

Women entrepreneurship and microfinance: implications on the mental well-being of informal traders in Lagos, Nigeria

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Abstract

Purpose – Although microfinancing is considered a key tool for fostering women's entrepreneurship development, there is growing concern regarding the impact of loan repayment strategies on the mental health of women entrepreneurs. This study seeks to unravel the implications of microfinance loans on the mental well-being of women entrepreneurs.

Design/methodology/approach – A carefully structured questionnaire was distributed to a purposive sample of one hundred women entrepreneurs in Lagos State using a mixed-method research approach. Also, interviews were conducted using an interview guide, which directly mirrored the questionnaire administered to five focus groups within Lagos State.

Findings – The study found that loan repayment and recovery strategies positively and significantly impact women entrepreneurs' mental well-being, with psychological distress serving as a measure for measuring mental well-being. Additionally, other factors such as the number of dependants and household headship trigger psychological distress, while age in business was associated with a reduction in psychological distress.

Originality/value – This study contributes to the existing literature by delving into the psychological implications of loan repayment strategies on the mental health of female entrepreneurs in Lagos State, Nigeria. Furthermore, it employs a triangulation research approach to validate questionnaire responses through focus group discussions.

Keywords Informal traders, Mental health, Microfinance loans, Women entrepreneurship

Paper type Research paper

JEL Classification — J16, G21, I31

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1. Introduction

The last three decades have marked the emergence of microfinancing as one of the key developmental tools for financial independence, poverty reduction and entrepreneurship development (Banerjee *et al.*, 2015; Engel and Pedersen, 2019; Imai *et al.*, 2012; Olohunlana *et al.*, 2022). It evolved as a financial inclusion procedure for women entrepreneurs who cannot access traditional financial services due to their level of informality, gender and insufficient collateral (Banerjee *et al.*, 2015). Specifically, microfinance programs are designed to economically empower and proffer avenues for financial liberation to actively poor women (Abosedo and Azeez, 2019; Satybaldieva, 2021), thus providing a departure from the conventional borrowing from formal financial institutions at a high-interest rate to lending from informal financial institutions at a low-interest rate (Yunus and Jolis, 1999).

This procedure stimulated a new means of providing financial services at relatively lower interest rates to the financially excluded people, thus fostering poverty reduction and more involvement of women in business (Okesina, 2021; Olohunlana and Dauda, 2019). Moreover, the microfinance institutions (MFIs) offer less stringent lending conditions that entail the coming together of women with similar businesses or within the same communities to form a cooperative group that meets weekly to discuss business growth and finance. The group solidarity stands in place of collateral for the loans disbursed to them. They make their repayment contributions at their meeting centres and transfer it to their credit officers (Abosedo and Azeez, 2019).

Prominent scholars pointed out that microfinancing had increased women's financial independence, educational attainment, access to healthcare services and improved quality of life (Adnan and Kumar, 2021; Okesina, 2021). They further assumed that the programs are geared towards women's empowerment because they are perceived as more credit-worthy and concerned about their family's welfare (Aggarwal *et al.*, 2015; Engel and Pedersen, 2019). Some other scholars posit that access to microfinance by women has improved their land ownership rights, liberty and political participation.

In developing economies with weak identification management and loosened cultural ties to the communities, group members may witness difficulties tracking down defaulting members. MFIs have used various stringent strategies to ensure prompt loan repayment or recovery. Some of these strategies are shameful and cause tension for borrowers. Women traders in some parts of South-Western Nigeria aptly described the loan as "*owo komulelanta*," meaning "*resting the breasts on a hot kerosene lantern*." Figuratively, this statement means harsh loan repayment conditions, borrowers' desperation to pay back and the dreadful consequences of not paying back (Olajide *et al.*, 2016). One of such strategies is the peer group pressure system. With this strategy, when a group member defaults in paying back loans, the other group members risk borrowing from the microfinance bank (Engel and Pedersen, 2019).

Public shaming strategy is another method used in recent times for loan recovery. This is done through public disclosure of debtors' names, selling off defaulters' possessions for repayments, placing placards on defaulters' necks and illegal detentions, among others (Bu and Liao, 2021; Engel and Pedersen, 2019; Olayiwola, 2021). Unfortunately, these shameful strategies strained relationships between defaulters, their relatives, friends and community members (Bu and Liao, 2021).

Although these tactics have proved effective, as evidenced by the high repayment of debts, they could have a lasting impact on loan defaulters and, by extension, their relatives. Many become psychologically imbalanced, experience low self-esteem, slide into depression, contemplate suicide or encounter other mental health issues (Olayiwola, 2016; Satybaldieva, 2021). For instance, some traders in rural Bangladesh resorted to selling their kidneys and liver to repay microcredit loans. This may lead to their physical incapability for continued business (Cousins, 2013). These concerns may affect the mental well-being of entrepreneurs,

and in the long run, have negative trickling down effect on the business they borrowed funds to sustain.

Despite this argument on the application of peer pressures to the entire group and its accompanying members, the resulting implications on the mental well-being of these women entrepreneurs are lacking in the literature. Following the tabular presentation in the works of [Mahrous *et al.* \(2020\)](#), a synthesis of the available literature highlighting research gaps is presented in [Table 1](#). The table suggests that existing literature on women entrepreneurship argues on entrepreneurship skill development employment opportunities, access to credit and land ownership. For instance, [Subramaniam *et al.* \(2021\)](#) opined that women entrepreneurship increases gender-based rights, equity and access to quality healthcare.

However, it fails to address how women entrepreneurship development could be achieved and sustained for the overall economic growth. Consequently, the implications of microfinance in contribution to the sustainability of women entrepreneurship continued to preoccupy the literature. Studies such as [Assefa and Kegne \(2023\)](#), [Drori *et al.* \(2018\)](#) and [Kusi *et al.* \(2019\)](#) established inconclusive positions on the link between microfinance and women entrepreneurship development. However, a dearth of studies exists on the link between mental well-being, microfinance loans and women entrepreneurship. The available literature emphasises on the financial access, gender-based violence and debt as contributing factors to mental stress ([Irwin *et al.*, 2019](#); [Rahman *et al.*, 2023](#); [Shahriar and Shepherd, 2019](#)).

Giving this background, this study seeks to re-examine the psychological effects of loan repayment strategies on the mental well-being of women entrepreneurs in Lagos State, Nigeria. Lagos State is chosen as the focus of this study because it is one of Nigeria's most economically viable states, with more female-led businesses and the highest number of MFIs ([Olateju *et al.*, 2017](#)). This study contributes to the literature by providing fresh pieces of evidence on the implications of microfinancing on women's entrepreneurship development from two distinctive standpoints. First, the study answers the empirical gaps in the literature on the psychological implications of loan repayment strategies on the mental well-being of women entrepreneurs in Lagos State. Second, it adopts a triangulation research approach to adopt mixed-method research techniques in validating the questionnaire responses with the focus group discussions.

The rest of the paper is organised as follows: [Section 2](#) covers some practical conceptualisation and development of microfinance in Nigeria. [Section 3](#) documents the review of the theoretical and empirical literature, while [Section 4](#) justifies the methodological considerations of the study. [Section 5](#) discusses the empirical results, while the last section presents some concluding remarks, policy implications and further research directions on the subject under study.

Author and year	Research objectives	Table 1. Research development on women entrepreneurship paradigm
Assefa and Kegne (2023)	Microfinance and gender development	
Banerjee <i>et al.</i> (2015)	Microfinance and growth opportunities	
Drori <i>et al.</i> (2018)	Market inclusivity and women entrepreneurship	
Irwin <i>et al.</i> (2019)	Peer victimisation and mental health outcomes	
Kusi <i>et al.</i> (2019)	Credit access and women entrepreneurship	
Lindvert <i>et al.</i> (2019)	Ties between family obligations and loan repayment	
Rahman <i>et al.</i> (2023)	Women entrepreneurs and family entrepreneurship	
Shahriar and Shepherd (2019)	Gender violence and new venture initiation with microcredit	
Subramaniam <i>et al.</i> (2021)	Microfinance, gender-based and equality	
Tabassum and Singh (2018)	Microcredit and women empowerment in Bangladesh	
Source(s): Authors' compilation from the literature, 2023		

2. Microfinancing and women entrepreneurial development in Nigeria

Entrepreneurship is as old as humankind in Nigeria and has constantly been noted as the escape route for unemployment, financial independence and the poverty trap. However, financing creative entrepreneurship and skill development have been a daunting challenge for the economically active persons in the country (Adeosun *et al.*, 2021; Kevane and Wydick, 2001; Okesina, 2021). Access to credit facilities, insurance and other financial services has been particularly troubling for women entrepreneurs due to the perceived gaps in land ownership, religiosity, and gender discrimination, thereby denying them access to conventional financial services.

Considering this, the federal and state authorities have embarked on programs and policy initiatives to encourage women entrepreneurs. Some of these initiatives are the deliberate attempt to offer specialised packages for women farmers and producers in the Nigerian Enterprises Promotions Decree, Small and Medium Enterprises Development Agency of Nigeria, Bank of Industry and the Bank of Agriculture. Despite these developmental initiatives, the informal traders have had uneasy access to credit facilities (Dornan and Portela, 2014). The financial exclusion of those in the informal sector brought about the development of MFIs in providing financial access to entrepreneurs. It is also introduced to promote best financial practices among small- and medium-scale enterprises.

3. Theoretical framework

This study takes on a theoretical perspective from the shame theory. Brown (2007) provided a grounded theory to explain shame as a silent epidemic strongly associated with fear, grief, violence, anxiety and depression. The theory linked the experiences of shame in extreme poverty conditions to increasing debt and poor mental health. For instance, Wiklander *et al.* (2012) found that shame is an influential causal factor of panic attacks, anxiety disorder, self-harm and suicidal ideation. In addition, Dornan and Portela (2014) opined that the feeling of shame is expressed as a sense of social pain derived from societal expectations or actions from other community members.

Relating this to the subject of microfinance repayment strategies, some of the remedial and loan recovery processes may inflict some personal and psychological pressure to conform to the repayment terms (Cousins, 2013; Hojman *et al.*, 2016). Hence, the collectivist approach to the microfinance repayment model may lead to loss of confidence, fear, anxiety disorder and suicidal ideation (Engel and Pedersen, 2019).

Accordingly, Walker *et al.* (2013) posit that “members of the social group may correspondingly feel that it is appropriate to shame fellow members who transgress social norms to achieve the collective goal of bringing them into line . . .” Therefore, the Walkers’ propositions suggest that poverty and financial incapability are potentially linked to shame, which could trigger psychological distress such as anxiety disorder. Since microfinance programs are supposedly targeted female entrepreneurs who are poor but economically active, this theoretical proposition presents a vital standpoint for understanding the impacts of their loan repayment strategies on mental well-being.

4. Review of literature

The role of women entrepreneurs in contributing to the achievement of sustainable development goals cannot be overemphasised. Women entrepreneurship serves as a strategy for survival for the economically active poor. They also contribute to financial literacy and inclusion, thus increasing gender-based rights and equity (Subramaniam *et al.*, 2021). In terms of improving economic outcomes, financially capable women could afford out-of-pocket expenditure, thereby increasing access to quality healthcare (O'Malley and Burke, 2017).

In the same vein, investing in female-led businesses has been found to increase child's educational outcomes and physical development (Maldonado and González-Vega, 2008).

Despite the immeasurable contributions of women's entrepreneurship to sustainable development, access to finance in advancing their entrepreneurship intention has constantly reoccurred as a significant inhibiting factor (Kusi *et al.*, 2019). MFIs provide financial services to low-income individuals and small businesses who have limited access to formal banking systems (Mahrous, 2019; Olohunlana *et al.*, 2022). In Nigeria, MFIs have been instrumental in supporting women entrepreneurship by providing them with access to credit and financial resources (Assefa and Kegne, 2023). Studies have shown that MFIs have a positive impact on women entrepreneurship and contribute to economic growth (Ullah *et al.*, 2020). Access to microfinance positively impacts the mental well-being of women entrepreneurs as it reduces financial stress and increases their sense of control and empowerment (Kabeer *et al.*, 2013). Microfinance can enhance the self-esteem and self-worth of women entrepreneurs, which can lead to improved mental health outcomes (Kratzer, 2013).

As a result, several studies have established the potency of microfinance services as an antidote to the financial exclusion of women entrepreneurs. For instance, Drori *et al.* (2018) observed that providing financial access through MFIs increases the economic and financial empowerment of women. They further noted that access to microfinance loans and savings products improves business growth and opportunities (Banerjee *et al.*, 2015; Imai *et al.*, 2012). Besides from the financial capabilities of women entrepreneurs, empirical studies have shown that microfinancing influences the recognition and acceptance of women's voices within the household and communities where they operate or reside (Kusi *et al.*, 2019). Scholars further affirmed that MFIs created platforms to challenge gender roles, thereby creating legitimate pathways for women entrepreneurs to acquire personal properties (Kusi *et al.*, 2019).

The positive effects of microfinance on the mental well-being of low-income individuals are well-documented, and studies have shown that access to microfinance can reduce stress and improve mental health outcomes (McHugh *et al.*, 2019). Access to credit and financial services can reduce stress and anxiety for women entrepreneurs, who may otherwise have to rely on informal sources of credit with high interest rates (Tabassum and Singh, 2018). The peer support and social networks provided by MFIs can help women entrepreneurs overcome isolation and build resilience, leading to improved mental well-being.

However, some studies have also raised concerns about the potential negative impact of microfinance on the mental well-being of borrowers, particularly if they are unable to repay their loans. This can lead to shame and stress, which can negatively impact mental health outcomes (Irwin *et al.*, 2019). More so, the pressure to repay loans and the fear of defaulting can also contribute to stress and anxiety among women entrepreneurs, particularly those operating in highly competitive markets (Lindvert *et al.*, 2019). Gender-based violence can also impact the mental health of women entrepreneurs, and MFIs may be able to play a role in addressing this issue through targeted interventions (Shahriar and Shepherd, 2019).

Women entrepreneurs may face this unique challenge which can negatively impact their mental health, such as social stigmatisation, discrimination, and a lack of support systems. Some scholars have questioned the extent to which microfinance services benefit women entrepreneurs (Ashta *et al.*, 2015; Mayoux, 2000). These scholars argued that microfinance loans might not exert long-term benefits to businesspeople. It could have a disastrous effect on their physical, emotional and mental health outcomes. For example, Ashta *et al.* (2015) concluded that there exists a linear relationship between microfinance growth and female suicide cases in India. Some others noted that financial debt is a critical daily stressor for women in developing countries.

The repayments strategies and shaming procedures employed in the recovery process of microfinance loans may explain the correlations between microfinance growth and the well-being of women entrepreneurs. However, there appears to be a missing link on the

transmission link between the exact impact of microfinance repayment strategies on the well-being of women entrepreneurs. This study, therefore, focusses on the women entrepreneurs in Nigeria. This is attributed to its identity as one of the leading countries, with over twenty-three million women entrepreneurs in Nigeria and Lagos State as its unit of analysis. This choice of Lagos city is based on its prominence as one of the large, economically driven cities in Nigeria. It has also witnessed the rapid growth of MFIs and women entrepreneurs in Nigeria.

5. Research design, methods and ethical considerations

(1) *Study areas and sampling technique*

The study is a cross-sectional research work that investigates the implications of microfinancing on the mental well-being of informal traders across the five administrative divisions in Lagos State. The study's population consist of all women entrepreneurs in Lagos who have accessed microfinance group or individual loans. The study delimited the scope of women entrepreneur to mean women who own and runs small-scale businesses with less than three employees. This delimitation is necessary to capture the actual users of MFIs in Lagos state. Based on the difficulty in ascertaining the exact population of the study's unit of analysis, this study uses a purposive sampling technique to select one hundred women entrepreneurs in Lagos State as suggested in [Baruch \(1999\)](#). This sampling technique allows better insights and robust results within the limited research timeframe ([Creswell and Creswell, 2017](#); [Saunders et al., 2016](#); [Viergever, 2019](#)). However, its' non-probability sampling nature may subject the findings of the study to issues of sample selection bias ([Saunders et al., 2016](#); [Viergever, 2019](#)). To mitigate this, a multistage sampling approach would be used to distribute the questionnaires within the five divisions in Lagos. This implied that twenty women entrepreneurs in the Lagos divisions such as Ikeja, Badagry, Ikorodu, Lagos Island and Epe women be randomly sampled.

Further, the study employed the mixed-method research approach to investigate the implications of its repayments strategies on the mental well-being of Lagos women entrepreneurs. This approach combines both quantitative and qualitative data collection methods for a more robust and in-depth analysis of the study's concerns. It increases the validity of the research findings by improving data quality and gives an intensive understanding and interpretation of the quantitative responses qualitatively ([Creswell and Creswell, 2017](#)). The quantitative responses are obtained through the administration of carefully developed questionnaire items on the critical concepts of the study.

Sequentially, an interview guide containing interview questions is also developed to directly obtain the perception of the respondents on the implications of the shaming strategies on the mental well-being of women entrepreneurs in Lagos State. Ethical consent was sought from the participants, and their approval for participation was obtained from the interested participants.

(2) *Questionnaire development, administration and data collection*

The instrument items were developed based on the modification of an existing questionnaire on a short, generalised health questionnaire developed by [Goldberg \(1970\)](#). The questionnaire consists of 12 questions related to mental health, and a weighted score was allocated to each of the questions. Following the works of [Haque et al. \(2022\)](#), this study categorised mental well-being into four categories, namely confidence loss, social dysfunction, anxiety and depression and overall psychological distress. The other sections harvest responses on women's entrepreneurial development and the perception of respondents on the challenges of loan repayment strategies adopted by the MFIs. Finally, some demographic characteristics of the

respondents were also obtained. The reliability of the instrument or questionnaire items was obtained from the Cronbach's alpha test. The test revealed an alpha of 0.966 for six items measuring the mental well-being of the respondents, while 0.78 was obtained for the questionnaire items on the loan repayment strategies (see [Table A1](#) and [Table A2](#) for the results).

On the qualitative aspect, the interview was conducted using a well-structured guide. The guide was a mirrored view of the questionnaire administered to the respondents. The interview was a face-to-face engagement and interview with female loaners, which also double as the leaders of group loans in the market. In total, five focus group discussion sessions representing each divisional administrative zone in Lagos State. Each session of the focus group contains 6–10 people consisting of loan group heads and other randomly selected females who have been previously engaged in microfinance loans. The discussions lasted for a minimum of 45 min each to allow for mutual participation of the respondents. More so, the interview was conducted in Pidgin and Yoruba languages.

6. Data analysis and presentation of results

(1) *Demographic characteristics of the respondents in the study areas*

[Table 1](#) presents the demographic characteristics of the study's participants drawn from the five administrative divisions in Lagos state. The statistics show that the majority of the informal traders are between young adults and full adulthood. About 41% of the sample fell between 25 and 40 years, while 33% of the participants were in the range of 41 years–60 years. This indicated that most of the sampled audience is within the working population, active and contributing to the growth of the economy.

In terms of the level of education of the informal traders, the findings revealed that 51% of the traders have either no education or primary education as their highest qualification; 28% possess secondary education, and about 21% of them have a national diploma or first degree.

It was further established in the focus group discussion that most of the discussants have lower educational levels because their trade is being handed over to them by their parents, and as a result, they were not allowed to school for a long time before that started business. During the focus group with the market women, one of the discussants explained her opinion about schooling as follows:

I had the first school leaving certificate as my highest educational qualification because my mother stopped me to focus on selling charcoal in the market. The business is in our family because my mother inherited it from my grandmother, and my mother transferred it to me. Being the first female child of my mother, I was only allowed to finish primary school before she introduced me to the charcoal business, and since then, I have been in the business. It has been about 45 years now that I began the business. *Woman leader/55 years/ Epe/FGD005*

The table further revealed the marital distribution of the study's participants, and it was opined that most of the women in informal trading are married as they accounted for 67% of the total sampled participants. The findings also revealed that 15% are widowed, 7% are separated and 11% of the participants are not yet married. Of the sampled group, 63% of the women assume the role of the breadwinner of their household, while 37% are not. These statistics may infer that majority of the women in informal trading are burdened by family expenditures. The explanation of one of the study's participants during the focus group discussion corroborated this assertion. Her opinion is as expressed below:

I have been taking care of the schooling and other financial expenses of my children since their father decided to leave the house some years ago. He just left unannounced, leaving me to cater for the four children we had for each other. It has been a great burden to me because I had to go the extra mile to find food and shelter for the children.

In a similar tone, another discussant in a different administrative division shared her experience on the prevalence of females assuming the household headship role. Her discussion was recounted as follows:

I became the one fending for my family since my husband lost his job before the lockdown. My children have been withdrawn from private schools, and I have since enrolled them into the public primary school in my area. I have three of them in primary 6, 4 and 1, respectively.

Snacks seller/38 years/Iyana Ipaja/04/FGD001

Following the position and role of these women in their homes, the next questionnaire item enquired about the number of dependants that exist in each family. The findings suggest that about 59% of women had between one and three dependants in their household. Also, roughly one-third of the participants have between four and six dependants, while 7% have no dependant and 2% have above seven persons depending on them. Invariably, informal traders have between medium to many dependants, and this may be directly linked to their head of household statuses.

Another demographic item on the number of years of experience in trading was also enquired about. The collation of the responses suggests that 78% of the traders have spent more than five years in the business, while about a quarter of the respondents has no experience or less than five years of experience in their businesses. When a similar question was thrown at the group discussants, it was affirmed that many of the traders are experienced on the job. Some excerpts from the discussions are presented as follows:

Laugh! It's been a long time since I have been in this business. I got married in the business and have used it to train my kids through secondary school. At least I should have spent nothing less than fifteen years in this business. I was trained by my aunty. *Provisions/52 years/Ikorodu main market/06/FGD004*

(2) Analysis of the mental well-being of the respondents

The mental well-being of the respondents was accessed using a 4-point Likert scale measurement to measure the perceived level of psychological distress amongst the study participants. The responses to each item range from never to always but have boundary points between sometimes and often. [Table 2](#) presents the analysis of the extent to which the traders are mentally unwell. It was revealed that, on the average, mental well-being tilted towards having anxiety disorder rather than being normal or depressed. For instance, the first question emphasises whether the participants had adequate concentration on their daily activities. It was seen that their average responses fell beyond sometimes tilting to the often and always categories. The question was also raised during the focus group discussion with the informal traders. The discussant noted that they are prone to different sorts of distractions in the market, and they do not always have maximum concentration on their daily exercises. In her words, it was narrated that:

Different issues usually arise in this market that makes it impossible for me to have full concentration on my daily activities. Sometimes, you will just see people carrying their markets and running hither and thither. Most times, I just feel moody and fed up with the escalating costs of goods, yet my customers will be angry if I want to add additional charges for my business.

POS dealer/36 years/Ikorodu main market/05/FGD004

Description	Frequency	Percent
<i>Age of respondent</i>		
19–24 years	6	6.0
25–40 years	41	41.0
41–60 years	33	33.0
61- above years	20	20.0
<i>Education</i>		
No education	19	19.0
Primary education	32	32.0
Secondary education	28	28.0
National diploma	11	11.0
First degree and above	10	10.0
<i>Marital status</i>		
Single	11	11.0
Married	67	67.0
Divorced/separated	7	7.0
Widowed	15	15.0
<i>Household head</i>		
Yes	63	63.0
No	37	37.0
<i>Years of experience</i>		
0–4 years	22	22.0
5–10 years	42	42.0
10 year and above	36	36.0
<i>Number of dependants</i>		
0	7	7.0
1–3	59	59.0
4–6	32	32.0
7 and above	2	2.0

Table 2.
Demographic
characteristics of
respondents

Source(s): Authors computation from SPSS output, 2023

Another discussant noted that there is turmoil in the market, which makes traders and customers apprehensive in the market. Her narration was recounted as thus:

Wahala no dey finish for here oh. We usually encounter market women fighting based on issues such as debt and competition while dragging customers amongst themselves. In fact, they call themselves a variety of names to make jest of each other.

Cloth seller/31 years/Ojo/03/FGD002

(3) *Analysis of the informal traders' perception on microfinance loan repayment strategies*

The perception of the Lagos informal traders was taken using nine items on a 5-point Likert scale. The scale, which ranges from strongly agree, agree, neutral, disagree and strongly disagree, is assumed to be between point 1 and 5 points. Table 3 presents the average cumulative perception on the extent of the loan repayment strategies based on the opinions of the respondents. The findings show a cumulative average of 1.889 for the indicators measuring the perception of the respondents. The analysis suggests that the method and approach used in collecting repayments by the loan officers are stressful, hectic and at times embarrassing.

Indicators of mental well-being	Frequency	Percent	Mean
<i>Concentration on daily activities</i>			2.49
Never	6	6.0	
Sometimes	57	57.0	
Often	19	19.0	
Always	18	18.0	
<i>Recently feeling unimportant</i>			2.59
Sometimes	59	59.0	
Often	23	23.0	
Always	18	18.0	
<i>Recently feeling unhappy</i>			2.39
Never	13	13.0	
Sometimes	52	52.0	
Often	18	18.0	
Always	17	17.0	
<i>Feeling incapable of making decisions</i>			2.57
Never	2	2.0	
Sometimes	58	58.0	
Often	21	21.0	
Always	19	19.0	
<i>Unable to enjoy daily activities</i>			2.46
Never	10	10.0	
Sometimes	51	51.0	
Often	22	22.0	
Always	17	17.0	
<i>Facing challenges</i>			2.54
Never	10	10.0	
Sometimes	44	44.0	
Often	28	28.0	
Always	18	18.0	
<i>Consistently under tension</i>			2.37
Never	8	8.0	
Sometimes	57	57.0	
Often	25	25.0	
Always	10	10.0	
<i>Unable to overcome difficulties</i>			2.18
Never	10	10.0	
Sometimes	71	71.0	
Often	10	10.0	
Always	9	9.0	
<i>Thinking of being nobody</i>			1.14
Never	90	90.0	
Sometimes	8	8.0	
Always	2	2.0	

Table 3. Perception of respondents on mental well-being

Source(s): Authors computation from SPSS output, 2023

In the focus group discussion, one of the participants reacted to the question by giving vivid examples of how hectic and embarrassing loan repayment strategies and loan recoveries are. The excerpt from the conversation is as follows:

Although the loan from microfinance banks assists me in restocking my goods. It is always worrisome for me anytime I don't have complete funds for repayment. The loan officers will visit me and start to create a scene in front of my shop. This usually happens during the rainy season when I experience low sales. Their approach gives me goose pimples anytime I remember I must pay my repayment.

Another respondent shared her experience on how she encountered their trouble during the period.

I have had an unpleasant experience with ***** microfinance bank in the past. I borrowed the money to make suppliers to my customers last year and they could not pay me on time due to the demise of the owner of the company. The bank initially gave me an extension of an additional month because I collected loans with monthly repayment. After the expiration of the extension, their officials are always visiting me on daily basis and even got to the extent of coming to my church during service to solicit help from other members of the church. It was really an embarrassing moment for me.

Palm oil seller/41 years/Oyingbo Market/06/FGD004.

In effect, most of the traders in the study area agreed that microfinance loans are helpful and improve their sales, but it becomes a challenge when they cannot repay their loan repayments as at the agreed period. The qualitative responses corroborated the frequency of strongly agree and agree on positions of the full sample size on the measure of loan repayment challenges faced by informal traders in Lagos State.

6.1 Association between mental well-being and microfinance loan repayment strategies

Table 4 presents the empirical analysis of the impact of credit repayment and recovery strategies on the mental well-being of the informal traders in the five divisional zones in Lagos state (see Table 5).

The findings show that loan repayment and recovery strategies as a positive and significant impact on mental well-being as measured by psychological distress. This indicated that the shaming strategies used during the loan recovery exercise have positive implications on mental torture and psychological distress amongst the sampled respondents. The qualitative focus group discussion supported the empirical analysis with the verbal opinions of the market women. One of the discussants noted that the process of obtaining a loan is not as hectic as the process of recovery. In her recount of an experience of a close friend, she narrated the story as follows:

My friend of blessed memory obtained a sum of N100, 000.00 from a microfinance bank at Abule Egba without her husband's knowledge. She could not repay the loan as when due and the officers began to mount pressure on her. Unfortunately, she even used her husband as a guarantor. This trauma led to a very tough fight between her and her husband, and she left home to scoot with some relatives. Not long after, we learnt that she attempted murder and was rescued. Later, she was found dead in her sleep, and the circumstances surrounding her death were not clear. *Local herb seller/60 years/Iyana Ipaja Market/06/FGD001.*

A direct experience was shared by one of the discussants on the impact of microfinance loan strategies on their well-being. The woman narrated that her experience with microfinance was not pleasant, and they are mainly known for using aggressive strategies to collect loans, even to the extent of bullying their customers.

I never thought I could collect loans again after my experience with a microfinance bank. I borrowed money, and my daughter fell ill at that period, so I could not repay the loan as when due. The savings of the other members in my group were initially used to offset part of the outstanding before they began to chase me all about. I became anxious and unhappy and nursed thoughts of being unwanted in society. They also locked me in their toilet for more than 6 hours anytime they set their eyes on me. This approach really caused me to lose confidence in myself as somebody. *Provisions seller/52 years/Yaba/06/FGD004*

JHASS				
	Item description	Frequency	Percent	Mean
<div>Analysis of the perception of respondents on loan repayment strategies</div>	I take loans to boost my business			2.72
	Strongly Agree	39	39.00	
	Agree	43	43.00	
	Disagree	13	13.00	
	Strongly disagree	5	5.00	
	I experience some challenges in repayment			2.145
	Strongly agree	23	23.00	
	Agree	36	36.00	
	Neutral	4	4.00	
	Disagree	32	32.00	
	Strongly disagree	5	5.00	
	During low sales, I find it difficult to pay my repayments			1.96
	Strongly agree	28	28.00	
	Agree	30	30.00	
	Neutral	15	15.00	
	Disagree	22	22.00	
	Strongly disagree	5	5.00	
	Loan officers use force to recover their loans			1.84
	Strongly agree	45	45.00	
	Agree	31	31.00	
	Neutral	19	19.00	
	Disagree	5	5.00	
	I have seen where customers are embarrassed because of default			1.76
	Strongly agree	45	45.00	
	Agree	39	39.00	
	Neutral	11	11.00	
	Disagree	5	5.00	
	Loan officers make unpleasant noises when they don't get their repayments on time			1.79
	Strongly agree	45	45.00	
	Agree	36	36.00	
	Neutral	14	14.00	
	Disagree	5	5.00	
	I was once a victim of their unpleasant behaviour			1.69
	Strongly agree	19	19.00	
	Agree	13	13.00	
	Neutral	14	14.00	
	Disagree	38	38.00	
	Strongly disagree	16	16.00	
	Sometimes our savings are used to cover a defaulting members repayment			1.19
	Strongly agree	19	19.00	
	Agree	59	59.00	
	Neutral	9	9.00	
	Disagree	12	12.00	
	Strongly disagree	2	2.00	
Source(s): Authors computation from SPSS output, 2023				

The triangulation of the empirical quantitative analysis and the qualitative analysis of the impact of loan repayment and recovery on the mental well-being of the respondents suggests that the strategies adopted by the MFIs in recouping their loan outstanding have a positive and significant impact on the respondents' psychological distress. The findings of this analysis conform to the submissions of [Engel and Pedersen \(2019\)](#), who concluded that the shame of debt, although it facilitates high loan repayment, has a harmful effect on the

psychosocial well-being of the defaulters and their family members in Bangladesh. The findings further align with the position of [Hojman et al. \(2016\)](#), who found a positive link between depressive symptoms and consumer credit in Chile.

Other factors that could influence the mental state of the informal traders in Lagos were also enquired on. The findings revealed that the years of experience in the business have a negative impact on psychological distress amongst the sampled respondents. The question was also framed during the focus group discussion, and some discussants aired their opinion on how their years of experience allowed them to understand their business terrain. The words of one of the discussants are recounted as follows:

I have, over time, learnt the dynamics of my business and understudied the period of the year that is my peak period. Therefore, based on experience, I have rest of mind and don't put myself under unnecessary pressure during the period of low sales. I only collect to restock once I know we are entering the sales period of my goods. This will allow me to have good plans for my loan repayment to avoid their troubles. *Yam Seller/52 years/Ikorodu main market/01/FGD004*

Also, the findings revealed that the number of dependants and woman household heads has a positive implication on the psychological distress of the respondents. This indicated that the higher the number of dependants in the family and the prominence of the women assuming family headship has a harmful effect on their mental well-being. In the focus group discussion, some of the excerpts on this question are related as follows:

I usually have deep thoughts on how to cater for my children since the demise of their father. Most things their expenses are heavy on my business, and this really makes me unhappy. I most times stress myself by engaging in other activities and businesses like cooking for parties. I know I will bring food home for my children anytime I go for such an outing. It is frustrating, to say the least. I hardly have time to rest just because I want a good life for my children.

Stationaries Seller/48 years/Iyana Ipaja/01/FGD001

This analysis corroborates the findings of [Kwon and Kim \(2020\)](#), who concluded that the psychological well-being of women could be hampered by their roles as the household head because it is a complex phenomenon. The study concluded that one-third of the female household heads are psychological unhealthy.

7. Conclusion, policy implications and future research

In the context of a mega city like Lagos, this study investigated the implications of microfinance loan repayment and recovery strategies on the mental well-being of women informal traders. The study measured mental well-being using an established health questionnaire item to determine the level of psychological distress amongst women in informal trading. The mixed-method design was employed to proffer a detailed triangulated

Model	Unstandardised coefficients		Sig.
	B	Std. error	
Constant	1.707	0.664	0.012
Credit repayment strategies	0.633	0.150	0.000
Education	−0.064	0.063	0.307
Years of experience	−0.453	0.131	0.001
Number of dependants	0.343	0.161	0.036
Household Head	0.209	0.085	0.016

Source(s): Authors computation from SPSS output, 2023

Table 5.
Association between
mental well-being and
credit repayment
strategies

analysis of the empirical insights and qualitative interpretation of the opinions of the women informal traders in Lagos. The study indicated that the majority of the sampled audience is within the working population, active and contributing to the growth of the economy. It also revealed that a larger percentage of the respondents are either uneducated or had primary education, while two-fifth of them possess secondary education, national diploma or first degree. Sequentially, about two-thirds of the participants are married, while others are either single, widowed or separated. Following this position, 63% of the respondents are the household head and may be burdened by family expenditures. The respondent further fell into the medium and high category of the number of dependants, with an average of about 4–7 dependants per household.

In terms of the analysis of the mental well-being of the respondents, the study found that most of the respondents most times could not concentrate on their daily activities. They sometimes felt unimportant and incapable of making decisions. The analysis summary suggests that their responses tilted towards having mental and psychological distress but not to the extent of depression. More so, most of the respondents agreed to the unpleasant loan repayment or recovery strategies of MFIs. However, their personal opinions could not directly attribute their experiences to the state of psychological distress.

The empirical analysis of the link or association between psychological distress and loan repayment and recovery strategies adopted by the MFI is positive and significant. This indicated that their approach to recovering their credit outstanding poses a danger and potential threat to the mental well-being of the women in informal trading in Lagos State. Other factors that significantly contributed to their psychological distress are the number of dependants and their position as the household head in their family. Educational attainment was not seen as a significant factor that could aggravate mental and psychological distress. However, their years of business experience can reduce psychological distress and improve the mental well-being of the informal women traders in Lagos State.

Owing to the findings of this study, several policy recommendations are drawn. First, it was established that microfinance loans are the engine of the growth of entrepreneurship development and the society at large. Therefore, efforts should be intensified to build the institution to deliver its promises of poverty eradication, financial inclusion, and overall sustainable development goals. Second, it was established that the activities of the MFIs in recovering their credit balances are harmful to the mental well-being of the informal traders. Therefore, mental health advocates should be involved in designing MFIs' repayment and recovery policies. Addressing mental health issues in the shaming and labelling attitudes of MFIs would have a long-term implication in promoting women entrepreneurship in Lagos state and the world.

This research work makes original contributions to the ongoing discussions on the implications of mental health on entrepreneurship development by focussing on the often-neglected population group in society. The informal sector is vital to entrepreneurial and economic development because they contribute to employment generation, poverty reduction and nation-building. They produce excellent opportunities for new business development and industrialisation, thus providing a safe platform for demographic transition into the green economy through entrepreneurship development.

The study is limited to the women in the informal sector of Lagos state; therefore, the findings may be generalised with caution. This limitation thereby provides opportunities for the advancement of the research on mental well-being in other sectors of the economy. More importantly, the dynamics of mental well-being may be further decomposed into the different forms of mental illness to be able to understand the extent to which the microfinance recovery pattern impacts other mental health conditions.

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(The Appendix follows overleaf)

Table A1.
Cronbach's alpha
reliability test results
on mental well-being
indicators

	Scale mean if item deleted	Scale variance if item deleted	Corrected item- total correlation	Squared multiple correlation	Cronbach's alpha if item deleted
Welbeing_1	12.5500	15.806	0.932	0.880	0.954
Welbeing_2	12.4500	17.179	0.792	0.650	0.969
Welbeing_3	12.6500	15.442	0.915	0.888	0.956
Welbeing_4	12.4700	16.231	0.909	0.834	0.957
Welbeing_5	12.5800	15.620	0.920	0.891	0.956
Welbeing_6	12.5000	15.828	0.871	0.809	0.961
Reliability statistics					
Cronbach's alpha (WELBEING 2)		Cronbach's alpha based on Standardised items			N of items
0.966		0.966			6

Table A2.
Cronbach's alpha
reliability test result on
loan repayment
strategies

	Scale mean if item deleted	Scale variance if item deleted	Corrected item- total correlation	Squared multiple correlation	Cronbach's alpha if item deleted
CLRS_1	16.3300	23.476	0.392	0.586	0.766
CLRS_2	15.7500	20.230	0.640	0.734	0.718
CLRS_3	15.8900	20.139	0.677	0.777	0.711
CLRS_4	16.5100	25.000	0.383	0.951	0.765
CLRS_5	16.5900	25.113	0.412	0.923	0.761
CLRS_6	16.5600	24.794	0.434	0.929	0.758
CLRS_7	15.1600	20.621	0.543	0.403	0.740
CLRS_9	15.6600	25.863	0.336	0.253	0.771
Reliability statistics					
Cronbach's alpha (Crem)		Cronbach's alpha based on Standardised items			N of items
0.775		0.776			8

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