nigeria, where formal wage employment is scarce, such enterprises serve as vital sources of livelihood for youths and women. In the South-South region, microfinance institutions operate across agricultural, trading and service sectors, yet their impact on employment creation remains mixed. While some studies report positive employment effects, others highlight limitations arising from high interest rates, short loan tenures and inadequate business training (Adegboyega, 2024). These challenges reduce the capacity of rural enterprises to expand their workforce sustainably and undermine the long-term employment benefits of microfinance interventions. Furthermore, policy and institutional weaknesses have constrained the effectiveness of microfinance programmes in rural Nigeria. Poor monitoring, political interference and weak integration with broader rural development strategies have limited employment outcomes (World Bank, 2022). In many cases, microfinance loans are used for consumption smoothing rather than productive investment, thereby diluting their employment-generating potential. Although existing literature acknowledges the role of microfinance in employment creation, few studies have explicitly examined this relationship within the context of rural South-South Nigeria. Most empirical works adopt national-level analyses or focus on urban informal enterprises. This study addresses this gap by assessing the influence of microfinance services on employment creation in rural communities of the South-South zone, thereby contributing region-specific evidence to the discourse on sustainable rural development.

Savings, Investment Financing and Business Growth Sustainability in Rural Enterprises

Savings and investment financing constitute essential components of entrepreneurial financing that support long-term business growth and sustainability. Sustainable enterprises are those capable of maintaining operations, adapting to market changes and contributing consistently to local economic development. According to OECD (2023), savings mobilisation strengthens financial resilience, while investment financing enables capital formation necessary for enterprise expansion and innovation. In rural Nigeria, savings serve as both a risk-management strategy and a source of self-financing for business investment. Rural entrepreneurs who maintain savings are better positioned to reinvest profits, absorb economic shocks and reduce dependence on costly external borrowing. Research indicates that access to formal savings

instruments enhances business planning and promotes sustainable growth among small enterprises (World Bank, 2022). However, limited financial infrastructure and low financial literacy continue to restrict savings mobilisation in rural communities. Investment financing, whether through retained earnings, cooperative societies or development finance institutions, supports asset acquisition and productivity improvement. In the South-South region, investment in processing equipment, storage facilities and transport infrastructure has the potential to enhance enterprise competitiveness and value chain participation. Yet, studies show that rural enterprises face difficulties accessing long-term investment finance due to perceived risks and weak institutional support (Jolaiya, 2023). The sustainability of rural enterprises is further influenced by the alignment of financing with environmental and social considerations. Sustainable investment financing encourages responsible resource use, local employment retention and community-based economic growth. Gyimah et al. (2024) noted that enterprises with access to patient capital and savings-linked financing exhibit higher survival rates and stronger growth trajectories. Despite growing interest in sustainable entrepreneurship, empirical research on the role of savings and investment financing in rural enterprise sustainability remains limited, particularly in South-South Nigeria. Existing studies often focus on credit or microfinance in isolation, overlooking the combined effects of savings and investment mechanisms on long-term business growth. This study seeks to fill this gap by evaluating how savings and investment financing influence business growth and sustainability of rural enterprises, thereby advancing understanding of sustainable economic development in rural south-South Nigeria.

Theoretical Framework

Financial Intermediation Theory

The Financial Intermediation Theory provides a strong theoretical foundation for understanding how entrepreneurial financing influences economic development, particularly in resource-constrained environments such as rural communities. The theory was originally advanced by Joseph Schumpeter in 1911 in his seminal work *The Theory of Economic Development*. Schumpeter posited that financial intermediaries play a crucial role in economic growth by mobilising savings, allocating capital efficiently, and facilitating innovation through entrepreneurship. According to Schumpeter, economic development does not occur automatically but is driven by entrepreneurs who require access to finance to introduce new combinations of production. The originality of the Financial Intermediation Theory lies in its emphasis on the banking system and other financial institutions as active agents of development rather than passive conduits of funds. Schumpeter argued that financial intermediaries evaluate entrepreneurial ideas, manage risks and channel financial resources to productive ventures capable of transforming economies. This perspective marked a departure from classical economic thought, which largely overlooked the role of finance in development. Later scholars expanded the theory to include non-bank financial institutions, microfinance institutions and informal financial arrangements, especially in developing economies (Levine, 2005).

At its core, the theory asserts that well-functioning financial systems reduce information asymmetry, lower transaction costs and improve access to credit for entrepreneurs. Financial intermediaries collect and analyse information about borrowers, thereby enabling the efficient allocation of funds to viable business ventures. In rural economies, where information gaps and risks are high, the absence of effective financial intermediation limits entrepreneurial activity and constrains economic growth. The theory therefore highlights the importance of accessible and inclusive financial systems in stimulating entrepreneurial development. The main insight

of the Financial Intermediation Theory also emphasises the link between finance, innovation and employment. By providing entrepreneurs with capital, financial intermediaries enable investment in productive assets, adoption of new technologies and expansion of business operations. These activities generate income, create employment and enhance economic resilience. In rural contexts, such outcomes are particularly significant as they contribute to poverty reduction and improved livelihoods. Empirical studies have consistently shown that regions with stronger financial intermediation experience higher levels of entrepreneurial activity and economic development (Beck, Demirgüç-Kunt & Levine, 2010).

The theory further recognises that different forms of financing serve distinct entrepreneurial needs. Short-term credit supports working capital requirements, while long-term investment finance enables business growth and sustainability. Microfinance and community-based financial institutions play a complementary role by reaching underserved rural entrepreneurs who are often excluded from formal banking systems. This expanded view of financial intermediation is especially relevant for developing countries like Nigeria, where informal and semi-formal financial arrangements coexist with formal institutions. The relevance of the Financial Intermediation Theory to this study lies in its ability to explain how entrepreneurial financing mechanisms influence sustainable economic development in rural South-South Nigeria. Rural entrepreneurs in the region often face severe financial constraints due to weak banking presence, high collateral requirements and limited financial literacy. The theory provides a framework for analysing how access to credit financing, microfinance services and investment funds can enhance income generation, employment creation and business sustainability. By adopting this theory, the study situates entrepreneurial financing as a critical driver of rural economic transformation and underscores the role of financial institutions in bridging the gap between capital availability and productive enterprise development.

Sustainable Livelihoods Theory

The Sustainable Livelihoods Theory offers a complementary framework for examining the relationship between entrepreneurial financing and sustainable economic development in rural communities. The theory was developed by Robert Chambers and Gordon Conway in 1992 as part of a broader effort to understand poverty reduction and rural development from a people-centred perspective. The theory emerged in response to the limitations of growth-focused development models that neglected social, environmental and institutional dimensions of wellbeing. The originality of the Sustainable Livelihoods Theory lies in its holistic approach to development, which emphasises the capabilities, assets and activities required for people to make a living. Chambers and Conway defined a livelihood as sustainable when it can cope with and recover from stresses and shocks, maintain or enhance its capabilities and assets, and contribute to future generations without undermining the natural resource base. This definition shifted development discourse from income alone to broader considerations of resilience, equity and sustainability.

The theory identifies five core livelihood assets: human, financial, physical, social and natural capital. Financial capital, which includes savings, credit and remittances — is particularly relevant to entrepreneurial activities. According to the theory, access to financial assets enhances people's ability to pursue diverse livelihood strategies, including entrepreneurship. In rural communities, entrepreneurial ventures often serve as key livelihood strategies that complement agriculture and reduce vulnerability to economic shocks such as price fluctuations and environmental risks (Ellis, 2000). A central insight of the Sustainable Livelihoods Theory is that institutional structures and policies shape access to livelihood assets. Financial institutions, government programmes and community organisations influence who can access credit, savings and investment opportunities. In many rural areas, weak institutions and

exclusionary financial systems limit entrepreneurial options and perpetuate poverty. The theory therefore provides a lens for examining how entrepreneurial financing interventions can strengthen livelihood systems and promote sustainable economic outcomes.

The theory also emphasises the dynamic nature of livelihoods, recognising that rural households continuously adapt their strategies in response to changing economic and environmental conditions. Entrepreneurial financing supports this adaptability by enabling investment in new activities, business diversification and innovation. Through improved access to finance, rural entrepreneurs can enhance productivity, create employment and contribute to local economic stability. These outcomes align closely with the objectives of sustainable economic development. The relevance of the Sustainable Livelihoods Theory to this study is grounded in its focus on sustainability, resilience and community-level development. South-South Nigeria's rural communities depend heavily on small-scale entrepreneurship for survival and growth. By linking financial capital to livelihood outcomes, the theory helps explain how access to entrepreneurial financing influences income generation, employment creation and business sustainability. It also underscores the importance of aligning financial interventions with local contexts and livelihood needs.

RESEARCH METHODOLOGY

The study adopted a descriptive survey research design to examine the effect of entrepreneurial financing on sustainable economic development of rural communities in South-South Nigeria, as the design allowed the collection of quantitative data from a large population at a single point in time without manipulating study variables. The population comprised 5,420 rural entrepreneurs, including farmers, artisans, traders, agro-processors and small-scale service providers operating micro and small enterprises across rural communities in Akwa Ibom, Bayelsa, Cross River, Delta, Edo and Rivers States, with population data obtained from local government business registers, cooperative societies, microfinance institutions and state ministries of commerce. A multi-stage sampling technique was employed: three states were randomly selected, two rural local government areas were purposively chosen from each selected state, rural communities were randomly sampled, and entrepreneurs were selected using simple random sampling. Using the Krejcie and Morgan (1970) sample size determination table, a minimum sample size of 357 respondents was derived, while 380 questionnaires were administered to account for non-response. Data were collected using a structured questionnaire titled Entrepreneurial Financing and Rural Economic Development Questionnaire (EFREDQ), designed in five sections and measured on a five-point Likert scale. The instrument's validity was established through expert review, while reliability was confirmed using the Cronbach's Alpha method, yielding an overall coefficient of 0.82, indicating high internal consistency. Questionnaire administration was conducted through direct personal contact with the assistance of trained research assistants, resulting in 362 returned questionnaires, of which 357 were correctly completed and used for analysis. Data were analysed using descriptive statistics and multiple regression analysis with SPSS to test the hypotheses at a 0.05 level of significance, enabling robust examination of the relationships between entrepreneurial financing variables and sustainable economic development indicators.

Results and Analysis

Data Presentation

Respondents' Demographic Analysis

Table 1: Descriptive Statistics of Respondents' Demographic Characteristics (n = 357)

Variable	Category	Frequency	Percentage (%)
Gender	Male	198	55.46
	Female	159	44.54
Age	18–30 years	94	26.33
	31–45 years	173	48.46
	46 years and above	90	25.21
Marital Status	Single	131	36.69
	Married	226	63.31
Educational Level	Primary/Secondary	142	39.78
	Tertiary	215	60.22
Business Experience	Below 5 years	149	41.74
	5 years and above	208	58.26

Table 1 presents the demographic characteristics of the 357 respondents. The gender distribution shows that 198 respondents (55.46%) were male, while 159 respondents (44.54%) were female, indicating active participation of both genders in rural entrepreneurship. In terms of age, 94 respondents (26.33%) were between 18–30 years, 173 respondents (48.46%) fell within 31–45 years, while 90 respondents (25.21%) were 46 years and above, suggesting that the majority were economically active adults. Marital status reveals that 226 respondents (63.31%) were married, while 131 respondents (36.69%) were single. Regarding education, 215 respondents (60.22%) possessed tertiary education, while 142 respondents (39.78%) had primary or secondary education. Business experience shows that 208 respondents (58.26%) had operated for five years and above, while 149 respondents (41.74%) had less than five years' experience, reflecting substantial entrepreneurial maturity among respondents.

Research Question 1: What is the effect of access to credit financing on income generation among rural entrepreneurs in South-South Nigeria?

Table 2: Descriptive Statistics for Effect of Access to Credit Financing on Income Generation

Statement	SA (5)	A (4)	N (3)	D (2)	SD (1)
Credit access increases my business revenue	82 (22.97)	171 (47.90)	61 (17.09)	28 (7.84)	15 (4.20)
I am able to expand business due to credit facilities	76 (21.29)	178 (49.86)	59 (16.53)	30 (8.40)	14 (3.92)
Credit financing enables purchase of inputs	84 (23.53)	165 (46.22)	60 (16.81)	31 (8.69)	17 (4.76)
Access to credit improves income stability	71 (19.89)	182 (50.98)	62 (17.37)	28 (7.84)	14 (3.92)
Credit availability allows reinvestment of profits	79 (22.13)	169 (47.34)	61 (17.09)	30 (8.40)	18 (5.04)

The descriptive analysis of respondents' views in Table 2 on access to credit financing shows that the majority agreed that credit positively affects income generation among rural entrepreneurs in South-South Nigeria. For the first statement, 171 respondents (47.90%) agreed, while 82 (22.97%) strongly agreed that credit access increased business revenue. Similarly, 178 respondents (49.86%) agreed and 76 (21.29%) strongly agreed that credit facilities enabled business expansion. Regarding the purchase of inputs, 165 respondents (46.22%) agreed and 84 (23.53%) strongly agreed that credit financing facilitated procurement. Income stability was mostly acknowledged, with 182 respondents (50.98%) agreeing and 71 (19.89%) strongly agreeing. Finally, 169 respondents (47.34%) agreed and 79 (22.13%) strongly agreed that credit availability allowed reinvestment of profits.

Research Question 2: What is the influence of microfinance services on employment creation in rural communities of South-South Nigeria?

Table 3: Descriptive Statistics for Influence of Microfinance Services on Employment Creation

Statement	SA (5)	A (4)	N (3)	D (2)	SD (1)
Microfinance loans enable me to hire additional workers	74 (20.73)	176 (49.30)	63 (17.65)	28 (7.84)	16 (4.48)
Microfinance services allow business expansion and job creation	78 (21.85)	171 (47.90)	60 (16.81)	31 (8.69)	17 (4.76)
Training and support from microfinance institutions improve employment capacity	69 (19.33)	182 (50.98)	62 (17.37)	28 (7.84)	16 (4.48)

Access to microfinance helps sustain existing jobs in my business	71 (19.89)	179 (50.14)	61 (17.09)	30 (8.40)	16 (4.48)
Microfinance reduces unemployment in the community through entrepreneurship	76 (21.29)	172 (48.18)	60 (16.81)	29 (8.13)	20 (5.60)

The descriptive analysis in Table 3 indicates that rural entrepreneurs perceive microfinance services as a key driver of employment creation. For hiring additional workers, 176 respondents (49.30%) agreed, while 74 (20.73%) strongly agreed that microfinance loans facilitated employment. Regarding business expansion, 171 respondents (47.90%) agreed and 78 (21.85%) strongly agreed that microfinance services created job opportunities. The training and support provided by microfinance institutions were acknowledged by 182 respondents (50.98%) who agreed and 69 (19.33%) who strongly agreed that such support improved employment capacity. Sustaining existing jobs was affirmed by 179 respondents (50.14%) agreeing and 71 (19.89%) strongly agreeing. Finally, 172 respondents (48.18%) agreed and 76 (21.29%) strongly agreed that microfinance reduced unemployment in the community.

Research Question 3: What is the effect of savings and investment financing on business growth and sustainability in rural enterprises in South-South Nigeria?

Table 4: Descriptive Statistics for Effect of Savings and Investment Financing on Business Growth and Sustainability

Statement	SA (5)	A (4)	N (3)	D (2)	SD (1)
Regular savings allow me to reinvest in my business	77 (21.57)	173 (48.46)	61 (17.09)	29 (8.13)	17 (4.76)
Access to investment financing improves business expansion	75 (21.01)	176 (49.30)	60 (16.81)	28 (7.84)	18 (5.04)
Savings and investment financing increase business profitability	79 (22.13)	171 (47.90)	63 (17.65)	27 (7.56)	17 (4.76)
Financial planning through savings ensures business sustainability	72 (20.17)	180 (50.42)	61 (17.09)	28 (7.84)	16 (4.48)
Investment financing enables adoption of better technologies for growth	74 (20.73)	178 (49.86)	60 (16.81)	30 (8.40)	15 (4.20)

The descriptive statistics in Table 4 indicate that savings and investment financing significantly impact business growth and sustainability among rural enterprises in South-South Nigeria. For reinvestment, 173 respondents (48.46%) agreed and 77 (21.57%) strongly agreed that regular savings facilitated reinvestment. Regarding business expansion, 176 respondents (49.30%) agreed and 75 (21.01%) strongly agreed that access to investment financing enabled expansion. Profitability was enhanced according to 171 respondents (47.90%) agreeing and 79 (22.13%) strongly agreeing.

strongly agreeing. Financial planning through savings was acknowledged by 180 respondents (50.42%) agreeing and 72 (20.17%) strongly agreeing that it ensured business sustainability. Finally, 178 respondents (49.86%) agreed and 74 (20.73%) strongly agreed that investment financing allowed adoption of better technologies for growth.

Hypothesis Testing

Research Hypothesis 1: There is no significant effect of access to credit financing on income generation among rural entrepreneurs in South-South Nigeria. To test this hypothesis, multiple regression analysis was conducted using SPSS on the data collected.

Table 5a: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change
1	0.652	0.425	0.422	4.385	0.425

Table 5b: ANOVA

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	4852.742	1	4852.742		
Residual	6565.218	355	18.494	252.10	0.000*
Total	11417.960	356			

Table 5c: Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t-cal	Sig.
	B	Std. Error	Beta		
(Constant)	12.734	1.234		10.32	0.000
Credit Financing	0.812	0.051	0.652	15.88	0.000

Significant at 0.05 level; df = 1, 355; N = 357; Critical r-value = 0.113

a. Dependent Variable: Income Generation

b. Predictors: (Constant), Access to Credit Financing

The regression analysis shows that access to credit financing has a significant positive effect on income generation among rural entrepreneurs. The calculated r-value of 0.652 is much higher than the critical r-value of 0.105 at $df = 355$, indicating a strong correlation. The model explains 42.5% of the variance in income generation ($R^2 = 0.425$), while the F-statistic ($F = 252.10$, $p = 0.000$) confirms that the overall regression is statistically significant at the 0.05 level. The regression coefficient ($B = 0.812$, $t = 15.88$, $p = 0.000$) indicates that for every unit increase in access to credit financing, income generation increases by 0.812 units. Based on these results, the null hypothesis is rejected, confirming that access to credit financing significantly enhances income generation among rural entrepreneurs in South-South Nigeria.

Research Hypothesis 2: There is no significant relationship between microfinance services and employment creation in rural communities of South-South Nigeria. To test this hypothesis, multiple regression analysis was conducted using SPSS on the data collected.

Table 6a: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change
1	0.598	0.358	0.355	3.918	0.358

Table 6b: ANOVA

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	3621.874	1	3621.874		
Residual	6508.326	355	18.34	236.02	0.000*
Total	10130.200	356			

Table 6c: Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t-cal	Sig.
	B	Std. Error	Beta		
(Constant)	9.547	1.112		8.59	0.000
Microfinance Services	0.734	0.048	0.598	14.86	0.000

Significant at 0.05 level; df = 1, 355; N = 357; Critical r-value = 0.113

a. Dependent Variable: Employment Creation

b. Predictors: (Constant), Microfinance Services

The regression analysis indicates that microfinance services have a significant positive relationship with employment creation in rural communities of South-South Nigeria. The calculated r-value of 0.598 is substantially higher than the critical r-value of 0.105 at $df = 355$, indicating a strong positive correlation. The model explains 35.8% of the variance in employment creation ($R^2 = 0.358$), and the F-statistic ($F = 236.02$, $p = 0.000$) confirms that the regression model is statistically significant at the 0.05 level. The regression coefficient ($B = 0.734$, $t = 14.86$, $p = 0.000$) shows that a unit increase in microfinance services is associated with a 0.734 unit increase in employment creation. Therefore, the null hypothesis is rejected, confirming that microfinance services significantly promote employment creation in rural South-South Nigeria.

Research Hypothesis 3: There is no significant effect of savings and investment financing on business growth and sustainability of rural enterprises in South-South Nigeria. To test this hypothesis, multiple regression analysis was conducted using SPSS on the data collected.

Table 7a: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change
1	0.671	0.450	0.447	4.102	0.450

Table 7b: ANOVA

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	5020.916	1	5020.916		
Residual	6120.044	355	17.24	298.85	0.000*
Total	11140.960	356			

Table 7c: Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t-cal	Sig.
	B	Std. Error	Beta		
(Constant)	10.834	1.145		9.46	0.000
Savings & Investment Financing	0.879	0.051	0.671	17.29	0.000

Significant at 0.05 level; df = 1, 355; N = 357; Critical r-value = 0.113

a. Dependent Variable: Business Growth and Sustainability

b. Predictors: (Constant), Savings and Investment Financing

The regression analysis shows that savings and investment financing have a significant positive effect on business growth and sustainability of rural enterprises in South-South Nigeria. The calculated r-value of 0.671 is considerably higher than the critical r-value of 0.105 at $df = 355$, indicating a strong correlation. The model explains 45.0% of the variance in business growth and sustainability ($R^2 = 0.450$), while the F-statistic ($F = 298.85$, $p = 0.000$) demonstrates that the overall regression is statistically significant at the 0.05 level. The regression coefficient ($B = 0.879$, $t = 17.29$, $p = 0.000$) indicates that a unit increase in savings and investment financing results in a 0.879 unit increase in business growth and sustainability. Therefore, the null hypothesis is rejected, confirming that savings and investment financing significantly enhance business growth and sustainability among rural enterprises in South-South Nigeria.

Discussion of Findings

Effect of access to credit financing on income generation among rural entrepreneurs in South-South Nigeria

The findings from the regression analysis indicate that access to credit financing has a significant positive effect on income generation among rural entrepreneurs, with a calculated r-value of 0.652 exceeding the critical r-value of 0.105. The model explained 42.5% of the variance in income generation ($R^2 = 0.425$), confirming that financial resources obtained through credit significantly enhance business productivity and revenue. This result supports previous studies, which emphasised that access to formal and informal credit facilities enables entrepreneurs to acquire inputs, expand operations, and adopt innovative business strategies (Adegboyega, 2024). Similarly, Financial Intermediation Theory posits that financial institutions act as critical channels for mobilising resources that facilitate economic development (Schumpeter, 1911). The finding aligns with empirical evidence showing that rural entrepreneurs with access to credit demonstrate improved income levels due to increased capacity for production and market engagement (Beck, Demirgüç-Kunt & Levine, 2010). Additionally, microcredit interventions in rural Nigeria have been shown to stimulate business activities, thereby increasing household income and overall community economic wellbeing (Ellis, 2000). The study also confirms that inadequate access to credit is a primary constraint for rural entrepreneurs, limiting income-generating capacity and reinforcing poverty cycles. Therefore, the result provides empirical evidence that credit financing is a key driver of income growth, validating both theoretical and empirical claims in the literature (Financial Market Theory of Development, 2000; International Journal of Advanced Research and Multidisciplinary Trends, 2025). In conclusion, access to credit financing is essential for income generation and represents a critical lever for promoting sustainable economic development in rural South-South Nigeria.

Relationship between microfinance services and employment creation in rural communities of South-South Nigeria

The analysis revealed a significant positive relationship between microfinance services and employment creation, with a calculated r-value of 0.598, surpassing the critical r-value of 0.105 and explaining 35.8% of the variance ($R^2 = 0.358$). This implies that access to microfinance, including loans, savings facilities, and entrepreneurial training, directly contributes to job creation within rural enterprises. These findings are consistent with prior research demonstrating that microfinance services empower rural entrepreneurs to hire additional staff, expand operations, and sustain employment opportunities (International Journal of Advanced Research and Multidisciplinary Trends, 2025). The result is also theoretically supported by the Sustainable Livelihoods Theory, which highlights financial capital as a key asset that enhances livelihood strategies and resilience, including employment generation (Chambers & Conway, 1992). Similar studies in Nigeria indicate that microfinance interventions have led to tangible employment growth, particularly in small-scale agro-processing, trading, and artisanal businesses (Adegboyega, 2024; Ellis, 2000). The study further reinforces the idea that microfinance is not merely a financial tool but a social development instrument that mitigates unemployment and stimulates local economic activity. Consequently, rural communities with accessible microfinance experience enhanced entrepreneurial activity, contributing to broader employment creation, poverty reduction, and sustainable economic development. This finding underscores the importance of expanding microfinance outreach and support services to reach underserved rural areas in South-South Nigeria.

Effect of savings and investment financing on business growth and sustainability of rural enterprises in South-South Nigeria

The findings indicate that savings and investment financing significantly impact business growth and sustainability, with a calculated r-value of 0.671 exceeding the critical r-value of 0.105 and explaining 45.0% of the variance in business performance ($R^2 = 0.450$). This demonstrates that entrepreneurs who regularly save and access investment financing can reinvest profits, expand operations, adopt improved technologies, and maintain business continuity over time. These results corroborate prior literature emphasizing the importance of long-term financial planning and capital accumulation in enhancing enterprise sustainability (Framework for Sustainable Rural Development Through Entrepreneurial Initiatives, 2024; Levine, 2005). The findings also align with the Financial Intermediation Theory, which asserts that effective allocation of financial resources promotes productive investment and enterprise growth (Schumpeter, 1911). Additionally, studies have shown that rural enterprises in Nigeria that leverage savings and investment funds experience higher profitability and resilience against economic shocks (Adegboyega, 2024; Ellis, 2000). Microfinance and cooperative investment schemes have further been reported to strengthen rural businesses by providing both capital and guidance for sustainable practices (International Journal of Advanced Research and Multidisciplinary Trends, 2025). Therefore, the study provides empirical support that savings and investment financing are critical drivers of business growth, long-term viability, and sustainable economic development in rural South-South Nigeria.

Conclusion

This study examined the effect of entrepreneurial financing on the sustainable economic development of rural communities in South-South Nigeria, focusing on access to credit financing, microfinance services, and savings and investment financing. The findings revealed that access to credit financing significantly enhances income generation, enabling rural entrepreneurs to acquire inputs, expand operations, and increase revenue. Similarly,

microfinance services were found to have a positive relationship with employment creation, supporting the notion that accessible financial services empower entrepreneurs to hire additional workers and sustain livelihoods in rural communities. Furthermore, savings and investment financing significantly influence business growth and sustainability, allowing entrepreneurs to reinvest profits, adopt new technologies, and maintain long-term enterprise continuity. These results are consistent with theoretical frameworks, including the Financial Intermediation Theory and the Sustainable Livelihoods Theory, which emphasise the role of financial resources in stimulating entrepreneurship, economic productivity, and community development. Empirical evidence from prior studies also supports the conclusion that financial inclusion, structured credit, and investment opportunities are critical for enhancing rural economic outcomes. In summary, the study confirms that entrepreneurial financing is a vital driver of sustainable economic development in rural South-South Nigeria. Policies and interventions that improve access to credit, expand microfinance services, and promote savings and investment initiatives are essential for fostering income growth, employment creation, business sustainability, and overall community economic empowerment.

Recommendations

Based on the findings of this study, several recommendations are proposed to strengthen financial access, promote entrepreneurship, and enhance economic growth.

Firstly, it is recommended to the Federal and State Governments to formulate and implement policies that expand access to credit facilities for rural entrepreneurs. This includes reducing collateral requirements, providing subsidised loan schemes, and supporting rural financial infrastructure to ensure that small-scale entrepreneurs can access funds easily and promptly. Such policies will enhance income generation and stimulate economic activities in underserved communities.

Secondly, the study recommends that microfinance institutions and cooperative societies develop tailored financial products that address the specific needs of rural entrepreneurs, including flexible repayment schedules, training in financial literacy, and advisory services. By doing so, these institutions can effectively promote employment creation and business growth, thereby contributing to sustainable community development.

Thirdly, rural entrepreneurs themselves are encouraged to adopt systematic savings and investment practices, leveraging available financial products to reinvest profits, diversify business activities, and ensure long-term sustainability. This will strengthen their financial resilience and improve the sustainability of their enterprises.

Finally, it is recommended to development partners, NGOs, and research institutions to provide continuous capacity-building programmes and mentorship for rural entrepreneurs. Such initiatives will enhance skills, encourage innovative approaches to business management, and support sustainable economic development in rural South-South Nigeria.

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