

Management of Projects and Resources in Nigerian Financial Institutions: Seed Capital Microfinance Bank Example

Ogirri, O. Kenneth

Department of Business Management,
Akintola University of Technology, Ogbomoso, Nigeria

Abstract

Microfinance banks play essential role in the economic, social and infrastructural development of societies where they operate, as in Nigeria. The study aims at determining the extent to which projects and resources are managed in financial institutions in Nigeria, as in Seed Capital Microfinance Bank (Seed Capital henceforth), Yaba, Lagos. The study is anchored on Resources Based View Theory (RBVT), which holds that every organization has unique capabilities and resources that put it on the right track, if duly harnessed. Data were sourced using questionnaire, observation and library and internet secondary sources. Both qualitative and quantitative methods with their associated tools were employed for the analysis of the sourced primary and secondary data. The quantitative analysis reveals that public financial institutions in Nigeria do not manage their projects and resources adequately; the private ones do to a high extent, as typified by Seed Capital; and the extent of resource and project management in an organization determines its success, productivity, profitability, performance and so on. The qualitative analysis evidently shows the place of management in microfinancing, corporate affairs and governance, and highlights the essentials and the contributions of microfinance banks to society. The study concludes that the extent to which organizations manage their capabilities, resources and projects determines the extent of their success, productive dealings and goals realization, as evident in the case of Seed Capital Microfinance. It recommends significant involvement of project management professionals in financial, resource and project management of both public and private organizations.

Keywords: Project/resource management, Microfinance, Seed Capital, Extent, Determine

Introduction

Microfinance banks rose to readily, continually and efficiently render financial services to street traders, farmers, vendors and the like other small and medium scale entrepreneurs (Ogirri, 2014; Godwin, 2008). According to Besley et al. (2006), it is in the efforts to get financial services to the grassroots that the Nigerian government introduced the microfinance banks, which began during the reign of Ibrahim Badamusi Babangida. That is the Better Life Programme, a family support programme, which later became Family Economic and Achievement Programme (FEAP). The formal grassroots banking in Nigeria can be traced to the establishment of the People's Bank in 1988, which was established to meet the credit needs of collateral requirement of conventional banks. The People's Bank did not live up to expectation and this led to the establishment of community banking in Nigeria. Community Banks were established as a self-sustaining financial institutions owned by local communities to provide financial services to members of the community due to the inability of the commercial banks to serve rural areas and the in- accessibility of the poor and low income earners to financial services. The first Community Bank commenced operations in December, 1990.

Quite regrettably, neither the People's Bank of Nigeria nor the Community Bank could actualize their statutory objectives due to the following reasons: lack of fund, little expertise and incompetent human resources (Ogirri, 2014). This paper argues that beyond the aforementioned causative factors, the fall of these microfinance banks is traceable to poor project and resource management in Nigerian public (government-owned) financial institutions. Also, the banks lacked Project Management personnel. The study argues further that the extent to which banks and other public and private organizations manage projects and resources determines their successes, productivity, profitability and continuity or otherwise. In what lends credence to the foregoing views, Sattoriy (2021) emphasizes the importance of management in

the successful running of small and medium scale enterprises in society. Elmezain et al. (2021) show that project managers are major players in the attainment of success by organizations and nations. Given the foregoing arguments, this study is aimed at determining the extent to which project and resource management obtain in Nigerian financial institutions, using the case study of Seed Capital Microfinance Bank.

Aim and Objectives

The aim of this study is to determine the extent to which project and resource management obtain in Nigerian financial institutions, as in the case of Seed Capital Microfinance Bank. Its specific objectives are to:

- (i) Ascertain whether or not public financial institutions in Nigeria manage projects and resources adequately.
- (ii) Determine the extent to which Seed Microfinance Bank manages its projects and resources.
- (iii) Confirm that the extent to which banks and other public and private organizations manage projects and resources determines their successes, productivity, profitability and continuity or otherwise.

Research Questions

The study seeks to answer the following research questions, designed to guide it:

- (i) Do Nigerian public or government financial institutions manage their projects and resources adequately or inadequately?
- (ii) To what extent does Seed Microfinance Bank manage its projects and resources adequately?
- (iii) Does extent to which banks and other public and private organizations manage projects and resources determines their successes, productivity, profitability and continuity or otherwise?

Conceptual Spadework

Microfinance banks are those grassroots targeted financial institutions that render banking (financial) services to entrepreneurs of small and medium scale enterprises. It is observed that microfinance entails much more than the delivery of small units of financial services. It also involves disbursement and collection of loans with flexible processes, selling of insurance, and giving of financial advice to clients (Godwin, 2008). Project is a piece of planned activity or work that has a given duration for completion and is meant to meet an objective or some objectives (Dada, 2016). This means that project refers to any planned activity to be carried, or carried out already, within a given timeframe.

Project and resource management involves the strategic, systematic and logical approach to overseeing organizations' resources and projects, with a view to realizing organizational goals. Sinha (2014) defines strategic human resource management (SHRM) as what links the human resources of organizations to the formulation and implementation strategies of the organization in terms of recruiting, selecting, (re)training and motivating or rewarding of staff. This definition reflects the management of non-human resources in some regards.

The management of resources entails effective control, coordination, critical and strategic decision-making, and meeting all actors' interests and initiatives on handling resources and projects (Bennett et al., 2019; de Koning, 2017). Peter et al. (2023) are of the view that effective management of resources and projects of all kinds depends on the kind of leadership inherent in the organization or country in question. They emphasize the impact of leadership style on the governance of resources in Nigeria and other parts of Africa. This paper subscribes to their emphasized view.

Theoretical Framework

This study is anchored on the Resources Based View Theory (RBVT), since its theoretical postulations aptly capture the concerns of this study. Penrose (1959) is the pioneer theorist of RBVT. Other theorists of RBVT include Porter (1985), Prahalad and Hamel (1990), Rumelt (1991), Grant (1991), and Peteraf (1993). The central postulation of RBVT is that different organizations have unique resources and capabilities inherent to them, which are what primarily provide earnings for them. To that end, this study argues that the way organizations manage their inherent resources as well as projects determines the extent of their successes, productivity, profitability and continuity or otherwise. Clearly, the central position of RBVT reflects the third argument and objective 3 of this study.

Porter (1985), one of the lead theorists of RBVT, has postulated that an organization could attain superior performance to that of its competitors through the use of its resources and capabilities. This point highlights why some organizations do better than others in any kind of market. It also offers an insight to why many private organizations do better than most government organizations in Nigeria and most other parts of the world. This means that the otherwise indicates poor or inadequate management of resources and capabilities of given organizations. Porter's view also underscores the role of strategic management with its associated strategies in the running of organizational (corporate) affairs. The way an organization manages its resources and capabilities either makes or mars its goals and comparative advantage.

Microfinance Banking in Nigeria

As noted earlier, grassroots banking is the base of the formation of the microfinance bank. This ground tallies with the modern form of micro credit developed by Prof. Yunus of Bangladesh in 1974, which was targeted at meeting the need of the grassroots people (Ogirri, 2014). To that, Prof. Yunus established Grameen Bank to give out small loans to enhance development among the people of Bangladesh. The Grameen Bank gave loans to the poor who could not get loan from conventional banks. The Bank gave loans without demanding for collateral security and the repayment terms were flexible. Since Prof. Yunus gave the first loan in 1974, micro credit scheme has spread throughout the developing world to alleviate poverty and enhance development (Ogirri, 2014).

In 2006, the Nigerian government of the day adopted micro finance policy that allows the establishment of microfinance banks. The adoption was informed by the desire to get financial services to rural areas and ensure entrepreneurship development in Nigeria. Entrepreneurship is very important to national development, as it acts as the bedrock of any nation's industrialization. This point is given credence by Azamat et al. (2023), who emphasize the importance of entrepreneurship in poverty reduction, and wealth and job creation by individuals in society. The policy requires that all community banks and some of the semi-formal micro finance organizations should be converted into microfinance bank within 24 months from the date of approval. Microfinance banking in Nigeria is driven by private sectors, while the Central Bank of Nigeria (CBN) regulates and supervises their operations to ensure effectiveness. In December 2005, the CBN had directed that Community Banks disposed to acquiring MFI status should recapitalize to a minimum of N20 million to operate within a particular area, a minimum of N100M to operate within the state, and N1B within the country (Godwin, 2008).

Most of the nearly 1,000 Community Banks, which responded to the directive successfully, made the transition. Through the policy, the CBN hoped to bring about the much sought-after revolution in small and medium enterprises (SME). This is in recognition of the potentials of MFI to influence transformation through increased access to low or no interest loan and acceptance of deposit of low income earners, which enhance economic activities among these people. Basically, microfinance banks in Nigeria have the following obligations or organizational goals, as statutorily spelt out by the CBN:

- (i) Provide diversified, affordable and dependable financial services to the active poor in a timely and competitive manner that would enable them to undertake and develop long-term sustainable entrepreneurial activities.
- (ii) Mobilize savings for intermediation.
- (iii) Create employment opportunities and increase the productivity of the active poor in the country, thereby increasing their individual household income and uplifting their standard of livings.
- (iv) Enhance organized, systematic and focused participation of the poor in the socio-economic development and resource allocation process.
- (v) Render payment services such as salaries, gratuities and pensions for various tiers of government (CBN, 2005).

Microfinance banks in Nigeria are said to have five main characteristics: collateral substitution, small units of services, access to repeat loans, door- step service delivery, and priority focus on women (Godwin, 2008). The policy objectives of Nigerian microfinance banks, as given by the Central Bank of Nigeria, are to:

- (i) Make financial services accessible to a large segment of the potentially productive Nigerian population, which otherwise would have little or no access to financial services.
- (ii) Promote synergy and mainstreaming of the informal sub-sector into the national financial system.
- (iii) Enhance service delivery by microfinance institution to micro, small and medium entrepreneurs.
- (iv) Eliminate gender disparity by improving women's access to financial services by 5% annually.
- (v) Increase the number of linkages among universal banks, development banks, specialized finance institutions and microfinance banks by 10% annually (CBN, 2005).

The above stated objectives informed the following policy strategies, which are meant to:

- (i) License and regulate the establishment of microfinance banks (MFBs).
- (ii) Promote the establishment of NGO-based microfinance institutions.
- (iii) Promote the participation of government in the microfinance industry by encouraging states and local governments to devote at least 1% of their annual budgets to micro credit initiative and administer through MFBS.
- (iv) Promote the establishment of institutions that support the development and growth of microfinance service providers and clients (CBN, 2005).

Methodology

The survey design is adopted, since the study focuses on people, vital facts concerning people in organizational setting and the opinions of some of the people. The study population involved a sample size of 30 questionnaire respondents, selected at random from among the staff of Seed Capital Microfinance Bank, Yaba, Lagos. Thus, simple random sampling technique was employed. Additional to the questionnaire source of data were non-participant observation and secondary sources from library and the internet. The statistical tools involved include four scale coding, simple percentage, tables, interpretation, and analytic descriptive techniques. These were applied to the 25 duly filled and returned questionnaires. Only the thematic data are presented and analyzed hereunder. The focus is on data answering the research questions.

Data Presentation and Analysis

Table 1: Do Nigerian public or government financial institutions manage their projects and resources adequately or inadequately?

Variables	No. of responses	Percentage
Adequately	3	12
Inadequately	18	72

Intermediately	4	16
Indifferent	-	-
Total	25	100

Source: Author’s Compilation, 2024

The data in the Table 1 above answer the research question 1. The responses gathered prove that Nigerian public or government financial institutions do not manage their projects and resources adequately. Among the respondents, 18 of 72% indicated that the Nigerian public or government financial institutions manage their projects and resources inadequately. While 3 of 12% held otherwise that Nigerian public or government financial institutions manage their projects and resources adequately, 4 of 16% claimed that the institutions neither do so adequately nor inadequately.

This finding justifies the first argument made by this paper that People’s Bank and Community Bank, the pioneer microfinance banks in Nigeria, became extinct partly because of poor project and resource management, which characterizes other public financial institutions in Nigeria till date. The finding is given credence to by the study carried out by Wambe (2021), which proved public organizations in Nigeria to be less effective as a result of poor human resource management, unlike their counterpart private sector organizations. In the same vein, Zeshung (2024) shows that effective management is one of the factors behind the distinct feats attained by General Motors.

Table 2: To what extent does Seed Microfinance Bank manage its projects and resources adequately?

Variables	No. of responses	Percentage
Very High Extent	8	32
High Extent	16	64
Very Low Extent	-	-
Low Extent	1	4
Total	25	100

Source: Author’s Compilation, 2024

As shown in the Table 2 above, the respondents proved the extent to which Seed Microfinance Bank manages its projects and resources to be adequate. The responses answer the research question 2: “To what extent does Seed Microfinance Bank manage its projects and resources adequately?”. The proof was given by 16 of 64%. This proof is upheld by 8 of 32% respondents, who held that Seed Microfinance manages its projects and resources to a ‘very high’ rather than ‘high’ extent. Put together, 24 of 96% confirmed that the extent of project and resource management in Seed Capital Microfinance is adequate. The results shown in Table 2 make it obvious that private financial institutions in Nigeria manage projects and resources better than their contemporaries belonging to the government.

That is to say they manage them adequately, unlike the government financial institutions, as in the cases of People’s Bank and Community Bank. There is no doubt that these banks became extinct because they lacked (effective) management of projects and resources. This highlights the need for (more) project management professionals in public financial institutions. The private ones too need to become conscious of the need for these professionals and thereby consult them for their erudite services, in case they are unable to employ them as permanent staff. Where and when possible, they should do well to employ these professionals. Project management professionals initiate or develop, introduce and execute or implement projects (Giri, 2019; Shobayo & Elumah, 2017).

Table 3: The extent to which banks and other public and private organizations manage projects and resources determines their successes, productivity, profitability and continuity or otherwise. Do you agree?

Variables	No. of responses	Percentage
Strongly Agreed	25	-
Agreed	-	-
Strongly Disagreed	-	-
Disagreed	-	-
Total	25	100

Source: Source: Author’s Compilation, 2024

Data in the Table 3 above justify or meet the research objective 3 and answer the research question 3. The data also validate the argument of this study on what determine(s) an organization’s success, productivity, profitability and continuity or otherwise. The finding reflects the view that the success of projects and other activities in general depends on leadership style(s), which is given a consensus by Peter et al. (2023), Fadare (2018), Tabassi et al. (2016), Chan and Chan (2005), and Dulewicz and Higgs (2005), among others. In addition, the finding tallies with the consensus expressed by Zeshung (2024) and Wambe (2021) that the successes of given organizations are dependent on their effective management of their resources and how they do things differently from other organizations.

Conclusion

Management is not just a course or discipline, but also a multifaceted approach to as well as a technique for solving different problems. It plays a critical role in the all that an organization or a nation undertakes. It borders on leadership, coordination, control, functionality or overseeing things and persons so as to realize set goals. This paper has shown that effective management of resources and projects in financial organizations obtains more in Nigerian private sector organizations than those in the public sector. Apart from the extent of accountability and deployed strategies, the extent of project and resource management in these two sets of organizations is what makes the wholesome difference between them.

Therefore, the place of project management professionals in proffering solutions to such problems cannot be undermined, if organizations want to do better and attain significant success. As such, the study charges organizations to significantly involve these professionals in their activities so as to heighten the extent to which they manage their resources and projects and surmount the challenges they face.

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