Effects Of Islamic Financial Products On The Profitability Of Selected Women Entrepreneurs In Nigeria

By
Sumayya Adam Ahmad
sumyadam2011@gmail.com Department of Economics. Nile University of Nigeria

And
Ganiyat a. Adesina-Uthman, PhD
gadesina-uthman@noun.edu.ngDepartment of Economics. National Open University of Nigeria

ABSTRACT

Despite the growing importance of Islamic finance and women's entrepreneurship in developing economies, there is limited empirical evidence on how Sharia-compliant financial products impact the profitability of women-led businesses. This research addresses this gap by employing a Tobit regression analysis on data collected from 357 women entrepreneurs across five Nigerian states. The findings reveal a significant positive relationship between the utilization of Islamic banking products and business profitability. Women entrepreneurs who engage with a wider range of Islamic financial products demonstrated higher profits. Specific products such as Takaful, Ijarah, Murabahah, and Musharakah showed strong positive impacts on profitability, underscoring the potential of these Sharia-compliant instruments in supporting business growth and risk management for women entrepreneurs. Interestingly, the study found that patronizing multiple Islamic banks was negatively associated with profitability, suggesting that women entrepreneurs might benefit more from concentrating their banking activities with a single Islamic financial institution. The study found a strong positive correlation between engagement with Islamic financial products and business success, suggesting sustained access to Islamic finance could be crucial. It also highlighted geographical variations and its recommends the need for regulatory body diversify Sharia-compliant financial products for women entrepreneurs, aligning with their religious beliefs. Government agencies should promote financial literacy, strengthen banking relationships, and support women-led businesses through collaboration with Islamic banks and ongoing research for increased economic participation and women's empowerment.

Keywords: Islamic finance, women entrepreneurs, business profitability, financial inclusion, Nigeria

1.0 Introduction

Women's economic empowerment, particularly through entrepreneurship, is crucial for global development and poverty reduction. However, women entrepreneurs, especially in developing countries like Nigeria, face significant challenges in accessing capital to start and grow their businesses (Nyarko, 2022; Rahman et al., 2017). Traditional banking systems often pose barriers for women due to a lack of collateral, gender bias, and high interest rates (Shukurat, 2022; Liew & Yusoff, 2023).

Islamic financial products have emerged as a potential solution to address these challenges and support women's entrepreneurial growth. Unlike conventional banking, Islamic finance operates on principles that may be more conducive to women's economic participation. However, the specific effects of Islamic financial products on the revenues of women entrepreneurs in Nigeria remain understudied (Shinkafi et al., 2023; Shettima & Mustapha, 2022).

This research gap necessitates an interrogation of how Islamic financial products impact the revenue generation of women-owned businesses. By examining factors such as access to capital, interest-free loans, and profit-sharing arrangements, we can better understand the potential of Islamic finance to drive women's entrepreneurial success (Soemitra, Kusmilawaty, & Rahma, 2022; Nawaz, Ramzan, & Shahid, 2021).

Furthermore, the role of Islamic fintech in improving access to financial services for women entrepreneurs is an area that requires exploration. As digital financial solutions continue to evolve, understanding how Islamic fintech platforms can address the unique needs of women entrepreneurs becomes increasingly important (Abraham & Meketaw, 2023).

To comprehensively analyze the effects of Islamic financial products on women entrepreneurs' revenues, this study employs advanced micro econometric techniques. These include Poisson regression and negative binomial regression to examine the frequency of women entrepreneurs' subscriptions to Islamic products and the influence of Islamic fintech on business growth. Additionally, a Tobit regression model was used to investigate factors determining women's willingness to use Islamic financial products and their impact on revenue improvement (Hamdan & Kassim, 2022). By addressing these research gaps and employing rigorous methodologies, this study aims to provide valuable insights into the effectiveness of Islamic financial products in supporting women's entrepreneurship and increasing their business revenues in Nigeria.

2.0 Literature Review

Empirical Review

Several studies have explored the effects of Islamic financial products on women entrepreneurs and small and medium enterprises (SMEs) across various countries. Multiple studies have found a positive effect of Islamic finance on SME performance and growth among them is Ozdemir et al. (2023) developed a customized microfinance model for participation banks in Turkey based on global best practices and stakeholder interviews. Their findings highlight the potential of participation banks in fund sources, financial instruments, and risk management tools for microfinance. Mustapha-Jaji and Adesina-Uthman (2023) analyzed the relationship between remittances and financial development in Nigeria from 1981 to 2021. Using auto-regressive distributed lag models, they found that international remittances had a significant positive effect on banking sector development but an insignificant effect on stock market development. Al Dabbas (2023) investigated the role of Islamic finance in SME development in Jordan. Through a survey of 100 SME owners, the study found a moderate reliance on Islamic finance among Jordanian SMEs, with Murabaha identified as a principal financing method. Shinkafi et al. (2023) explored the impact of Islamic finance on entrepreneurship and sustainable economic development in Nigeria. Using qualitative interviews with 12 experts, they highlighted the influence of Islamic finance tools on SME growth, socioeconomic well-being, and sustainable development. Eid et al. (2023) examined the relationship between financial inclusion and stability in Islamic banks using a qualitative approach. Their findings emphasized a direct relationship between financial stability and inclusion within Islamic banks. Doruk (2023) studied the impact of

COVID-19 on SME lending in the Turkish Islamic banking sector. Using time series analysis techniques, the research revealed that Islamic banks behaved countercyclically in SME financing during the pandemic.

Also, Shettima and Mustapha (2022). They reported that Islamic microfinance significantly contributed to providing startup funds, expanding SMEs, and enhancing household income in Nigeria. Similarly, Sa'adatu (2020) found a positive influence of Islamic financing on SME performance in Nigeria using regression analysis. Faiza (2022) discovered a positive correlation between SME operations and Islamic financing, suggesting potential benefits for SME growth. Adedeji (2021) found that Islamic finance played a significant role in enhancing the competitiveness of SMEs in southern Nigeria, particularly influencing factors like product pricing, customer experience, and product quality. Other studies highlighted the role of Islamic finance in promoting financial inclusion and poverty alleviation. For instance, Abdullahi, Othman, and Kassim (2020) reviewed literature indicating that Islamic finance contributes to financial inclusion through Shariah-compliant, risk-sharing financial products and services. Ramatu (2020) demonstrated the significant role of financial inclusion in reducing poverty creating employment, and promoting income-generating activities, with Islamic finance instruments having potential to impact various economic sectors.

Research has identified various factors influencing the adoption of Islamic finance by SMEs and entrepreneurs. Jérôme and Yaouba (2022) found that adherence to sharia principles, subjective norms, and perceived relative advantage influenced the decision to adopt Islamic finance among Cameroonian SMEs. Osman, Abdullah, and Ulum (2020) reported that Malaysian Muslim entrepreneurs' use of Islamic finance was primarily driven by religious beliefs and capital and income guarantees.

Bilal et al. (2020) highlighted the significant impact of corporate governance, government support, relative advantage, perceived behavior control, and subjective norms on the use of Islamic banking among SMEs in Pakistan. Al Balushi et al. (2019) found that Islamic knowledge and personal characteristics influenced the intentions of SME owners and managers to adopt Islamic finance in Oman.

Despite the positive impacts, studies also identified challenges in the adoption of Islamic finance. Ayanleye (2020) revealed challenges such as religious biases, inconsistent legal frameworks, and limited public awareness affecting the operation of the Islamic financial system in Nigeria. Phillemon and Wekaya (2019) noted that religious beliefs hindered SMEs from opting for conventional banking financing in Somaliland, while Islamic banks were reducing their exposure to SMEs due to macroeconomic factors and poor business conditions.

Focusing specifically on women entrepreneurs, Nawaz, Sheikh, and Khatiba (2021) found that Islamic microfinance initially had a negative correlation with women's entrepreneurship performance in Pakistan. However, it ultimately led to the development of social capital among women entrepreneurs, enhancing their performance.

The empirical evidence largely suggests positive effects of Islamic financial products on SMEs and women entrepreneurs, particularly in terms of business growth, financial inclusion, and poverty alleviation. However, challenges remain in terms of awareness, regulatory frameworks, and economic conditions. Further research is needed to explore the long-term impacts and to develop strategies for overcoming the identified barriers to adoption and effectiveness of Islamic financial products. Based on the empirical review the research hypothesis for this study is presented as;

Ho: *Islamic financial products have no significant effects on the revenues of women entrepreneurs banking with in Jaiz and Taj Banks in Nigeria?*

H_A: *Islamic financial products have significant effects on the revenues of women entrepreneurs banking with in Jaiz and Taj Banks in Nigeria*

Theoretical Review

The Resource-Based View (RBV) theory provides a valuable framework for understanding the potential impact of Islamic financial products on women entrepreneurs' revenues. According to this theory, a firm's competitive advantage stems from effectively utilizing its internal resources and capabilities (Engert et al., 2016). In the context of women entrepreneurs accessing Islamic financial products, these resources can be viewed as crucial enablers of business growth and revenue generation.

The RBV categorizes resources into tangible and intangible assets (Al-Doori & Areiqat, 2019), with Islamic financial products being tangible assets for women entrepreneurs. These products, like interest-free loans or profit-sharing arrangements, provide capital and financial stability, establishing a competitive edge in the market (Che Omar et al., 2020).Moreover, the intangible assets gained through engagement with Islamic financial institutions, such as financial knowledge, business relationships, and enhanced reputation, can contribute significantly to the success of women-owned enterprises (Eccles et al., 2001). The VRIO framework within RBV (Valuable, Rare, Costly to Imitate, and Organized to capture value) can be applied to analyze how Islamic financial products create unique value for women entrepreneurs (Warnier et al., 2013).

Islamic financial products can help women entrepreneurs acquire the necessary resources and develop robust structures, enhancing the effectiveness and sustainability of women-owned businesses (Mahani & Suraiya, 2019). This aligns with the RBV's emphasis on internal factors and specific resources contributing to improved firm performance and sustainability. This study examines the impact of Islamic financial institutions on women-owned enterprises' revenues using the Resource-Based View theory. It aims to understand how these entrepreneurs can optimize these financial resources to achieve sustainability and growth in their businesses. The study focuses on how access to and utilization of Islamic financial products can contribute to increased revenues and overall business success for women entrepreneurs.

3.0 Methodology

The analysis of the data required several closely related operations such as the establishment of categories, the application of these categories to raw data through coding, tabulation, and then drawing statistical inferences with the use of statistical software namely; Statistical package for Social Sciences STATA version 17.

3.1 Research Design

The research design for this study was based on a non-experimental descriptive/ survey design of collecting and analyzing data. A survey design was adopted for this study because it allowed data to be collected from a sample to discover the relationship or interactions among variables. The survey research design was used to investigate the relationship between Islamic finance and women's entrepreneurship.

3.2 Population/ Sample Size and Sampling Techniques

The study's population encompasses women entrepreneurs banking with Jaiz Bank and Taj

n = $\frac{n_0}{1+\frac{n_0-1}{N}}$

Where: the population, in this case is N=infinite (∞) cutomers of the women entrepreneurs banking with Jaiz and Taj banks in F.C.T

Where: n_0 is the sample size for infinite population

Z is the selected critical values of desired confidence level of p is the estimated

Assuming the maximum variability which is equal to 50% (p=0.5) and taking 95% confidence level with $\pm 5\%$ accuracy, the

Thus;

n_0 = $\frac{(1.96)^2(0.5)(0.5)}{(0.05^2)}$ = 384.16 =384

Bank in Nigeria. Due to a lack of substantive information on the exact number of these women, the population is assumed to be infinite. The study focuses on women banking in five states and the F.C.T Abuja—Kano, Katsina, Gombe, and Lagos—chosen for their high number of bank branches.

The sample size was determined from an infinite population of the women entrepreneurs banking with Jaiz and Taj banks in F.C.T Abuja, Kano and Lagos States respectively, using Cochran formula (1977). The choice of Cochran formula lay in its unique characteristics such as allowing for sample size determination from an infinite population size, level of accuracy (sampling error), confidence level, and degree of variability (the distribution of characteristics of the population). Cochran's formula for the determination of an appropriate sample size, for infinite population was given as;

Abuja, Kano, Katsina, Gombe and Lagos States.

n_0, however, Cochran (1977) provides the following formula ;n_0 = $Z^2pq/_{e^2}$

proportion of an attribute that is present in the population

q = 1-p

e = the desired level of precision

calculation for the sample size, n_0 is; p=0.5; q=1-0.5=0,5, e=0.05 and Z=1.96

by substitution, the first equation above becomes

$$n = \frac{384}{1+\frac{384-1}{\infty}} \approx 384$$

Using the simple random sampling method, the questionnaire was distributed to any customer willing to answer the questions in any of the Islamic Banks to be visited in Abuja FCT.

3.3 Tobit Model

The tobit model was first proposed by James Tobin (1958) and refers to regression models in which the range of the dependent variable is censored in some way. Censoring refers to a data limitation that can result in a data clustering at a lower threshold (left-censored), an upper threshold (right-censored), or both. This model will be used to address specific objective two where the research try to investigate the effect of Islamic financial products on the revenues of women entrepreneurs.

The tobit model assumes that income from women entrepreneurs often has values clustered at a limiting value, zero in this case. Tobit analysis also allows for estimating both the conditional quantity effects and the market participation effects (McDonald & Moffitt, 1980; McCracken & Brandt, 1987). The theoretical framework and model specification used to estimate the relationship between the *i* average amount of money made from sales per day and the independent variables suggest estimation by the following equation:

The tobit model is expressed (average sales per day *i*) using a limit of zero

$Y_{ik}^{*} = \boldsymbol{\beta X}_i + \varepsilon_i, \qquad i = 1, 2, \ldots, N,$

$Y_i = Y_i^{*}$ if $Y_i > 0,$

$Yi = 0$ if $Y_i^{*} \leq 0$ ……………………………………………………………….……(1.0)

Where N is the number of observations, Y_i the dependent variable (average sales made per day), $\boldsymbol{X}_i$ a vector of independent variables (Islamic finance used, type of business, number of employees, average cost of operations per day, years of experiences, business ownership structure and demographic variables,), $\boldsymbol{\beta}$ a vector of estimable parameters, and εi is a normally and independently distributed error term with zero mean and constant variance $\sigma 2$. It is assumed that there is an implicit, stochastic index (latent variable) equal to Y_i^{*} which is observed only when positive. The corresponding likelihood function for the Tobit model over zero observations (0) and positive observations (1) is modeled below as:

$$LTobit = \sum_0 \ln[1 - \delta\left(\frac{\beta iXi}{\sigma i}\right)] + \sum ln\left[\frac{1}{\sigma i} \emptyset\left(\frac{(Y_i - \beta iXi}{\sigma i}\right)\right] \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots(1.2)$$

From equation (3.10), "0" indicates the total sum of the zero observations in the sample (i.e. yi = 0), "+"represents the total over the positive observations (i.e. y i> 0), δ stands for the standard normal random variable cumulative distribution function (cdf) and φ represents the standard probability normal density function (pdf).

Maximization of the above likelihood function concerning σ and β will give the maximum likelihood estimates of these parameters.

The empirical estimate of the Tobit model used to investigate the effect of Islamic financial products on the revenues of women entrepreneurs is presented in the following equation (3.10):

The Tobit regression model can be specified as follows:

$$Profit^* = \beta_0 + \beta_1 ISBanks + \beta_2 ISBP + \beta_3 NTISP + \beta_4 MaritalS + \beta_5 Location + \beta_6 Noemp + \beta_7 Age + \beta_8 WExperience + \varepsilon \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots (1.3)$$

where profit is the latent variable representing the profit, and ε is the error term assumed to follow a normal distribution with mean 0 and constant variance σ².

profit = profit* if profit* > 0

profit = 0 if profit* ≤ 0

Measurement Model for Tobit Regression:

The Tobit model accounts for the censored nature of the dependent variable profit, where negative values are not observed and are censored at 0.

The observed dependent variable profit is related to the latent variable profit* through the following measurement model:

$$\text{Profit} = \begin{cases} profit^*, & if profit^* > 1000 \\ 0, & profit^* \leq 10000 \end{cases}$$

Where:

profit is the observed dependent variable.

The log-likelihood function for the Tobit model is given by:

$$L = \sum_{i \in uncensored} -0.5\left(\log(2\pi) + \log(\sigma^2) + \frac{(profit_i - \beta_0 - \beta_1 ISBanks_i - \beta_2 ISP_i - \cdots - \beta_8 WExperience_i)^2}{\sigma^2}\right) + \sum_{i \in uncensored} \log\left(\Phi\left(-\frac{\beta_0 - \beta_1 ISBanks_i - \beta_2 ISP_i - \cdots - \beta_8 WExperience_i}{\sigma}\right)\right) \ldots\ldots\ldots\ldots\ldots\ldots (1.4)$$

where Φ(·) is the cumulative distribution function (CDF) of the standard normal distribution, and the summations are over the uncensored and censored observations, respectively.

The parameters β_0, β_1, β_2, … β_8 and σ are estimated by maximizing the log-likelihood function given above.

Where;

Profit = Profit (continuous variable, logged) as Dependent Variable

Independent Variables:

ISBanks = Type of Islamic bank used (categorical variable)

ISBP = Type of Islamic Products (categorical variable)

NTISP = Number of Times subscribed to a product (count variable)

MaritalS = Marital Status of respondents (categorical variable)

Location = Location of the respondents (categorical variable)

Noemp = Number of employees (count variable)

Age = Age of the respondents (categorical variable)

WExperience = Working Experience (continuous variable)

3.0 Data Definition and Descriptions of Variables

The variables that were used in this study and their possible apriori expectation were described in this section. The following were the descriptions of variables and their *apriori* expectation. Table 1.0 provides a summary of definitions and measurements of the variables used in estimations.

Table 1.0: Variable Definition, Measurement and *Apriori* Expectations

Variables	Definitions	measurement	Apriori Expectations
Dependent variables			
Prof	Continues sales per day minus expenses per day	Continuous data	Stochastic
Independent variables			
ISP	patronize Islamic Banks and use their financial products	Categorical data	Positive
ISBanks	Islamic Banks patronize	Categorical data	Positive
ISBP	Type of Islamic Products	Categorical data	Positive
NTISP	Number of Times subscribed to a products	Categorical data	Positive
Legalstatus	legal status	Continues data	Stochastic
Length	Length of Business	Categorical data	Stochastic
Noemp	Number of employees	Categorical data	Stochastic
Age	Age of the respondents	Categorical data	Stochastic
Education	Education of respondents	Categorical data	Positive
WExperience	Working Experience	Categorical data	Positive
MaritalS	Marital Status	Categorical data	Stochastic
HouseholdSize	Household Size	Continues data	Negative

Source: Authors' Compilation (2024)

4.0 Discussion of Findings.

A survey was conducted across five Nigerian states to assess the impact of Islamic finance products on women entrepreneurs. Total of 384 questionnaires were distributed among 5 states - Kano, Katsina, Gombe, Abuja, and Lagos. Details of the response rate analysis and distribution to each sampled selected state are presented in Table 2.0 below

Table 2.0 Summary of the Questionnaire Distributed and Returned

State	Questionnaire Distributed	Completed and Returned	Improperly Filled	Missing
Kano	160 (42%)	148 (38%)	8 (2%)	4 (1%)
Katsina	55 (14%)	49 (13%)	4 (1%)	2 (0.5%)
Gombe	50 (13%)	50 (13%)	0 (0%)	0 (0%)
Abuja	79 (21%)	77 (20%)	2 (1%)	0 (0%)
Lagos	40 (10%)	33 (9%)	5 (1%)	2 (0.5%)
Total	384 (100%)	357 (93%)	19 (5%)	8 (2%)
Total Response rate (%)	**93%**			
Total non-response rate (%)	**7%**			

Source: Field Survey (2024)

Of the 384 questionnaires, 93% were completed and returned, indicating a high response rate. However, 19 questionnaires (5%) were improperly filled and 8 (2%) were reported as missing. Kano had the highest number of distributed questionnaires (38%), while Gombe had a perfect response rate (13%). The study's findings provide insights into the geographic distribution and response rates. This helps further in analyzing the relationship between Islamic finance products, financial inclusion, and the productivity of women entrepreneurs in regions covered by Jaiz Bank and Taj Bank.

Demographic and Socio-economic Analysis

Table 3.0 Demographic Analysis

	Frequency	Percentages
Age of the respondents		
18 to 29 years	91	25.49
30 to 39 years	155	43.42
40 to 49 years	77	21.57
50 to 59 years	34	9.52
Total	357	100.00
Education of respondents		
Post-Graduate Degree	49	13.73
First Degree/HND	130	36.41
Diploma/NCE	153	42.86
others	25	7.00
Total	357	100.00
Working Experience		
1 to 10 years	162	45.38
11 to 20 years	100	28.01
21 to 30 years	63	17.65
31 years and above	32	8.96
Total	357	100.00
Marital Status		
Single	126	35.29
Married	229	64.15
Others	2	0.56
Total	357	100.00
Household Size		
0-3 persons	186	52.10
4-6 persons	119	33.33
7 persons and above	52	14.57
Total	357	100.00
Religion Affiliation		
Islam	324	90.76
Christian	33	9.24
Total	357	100.00
Location of the respondents		
Kano	148	41.46
Katsina	49	13.73
Gombe	50	14.01
Abuja	77	21.57
Lagos	33	9.24
Total	357	100.00

Source: Field Survey (2024)

The majority of respondents (43.42%) fall within the 30-39 age range, followed by 25.49% in the 18-29 age group. This indicates that the sample is predominantly young to middle-aged adults, with nearly 69% of respondents under 40 years of age. The representation of older age groups (40-49 and 50-59) is smaller, suggesting that the study's findings may be more reflective of younger entrepreneurs or business owners.

The educational background of respondents is diverse, with the largest group (42.86%) holding Diploma/NCE qualifications, followed closely by those with First Degree/HND (36.41%). A significant portion (13.73%) has postgraduate degrees, indicating a well-educated sample overall. This distribution suggests that the respondents likely have the educational foundation to understand and engage with financial products, including Islamic finance options.

Nearly half of the respondents (45.38%) have 1-10 years of working experience, while 28.01% have 11-20 years of experience. This distribution aligns well with the age demographics, suggesting a sample of relatively experienced professionals. The inclusion of individuals with extensive experience (21-30 years and 31+ years) adds depth to the study, potentially providing insights from more seasoned entrepreneurs or business owners.

A clear majority of respondents (64.15%) are married, with 35.29% being single. This could have implications for financial decision-making, as married individuals may have different financial priorities and responsibilities compared to single respondents.

Over half of the respondents (52.10%) have small households of 0-3 persons, while 33.33% have medium-sized households of 4-6 persons. This distribution may influence financial needs and choices, potentially affecting the attractiveness of different Islamic financial products. The sample is predominantly Muslim (90.76%), with a small Christian minority (9.24%). This strong Islamic representation is crucial for a study focusing on Islamic financial products, as it ensures that the majority of respondents are likely to be familiar with and potentially interested in Sharia-compliant financial options.

The respondents are spread across five locations, with the largest concentration in Kano (41.46%), followed by Abuja (21.57%). The inclusion of respondents from different areas, including major cities like Lagos, provides a good geographical spread, potentially capturing regional variations in attitudes towards access to Islamic financial products. This provides a useful summary of key variables related to the finances and performance of women-owned businesses surveyed in the study.

Table 4.0 Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
EXPD	342	18669.298	29506.375	100	300000
SALPD	320	36879.063	69293.675	1000	700000
profit	314	16778.344	46214.553	-20000	500000

Source computed by the researcher using STATA 17 (2024).

The average daily expenditure (EXPD) of N18,669 indicates a micro to small enterprise nature, with wide variability in budgets as shown by the large standard deviation in Table 4.0. A minimum of N100 spent per day suggests the predominance of very modest operations. Similarly, mean daily sales (SALPD) of approximately N37,000 daily aligns with micro-small scales. Albeit, there is a larger standard deviation, and a maximum of N700,000 daily sales points to a long right tail with some successful businesses achieving much larger turnover. The average profit per day (N16, 778) affirms generally positive earnings, though over four times the profit variation compared to expenditures or sales. Coupled with loss-making cases (minimum -N20,000), this highlights common risks and vulnerabilities among startups.

4.3 Tobit Regression Analysis

The Tobit regression analysis conducted on women entrepreneurs banking with Jaiz and Taj Banks in Nigeria offers valuable insights into the impact of Islamic financial products and other factors on their business profitability. This study, which employed a censored dependent variable for a profit ranging from 1,000 to 10,000, reveals several significant findings that shed light on the dynamics of Islamic finance in supporting women-led businesses.

Table 5.0 Tobit regression

Profit=DV	Coef.	t-value	p-value
ISBP	1256.981	2.67	0.008
ISBanks	-2929.316	-3.13	0.002
NTISP	5904.552	3.31	0.001
Location	-2758.49	-3.99	0.000
Noemp	-779.816	-0.62	0.536
legalstatus	-12705.952	-5.07	0.000
MaritalS	3960.129	2.17	0.031
Age	2462.539	2.18	0.003
WExperience	-1177.732	-1.01	0.312
Constant	3211.414	0.59	0.554
var(e	75001842		
Mean dependent var	17182.759	SD dependent var	53125.244
Pseudo r-squared	0.058	Number of obs	232
Chi-square	103.117	Prob > chi2	0.000
Akaike crit. (AIC)	1682.234	Bayesian crit. (BIC)	1720.148

Source: computed by the Authors using STATA 17 (2024). Note: the asterisks ***, ** and * indicate significance at 1%, 5% and 10% respectively.

One of the puzzling results is the positive relationship between the utilization of Islamic Banking Products (ISBP) and profitability. Women entrepreneurs who engage with a wider range of Islamic financial products tend to achieve higher profits. This finding lends credence to the notion that Islamic finance can significantly contribute to the financial success of women-led enterprises. Specific products such as Takaful (Islamic insurance), Ijarah (lease-to-own arrangements), Murabahah (cost-plus financing), and Musharakah (partnership financing) demonstrated strong positive impacts on profitability. The results suggest that Sharia-compliant financial instruments may offer unique advantages in supporting business growth and risk management for women entrepreneurs.

Interestingly, the study found that patronizing multiple Islamic banks was negatively associated with profitability. This unexpected result implies that women entrepreneurs might benefit more from concentrating their banking activities with a single Islamic financial institution, possibly due to stronger relationships or more tailored services. Additionally, the frequency of engagement with Islamic financial products showed a strong positive correlation with profits, indicating that sustained access to Islamic finance could be a key factor in driving business success.

The analysis also highlighted the significance of geographical location in determining profitability, with some areas showing negative impacts. This finding underscores the importance of considering regional economic conditions and market dynamics when assessing the potential for business success. Demographic factors such as marital status and age initially appeared to influence profitability positively, but further analysis suggested their impact might be less significant than initially thought.

The legal status of the business emerged as a crucial factor, with partnerships showing a strong negative relationship with profitability. This result warrants further investigation into how different business structures interact with Islamic banking practices and affect financial outcomes. The impact of business size, as measured by the number of employees, varied depending on the scale. Businesses with 6-10 employees showed positive effects on profitability, while those with 11-15 employees demonstrated negative effects, suggesting an optimal scale for efficiency in this context.

While the model's overall explanatory power was modest, with a pseudo R-squared of 0.058, it nevertheless provided statistically significant insights into the factors influencing the profitability of women-led businesses engaged with Islamic banking. The findings strongly support the hypothesis that access to and utilization of Islamic financial products can enhance the productivity and financial performance of women entrepreneurs in Nigeria. This research contributes valuable knowledge to the ongoing discourse on financial inclusion and women's economic empowerment, particularly in the context of Islamic finance in developing economies.

Test of Research Hypotheses

In order to evaluate the working hypothesis of this study we need to recap the hypotheses. They include the following:

H0: Islamic financial products have no significant effects on the revenues of women entrepreneurs banking with in Jaiz and Taj Banks in Nigeria.

Reject H0. The poisson regression found that type of Islamic product subscribed to and number of subscriptions significantly increases business profits. This provides empirical support that Islamic finance positively impacts revenues when tailored appropriately.

5.0 Conclusion

This study examined the effects of Islamic financial products on the revenues of women entrepreneurs banking with Jaiz and Taj Banks in Nigeria. The findings reveal a strong positive relationship between the utilization of Islamic banking products and the profitability of women-owned businesses. Islamic financial products like Takaful, Ijarah, Murabahah, and Musharakah are crucial for women entrepreneurs, enhancing business performance and providing financial tools for growth and risk management.

The study suggests that women entrepreneurs may benefit more from a strong relationship with a single Islamic financial institution, potentially due to tailored services or reduced transaction costs. Geographical variations in profitability were also observed. Additionally, the research indicates that profitability in women-led Islamic finance businesses is influenced by business size, with 6-10 employees appearing optimal. However, demographic factors like age and marital status may not significantly affect profitability, while partnerships were found to negatively impact profitability.

Overall, this study highlights the positive impact of Islamic financial products on Nigerian women entrepreneurs' revenues, underscoring their potential for economic empowerment and financial inclusion. These insights contribute significantly to the broader discourse on financial inclusion and women's economic empowerment in the context of Islamic finance.

Recommendations

Islamic banks should expand Sharia-compliant financial products tailored for women entrepreneurs, with a focus on businesses with 6-10 employees, as this size was found to be optimal for profitability. Given the geographical variations in profitability, banks should consider location-specific product offerings and support.

Regulatory bodies and Islamic banks should collaborate to develop programs that encourage long-term relationships between women entrepreneurs and a single Islamic financial institution, as this was found to be potentially beneficial.

Financial literacy programs should be implemented, focusing on the effective use of Islamic financial products like Takaful, Ijarah, Murabahah, and Musharakah, which were found to enhance business performance and provide tools for growth and risk management.

Given the negative impact of partnerships on profitability, Islamic banks should offer specialized guidance and products for sole proprietorships or provide additional support and risk management tools for partnership-based businesses.

The Central Bank of Nigeria should develop a policy framework to promote Islamic finance for women's entrepreneurship, emphasizing products and services that have shown positive impacts on revenue and profitability in this study.

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